COME SURE Group (Holdings) Limited

(Incorporated in the Cayman Islands with limited liability) Stock Code: 00794

Annual Report 2014

CONTENTS

Corporate Information

EXECUTIVE DIRECTORS

Mr. CHONG Kam Chau *(Chairman)*
Mr. CHONG Wa Pan
(Chief Executive Officer and President)
Mr. CHONG Wa Ching
Mr. CHONG Wa Lam (resigned on 2 September 2013)
Mr. LUK Kwok Tung, Eric
(appointed on 2 September 2013)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHAU On Ta Yuen
Ms. TSUI Pui Man
Mr. LAW Tze Lun

LEGAL ADVISERS TO THE COMPANY

As to Hong Kong law:

Loong & Yeung
Suites 2001–2006, 20th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

As to Cayman Islands law:

Appleby
Suites 2206–19
Jardine House
1 Connaught Place
Central
Hong Kong

As to PRC law:

Guangdong Rongan Solicitors
Room 704, Block 1
Dongjiang Haoyuan
1 Longjing Road
Baoan District
Shenzhen, PRC

AUDITOR

SHINEWING (HK) CPA Limited
43rd Floor, The Lee Gardens
33 Hysan Avenue
Causeway Bay
Hong Kong

VALUERS

Grant Sherman Appraisal Limited
Unit 1005, 10/F, AXA Centre
151 Gloucester Road
Wanchai
Hong Kong

REGISTERED OFFICE

Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman
KY1-1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 8–10, 8th Floor
Cornell Centre
50 Wing Tai Road
Chai Wan
Hong Kong

COMPANY WEBSITE ADDRESS

www.comesure.com

COMPANY SECRETARY

Mr. HUNG Man Yuk, Dicson *CPA*

AUTHORISED REPRESENTATIVES

Mr. CHONG Wa Ching
Mr. LUK Kwok Tung, Eric

AUTHORISED PERSON TO ACCEPT SERVICE OF PROCESS AND NOTICE UNDER PART XI OF THE COMPANIES ORDINANCE

Mr. CHONG Wa Ching

MEMBERS OF AUDIT COMMITTEE

Mr. LAW Tze Lun *(Chairman)*
Mr. CHAU On Ta Yuen
Ms. TSUI Pui Man

Corporate Information

MEMBERS OF REMUNERATION COMMITTEE

Ms. TSUI Pui Man *(Chairman)*
Mr. CHAU On Ta Yuen
Mr. LAW Tze Lun
Mr. CHONG Wa Pan

MEMBERS OF NOMINATION COMMITTEE

Ms. TSUI Pui Man *(Chairman)*
Mr. CHAU On Ta Yuen
Mr. LAW Tze Lun
Mr. CHONG Wa Pan

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
HSBC Main Building
1 Queen's Road Central
Hong Kong

Standard Chartered Bank (Hong Kong) Limited
Standard Chartered Bank Building
4–4A Dex Voeux Road Central
Hong Kong

Hang Seng Bank Limited
83 Des Voeux Road Central
Hong Kong

DBS Bank (Hong Kong) Limited
G/F, The Center
99 Queen's Road Central
Central
Hong Kong

Bank of China (Hong Kong) Limited
Bank of China Tower
1 Garden Road
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Appleby (Trust) Cayman Ltd.
Clifton House
75 Fort Street
PO Box 190
Grand Cayman
KY1-1104
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

INVESTOR RELATION CONTACT

iRegular Consulting Limited
5/F, 23 Queen's Road East
Wanchai
Hong Kong

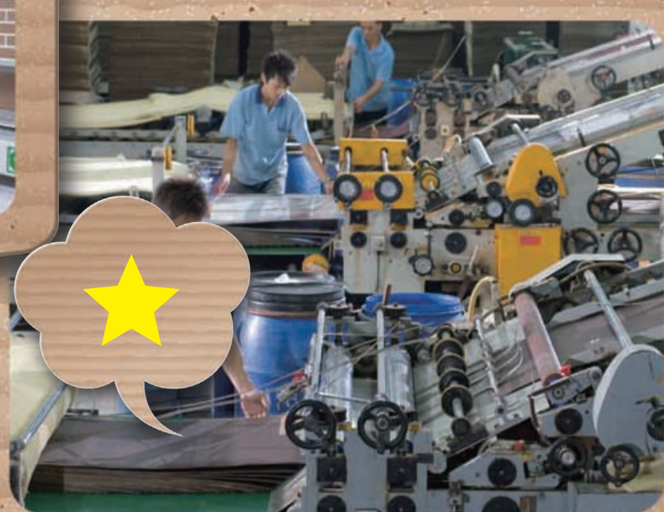
Financial Summary

Results	2010 HKD'000	2011 HKD'000	2012 HKD'000	2013 HKD'000	**2014 HKD'000**
			Year ended 31 March		
Turnover	478,436	697,640	772,086	766,711	**895,410**
Cost of goods sold	(393,290)	(574,156)	(636,728)	(607,738)	**(695,291)**
Gross Profit	85,146	123,484	135,358	158,973	**200,119**
Other income	1,434	2,682	4,042	6,021	**13,638**
Other gains and losses	–	(1,674)	(2,226)	28,535	**11,959**
Selling expenses	(19,063)	(28,928)	(36,379)	(37,935)	**(53,274)**
Administrative expenses	(54,087)	(69,656)	(84,300)	(98,748)	**(109,112)**
Other operating expenses	(166)	(352)	(2,680)	(13,426)	**(13,664)**
Share-based payments	(474)	(7,928)	(466)	(167)	**–**
Profit from operations	12,790	17,628	13,349	43,253	**49,666**
Gain on bargain purchase	–	4,365	–	–	**–**
Gain on disposal of subsidiaries	15,989	–	–	–	**–**
Finance costs	(896)	(2,377)	(3,139)	(7,189)	**(9,004)**
Profit before tax	27,883	19,616	10,210	36,064	**40,662**
Income tax expense	(2,974)	(3,613)	(2,732)	(19,233)	**(6,620)**
Profit for the year	24,909	16,003	7,478	16,831	**34,042**

Assets and Liabilities	2010 HKD'000	2011 HKD'000	2012 HKD'000	2013 HKD'000	**2014 HKD'000**
			As at 31 March		
Non-current assets	136,617	252,626	361,297	551,310	**546,684**
Current assets	368,033	424,472	568,935	535,162	**720,743**
Total assets	504,650	677,098	930,232	1,086,472	**1,267,427**
Non-current liabilities	(1,789)	(18,440)	(48,895)	(30,930)	**(25,402)**
Current liabilities	(88,864)	(188,567)	(339,040)	(472,003)	**(623,098)**
Total liabilities	(90,653)	(207,007)	(387,935)	(502,933)	**(648,500)**
Net assets	413,997	470,091	542,297	583,539	**618,927**
Equity attributable to the owners of the Company	413,997	451,195	526,556	568,414	**606,706**
Non-controlling interest	–	18,896	15,741	15,125	**12,221**
Total equity	413,997	470,091	542,297	583,539	**618,927**

Ongoing Improvement and Market Expansion

The Group targets to become one of the largest suppliers of corrugated packaging products in China. We will enhance the production capacity and efficiency in order to cope with the growth in demand; as well as to seize the opportunity to secure the orders from high-end customers and expand market share by improving the product mix continuously.



Chairman's Statement

DEAR VALUED SHAREHOLDERS,

On behalf of our board (the "Board") of directors of the Company ("the Directors"), I hereby present the annual results of Come Sure Group (Holdings) Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 March 2014 (the "Year"). On behalf of the Board, I would also like to express my heartfelt gratitude to all the shareholders of our Group (the "Shareholders") and friends from various communities for their care extended to the development of the Group.

OVERVIEW

During the Year, the global economic downsides have gradually subsided, and economic recovery was shown in the regions such as the United States and Europe. Meanwhile, the fast growing online shopping activities enlarged the market of corrugated packaging products, thus enabling the regarding industry to realize a long-term and steady development. In addition, with the well-built market base, the industry entered a shakeout period which phasing out the outdated capacities to enhance the industry standard. Capturing the valuable opportunities from the industry restructuring, we further reinforced the Group's leading position in the industry, by the ongoing enhancement in various aspects, including but not limited to diversified product mix, stable production capacity and strong business network.

DEMAND GROWTH IN OFFSET PRINTING AND HIGH VALUE-ADDED PRODUCTS

The Group has been focusing on high value-added services and products in the recent years, and built a strong reputation in the industry. Benefit from the consumer trends and industry restructuring, the emphasis on quality increased in the packaging market, led to a rise in the demand of the high value-added products, such as structural packaging design and high compressive strength packaging. Moreover, higher expectation of the high-end customers in the packaging design is noted, leading to an increased demand in offset printing, which provides higher resolution to the packaging prints. Besides increasing the regarding sales, providing quality offset printing also enabled the Group to secure more orders from the high-end customers.

ONGOING EQUIPMENT UPGRADES AND EXPANSION OF PRODUCTION CAPACITY

To cope with the increasing demand in corrugated packaging, we have been continuously expanding the Group's capacity. The Group's plant in Fujian (the "Fujian Plant") of which its construction was started a year ago, is expected to start operation in the year 2014/15 as scheduled. Upon the commencement of the operation of Fujian Plant, the total production capacity of the Group will reach more than 500 million square meters of corrugated paper-board and more than 400 million pieces of corrugated paper packaging products. In addition, we continue our efforts in equipment upgrades, in order to satisfy the consequent surge in demand for offset printing and high value-added products. We believe the ongoing improvements of the Group in product mix and quality can secure more orders of high value-added products, as well as attract more high-end customers, and eventually enhance the Group's revenue and profitability.

SOCIAL RESPONSIBILITY

The Group has been promoting and developing eco-friendly packaging products for years. Being an "integrated green packaging partner", we continuously committed in the green products developments, which meet the international standards, such as European Restrictions of Hazardous Substances (RoHS) and Waste Electrical and Electronic Equipment (WEEE). Also, to ensure the products are responsible to the society in quality and environmentally friendly, our products are qualified with different environmental management standards, such as ISO9001, ISO14001 and QC08000:2005.

PROSPECT

With the consistent provision of quality products and value-added services, the Group is confident to stand out among its peers continuously. Benefit from the elimination process on obsolete production capacities in the industry restructuring, the Group, by improving the product mix continuously, will seize the opportunity to secure the orders from high-end customers and expand market share. The Group will enhance the production capacity and efficiency in order to cope with the growth in demand. The Fujian Plant is expected to commence operation in the year 2014/15. We target to become one of the largest suppliers of corrugated packaging products in the People's Republic of China ("China" or the "PRC"), at the same time, in order to maximise the returns to the Shareholders, we also committed in business diversification.

Under the threat of energy crisis, we look into the potential of the solar cell market development. After the reporting period of the Year, the Group successfully expanded to solar cell business by acquisition of 20% of Xiamen Weihua Solar Limited (廈門惟華光能有限公司) ("Xiamen Weihua"). The founder and the General Manager of Xiamen Weihua, Dr. Fan Bin (范斌), an expert in solar cells, was awarded as "Xiamen HIP Hi-Technology Pioneer" ("廈門市火炬高新區高新技術創業領軍人才"). In addition, with the high-potential outlook of the business, Xiamen Weihua is now supported by the PRC's Ministry of Science and Technology with the "Innovation Fund for Technology-based Firms" ("科技型中小企業技術創新基金"). The Group is optimistic with the business prospect of Xiamen Weihua, and will pay close attention to its business development, in order to plan for the future deployment in the solar cell industry.

ACKNOWLEDGEMENT

On behalf of all members of the Board, I would like to express my heartfelt gratitude to the management and all the staff for their dedication to and the trust they have bestowed on the Group, as well as my appreciation for the government officials, investors, banks, customers and business partners, who have been supporting the Group all along.

CHONG Kam Chau
Chairman

30 June 2014

INDUSTRY REVIEW

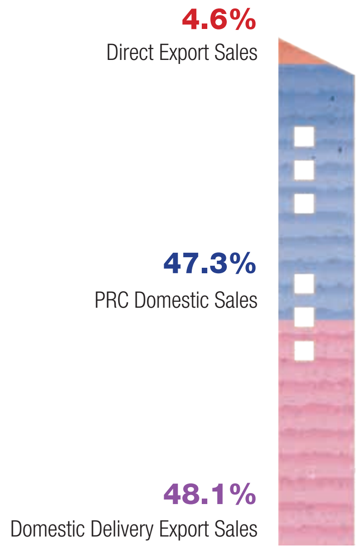
Being eco-friendly, the demand of corrugated board and corrugated paper packaging products, especially with structural packaging design and high compressive strength, kept increasing steadily during the Year. According to National Bureau of Statistics of the PRC, as at 31 December 2013, the annual production volume of corrugated paper packaging products in the PRC amounted to approximately 30.6 million tons, representing an increase of approximately 4.55% from the corresponding period in 2012. Despite the demand was high, the PRC government recognised the environmental and climatic issues, and strongly supported green economy model, which speeded up the industry restructuring by phasing out the outdated capacities, hence benefiting the market leaders to expand the product mix and customer network, with capacities and product upgrades.

BUSINESS REVIEW

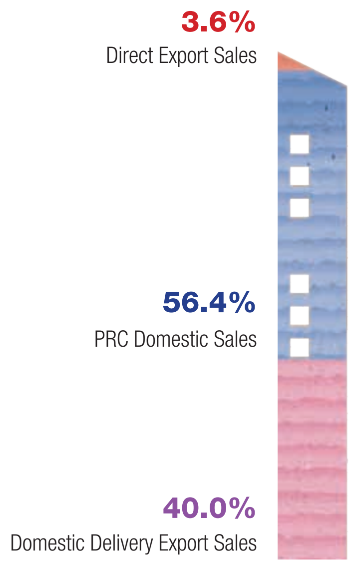
The Group continues to outperform the industry peers significantly during the Year attributed to the elimination of obsolete production capacities in the industry restructuring. In addition, increased demand in offset printing from the high-end customers who aim for better quality with higher resolutions is noted. The Group, by providing quality products with offset printing, not only increased the regarding sales, but also able to secure more orders from the high-end customers. During the Year, the Group managed to increase the revenue significantly by 16.8% to HK$895.4 million.

High value-added services and products continued to be the Group's focus during the Year. Due to the increased recognition of the advantages of the structural packaging design and high compressive strength packaging products, the regarding demands of such high value-added products rose. The portion of the high value-added products sales of the Group rose accordingly, with higher margin compared to normal corrugated paper packaging products, resulting in the gross profit margin to improve from 20.7% to 22.3% during the Year.

The increase in the revenue proved the effectiveness of the Group's expansion in product mix and customer network in the recent years. The Group is optimistic with the industry growth; therefore, to cope with the continuous increase of demand, the Group closely monitored the construction of the Fujian Plant during the Year. The Group expects the Fujian Plant will start operation in the year 2014/15 as scheduled.



Turnover Percentage by Market **2012/2013**



Turnover Percentage by Market **2013/2014**

The Group's profit margin improved during the Year not only because the portion of the sales of high value-added products increased, but also because the Group adopted a prudent approach in cost control and financial management continuously. Moreover, in order to ensure effective resources usage and a healthy financial status for long term development, the Group also maintained a cautious inventories and procurement management, as well as stringent credit control.

RESULT OF OPERATION

	2014		2013	
	HK$'000	**(%)**	HK$'000	(%)
PRC domestic sales	**505,406**	**56.4**	362,953	47.3
Domestic delivery export	**357,976**	**40.0**	368,330	48.1
Direct export	**32,028**	**3.6**	35,428	4.6
Total Sales	**895,410**	**100**	766,711	100
Gross profit margin		**22.3**		20.7
Net profit margin		**3.8**		2.2

REVENUE

During the Year, the revenue of the Group increased by approximately 16.8% to approximately HK$895.4 million, as compared to approximately HK$766.7 million for the year ended 31 March 2013.

Guangdong operation

The revenue generated from the operation of Guangdong amounted to approximately HK$810.0 million for the Year, representing an increase of approximately 18.8% from approximately HK$681.6 million in last corresponding period.

During the Year, the market demand for quality corrugated paper packaging products grew steadily, with more high-end customers requested for products with structural design and offset printing. The Group continued its effort in providing such value-added services and led to a sharp increase of 24.3% in the average selling price of the printed cartons and other paper-wares, the corresponding revenue increased by approximately 25.2% to approximately HK$704.8 million from approximately HK$562.9 million for last year.

Jiangxi operation

During the Year, the Group managed to maintain the revenue level of the Jiangxi operation of approximately HK$85.4 million, as compared to approximately HK$85.1 million in 2013. The capability has not been fully reflected, the Group continued to leverage on the business network in the surrounding area with the experienced sales team and quality product mix, it is believed that the utilisation of the production capacity of Jiangxi operation would further improve and the potential market nearby the Jiangxi area would be further explored in the coming years.

GROSS PROFIT

In addition to the Group's continuous stringent cost control on raw materials and labour wages, the portion of high value-added products in the sales mix increased; therefore, gross profit margins of the Group increased from 20.7% to 22.3%, and the Group's gross profit increased by 25.9% from HK$159.0 million to HK$200.1 million. The Group's revenue increased significantly during the Year, while the related cost of goods sold increased 14.4% to HK$695.3 million, as compared to 2013.

Guangdong operation

Shenzhen operation, by providing most of the high value-added paper board products in the Group, continued to contribute the highest level of gross profit during the Year. At the same time, more customers requested for colorful packaging with high-resolution and hence leading to an increase of revenue from offset printing business, which generated higher profit margin than normal flexo printing.

The gross profit attributable to the operation of Guangdong increased by 29.0% from approximately HK$142.2 million in 2013 to approximately HK$183.4 million for the Year, and the gross profit margin also improved from 20.9% to 22.7%.

Jiangxi operation

Jiangxi operation is still under the developing phase since it enters the market in 2010, hence a lower gross profit margin was noted as compared to the Guangdong operation. The gross profit of the Jiangxi operation for the Year amounted to HK$16.7 million, representing a slight decrease of 0.6%, as compared to HK$16.8 million in the last corresponding period, the regarding gross profit margin for the Year was 19.5% (2013: 19.8%). The Group will actively work on market penetration in the surrounding area, in order to secure more orders and fully maximize the potential profit in the coming years.

SELLING AND DISTRIBUTION AND ADMINISTRATIVE EXPENSES

Due to the increase in sales order and the rapid inflation in the PRC, the regarding goods delivery expenses and sales commission increased. The selling and distribution expenses increased by approximately 40.6% from approximately HK$37.9 million in 2013 to approximately HK$53.3 million for the Year.

During the Year, the administrative expenses increased by approximately 10.5% to approximately HK$109.1 million from approximately HK$98.7 million in 2013, mainly attributable to the increase of salaries and allowances.

OTHER OPERATING EXPENSES

During the Year, the other operating expenses slightly increased by approximately 2.2%, from approximately HK$13.4 million in 2013 to approximately HK$13.7 million. The amount mainly includes impairment of goodwill and intangible assets of approximately HK$11.2 million.

FINANCE COST

Addition bank loans were raised during the Year to finance the construction of the Fujian Plant and for general working capital, hence the finance cost is increased accordingly. The finance cost for the Year amounted to approximately HK$9.0 million (2013: approximately HK$7.2 million).

NET PROFIT AND DIVIDEND

During the Year, due to the increased sales of products with higher profit margin and the Group's continuous efforts in stringent cost control, the net profit attributable to the owners of the Company increased by approximately 85.1% to approximately HK$37.2 million from approximately HK$20.1 million in 2013, and the net profit margin increased to 3.8% from 2.2% in 2013.

Basic earnings per share for the Year was HK10.27 cents (2013: HK5.56 cents). The Board proposed a payment of final dividend of HK3.5 cents per ordinary share of the Company (the "Share").

WORKING CAPITAL

	2014	2013
Trade and bills receivable	**86**	91
Trade and bills payable	**64**	65
Inventories	**46**	55
Cash conversion cycle*	**68**	81

* Trade and bills receivable turnover days + Inventories turnover days – Trade and bills payables turnover days

The trade and bills receivables increased in line with the rise in the revenue during the Year, as at 31 March 2014, the trade and bills receivables reached approximately HK$227.1 million, increased by approximately 16.1% against approximately HK$195.6 million as at 31 March 2013. Despite the increase in the trade and bills receivables, with the Group's prudent credit control, the trade and bills receivables turnover days decreased 5 days from 91 days in 2013 to 86 days for the Year.

The Group adopted effective funds management to match the trade and bills receivables and payables period; hence, with a shorten trade and bills receivables turnover period noted, the trade and bills payables turnover days decreased by 1 days to 64 days as compared to 65 days in 2013. As at 31 March 2014, the trade and bills payables increased from HK$104.3 million to HK$138.1 million in 2013.

The Group has continued a stringent inventories control to minimise the holding risk. The inventories turnover for the Year dropped significantly by 9 days to 46 days from 55 days in 2013. The inventories carried a total worth of HK$87.4 million as at 31 March 2014, slightly less than the balance as at 31 March 2013, HK$89.5 million.

The liquidity risk is reduced with the enhanced operation efficiency. The cash conversion cycle of the Group was reduced to 68 days as at 31 March 2014 compared to 81 days as at 31 March 2013.

LIQUIDITY AND FINANCIAL RESOURCE

	2014	2013
Current ratio	**1.2**	1.1
Gearing ratio	**29.9%**	26.8%

Cash flow from operating activities and bank borrowings remained the principal sources of working capital of the Group during the Year. As at 31 March 2014, the Group's total cash and cash equivalents were mostly denominated in Hong Kong dollars and Renminbi, bank balances and cash amounted to approximately HK$174.9 million (2013: approximately HK$126.3 million), excluding pledged deposit and unused banking facilities of approximately HK$129.5 million and HK$417.0 million respectively.

As at 31 March 2014, the current assets and current liabilities amounted to approximately HK$720.7 million and approximately HK$623.1 million as compared to approximately HK$535.2 million and approximately HK$472.0 million as at 31 March 2013 respectively. Current ratio (current assets divided by current liabilities) as at 31 March 2014 was 1.2 (2013: 1.1).

The Group's borrowings are mainly arranged to meet the working capital requirements and the finance of plants and machinery, the amount is therefore increased during the Year for the construction of the Fujian Plant. During the year, all the bank borrowings of the Group carried floating interest rates and were secured. Total outstanding bank and other borrowings increased from approximately HK$291.7 million as at 31 March 2013 to approximately HK$378.6 million as at 31 March 2014, of which approximately HK$317.8 million are repayable within one year and approximately HK$60.8 million are repayable within two to more than five years, whereas the other loans of approximately HK$8.8 million carried a fixed interest rate of 5% and are unsecured and repayable within one year. As at 31 March 2014, all the bank borrowings are denominated in Hong Kong dollars and other loans are denominated in Renminbi.

During the Year, the Group maintained a sound liquidity position and processed with sufficient cash and banking facilities to meet the working capital requirement for existing operations and to finance emerging investment opportunities. The gearing ratio (total borrowings divided by total assets) of the Group as at 31 March 2014 remained at a healthy level of 29.9% (2013: 26.8%).

FOREIGN CURRENCY RISK

The Group is exposed to foreign currency risk as certain business transactions, assets and liabilities are denominated in currencies other than the functional currency of the respective member of the Group. As at 31 March 2014, the Group maintained USD1 million pivot forward contract and increased RMB deposit during the Year to reduce the exchange risk of RMB. The Group will continue to monitor the foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

CHARGE OF ASSETS

As at 31 March 2014, the Group pledged certain assets including bank deposits, prepaid land lease payments, property, plant and equipment and investment properties with aggregate net book value of approximately HK$353.0 million (2013: approximately HK$238.5 million) to secure banking facilities granted to the Group.

CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

As at 31 March 2014, the Group's capital expenditure contracted but not provided for regarding the property, plant and equipment was approximately HK$17.1 million (2013: approximately HK$3.1 million).

As at 31 March 2014, the Group did not have any capital expenditure authorised but not contracted for (2013: Nil).

As at 31 March 2014, the Group had no significant contingent liabilities (2013: Nil).

EMPLOYEES AND REMUNERATION

As at 31 March 2014, the Group employed 1,713 employees (2013: 1,702). Competitive remuneration packages and relevant training were provided to employees.

During the Year, the total staff cost included directors' emolument amounted to approximately HK$131.2 million (2013: approximately HK$100.6 million). Salaries are reviewed annually based on merit, working performance and the prevailing market condition. The Group may also grant share options and discretionary bonuses to eligible employees based on the individual performance and the Group's results.

The remuneration and bonuses of executive directors and senior management had been reviewed and approved by the remuneration committee of the Company with reference, but not limited to the individual performance, the Group's results, qualification, competence and the prevailing market condition.

PROSPECT

Looking ahead, the steady growth of China's macro economy is expected to continue with the stepping up of efforts in phasing out the outdated capacities. In long-term prospective, a rise in the market demand of quality corrugated paper packaging products is expected, led by the industrial restructuring and the recovery of the global economy, and hence providing a broader market for the Group's continually expanding product mix and customer network. To cope with the market demand, the Group enhances the production capacity steadily. Following the commencement of operation of Huidong Plant in 2012, the operation of the Fujian Plant is expected to commence upon the completion of the construction in the year 2014/15.

The severe environmental and climatic issues have caused the government's concern and urged the stringent enforcement of environmental standards of green economy model, therefore, becomes the key direction for China's economy development, which speed up the elimination process of obsolete production capacities, and makes the consolidation in the paper packaging industry more visible. In addition to the positive factors of the increasing consumption, the Group's continuous enhancement in providing value-added services, such as structural design and offset printing, differentiates the Group from other packaging suppliers. Offset printing is getting popular among the high-end customers, given its higher resolutions, the Group will continue in the regarding equipment upgrades, in order to satisfy the growth in customers' needs and demands. The value-added services are highly-potential, which enable the Group to maintain mutually beneficial relationships with the customers, as well as to improve the profit margin and further reinforce the leading position.

In order to enhance economies of scale achieved by the capacity network expansion, target at the goal of profit maximisation and bring better long-term investment return to the shareholders, the Group will endeavour to refine its internal corporate administration and control. In addition to prudent cost approach and cautious inventory management, the Group will continue the efforts in product quality management, customer service and equipment automation upgrades, thereby continuing to solidify and expand our leading position in the industry.

For long term investment, and to expand the source of revenue, the Group always looks for opportunities to diversify the business. After the reporting period of the Year, the Group has acquired 20% equity interests of Xiamen Weihua Solar Limited (廈門惟華光能有限公司) ("Xiamen Weihua"). Xiamen Weihua is a high technology enterprise integrated with research and development, production and sales, mainly engaging in the production and research and development of perovskite solar cells. Perovskite photovoltaic technology is the latest 3rd generation photovoltaic technology. The highest laboratory photoelectric conversion efficiency of perovskite solar cells has reached 19.3%, scientists believe that it should be able to reach 25% recently. It's worth-noting that, perovskite solar modules can be fabricated via solution technologies, which will bring down the production costs significantly to achieve effective economic utilisation of solar cells. The founder and the General manager of Xiamen Weihua, Dr. Fan Bin (范斌), graduated from École polytechnique fédérale de Lausanne and Eidgenssische Materialprüfungs- und Forschungsanstalt in Switzerland, is an expert in solar cells, and awarded as "Xiamen HIP Hi-Technology Pioneer" ("廈門市火炬高新區高新技術創業領軍人才"). He was also awarded Fujian's "100 Talents Programme" ("百人計劃") in 2013. The organic solar cells can help resolving the problem caused by resources shortage and the regarding business is expected to be fast-growing with high demand. Being the pioneer in the perovskite solar cell industry, with the high-potential outlook of the business, as well as Dr. Fan's expertise and leadership, Xiamen Weihua has obtained a number of solar cells related patents, and is now supported by the PRC's Ministry of Science and Technology with the "Innovation Fund for Technology-based Firms" ("科技型中小企業技術創新基金"). Its development is believed to be fast-paced and able to achieve high return once it is well-developed in the future. The Group is optimistic with Xiamen Weihua's business and will keep a close attention to its development, in order to accumulate sufficient knowledge of the business to plan for the future moves.

Xiamen Weihua has completed the construction of the first small-scale pilot production line for perovskite solar cells in the PRC, and a medium-scale production line is currently under construction.

Corporate Governance Report

The Board is committed to maintain appropriate corporate governance practices to enhance the accountability and transparency of the Company in order to protect its shareholders' interests and to ensure that the Company complies with the latest statutory requirements and professional standards.

The Company has complied with the code provisions set out in Corporate Governance Code (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") during the Year.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as the standards for securities transactions by the Directors (including executive Directors and independent non-executive Directors).

All the members of the Board have confirmed, following specific enquires by the Company, that they had complied with the required standards set out in the Model Code throughout the Year.

THE BOARD

The Board is responsible for the overall management of the Company and the mission of the Board is to maximise the Shareholders' return and uplift the Company's long term value.

The Board has formulated the overall business strategies and management policies, and set up the corporate governance practices, internal control procedures and risk management to ensure a proper management of the Company. The Board has undertaken the corporate governance function as required under the Code. The terms of reference of the corporate governance as set out in the Code have been approved by the Board for adoption. During the Year, the Board had reviewed and discussed the corporate governance policy and the Shareholders' communication policy of the Group and was satisfied with the effectiveness of such policies.

The Company will provide sufficient resources to all Directors to discharge their duties; independent professional advice is available in appropriate circumstances at the Company's expenses upon reasonable request to the Board, and all Directors have access to the company secretary's advice with a view to ensuring that Board procedures, and all applicable rules and regulations are followed.

During the Year, the Company had arranged and maintained appropriate insurance cover on the Directors' liabilities in respect of legal actions against the Directors arising out of corporate activities.

Board Composition

As at 31 March 2014, the Board had 7 members which comprised:

Four executive Directors, namely Mr. CHONG Kam Chau (Chairman), Mr. CHONG Wa Pan (Chief Executive Officer and President), Mr. CHONG Wa Ching and Mr. LUK Kwok Tung, Eric; and

Three independent non-executive Directors, namely Mr. CHAU On Ta Yuen, Ms. TSUI Pui Man and Mr. LAW Tze Lun.

The members of the Board have various experience and skills, and possess different professional knowledge which is appropriate for the requirement of the business of the Company. The brief biographical details of the Directors are set out in the section of "Directors and Senior Management" of this annual report.

THE BOARD (Continued)

Board Composition (Continued)

The roles of the Chairman are segregated from the Chief Executive Officer. The Chairman approves and monitors the Company's strategies and policies, and supervises the management of the Company. The senior management team is responsible for the day-to-day operations of the Group under the leadership of the Chief Executive Officer of the Company.

Mr. CHONG Kam Chau, the Chairman of the Board, is the father of Mr. CHONG Wa Pan, Mr. CHONG Wa Ching and Mr. CHONG Wa Lam. Apart from that, there is no relationship (including financial, business, family or other material relationship) among members of the Board. In compliance with Rule 3.10 of the Listing Rules, the Board comprises three independent non-executive Directors which represents more than one-third of the Board. These independent non-executive Directors possess a broad range of expertise and experience in the areas of business management, legal, and accounting and finance matters. The current Board composition brings a strong independent element to the Board, which can effectively exercise independent judgment in making reasonable strategic decisions in different aspects.

The Company has received, from each of the independent non-executive Directors, an annual written confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company also considers all independent non-executive Directors to be independent in accordance with the above-mentioned independence guidelines. Each independent non-executive Director has been re-appointed for a term of two years from 26 February 2013.

DELEGATION OF MANAGEMENT FUNCTIONS

With clear directions given, the Board has delegated the day-to-day management, administration and operations of the Company to the management. The responsibilities and authorities of each level of staff are clearly outlined in the Group's control policies, in case of any substantial transactions the management has to report back and obtain prior approval from the Board. The performances of the management are regularly assessed by the executive committee of the Company ("Executive Committee"), which consists of the executive Directors. In addition to the Executive Committee, the Board has established an audit committee ("Audit Committee"), a remuneration committee ("Remuneration Committee") and a nomination committee ("Nomination Committee") (collectively, the "Board Committees") and delegated various responsibilities to these committees as set out in their respective terms of reference. Further details of these committees are set out on page 20 to page 22 of this annual report.

BOARD MEETINGS

The Board is scheduled to meet regularly at least four times a year at approximately quarterly intervals. Directors may participate either in person or through other electronic means of communication (the practice of obtaining Board consent through the circulation of written resolution does not constitute a regular Board meeting). Ad-hoc meetings will also be convened if any events raises the Board's concern.

During the Year, four Board meetings were held for reviewing the operating performance and latest market condition, considering and approving the overall strategies, approval of appointment & resignation of directors, and the annual/ interim results of the Group for the Year and one general meeting (i.e. the annual general meeting of the Company held on 2 September 2013 ("2013 AGM")) was held. The composition and the attendance of individual Directors at these Board meetings and general meeting were as follows:

Directors	Number of Board meetings attended/eligible to attend	Number of general meeting attended/held
Executive Directors		
Mr. CHONG Kam Chau	4/4	1/1
Mr. CHONG Wa Pan	4/4	1/1
Mr. CHONG Wa Ching	4/4	1/1
Mr. CHONG Wa Lam (resigned on 2 September 2013)	3/3	1/1
Mr. LUK Kwok Tung, Eric (appointed on 2 September 2013)	1/1	1/1
Independent Non-executive Directors		
Mr. CHAU On Ta Yuen	4/4	1/1
Ms. TSUI Pui Man	4/4	1/1
Mr. LAW Tze Lun	4/4	1/1

Directors are provided with timely updates on changes in laws and compliance issues and the business environment relevant to the Group. All members of the Board attended the trainings. Continuing briefing and professional development for Directors will be arranged when necessary. The Company also encourages its Directors to enrol in relevant professional development courses to continually update and further improve their relevant knowledge and skills. All Directors including Mr. CHONG Kam Chau, Mr. CHONG Wa Pan, Mr. CHONG Wa Ching, Mr. LUK Kwok Tung, Eric, Mr. CHAU On Ta Yuen, Ms. TSUI Pui Man and Mr. LAW Tze Lun, have participated in continuous professional development to develop and refresh their knowledge and skills and provided their training records for the Year to the Company.

The company secretary of the Company is responsible for preparing agenda for regular Board meetings and will despatch the agenda to all Directors at least 10 days in advance and that all Directors will have the opportunity within reasonable time to include matters in the agenda for regular Board meetings.

Notice for regular Board meetings will be sent to all Directors at least 14 days in advance to facilitate the attendance. For all other Board meetings, the agenda and notice will be despatched at least three days in advance. All Directors are entitled to have access to Board papers, minutes and related materials.

BOARD MEETINGS (Continued)

A duly appointed secretary is responsible for keeping the minutes of Board meetings and meetings of Board Committees, all minutes are open for inspection by any Director at a reasonable time on reasonable notice. All the minutes are kept in sufficient details, including matters considered by the Board, decisions reached and any concerns raised by Directors or dissenting views expressed. The draft minutes will be despatched to all Directors within five working days for their comment and the approved final version will be sent to all Directors within 15 working days for their record after the meetings.

If a Director has a material interest in a matter to be considered by the Board, a physical meeting will be held to discuss the matter instead of seeking Directors' written consent by way of circulation of written resolution. In accordance with the Company's articles of association, such Director who considered to be materially interested in the matter shall abstain from voting and not be counted in the quorum.

APPOINTMENT, RE-ELECTION AND REMOVAL

At each annual general meeting of the Company, at least one-third of the Directors for the time being will retire from office by rotation. However, if the number of directors is not a multiple of three, then the number nearest to but not less than one-third shall be the number of retiring directors. The director who shall retire in each year will be those who have been longest in the office since their last re-election or appointment. Therefore, all Directors shall be subject to retirement at least once every three years.

The independent non-executive Directors were re-appointed for a term of two years from 26 February 2013, subject to re-election. Each of the Directors has entered into a service contract with the Company and may be terminated by either party by giving not less than three months' prior written notice.

From time to time, the Board shall have the power to appoint any person as a director to fill a casual vacancy or as an additional director. Any directors so appointed shall then be eligible for re-election at the next general meeting after the appointment.

Any newly appointed director will receive an induction handbook to ensure that the director has a proper understanding of the operation and business of the Company and will be fully aware of the responsibilities under statute and common law, the Listing Rules, applicable legal requirements and other regulatory requirements and the business and governance policies of the Company.

The Nomination Committee reviews the Board structure, size and composition regularly to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company. When vacancies on the Board exist, the Nomination Committee will carry out the selection process by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of the proposed candidates, the Company's needs and other relevant statutory requirements and regulations. An external recruitment agency may be engaged to carry out the recruitment and selection process where necessary. Few candidates, who will be interviewed initially by an independent Director, will then be presented to the Board and meet all the Directors.

The Nomination Committee will make recommendations to the Board on relevant matters relating to the appointment, re-election and removal of directors. Mr. CHONG Wa Pan, Mr. LUK Kwok Tung, Eric and Mr. CHAU On Ta Yuen shall retire by rotation and being eligible, offer themselves for re-election at the forthcoming annual general meeting.

BOARD COMMITTEES

The Company has formed four committees, the Audit Committee, Remuneration Committee, Nomination Committee and Executive Committee; all Board Committees are formed with specific written terms of reference setting out clearly the committees' authority and duties, the terms of reference of Audit Committee, Remuneration Committee and Nomination Committee are available on the Company's website. The Company has provided the Audit Committee, Remuneration Committee and Nomination Committee with sufficient resources to perform its duties, which may seek independent professional advice, at the Company's expense, to perform their respective responsibilities.

AUDIT COMMITTEE

The Company has established an Audit Committee on 5 February 2009 in compliance with Rule 3.21 of the Listing Rules with written terms of reference revised on 27 March 2012 in compliance with the code provisions of the Code which took effect from 1 April 2012 and is available on the websites of the Stock Exchange and the Company. The main duties of the Audit Committee are to consider the relationship with external auditors, to review the consolidated financial statements of the Group, and to oversee the Group's financial reporting system and internal control procedures. The Audit Committee consists of three independent non-executive directors, namely Mr. LAW Tze Lun, the Chairman of the Audit Committee, Mr. CHAU On Ta Yuen and Ms. TSUI Pui Man.

None of the members of the Audit Committee is a former partner of the Company's existing external auditors.

The duties of the Audit Committee are set out in the terms of reference, which include, among others, the following:

(i) To monitor the integrity of the consolidated financial statements, annual reports and interim reports of the Company and to review any significant financial reporting judgments contained in them.

(ii) To monitor the independence and objectivity of the external auditors and the effectiveness of the audit process, make recommendations to the Board on appointment, re-appointment and removal, and to approve the remuneration and term of engagement of external auditors.

(iii) To review the effectiveness and adequacy of the financial control, internal control and risk management system, and to ensure the timely response from management towards the internal control findings and the management letter from external auditors.

During the Year, three meetings were held by the Audit Committee to consider the re-appointment of external auditors and their remuneration and terms of engagement, and the financial reporting of the Company's annual and interim results. All committee members including Mr. LAW Tze Lun, Mr. CHAU On Ta Yuen and Ms. TSUI Pui Man attended all the meetings.

The Audit Committee, together with the management and the external auditor, have reviewed the results announcement and the audited consolidated financial statements of the Group for the Year, the accounting principles and practices adopted and have discussed auditing, internal controls and financial reporting matters.

REMUNERATION COMMITTEE

The Company has established a Remuneration Committee on 5 February 2009 with written terms of reference which was revised on 27 March 2012 in compliance with the Code and is available on the websites of the Stock Exchange and the Company.

The Remuneration Committee is responsible for reviewing the remuneration structure and policy of the executive directors and for fixing the remuneration packages for all Directors, in order to retain or attract the competent.

The Remuneration Committee comprises three independent non-executive directors, namely Ms. TSUI Pui Man, the Chairman of the Remuneration Committee, Mr. CHAU On Ta Yuen and Mr. LAW Tze Lun, and one executive director, Mr. CHONG Wa Pan, who is responsible for the human resource management of the Group.

The major duties of Remuneration Committee are as follows:

(i) To establish a transparent and fair procedure for developing policy on the remuneration of Directors and senior management.

(ii) To make recommendations to the Board on the remuneration packages of all executive Directors and senior management, including terms of service agreements, the type and form and amount of remuneration, and make recommendations to the Board for the remuneration of non-executive Directors.

(iii) To review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board.

(iv) To review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate.

(v) To prepare Remuneration Committee report annually, and review the compliance of directors' remuneration disclosure in the Company's annual report.

(vi) To ensure that no Director or any of his associates is involved in deciding his own remuneration.

The remuneration of the Directors and senior management are determined with reference to the Group's operating results, individual performance, qualification and competence and the prevailing market condition.

During the Year, one meeting was held by the Remuneration Committee to review and determine the remuneration of all executive Directors and senior management for the 2013/14 fiscal year and their performance-based remuneration and bonus with reference to corporate goals and objectives resolved by the Board. All committee members including Ms. TSUI Pui Man, Mr. CHAU On Ta Yuen, Mr. LAW Tze Lun and Mr. CHONG Wa Pan, attended the meeting.

NOMINATION COMMITTEE

The Company established the Nomination Committee on 5 February 2009 with written terms of reference which was revised on 27 March 2012 in compliance with the Code and is available on the websites of the Stock Exchange and the Company. The committee consists of three independent non-executive Directors namely Ms. TSUI Pui Man, the Chairman of the Nomination Committee, Mr. CHAU On Ta Yuen, Mr. LAW Tze Lun and one executive Director, namely Mr. CHONG Wa Pan.

The Committee comprises three Directors who are appointed or removed by the Board. If any member of the Committee ("Member") ceases to be a Director, he/she will cease to be a Member automatically. The vacancy will be filled by appointment of new Member by the Board. The majority of the Members shall be independent non-executive Directors. The chairman of the Committee shall be appointed by the Board and shall be the chairman of the Board or an independent non-executive Director.

NOMINATION COMMITTEE(Continued)

The major duties of Nomination Committee are as follows:

(i) review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(ii) review the Company's board diversity policy and the progress on achieving the objectives set for implementing the said policy;

(iii) identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

(iv) assess the independence of independent non-executive Directors; and

(v) make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive.

During the Year, one meeting was held by the Nomination Committee to review the Board composition and recommend the rotation of directors, assess the independence of the independent non-executive directors, and recommend Mr. LUK Kwok Tung, Eric be appointed as Executive Director. All committee members including Ms. TSUI Pui Man, Mr. CHAU On Ta Yuen, Mr. LAW Tze Lun and Mr. CHONG Wa Pan, attended the meeting.

EXECUTIVE COMMITTEE

The Company has set up an Executive Committee which determines the Group's strategies, reviews business performances and monitors the management's performance. At 31 March 2014, the Executive Committee consists of four executive directors, namely Mr. CHONG Kam Chau, Mr. CHONG Wa Pan, Mr. CHONG Wa Ching and Mr. LUK Kwok Tung, Eric. Meetings are held regularly with senior management to review the operation performance.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the preparation of the consolidated financial statements which give a true and fair view of the state of the Group's affairs, results and cashflow for the year ended 31 March 2014.

In preparing the consolidated financial statements, supported by the finance department of the Group, the Directors have:

(i) reviewed the adoption of all applicable Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants;

(ii) selected suitable accounting policies and applied them on a consistent basis;

(iii) made judgments and estimates that are prudent, fair and reasonable; and

(iv) prepared the consolidated financial statements on a going concern basis.

The Board is also responsible for presenting a balanced, clear and understandable assessment in annual and interim reports, other inside information announcements and other financial disclosures of the Group required under the Listing Rules and other statutory requirements.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Board has received sufficient explanation and information from the management, which enabled the Board to make an informed assessment of the consolidated financial statements and other information before approval.

The Directors continue to adopt the going concern approach in preparing the consolidated financial statements and are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The Audit Committee reviews the letter from SHINEWING (HK) CPA Limited, the external auditor of the Company, confirming their independence, approves their appointment, discusses the scope of their audit and approves their fees.

SHINEWING (HK) CPA Limited has stated their reporting responsibilities in the independent auditor's report on the consolidated financial statements on page 39 to page 40 of this annual report.

For the year ended 31 March 2014, the fee paid and payable to SHINEWING (HK) CPA Limited in respect of audit and audited related services amounted to approximately HK$1.08 million. No non-audit services fee was paid/payable to SHINEWING (HK) CPA Limited during the Year.

The Audit Committee recommended the appointment and reappointment of SHINEWING (HK) CPA Limited for audit service.

SHINEWING (HK) CPA Limited had attended the 2013 AGM.

INTERNAL CONTROL

The Board has overall responsibilities for maintaining a sound and effective internal control and risk management system to safeguard the Shareholders' investment and Company's assets, to maintain proper accounting records, to enhance the integrity and reliability of financial information and to ensure the compliance with applicable laws and regulations.

Regarding to the procedures and internal control for the handling and dissemination of inside information, the Company is aware of its disclosure obligations under the Listing Rules and Part XIVA of the Securities and Futures Ordinance ("Inside Information Provisions"), and any information required to be disclosed under Rule 13.09 of the Listing Rules or any inside information required to be disclosed under the Inside Information Provisions should be announced immediately.

The Company's internal control and risk management system includes the following major components and practices:

(i) a clear organisational structure with appropriate division of responsibilities, delegated authority and reporting mechanism;

(ii) stringent policies and procedures for the employees' implementation, included senior management and Directors, regarding to any business operations exposed to significant or considerable risk level;

(iii) business plan and annual budget are prepared for each business section and subject to the approval of Executive Committee. In preparing the business plan and annual budget, the management for each business section shall evaluate the expected risk and report to the Board on any findings;

(iv) management reports are prepared on a monthly basis to compare with the forecasted results and the key performance indicators in enabling the quick response to variances and identified risks.

INTERNAL CONTROL (Continued)

The Company has appointed a legal adviser to assist the Board to review the compliance of the Listing Rules. In addition, a supervisor is appointed to oversee the compliance of PRC corporate laws and other regulations for the subsidiaries in the PRC.

The policies and procedures of the internal control and risk management system are designed to provide a reasonable assurance against material misstatement or loss, and to manage and minimise the risk of the Group's operation. During the year under review, the Audit Committee and the Board has reviewed the effectiveness of the system of internal control of the Group, covering all material controls, including financial and operation and considered the policies and procedures of internal control and risk management system are effective and adequate and will conduct ongoing review on the effectiveness of the system.

COMPANY SECRETARY

Mr. Hung Man Yuk Dicson, who has been appointed as the company secretary of the Company since 1 July 2010, has complied with Rule 3.29 of the Listing Rules in relation to the professional training requirements.

COMMUNICATION WITH SHAREHOLDERS

The Directors acknowledge that they are entrusted to manage the Company on behalf of the Shareholders and they are responsible to the Shareholders for the operation and performance of the Company, therefore timely communication with Shareholders is indispensable for the Company to present the latest business development to them and obtain their opinions.

All Shareholders are encouraged to attend the general meetings of the Company to raise comments and exchange views with the Board. The Chairman of the Board and the chairmen of the Board Committees, or the members of the Committees or failing this duly appointed delegates, will attend the meetings to answer questions at the meeting.

The Company will use a range of communication tools to ensure the Shareholders are kept well-informed including general meetings, annual reports, various notices, announcements and circulars. To promote effective communication, the Company maintains a website at www.comesure.com to post up-to-date information on the Group's latest business development, financial information and other relevant information for public access.

The annual general meeting ("AGM") of the Company will be scheduled on 1 September 2014. Details of the AGM and necessary information on issues to be considered in the AGM will be despatched to Shareholders of the Company at least 20 clear business days in advance in accordance with the Listing Rules.

SHAREHOLDERS' RIGHT

Procedures for convening an Extraordinary General Meeting and Putting Forward Proposals at General Meetings by Shareholders

The Board and the management of the Group endeavored to ensure all the Shareholders are treated equally and have their deserved rights. The Board has established the shareholders' communication policy to maintain an open and effective communication with the Shareholders and to update the Shareholders on relevant information on the Group's business in a timely manner.

To ensure the rights of all Shareholders, separate resolutions are proposed at the general meeting on each substantial issue, including but not limited to connected transactions, substantial acquisitions and election of individual directors.

SHAREHOLDERS' RIGHT (Continued)

Procedures for convening an Extraordinary General Meeting and Putting Forward Proposals at General Meetings by Shareholders (Continued)

Extraordinary general meetings ("EGM") shall be convened on the requisition of one or more Shareholders holdings, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meeting. Such requisition shall be made in writing to the Board or the company secretary for the purpose of requiring an EGM to be called by the Board for the transaction of any business specified in such requisition.

Any Shareholder may appoint a proxy or representative to attend the general meeting, and they are entitled to exercise the same voting rights in the meeting.

The convent and holding of general meetings and information distribution to Shareholders are strictly pursuant to the relevant regulations.

AGM proceedings are reviewed from time to time to ensure that the Company follows the code provisions of the Code. The chairman of the AGM exercises his power under the Company's articles of association to put each proposed resolution to the vote by way of a poll. The procedures for conducting a poll are explained at the meeting prior to the polls being taken. Voting results are posted on the Company's website on the day of the AGM.

Procedures for Directing Shareholders' Enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing to the Hong Kong office of the Company whose contact details are as follows:

Address: Units 8–10, 8th Floor
Cornell Centre
50 Wing Tai Road
Chai Wan
Hong Kong
Email: calvinchong@comesure.com
Tel No.: (852) 2889 0310
Fax No.: (852) 2558 7474/(852) 2896 6511

CHANGES TO CONSTITUTIONAL DOCUMENTS

During the Year, there was no significant change in the Company's constitutional documents, and these documents are published on the Company's website and on the Stock Exchange's website.

INVESTORS RELATIONS

The Group values feedback from Shareholders on its efforts to promote transparency and foster investor relationships. Comments and suggestions to the Board or the Company are welcome to contact our investor relation company.

Designated contact information

iRegular Consulting Limited
Address: 5/F, 23 Queen's Road East
Wanchai
Hong Kong
Tel.: (852) 6675 5167
Fax: (852) 3909 2007
Email: catherinetsang@irregularconsulting.com

DIRECTORS

Executive Directors

Mr. CHONG Kam Chau (莊金洲先生) ("Mr. CHONG"), aged 67, the founder of the Group, the Chairman of the Board and is responsible for the strategic planning and overall development of the Group. Mr. CHONG is a director of Central Dragon Limited, Central Master Limited, Come Sure Development Limited, Come Sure Holdings Limited, Come Sure Packing Products (Shenzhen) Company Limited, Grand View Enterprises Group Limited, Jumbo Match Limited and Wah Ming International Limited (all of which are subsidiaries of the Company). Mr. CHONG is also the sole director of Perfect Group Version Limited (the controlling shareholder of the Company). He is a standing committee member of the Political Consultative Conference of Shanxi Province (山西省政協常務委員), a director of China Poverty Alleviation and Development Association (中國扶貧開發協會常務理事), the Vice-President of Shanxi Association of Overseas Liaison (山西省海外聯誼會副會長), the director of the Hong Kong Chinese People's Political Consultative Conference (Provincial) Members Association (港區省級政協委員聯誼會常務理事), and the Permanent Honorary President of the Eastern District Industries & Commerce Association (香港東區工商業聯會永遠名譽會長). Mr. CHONG is a part time professor of Shanxi University of Finance and Economics (山西財經大學). Mr. CHONG was the committee member of the 16th and 17th term and the vice chairman of the 18th term of The Hong Kong Corrugated Paper Manufacturers' Association (HKCPMA). Mr. CHONG has over 22 years experience in the operation and management of companies engaging in manufacturing and/or trading of corrugated paper products in Hong Kong and the PRC. Mr. CHONG is the father of Mr. CHONG Wa Pan, Mr. CHONG Wa Ching and Mr. CHONG Wa Lam, all of whom are executive Directors except Mr. CHONG Wa Lam.

Mr. CHONG Wa Pan (莊華彬先生), aged 42, is the eldest son of Mr. CHONG, the elder brother of Mr. CHONG Wa Ching and Mr. CHONG Wa Lam, all of whom are executive Directors except Mr. CHONG Wa Lam, and is the Chief Executive Officer and President of the Group. He joined the Group in December 1991 and is responsible for the Group's overall management. Mr. CHONG Wa Pan is a director of Central Dragon Limited, Central Master Limited, Cheer Power (China) Limited, China Apex Packing (Huizhou) Company Limited, Come Sure Development Limited, Come Sure Group Limited — Macao Commercial Offshore, Come Sure Holdings Limited, Come Sure Packing Products (Shenzhen) Company Limited, Huizhou Come Sure Packing Products Company Limited, Jiangxi Come Sure Packing Products Company Limited, Luck Sea Investment Limited, Mass Linker Limited, Smart Profit Capital Investment Limited and Wah Ming Color Printing (Shenzhen) Company Limited (all of which are subsidiaries of the Company). Mr. CHONG Wa Pan obtained a post-graduate certificate in June 2002 and a professional certificate in March 2006 both in Enterprise Management from Shanxi University of Finance and Economics (山西財經大學). Mr. CHONG Wa Pan is a member of the Political Consultative Conference of Jiangxi Province (江西省政協委員), the honorary-president of Shanxi Province Taiyuan City Association of Overseas Liaison (山西省太原市海外聯誼會名譽會長), an executive director of the Shanxi Association of Overseas Liaison (山西省海外聯誼會常務理事), a director of the Jiangxi Association of Overseas Liaison (江西省海外聯誼會理事), an executive director of Neimenggu Association of Overseas Liaison (內蒙古海外聯誼會常務理事), and the vice president of the Eastern District Industries & Commerce Association (香港東區工商業聯會副會長). Mr. CHONG Wa Pan has over 17 years' experience in the daily operation of the Group and sales and marketing of corrugated paper products in Hong Kong and the PRC, which are gained within the Group.

Mr. CHONG Wa Ching (莊華清先生), aged 37, is the second son of Mr. CHONG, the elder brother of Mr. CHONG Wa Lam, the younger brother of Mr. CHONG Wan Pan, all of whom are executive Directors except Mr. CHONG Wa Lam. Mr. CHONG Wa Ching is a director of Century Shiny Investment Limited, Cheer Fame Asia Limited, China Apex Packing (Huizhou) Company Limited, Fortune Port Technology Limited, Fully Chance Holdings Limited, Huizhou Come Sure Packing Products Company Limited, Kechen Technology Limited, Kechen Technology (Hong Kong) Limited, Magic Thinksky Limited, Playful Games Holdings Limited, Playful Games (Hong Kong) Limited, Sky Achiever Holdings Limited, Soho Union International Limited, Superb Speed Limited, Think Speed Group Limited, Turbo Best Holdings Limited, Unlimited Space Limited and Wise Luck International (HK) Limited (all of which are subsidiaries of the Company). He joined the Group in August 2000 and is responsible for the strategic planning and control of the procurement and logistic activities of the Group, management of capital market operations, and investors' relationship. Mr. CHONG Wa Ching holds a Bachelor's degree in Business (Information Technology) from Swinburne University of Technology in Australia and a Master's Degree in Business from The University of Newcastle via distance learning. Mr. CHONG Wa Ching was a director of Yan Chai Hospital of the 36th and 37th term (2003–2005) board of directors and is a honorary director of Yan Chai Hospital.

DIRECTORS (Continued)

Executive Directors (Continued)

Mr. LUK Kwok Tung, Eric (陸國棟先生), aged 38, is the Finance Controller of the Group, and is responsible for the financial and accounting management of the Group. Mr. LUK joined the Group as Assistant Accounting Manager in September 2004. Mr. LUK is a director of Kechen Technology Limited, Kechen Technology (Hong Kong) Limited, Magic Thinsky Limited, Playful Games Holdings Limited, Playful Games (Hong Kong) Limited, Superb Speed Limited, Soho Union International Limited, Think Speed Group Limited and Unlimited Space Limited (all of which are subsidiaries of the Company). Mr. LUK holds a bachelor's degree in Business Accounting from the University of Glamorgan (now known as University of South Wales), United Kingdom. He is a member of the Association of Chartered Certified Accountants. Mr. LUK has over 14 years of experience of financial and accounting and auditing, gained from the Group and local and international accounting firms.

Independent Non-executive Directors

Mr. CHAU On Ta Yuen (周安達源先生), aged 67, was appointed as an independent non-executive Director on 5 February 2009. He graduated from Xiamen University, majoring in Chinese language and literature. Mr. CHAU is currently the chairman of the board of directors of China Ocean Shipbuilding Industry Group Limited (formerly known as Wonson International Holdings Limited), the independent non-executive director of Good Fellow Resources Holdings Limited (formerly known as Wonderful World Holdings Limited) and Sumpo Food Holdings Limited. All of the above companies are listed on the Main Board of the Stock Exchange. He is currently the President of Wealthy Sea Group (H.K.) Limited. He is a member of the Chinese People's Political Consultative Conference of the PRC (全國政協委員) and the vice chairman of Hong Kong Federation of Fujian Associations (香港福建社團聯會副主席). On 1 July 2010, Mr. CHAU is awarded with a Bronze Bauhinia Star (BBS) by the Government of HKSAR.

Ms. TSUI Pui Man (徐珮文女士), aged 57, was appointed as an independent non-executive Director on 5 February 2009. She is a practising lawyer in Hong Kong. Ms. TSUI holds a Bachelor's degree in Arts and a Bachelor's degree in Law from the University of Hong Kong. Ms. TSUI is a qualified solicitor in Hong Kong (admitted in 1988), England and Wales, Australia and Singapore. She is also a Notary Public and a China-Appointed Attesting Officer. Ms. TSUI was a member of Disciplinary Panel of Hong Kong Certified Public Accountants. She is a member of Political Consultative Conference of Shanxi Province (山西省政協委員) and a council member of Association for the Promotion of Peaceful National Reunification of China (中國和平統一促進會理事).

Mr. LAW Tze Lun (羅子璘先生), aged 42, was appointed as an independent non-executive Director on 5 February 2009. He is a Practising Certified Public Accountant in Hong Kong and is a director of ANSA CPA Limited. Mr. LAW holds a Bachelor of Commerce (Accounting) from the Curtin University of Technology. He is a Certified Public Accountant (Practising) of the Hong Kong Institute of Certified Public Accountants and a Certified Practising Accountant of CPA Australia. Mr. LAW has over 21 years of experience in auditing, accounting and finance gained from various accounting firms in Hong Kong.

Mr. LAW Tze Lun is currently an independent non-executive director of Gemini Investment (Holdings) Limited (formerly named Gemini Property Investments Limited and Kee Shing (Holdings) Limited), which is listed on the Main Board of the Stock Exchange. During the period from 12 April 2010 to 9 September 2011, Mr. LAW was appointed as an independent non-executive director of China Automotive Interior Decoration Holdings Limited, which was listed on the GEM Board of the Stock Exchange. On 12 December 2013, Mr. LAW is appointed as independent non-executive director of National Investment Fund Limited.

The interest of Directors in Shares and/or underlying Shares of the Company are set out in the paragraphs headed "Directors' and chief's interests and short positions in Shares" in the Directors' Report of this Annual Report.

SENIOR MANAGEMENT

Mr. YEOH Keng Gut, aged 45, is the plant manager of Come Sure Packing Products (Shenzhen) Company Limited. He joined the Group in June 2007 and is responsible for overall plants operation of Come Sure Shenzhen. He holds a Bachelor's degree in Applied Science (Engineering) from University of Toronto in Canada. Mr. YEOH has more than 16 years experience in the packaging industry involved in engineering, production, planning and customer services gained in Malaysia and China.

Ms. LAU Yin Chuen (劉燕邨女士), aged 60, is the group customer service manager of the Group. She joined the Group in March 2000 and is responsible for the overall pricing strategy and cost control of the Group. Ms. LAU holds a Diploma in Economics from the Beijing Institute of Commerce (北京商學院) now known as Beijing Technology and Business University (北京工商大學) in Beijing, the PRC. Before joining the Group, Ms. LAU has over 16 years of experience in finance and accounting of which approximately four years gained from a company which involved in the manufacturing and/or trading of electronic consumer products.

Mr. CHONG Wa Nam (莊華楠先生), aged 43, is the supervisor (監事) of Come Sure Packing Products (Shenzhen) Company Limited and director of Chance Bright Limited — Macao Commercial Offshore, Come Sure Paper Industrial (Shenzhen) Company Limited, Wah Ming Color Printing (Shenzhen) Company Limited and Jiangxi Come Sure Packing Products Company Limited (all of which are subsidiaries of the Company). Mr. CHONG Wa Nam joined the Group since 1992 and is responsible for monitoring the management and operations of a group of PRC subsidiaries to ensure the Group is in compliance with the PRC company laws and other legal regulations. Mr. CHONG Wa Nam holds a professional certificate in Enterprise Management from Shanxi University of Finance and Economics (山西財經大學). Mr. CHONG Wa Nam has more than 19 years of experience in the packaging industry involved in production, logistics, customer services and administration gained within the Group.

Mr. CHONG Wa Lam (莊華琳先生), aged 35, is the youngest son of Mr. CHONG, the younger brother of Mr. CHONG Wa Pan, and Mr. CHONG Wa Ching, all of whom are executive Directors. Mr. CHONG Wa Lam is a director of China Apex Investment Limited, China Apex Packing (Huizhou) Company Limited, Come Sure Packing Products (Quanzhou) Company Limited, Fully Chance Holdings Limited, Huizhou Come Sure Packing Products Company Limited, Jiangxi Come Sure Packing Products Company Limited, Joy Honest Holdings Limited, Kechen Technology Limited, Kechen Technology (Hong Hong) Limited, Mass Winner Holdings Limited, Playful Games Holdings Limited, Playful Games (Hong Kong) Limited, Rising Sun Paper (Jiangxi) Company Limited, Soho Union International Limited, Speedy Concept Development Limited, Superb Speed Limited, Think Speed Group Limited, Turbo Best Holdings Limited, Unlimited Space Limited, Wah Ming Colour Printing (Shenzhen) Company Limited and Wah Ming Paper Industrial (Shenzhen) Company Limited (all of which are subsidiaries of the Company). He joined the Group in April 2002 and is responsible for the Group's sales and marketing activities including sales and product development of the Group, and the management of new investment projects. Mr. CHONG Wa Lam obtained a postgraduate certificate in June 2002 and a professional certificate in March 2006 both in Enterprise Management from Shanxi University of Finance and Economics (山西財經大學). He is a member of the Political Consultative Conference of Nanchang City Jiangxi Province (江西省南昌市政協委員), a director of the Shanxi Association of Overseas Liaison (山西省海外聯誼會理事), a director of Shenzhen Printing Association (深圳市印刷行業協會理事), a vice chairman of Shenzhen Packaging Industry Association (深圳市包裝行業協會副會長), a vice chairman of The Hong Kong Corrugated paper Manufacturers' Association (HKCPMA), a chairman of Huidong Province Foreign Investment Enterprise Association (惠東外商投資企業協會理事長), a standing committee member of China Packaging Federation Paper Products Committee (中國包裝聯合會紙制品包裝委員會常務委員).

COMPANY SECRETARY

Mr. HUNG Man Yuk, Dicson, *CPA*

Mr. HUNG, aged 39, was appointed as the company secretary of the Company with effect from 1 July 2010. Mr. HUNG is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants of United Kingdom. Mr. HUNG obtained a master degree in finance from Curtin University of Technology in Australia in 2002. Mr. HUNG has over 14 years of experience in Corporate Finance and Financial Management.

The Directors are pleased to present their annual report and the audited consolidated financial statements for the Year.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its principal subsidiaries, are set out in note 47 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the Year are set out in the consolidated statement of profit or loss on page 41.

No interim dividend was paid during the Year (2013: Nil). The Directors now recommend the payment of a final dividend of HK3.5 cents per Share for the Year, amounting to approximately HK$12.7 million (2013: HK$8.0 million) in total, and the retention of the remaining profits for the Year of the Group and the Company of approximately HK$24.5 million and HK$15.4 million respectively. The final dividend is subject to the approval of the Shareholders at the forthcoming AGM. The record date for entitlement to the proposed final dividend is 10 September 2014.

CLOSURE OF REGISTER OF MEMBERS

The AGM is scheduled on 1 September 2014. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from 28 August 2014 to 1 September 2014, both days inclusive, during which period no transfer of Shares will be effected. In order to be eligible to attend and vote at the AGM, all transfer of shares, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:00 p.m. on 27 August 2014.

For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from 5 September 2014 to 10 September 2014, both days inclusive, and no transfer of shares will be effected on such date. In order to qualify for the proposed final dividend, all transfer of shares, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:00 p.m. on 4 September 2014. It is expected that the final dividend will be paid on or around 3 October 2014.

FIXED ASSETS

During the Year, the Group has acquired HK$27.9 million property, plant and equipment, in which HK$11.7 million represented regular replacement and upgrading of production facilities while HK$16.2 million represented the construction of a factory for a subsidiary.

Details of these and other movements during the Year in property, plant and equipment of the Group are set out in note 17 to the consolidated financial statements respectively.

As of 31 March 2014, the Group has paid HK$12.9 million (2013: HK$12.7 million) and HK$5.1 million (2013: HK$10.0 million) as the deposits for the acquisition of prepaid land lease and property, plant and equipment respectively.

SHARE CAPITAL

Details of the movements during the Year in the share capital of the Company are set out in note 37 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to Shareholders as at 31 March 2014 amounted to approximately HK$412.0 million (2013: HK$391.8 million).

Details of the movements in the reserves of the Group and the Company during the Year are set out in page 44 to page 46 and note 48(d) to the consolidated financial statements respectively.

PURCHASE, SALES OR REDEMPTION OF COMPANY'S LISTED SECURITIES

During the Year ended 31 March 2014, the Company and its subsidiaries had not purchased, sold or redeemed any of the Company's listed securities.

DIRECTORS

The Directors of the Company during the Year and up to the date of this report were:

Executives Directors

Mr. CHONG Kam Chau
Mr. CHONG Wa Pan
Mr. CHONG Wa Ching
Mr. CHONG Wa Lam (resigned on 2 September 2013)
Mr. LUK Kwok Tung, Eric (appointed on 2 September 2013)

Independent Non-executive Directors

Mr. CHAU On Ta Yuen
Ms. TSUI Pui Man
Mr. LAW Tze Lun

In accordance with the provisions of the Company's Articles of Association, Mr. CHONG Wa Pan, Mr. LUK Kwok Tung, Eric and Mr. CHAU On Ta Yuen will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Company and the Group as at 31 March 2014 are set out in notes 33 and 34 to the consolidated financial statements.

FIVE YEAR SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years are set out on page 4 of the annual report.

RETIREMENT BENEFITS SCHEMES

Particulars of the Group's retirement benefits schemes are set out in note 40 to the consolidated financial statements.

MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of the Company's business were entered into or existed during the Year.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES

As at 31 March 2014, the interests and short positions of the Directors or chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the SFO or Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Long positions in the Shares

Name	Capacity/Nature	Number of shares	Percentage of issued shares
Mr. CHONG Kam Chau (Notes 1 & 2)	Interest of a controlled corporation; founder and beneficiary of a discretionary trust	223,202,000	61.61%
	Beneficial owner	1,700,000*	0.47%
Mr. CHONG Wa Pan (Notes 1 & 3)	Beneficiary of a discretionary trust	223,202,000	61.61%
	Beneficial owner	1,200,000*	0.33%
Mr. CHONG Wa Ching (Notes 1 & 3)	Beneficiary of a discretionary trust	223,202,000	61.61%
	Beneficial owner	600,000*	0.17%
Mr. CHONG Wa Lam (Notes 1 & 3)	Beneficiary of a discretionary trust	223,202,000	61.61%
	Beneficial owner	600,000**	0.17%
Mr. LUK Kwok Tung, Eric	Beneficial owner	2,000	less than 0.01%
	Beneficial owner	300,000*	0.08%
Mr. CHAU On Ta Yuen	Beneficial owner	500,000*	0.14%
Ms. TSUI Pui Man	Beneficial owner	500,000*	0.14%
Mr. LAW Tze Lun	Beneficial owner	500,000*	0.14%

* These long positions represent the share options granted to the respective Directors under the share option scheme of the Company. Each share option shall entitle the holder thereof to subscribe for one share.

** These long positions represent the share option granted to the then Director under the share option scheme of the Company. Each share option shall entitle the holder thereof to subscribe for one share.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES (Continued)

Long positions in the ordinary shares of associated corporation

Name	Name of associated corporation	Capacity/Nature	Number of securities	Percentage of shareholding
Mr. CHONG Kam Chau (Notes 1 & 2)	Perfect Group Version Limited	Interest of a controlled corporation; founder and beneficiary of a discretionary trust	10,000 ordinary shares	100%
Mr. CHONG Wa Pan (Notes 1 & 3)	Perfect Group Version Limited	Beneficiary of a discretionary trust	10,000 ordinary shares	100%
Mr. CHONG Wa Ching (Notes 1 & 3)	Perfect Group Version Limited	Beneficiary of a discretionary trust	10,000 ordinary shares	100%
Mr. CHONG Wa Lam (Notes 1 & 3)	Perfect Group Version Limited	Beneficiary of a discretionary trust	10,000 ordinary shares	100%

Notes:

1. The entire issued shares of Perfect Group Version Limited ("Perfect Group") are held by Jade City Assets Limited ("Jade City"), which is in turn held by HSBC International Trustee Limited acting as the trustee of the CHONG Family Trust. The CHONG Family Trust is an irrevocable discretionary trust set up by Mr. CHONG Kam Chau as settlor and HSBC International Trustee Limited as trustee on 2 February 2009. The beneficiaries of the CHONG Family Trust include Mr. CHONG Kam Chau, Ms. CHAN Po Ting, Mr. CHONG Wa Pan, Mr. CHONG Wa Ching and Mr. CHONG Wa Lam and the issues of Mr. CHONG Wa Pan, Mr. CHONG Wa Ching and Mr. CHONG Wa Lam.

2. Mr. CHONG Kam Chau is the founder, an executive Director and the Chairman of the Board. Mr. CHONG Kam Chau is the sole director of Perfect Group and therefore Mr. CHONG Kam Chau is deemed or taken to be interested in the entire issued shares of Perfect Group and the 223,202,000 Shares beneficially owned by Perfect Group for the purposes of the SFO. Mr. CHONG Kam Chau as settlor and a beneficiary of the CHONG Family Trust is also deemed or taken to be interested in the 223,202,000 Shares held by Perfect Group under the SFO.

3. Mr. CHONG Wa Pan, the Chief Executive Officer and the President of the Group, together with Mr. CHONG Wa Ching, the executive Director, and Mr. CHONG Wa Lam, all as beneficiaries and the issues of Mr. CHONG Wa Pan, namely, Mr. CHONG Kam Hung, Mr. CHONG Kam Shing and Ms. CHONG Sum Yee as beneficiaries of the CHONG Family Trust, are deemed or taken to be interested in entire issued shares of Perfect Group and the 223,202,000 Shares held by Perfect Group under the SFO.

Save as disclosed above, none of the Directors or chief executive, had any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations as at 31 March 2014.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2014, the register of substantial Shareholders maintained by the Company pursuant to Section 336 of the Securities and Futures Ordinance shows that other than the interests disclosed above in respect of certain directors and the chief executive, the following Shareholders had notified the Company of relevant interests in the issued share capital of the Company.

Long positions in the Shares

Name	Capacity/Nature	Number of shares	Percentage of issued shares
Perfect Group (Note 1)	Beneficial owner	223,202,000	61.61%
Jade City (Note 2)	Interest of controlled corporation	223,202,000	61.61%
HSBC International Trustee Limited (Note 2)	Trustee	223,202,000	61.61%
Ms. CHAN Po Ting (Note 3)	Family interests; Beneficiary of a discretionary trust	224,902,000	62.08%
Ms. HUNG Woon Cheuk (formerly known as HUNG Shan Shan) (Note 4)	Family interests	224,402,000	61.94%
Ms. YUEN Chung Yan (Note 5)	Family interest	223,802,000	61.77%
Mr. CHONG Kam Hung (Note 1)	Beneficiary of a discretionary trust	223,202,000	61.61%
Mr. CHONG Kam Shing (Note 1)	Beneficiary of a discretionary trust	223,202,000	61.61%
Ms. CHONG Sum Yee (Note 1)	Beneficiary of a discretionary trust	223,202,000	61.61%

Notes:

1. The entire issued shares of Perfect Group are held by Jade City, which is in turn held by HSBC International Trustee Limited acting as the trustee of the CHONG Family Trust. The CHONG Family Trust is an irrevocable discretionary trust set up by Mr. CHONG Kam Chau as settlor and HSBC International Trustee Limited as trustee on 2 February 2009. The beneficiaries of the CHONG Family Trust include Mr. CHONG Kam Chau, Ms. CHAN Po Ting, Mr. CHONG Wa Pan, Mr. CHONG Wa Ching and Mr. CHONG Wa Lam and the issues of Mr. CHONG Wa Pan, Mr. CHONG Wa Ching and Mr. CHONG Wa Lam. Mr. CHONG Kam Hung, Mr. CHONG Kam Shing and Ms. CHONG Sum Yee are issues of Mr. CHONG Wa Pan.

2. Such Shares are held by Perfect Group, the entire issued shares of which are held by Jade City. The entire issued capital of Jade City is held by HSBC International Trustee Limited acting as the trustee of the CHONG Family Trust.

3. Ms. CHAN Po Ting, the spouse of Mr. CHONG Kam Chau and one of the beneficiaries of the CHONG Family Trust, is deemed or taken to be interested in the interests held by Mr. CHONG Kam Chau and Perfect Group under the SFO.

4. Ms. HUNG Woon Cheuk, is the spouse of Mr. CHONG Wa Pan, and Mr. CHONG Kam Hung, Mr. CHONG Kam Shing and Ms. CHONG Sum Yee are children under 18 of Ms. HUNG Woon Cheuk. Therefore, Ms. HUNG Woon Cheuk is deemed or taken to be interested in the interests held by Mr. CHONG Wa Pan, Mr. CHONG Kam Hung, Mr. CHONG Kam Shing and Ms. CHONG Sum Yee under the SFO.

5. Ms. YUEN Chung Yan, the spouse of Mr. CHONG Wa Ching, an executive Director, is deemed or taken to be interested in the interests held by Mr. CHONG Wa Ching under the SFO.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the Year was the Company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contract of significance to which the Company, or its subsidiaries was a party and in which the controlling Shareholder or a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the Year.

CONTINUING CONNECTED TRANSACTIONS

Disposal of Bright Leader Holdings Limited and lease agreements entered with Bright Leader Trading (Shenzhen) Company Limited ("Bright Leader Shenzhen")

To realise the value of the properties held by Bright Leader Shenzhen and to provide further working capital and investment fund for the Group, on 17 August 2009, Jumbo Match Limited ("Jumbo Match") (a wholly-owned subsidiary of the Company) entered into a sale and purchase agreement with April Lion King Limited ("April Lion King"), which is wholly-owned by Mr. CHONG Kam Chau, Chairman of the Board and an executive Director, for the disposal of the entire issued shares of Bright Leader Holdings Limited ("Bright Leader Holdings") for a consideration of approximately HK$15.3 million. The said disposal was approved by the independent Shareholders at an extraordinary general meeting of the Company held on 25 September 2009. Bright Leader Shenzhen was originally incorporated to hold the land use right of approximately 25,678.7 square metres together with the factory, office and staff quarters erected thereon located at Shahuan South Road, Shajing Town, Bao'an District, Shenzhen, Guangdong, the PRC (the "Property") at which the production plant operated by Come Sure Packing Products (Shenzhen) Company Limited (the "First Production Plant") is located. Upon completion of the said disposal, Bright Leader Holdings and its wholly-owned subsidiary, Bright Leader Shenzhen, had ceased to be the subsidiaries of the Company. Furthermore, Bright Leader Holdings and Bright Leader Shenzhen, both being a company indirectly wholly-owned by Mr. CHONG Kam Chau, the chairman of the Board and an executive Director, became connected persons of the Company. Thus, the lease contracts (the "Lease Contracts") between Bright Leader Shenzhen as lessor and Come Sure Packing Products (Shenzhen) Company Limited as lessee and signed on 30 September 2009 in relation to the Property, which replaced the existing leases and provide smooth continuance in operation of the First Production Plant, constituted a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. For details, please refer to the announcement of the Company dated 19 August 2009.

As the relevant size ratios are less than 5% (other than profits ratio), the Lease Contracts are only subject to the reporting and announcement requirement and are exempt from the independent shareholders' approval requirements under the Listing Rules. The annual transaction caps under the Lease Contracts for the 4 years ending 31 March 2013 are RMB817,872, RMB1,635,744, RMB1,635,744 and RMB817,872 respectively.

Master Materials Purchase Agreement

On 29 July 2010, Nine Dragons Paper (Holdings) Limited ("Nine Dragons") and the Company has entered into a master materials purchase agreement ("Master Materials Purchase Agreement") in relation to the purchase of raw paper materials by the Group from Nine Dragons for a period commencing from 22 October 2010 to 31 March 2013. The annual aggregate transaction amounts in respect of the purchase of raw paper materials by the Group from the Nine Dragons under the Master Materials Purchase Agreement or the separate sale and purchase agreements between the Nine Dragons and the Group for each of the periods from 22 October 2010 to 31 March 2011 and the two financial years of the Company ending on 31 March 2012 and 31 March 2013 shall be capped at and not exceed RMB200,000,000, RMB400,000,000 and RMB500,000,000 respectively.

CONTINUING CONNECTED TRANSACTIONS (Continued)

Master Materials Purchase Agreement (Continued)

As the controlling shareholder of Nine Dragons indirectly owned as to 40% of the issued share capital of an indirectly owned subsidiary of the Company. Nine Dragons is a connected person of the Company pursuant to Chapter 14A of the Listing Rules and as each of the percentage ratios (other than the profits ratio) for the aggregate caps of the transactions contemplated under the Master Materials Purchase Agreement for each of the periods from 22 October 2010 to 31 March 2011 and the two financial years of the Company ending on 31 March 2012 and 31 March 2013 of RMB200,000,000, RMB400,000,000 and RMB500,000,000 is on an annual basis more than 25%, the transactions contemplated under the Master Materials Purchase Agreement were subject to the reporting, announcement and independent shareholders' approval requirements pursuant to the then Listing Rules at the time of entering the Master Materials Purchase Agreement.

The above continuing connected transaction and the annual caps contemplated under the Master Materials Purchase Agreement were approved by the independent Shareholders at an extraordinary general meeting of the Company held on 6 September 2010. For details, please refer to the announcements of the Company dated 29 July 2010 and 6 September 2010, and the circular of the Company dated 19 August 2010.

On 28 February 2013, Nine Dragons and the Company has renewed the Master Materials Purchase Agreement for a period commencing from 1 April 2013 to 31 March 2016. The annual aggregate transaction amounts in respect of the purchase of raw paper materials by the Group from the Nine Dragons under the Group for the three financial years of the Company ending on 31 March 2014, 2015 and 2016 shall be capped at and not exceed RMB500,000,000, RMB500,000,000 and RMB600,000,000, respectively. As the transaction meets the requirements under Rule 14A.31(9) of the Listing Rules, the said continuing connected transaction is exempt from the reporting, annual review, announcement and independent shareholders' approval requirements pursuant to Rule 14A.33 of the Listing Rules.

Pursuant to the Listing Rules, if the rental charges to Bright Leader Shenzhen exceed the annual caps, or if the agreement between the Group and Bright Leader Shenzhen is renewed or if Nine Dragons no longer meets the conditions for the exemption under Rule 14A.31(9) of the Listing Rules or if there is a material change to the terms of such agreement, the Company must comply with all applicable rules under Chapter 14A of the Listing Rules in relation to the announcement, reporting and/or independent shareholders' approval requirements. The Company confirms the disclosure requirements in accordance with Chapter 14A of the Listing Rules have been complied.

The amount paid by the Group to the connected persons and the percentage of relevant expenses are as follows:

Name of connected person	Nature of transactions	2014 Amount	2014 %	2013 Amount	2013 %
Bright Leader Shenzhen	Rental	–	–	RMB817,872	5.9%
Nine Dragons	Purchase of raw paper	**RMB217,181,680**	**52.0%**	RMB189,792,082	50.8%

CONTINUING CONNECTED TRANSACTIONS (Continued)

Master Materials Purchase Agreement (Continued)

The independent non-executive Directors have reviewed the above continuing connected transactions. In their opinion, such transactions entered into by the Group were:

(i) in the ordinary and usual course of business of the Group;

(ii) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable than terms available to or from independent third parties;

(iii) in accordance with relevant agreements governing such transactions; and

(iv) on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The auditors of the Company has confirmed to the Board on matters stated in Rule 14A.38 of the Listing Rules in relation to the above continuing connected transactions.

Save as the transactions disclosed above, the Directors consider that those related party transactions disclosed in Note 45 to the consolidated financial statements did not fall under the definition of "connected transactions" or "continuing connected transactions" (as the case may be) in Chapter 14A of the Listing Rules or are exempt from the reporting, annual review, announcement or independent shareholders' approval requirements under the Listing Rules.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors are independent.

EMOLUMENT POLICY

The emolument policy for the senior management of the Group is set by the Remuneration Committee on the basis of their merit, qualifications and competence with reference to similar prevailing market condition.

The emoluments of the Directors are decided by the Remuneration Committee, having regard to the Group's operating results, individual performance and comparable market statistics.

SHARE OPTION SCHEME

As to attract and retain the eligible persons, to provide additional incentive to them and to promote the success of the business of the Group, the Company conditionally adopted a share option scheme (the "Scheme") on 5 February 2009 whereby the Board are authorised, at their absolute discretion and subject to the terms of the Scheme, to grant options to subscribe the Shares to, inter alia, any employees (full-time or part-time), directors, consultants and advisers or any substantial shareholder, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group. The Scheme became unconditional on 26 February 2009 and shall be valid and effective for a period of ten years commencing on 5 February 2009, subject to the early termination provisions contained in the Scheme.

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK$1.00. The subscription price of a Share in respect of any particular option granted under the Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option.

SHARE OPTION SCHEME (Continued)

The Company shall be entitled to issue options, provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Scheme does not exceed 10% of the shares in issue on the listing date of the Company. The Company may at any time refresh such limit, subject to the shareholders' approval and issue of a circular in compliance with the Listing Rules, provided that the total number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under all the share option schemes of the Company does not exceed 30% of the Shares in issue at the time.

As at the date of this report, options to subscribe for a total of 10,100,000 option Shares were still outstanding under the Scheme which represents approximately 2.79% of the issued share capital of the Company. The total number of Shares issued and to be issued upon exercise of options granted to any grantee (including both exercised and outstanding options) under the Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue. An option may be exercised in accordance with the terms of the Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

On 6 January 2010, according to the terms of the Scheme, the Company has granted 8,400,000 share options (5,700,000 share options of which were granted to the Directors) to certain eligible participants including certain Directors and employees at an exercise price of HK$1.18 per share and the consideration for each of the grant was HK$1. The share options granted pursuant to the Scheme will be exercisable from 6 January 2011 and expiring on 5 January 2020. Particulars of the share options granted under the Scheme were set forth in the announcement of the Company dated 6 January 2010.

On 17 May 2010, according to the terms of the Scheme, the Company has granted 19,600,000 share options (900,000 share options of which were granted to the Directors) to certain eligible participants including certain Directors and employees at an exercise price of HK$1.05 per Share. The consideration for each of the grant was HK$1. The share options granted pursuant to the Scheme will be exercisable from the 180th day after the date of acceptance of the share options by the Grantees and expiring on 16 May 2020. Particulars of the share options granted under the Scheme were set forth in the announcement of the Company dated 17 May 2010.

Details of the share options outstanding as at 31 March 2014 under the Scheme are as follows:

Name or category of grantees	Date of grant	Exercisable period	Exercise price (HK$) (Note 1)	Share options held on 1 April 2013	Share options granted during the Year	Share options exercised during the Year	Share options lapsed during the Year	Share options held on 31 March 2014
Executive Directors								
Mr. CHONG Kam Chau	6 January 2010	6 January 2011 to 5 January 2020	1.18	680,000	–	–	–	680,000
	6 January 2010	6 January 2012 to 5 January 2020	1.18	510,000	–	–	–	510,000
	6 January 2010	6 January 2013 to 5 January 2020	1.18	510,000	–	–	–	510,000
				1,700,000	–	–	–	1,700,000
Mr. CHONG Wa Pan	6 January 2010	6 January 2011 to 5 January 2020	1.18	480,000	–	–	–	480,000
	6 January 2010	6 January 2012 to 5 January 2020	1.18	360,000	–	–	–	360,000
	6 January 2010	6 January 2013 to 5 January 2020	1.18	360,000	–	–	–	360,000
				1,200,000	–	–	–	1,200,000
Mr. CHONG Wa Ching	6 January 2010	6 January 2011 to 5 January 2020	1.18	240,000	–	–	–	240,000
	6 January 2010	6 January 2012 to 5 January 2020	1.18	180,000	–	–	–	180,000
	6 January 2010	6 January 2013 to 5 January 2020	1.18	180,000	–	–	–	180,000
				600,000	–	–	–	600,000
Mr. LUK Kwok Tung, Eric**	6 January 2010	6 January 2011 to 5 January 2020	1.18	120,000	–	–	–	120,000
	6 January 2010	6 January 2012 to 5 January 2020	1.18	90,000	–	–	–	90,000
	6 January 2010	6 January 2013 to 5 January 2020	1.18	90,000	–	–	–	90,000
				300,000	–	–	–	300,000

SHARE OPTION SCHEME (Continued)

Name or category of grantees	Date of grant	Exercisable period	Exercise price (HK$) (Note 1)	Share options held on 1 April 2013	Share options granted during the Year	Share options exercised during the Year	Share options lapsed during the Year	Share options held on 31 March 2014
Independent non-executive Directors								
Mr. CHAU On Ta Yuen	6 January 2010	6 January 2011 to 5 January 2020	1.18	200,000	–	–	–	200,000
	17 May 2010	13 November 2010 to 16 May 2020	1.05	300,000	–	–	–	300,000
				500,000	–	–	–	500,000
Ms. TSUI Pui Man	6 January 2010	6 January 2011 to 5 January 2020	1.18	200,000	–	–	–	200,000
	17 May 2010	13 November 2010 to 16 May 2020	1.05	300,000	–	–	–	300,000
				500,000	–	–	–	500,000
Mr. LAW Tze Lun	6 January 2010	6 January 2011 to 5 January 2020	1.18	200,000	–	–	–	200,000
	17 May 2010	13 November 2010 to 16 May 2020	1.05	300,000	–	–	–	300,000
				500,000	–	–	–	500,000
Seven other eligible participants of the Group*								
	6 January 2010	6 January 2011 to 5 January 2020	1.18	660,000	–	–	–	660,000
	6 January 2010	6 January 2012 to 5 January 2020	1.18	495,000	–	–	–	495,000
	6 January 2010	6 January 2013 to 5 January 2020	1.18	495,000	–	–	–	495,000
	17 May 2010	13 November 2010 to 16 May 2020	1.05	3,000,000	–	–	–	3,000,000
				4,650,000	–	–	–	4,650,000
One other eligible participant of the Group								
	6 January 2010	6 January 2011 to 5 January 2020	1.18	150,000	–	–	–	150,000
				150,000	–	–	–	150,000
				10,100,000	–	–	–	10,100,000

* Mr. Chong Wa Lam resigned as an executive Director on 2 September 2013 and therefore the Share Option held by Mr. Chong Wa Lam was reclassified from the category of "Executive Director" to "other eligible participants".

** Mr. Luk Kwok Tung was appointed executive Director on 2 September 2013 and therefore the Share Option held by Mr. Luk Kwok Tung, Eric was reclassified from the category of "other eligible participant of the Group" to "Executive Director".

Notes: 1. (a) The closing price of the Shares on 5 January 2010 (the day immediately before the date of grant) was HK$1.18.

(b) The closing price of the Shares on 16 May 2010 (the day immediately before the date of grant) was HK$1.05.

2. For details of the value of the options granted during the year ended 31 March 2014, please refer to note 38 to the consolidated financial statements.

CONTRACTS WITH CONTROLLING SHAREHOLDERS

Save as disclosed in this annual report, no contract of significance has been entered into between the Company or any of its subsidiaries and the Controlling Shareholders during the Year.

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

As far as the Company is aware, more than 25% of the issued Shares were held in public hands as of 31 March 2014.

CHARITABLE DONATIONS

During the Year, the Group made charitable donation amounting to HK$49,000 (2013: HK$98,000).

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers respectively during the Year under review is as follows:

	Percentage of the group's total	
	Sales	Purchases
The largest customer	7.07%	N.A.
Five largest customers in aggregate	25.76%	N.A.
The largest supplier	N.A.	49.43%
Five largest suppliers in aggregate	N.A.	64.37%

At no time during the year have the Directors, their associates or any Shareholder (who/which to the knowledge of the directors owns more than 5% of the company's share capital) had any interest in these major customers and suppliers.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the Group has entered into an agreement to acquire 20% equity interests in Xiamen Weihua at RMB8,000,000 (approximately HK$10,088,000). Xiamen Weihua is a high-technology enterprise integrated with research and development, production and sales, mainly focusing on the production of perovskite solar cells. The management of the Company expects the Group can diversify the business stream and expand the source of revenue by this long term investment.

The purchase consideration has been fully settled up to the date of this report.

FUTURE PLANS FOR MATERIAL INVESTMENTS

The Group has no future plans for material investments or capital assets and their expected sources of funding in the coming year other than those set out in this report.

AUDITOR

The accounts for the Year have been audited by SHINEWING (HK) CPA Limited which will retire and, being eligible, offer itself for re-appointment at the forthcoming annual general meeting. A resolution will be submitted to the annual general meeting to appoint SHINEWING (HK) CPA Limited as auditor of the Company.

On behalf of the Board

CHONG Kam Chau
Chairman

30 June 2014

信永中和 ShineWing

SHINEWING (HK) CPA Limited
43/F., The Lee Gardens
33 Hysan Avenue
Causeway Bay, Hong Kong

TO THE MEMBERS OF
COME SURE GROUP (HOLDINGS) LIMITED
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Come Sure Group (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 41 to 138, which comprise the consolidated statement of financial position as at 31 March 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and 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 and to report our opinion solely to you, as a body, 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 as to 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 judgement, 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 affairs of the Group as at 31 March 2014 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Chan Wing Kit
Practising Certificate Number: P03224
Hong Kong

30 June 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
Turnover	7	**895,410**	766,711
Cost of goods sold		**(695,291)**	(607,738)
Gross profit		**200,119**	158,973
Other income	8	**13,638**	6,021
Other gains and losses	9	**11,959**	28,535
Selling expenses		**(53,274)**	(37,935)
Administrative expenses		**(109,112)**	(98,748)
Other operating expenses		**(13,664)**	(13,426)
Share-based payments		**–**	(167)
Profit from operations		**49,666**	43,253
Finance costs	10	**(9,004)**	(7,189)
Profit before tax		**40,662**	36,064
Income tax expense	11	**(6,620)**	(19,233)
Profit for the year	12	**34,042**	16,831
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**9,317**	2,193
Net gain from cash flow hedges		**–**	66
Other comprehensive income for the year, net of income tax		**9,317**	2,259
Total comprehensive income for the year		**43,359**	19,090
Profit (loss) for the year attributable to:			
Owners of the Company		**37,216**	20,143
Non-controlling interests		**(3,174)**	(3,312)
		34,042	16,831
Total comprehensive income (expense) attributable to:			
Owners of the Company		**46,263**	22,347
Non-controlling interests		**(2,904)**	(3,257)
		43,359	19,090
Earnings per share			
Basic and diluted	15	**HK10.27 cents**	HK5.56 cents

Consolidated Statement of Financial Position

At 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current assets			
Prepaid lease payments	16	**57,765**	58,016
Property, plant and equipment	17	**260,669**	255,528
Investment properties	18	**189,400**	182,500
Goodwill	19	**14,431**	23,113
Intangible assets	20	**–**	4,981
Deposits paid for prepaid lease payments	21	**12,925**	12,693
Deposits paid for acquisition of property, plant and equipment		**5,115**	10,027
Available-for-sale investment	22	**3,542**	3,542
Financial assets designated as at fair value through profit or loss	23	**–**	341
Derivative financial instruments	27	**1,070**	203
Club membership		**366**	366
Deferred tax asset	36	**1,401**	–
		546,684	551,310
Current assets			
Inventories	24	**87,378**	89,508
Trade and bills receivables	25	**227,111**	195,567
Prepayments, deposits and other receivables		**29,985**	26,977
Amounts due from non-controlling shareholders	32	**24**	24
Amounts due from indemnifiers	26	**–**	3,159
Prepaid lease payments	16	**1,313**	1,289
Tax recoverable		**1,054**	–
Financial assets designated as at fair value through profit or loss	23	**66,514**	67,133
Derivative financial instruments	27	**–**	462
Held for trading investments	28	**2,999**	3,725
Pledged bank deposits	29	**129,467**	20,984
Bank and cash balances	29	**174,898**	126,334
		720,743	535,162
Current liabilities			
Trade and bills payables	30	**138,145**	104,253
Accruals and other payables	31	**78,891**	71,215
Amounts due to non-controlling shareholders	32	**26,119**	11,770
Short-term borrowings	33	**288,560**	162,280
Current tax liabilities		**12,353**	9,437
Derivative financial instruments	27	**1,735**	–
Current portion of long-term borrowings	34	**77,160**	112,913
Amount due to a director	35	**135**	135
		623,098	472,003
Net current assets		**97,645**	63,159
Total assets less current liabilities		**644,329**	614,469

Consolidated Statement of Financial Position

At 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current liabilities			
Amounts due to non-controlling shareholders	32	**7,685**	8,805
Long-term borrowings	34	**12,928**	16,513
Deferred tax liabilities	36	**4,789**	5,612
		25,402	30,930
NET ASSETS		**618,927**	583,539
Capital and reserves			
Share capital	37	**3,623**	3,623
Reserves		**603,083**	564,791
Equity attributable to owners of the Company		**606,706**	568,414
Non-controlling interests		**12,221**	15,125
		618,927	583,539

The consolidated financial statements on pages 41 to 138 were approved and authorised for issue by the board of directors on 30 June 2014 and are signed on its behalf by:

Mr. CHONG Kam Chau
Director

Mr. CHONG Wa Pan
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2014

	Attributable to owners of the Company														
	Share capital HK$'000 (note 37)	Share premium HK$'000 (note (i))	Special reserve HK$'000 (note (ii))	Share-based Payment reserve HK$'000 (note (iii))	Foreign currency translation reserve HK$'000 (note (iv))	Warrant reserve HK$'000 (note (v))	Statutory reserve HK$'000 (note (vi))	Hedging reserve HK$'000 (note (vii))	Other reserve HK$'000 (note (viii))	Contingent consideration HK$'000 (note (ix))	Contribution reserve HK$'000 (note (x))	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2012	3,623	193,212	105,309	3,649	68,219	40	19,106	(66)	9	–	–	133,455	526,556	15,741	542,297
Profit (loss) for the year	–	–	–	–	–	–	–	–	–	–	–	20,143	20,143	(3,312)	16,831
Other comprehensive income for the year															
Exchange differences on translating foreign operations	–	–	–	–	2,138	–	–	–	–	–	–	–	2,138	55	2,193
Fair value gain on cash flow hedges	–	–	–	–	–	–	–	66	–	–	–	–	66	–	66
Total comprehensive income (expense) for the year	–	–	–	–	2,138	–	–	66	–	–	–	20,143	22,347	(3,257)	19,090
Transfer upon cancellation of share-based payments	–	–	–	(118)	–	–	–	–	–	–	–	118	–	–	–
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	7,861	–	–	7,861	2,629	10,490
Acquisition of additional equity interest in a subsidiary from a non-controlling shareholder	–	–	–	–	–	–	–	–	(9)	–	–	–	(9)	12	3
Contribution from shareholders (note 11)	–	–	–	–	–	–	–	–	–	–	15,840	–	15,840	–	15,840
Share-based payments	–	–	–	167	–	–	–	–	–	–	–	–	167	–	167
Dividend recognised as distribution (note 14)	–	–	–	–	–	–	–	–	–	–	–	(4,348)	(4,348)	–	(4,348)
Transfer	–	–	–	–	–	–	1,144	–	–	–	–	(1,144)	–	–	–
Change in equity for the year	–	–	–	49	2,138	–	1,144	66	(9)	7,861	15,840	14,769	41,858	(616)	41,242
At 31 March 2013	3,623	193,212	105,309	3,698	70,357	40	20,250	–	–	7,861	15,840	148,224	568,414	15,125	583,539

Consolidated Statement of Changes in Equity

For the year ended 31 March 2014

	Attributable to owners of the Company												
	Share capital HK$'000 (note 37)	Share premium HK$'000 (note (i))	Special reserve HK$'000 (note (ii))	Share-based payment reserve HK$'000 (note (iii))	Foreign currency translation reserve HK$'000 (note (iv))	Warrant reserve HK$'000 (note (v))	Statutory reserve HK$'000 (note (vi))	Contingent consideration HK$'000 (note (ix))	Contribution reserve HK$'000 (note (x))	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2013	3,623	193,212	105,309	3,698	70,357	40	20,250	7,861	15,840	148,224	568,414	15,125	583,539
Profit (loss) for the year	–	–	–	–	–	–	–	–	–	37,216	37,216	(3,174)	34,042
Other comprehensive income for the year													
Exchange differences on translating foreign operations	–	–	–	–	9,047	–	–	–	–	–	9,047	270	9,317
Total comprehensive income (expense) for the year	–	–	–	–	9,047	–	–	–	–	37,216	46,263	(2,904)	43,359
Dividend recognised as distribution (note 14)	–	–	–	–	–	–	–	–	–	(7,971)	(7,971)	–	(7,971)
Transfer	–	–	–	–	–	(40)	–	(7,861)	–	7,901	–	–	–
Change in equity for the year	–	–	–	–	9,047	(40)	–	(7,861)	–	37,146	38,292	(2,904)	35,388
At 31 March 2014	3,623	193,212	105,309	3,698	79,404	–	20,250	–	15,840	185,370	606,706	12,221	618,927

Notes:

(i) Share premium account

Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) Special reserve

The special reserve of the Group arose as a result of the reorganisation (the "Reorganisation") implemented in the preparation for the listing of the Company's shares on Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing") and represented the difference between the nominal value of the aggregate share capital of the subsidiaries acquired pursuant to the Reorganisation, over the nominal value of the share capital of the Company issued in exchange therefore.

The special reserve of the Company arose as a result of the Reorganisation implemented and represented the excess of the then consolidated net assets of the subsidiaries acquired, over the nominal value of the share capital of the Company issued in exchange therefore.

(iii) Share-based payment reserve

The share-based payment reserve represents the fair value of the actual number of unexercised share options granted to employees of the Company recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 3.

Notes: (Continued)

(iv) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 3.

(v) Warrant reserve

Warrant reserve represents the net proceeds received from the issue of warrants of the Company. On 12 October 2011, the Company issued 20,000,000 non-listed warrants at an issue price of HK$0.01 each per warrant by private placement. Each warrant entitles the holder to subscribe for one ordinary share at a subscription price of HK$1 per warrant share at any time for a period of twenty four months from the date of issue of the warrants.

When the warrants are not exercised at the expiry date, the amount previously recognised in warrant reserve will be transferred to retained profits.

(vi) Statutory reserve

The statutory reserve which is non-distributable, is appropriated from the profit after tax of the Group's PRC subsidiaries under the applicable laws and regulations in the PRC.

(vii) Hedging reserve

Hedging reserve represents effective portion of the fair value changes of interest rate swap designated and qualify as cash flow hedges.

(viii) Other reserve

During the year ended 31 March 2013, change in other reserve represented the difference between the consideration paid to non-controlling interest for acquisition of additional equity interest in a subsidiary that did not result in change in control over that subsidiary and the carrying amount of share of net assets being acquired.

(ix) Contingent consideration

As set out in note 41(a), as part of the consideration for the acquisition of Think Speed Group Limited ("Think Speed Group") and its subsidiaries (collectively referred to as "TSGL"), the Company was required to issue 8,639,000 new shares (the "Consideration Shares") if the TSGL's Profit Amount (as defined in note 41(a)) equals to or exceeds the TSGL's Guaranteed Amount (as defined in note 41(a)). Consideration Shares were classified as equity and recognised at its fair value on the acquisition date.

No Consideration Shares are required to be issued because the TSGL's Profit Amount does not exceed the TSGL's Guaranteed Amount. Contingent consideration has been transferred to retained profits.

(x) Contribution reserve

Contribution reserve represents contributions from shareholders for indemnity liabilities payable for periods prior to the Listing.

Consolidated Statement of Cash Flows

For the year ended 31 March 2014

	2014 HK$'000	2013 HK$'000
OPERATING ACTIVITIES		
Profit before tax	**40,662**	36,064
Adjustments for:		
Amortisation of prepaid lease payments	**1,313**	1,278
Amortisation of intangible assets	**2,491**	2,427
Depreciation of property, plant and equipment	**25,673**	27,469
Decrease (increase) in fair value of held for trading investments	**726**	(149)
Reversal of allowance for inventories	**–**	(167)
Loss on disposal of property, plant and equipment, net	**254**	57
Impairment loss on available-for-sale investment	**–**	1,458
Allowance for doubtful debt	**855**	3,199
Impairment loss on intangible assets	**2,490**	2,300
Impairment loss on goodwill	**8,682**	5,000
Fair value changes of financial assets designated as at fair value through profit or loss	**960**	(9,681)
Fair value changes of derivative financial instruments	**1,330**	(66)
Income from structured foreign currency forward contracts and structured performance swap	**(6,701)**	(1,679)
Fair value changes of investment properties	**(6,900)**	(17,408)
Share-based payments	**–**	167
Finance costs	**9,004**	7,189
Interest income	**(3,536)**	(2,032)
Operating profit before working capital changes	**77,303**	55,426
Decrease in inventories	**2,282**	5,636
(Increase) decrease in trade and bills receivables	**(32,309)**	13,080
(Increase) decrease in prepayments, deposits and other receivables	**(531)**	11,492
Increase (decrease) in trade and bills payables	**33,892**	(11,247)
Increase (decrease) in accruals and other payables	**5,969**	(38,615)
Cash generated from operations	**86,606**	35,772
Income taxes paid, net	**(7,284)**	(2,386)
Net cash generated from operating activities	**79,322**	33,386

Consolidated Statement of Cash Flows

For the year ended 31 March 2014

	Note	2014 HK$'000	2013 HK$'000
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(17,524)**	(23,562)
Purchase of investment properties		**–**	(157,267)
Addition of prepaid lease payments		**–**	(162)
Increase in deposits paid for acquisition of property, plant and equipment		**(5,226)**	(2)
Net cash outflow relating to acquisition of subsidiaries	41	**–**	(372)
(Increase) decrease in pledged bank deposits		**(108,483)**	32,126
Decrease in time deposits of original maturity of more than three months		**–**	617
Withdrawal of structured deposits		**–**	10,856
Proceed from disposal of an investment property		**–**	444
Cash outflow in relating to disposal of derivative financial instruments		**–**	(90)
Cash inflow from structured foreign currency forward contracts and structured performance swap		**6,701**	1,679
Proceeds from disposal of property, plant and equipment		**264**	330
Interest received		**1,059**	2,032
Net cash used in investing activities		**(123,209)**	(133,371)
FINANCING ACTIVITIES			
Drawing of short term loans, net		**118,714**	52,464
New long-term borrowings		**–**	84,450
Repayment of long-term borrowings		**(31,931)**	(15,274)
Advance from (repayment to) non-controlling shareholders		**12,200**	(7)
Advances from indemnifiers		**3,159**	12,681
Advance from a director		**–**	135
Dividend paid		**(7,971)**	(4,348)
Interest paid		**(7,646)**	(7,189)
Net cash generated from financing activities		**86,525**	122,912
NET INCREASE IN CASH AND CASH EQUIVALENTS		**42,638**	22,927
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**5,926**	1,131
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**126,334**	102,276
CASH AND CASH EQUIVALENTS AT END OF YEAR, represented by bank and cash balances		**174,898**	126,334

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 10 March 2006 as an exempted company with limited liability under the Companies Law of the Cayman Islands. In the opinion of the directors of the Company, the immediate and ultimate holding company of the Company is Perfect Group Version Limited ("Perfect Group"), a company incorporated in the British Virgin Islands (the "BVI"). The addresses of the registered office and principal place of business of the Company are disclosed in "Corporate Information" section to the annual report.

The Company is an investment holding company and the principal activities of its subsidiaries are set out in note 47.

The shares of the Company were listed on the Main Board of the Stock Exchange on 26 February 2009.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"). Other than those subsidiaries established in the People's Republic of China (the "PRC") whose functional currency is Renminbi ("RMB"), the functional currency of the Company and its other subsidiaries is HK$.

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

In the current year, the Group has applied the following new and revised HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations ("Ints"), issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009–2011 Cycle issued in 2012
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (revised 2011)	Employee Benefits
HKAS 27 (revised 2011)	Separate Financial Statements
HKAS 28 (revised 2011)	Investments in Associates and Joint Ventures
HK(IFRIC)-INT 20	Stripping Costs in the Production Phase of a Surface Mine

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION 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 introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a "statement of comprehensive income" is renamed as a "statement of profit or loss and other comprehensive income" and an "income statement" is renamed as a "statement of profit or loss". The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis — the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Amendments to HKFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments to HKFRS 7 for the first time in the current year. The amendments to HKFRS 7 require entities to disclose information about recognised financial instruments that are set off in accordance with HKAS 32 Financial Instruments: Presentation and recognised financial instruments that are subject to an enforceable master netting agreement or similar agreement, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

The amendments to HKFRS 7 have been applied retrospectively. As the Group does not have any offsetting arrangements or any master netting agreements in place, the application of the amendments has had no material impact on the disclosures or on the amounts recognised in the consolidated financial statements.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In the current year, the Group has applied for the first time HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (revised 2011) and HKAS 28 (revised 2011) together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding the transitional guidance. HKAS 27 (revised 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

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

New and revised standards on consolidation, joint arrangements, associates and disclosures (Continued)

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 1 changes the definition of control such that an investor controls an investee if and only if it has (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns.

As a result of the initial application of HKFRS 10, the directors of the Company made an assessment whether the Group has control over its investees at the date of initial application and concluded that the application of HKFRS 10 does not result in any change in control conclusions.

HKFRS 12 Disclosure of Interests in Other Entities

HKFRS 12 is a 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. Details are set out in note 47.

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 for 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 within the scope of HKFRS 2 Share-based Payment, leasing transactions within the scope of HKAS 17 Leases and measurements that have some similarities to fair value but are not fair value.

HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

HKFRS 13 has been applied prospectively as of the beginning of the annual period and resulted in additional disclosure as set out in note 6 to the consolidated financial statements. 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.

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

New and revised HKFRSs issued but not yet effective

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

HKFRS 9	Financial Instruments[3]
HKFRS 14	Regulatory Deferral Accounts[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptance Methods of Depreciation and Amortisation[4]
Amendments to HKAS 19	Defined Benefit Plans — Employee Contributions[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
HK(IFRIC)-Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014.
2 Effective for annual periods beginning on or after 1 July 2014.
3 HKFRS 9, as amended in December 2013, amended the mandatory effective date of HKFRS 9. The mandatory effective date is not specified in HKFRS 9 but will be determined when the outstanding phases are finalised. However, application of HKFRS 9 is permitted.
4 Effective for annual periods beginning on or after 1 January 2016.

The directors of the Company anticipate that the application of the new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

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

New and revised HKFRSs issued but not yet effective (Continued)

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements.

Key requirements of HKFRS 9 are described as follows:

— 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 accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting 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. 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.

— HKFRS 9 introduces a new model which is more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, HKFRS 9 looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under HKAS 39, it is necessary to exhibit eligibility and compliance with the requirements in HKAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for HKAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

The effective date of HKFRS 9 is not yet determined. However, earlier application is permitted.

The directors of the Company anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities.

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. Changes in the fair value of financial liabilities attributable to changes in credit risk of financial liabilities that are designated as at fair value through profit or loss are disclosed in note 6.

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

New and revised HKFRSs issued but not yet effective (Continued)

Annual Improvements to HKFRSs 2010–2012 Cycle

The Annual Improvements to HKFRSs 2010–2012 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to HKFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to HKAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The directors of the Company do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2010–2012 Cycle will have a material effect on the Group's consolidated financial statements.

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

New and revised HKFRSs issued but not yet effective (Continued)

Annual Improvements to HKFRSs 2011–2013 Cycle

The Annual Improvements to HKFRSs 2011–2013 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of HKAS 40; and

(b) the transaction meets the definition of a business combination under HKFRS 3.

The directors of the Company do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2011–2013 Cycle will have a material effect on the Group's consolidated financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities

The amendments to HKFRS 10 introduce an exception to consolidating subsidiaries for an investment entity, except where the subsidiaries provide services that relate to the investment entity's investment activities. Under the amendments to HKFRS 10, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss.

To qualify as an investment entity, certain criteria have to be met. Specifically, an entity is required to:

— obtain funds from one or more investors for the purpose of providing them with professional investment management services;

— commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

— measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments to HKFRS 12 and HKAS 27 have been made to introduce new disclosure requirements for investment entities.

The amendments to HKFRS 10, HKFRS 12 and HKAS 27 are effective for annual periods beginning on or after 1 January 2014 with early application permitted. The directors of the Company anticipate that the application of the amendments will have no effect on the Group as the Company is not an investment entity.

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

New and revised HKFRSs issued but not yet effective (Continued)

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities

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 HKAS 32 are effective for annual periods beginning on or after 1 January 2014 with early application permitted and require retrospective application.

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

Amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The amendments to HKAS 36 require disclosures on additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. If the recoverable amount is fair value less costs of disposal, an entity shall disclose the level of the fair value hierarchy within which the fair value measurement of the asset or cash generating unit is categorised in its entirety. The Group is required to make additional disclosures for Level 2 and Level 3 of the fair value hierarchy:

- a description of the valuation techniques used to measure the fair value less costs of disposals. If there is any change in valuation techniques, the fact and the reason should also be disclosed;
- each key assumption on which management has based its determination of fair value less costs of disposal;
- the discount rates used in the current and previous measurement if fair value less costs of disposal is measured using a present value technique.

The amendments to HKAS 36 are effective for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided HKFRS 13 is also applied, and require retrospectively application.

The directors of the Company anticipate that the application of the amendments to HKAS 36 may result in additional disclosures being made with regard to the impairment assessment on non-financial assets.

HK(IFRIC)-Int 21 Levies

HK(IFRIC)-Int 21 provides guidance on when to recognise a liability for a levy imposed by a government for levies that are accounted for in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets and levies where the timing and amount is certain. Under HK(IFRIC)-Int 21, a liability is recognised for a levy when the activity that triggers payment as identified by the relevant legislation occurs. HK(IFRIC)-Int 21 excludes income tax within the scope of HKAS 12 Income Taxes, fines and other penalties.

HK(IFRIC)-Int 21 is effective for annual periods beginning on or after 1 January 2014 with earlier application permitted and require retrospectively application.

The directors of the Company anticipate that the application of the amendments to HK(IFRIC)-Int 21 will have no material impact to the Group.

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

New and revised HKFRSs issued but not yet effective (Continued)

Amendments to HKAS 19 Defined Benefit Plans — Employee Contributions

The amendments to HKAS 19 simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. Specifically, contributions that are linked to services are attributed to periods of services as a negative benefit. The amendments to HKAS 19 specifies that such negative benefit are attributed in the same way as the gross benefit, i.e. attribute to periods of services under the plan's contribution formula or on a straight-line basis.

Besides, the amendments also states that if the contributions are independent of the number of years of employee service, such contributions may be recognised as a reduction of the service cost as they fall due. The amendments to HKAS 19 are effective for annual periods beginning on or after 1 July 2014 with early application permitted.

The directors of the Company anticipate that the application of the amendments to HKAS 19 will have no material impact to the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs 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 investment properties, held for trading investments, derivative financial instruments and financial assets designated as at fair value through profit and loss that 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 and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The principal accounting policies are set out below:

Basis of consolidation

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

Control is achieved where the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns. When the Group has less than a majority of the voting rights of an investee, power over the investee may be obtained through: (i) a contractual arrangement with other vote holders; (ii) rights arising from other contractual arrangements; (iii) the Group's voting rights and potential voting rights; or (iv) a combination of the above, based on all relevant facts and circumstances.

The Company reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control stated above.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

Consolidation of a subsidiary begins when the Company obtains control of the subsidiary and cease when the Group loses control of the subsidiary.

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income of subsidiaries are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries 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.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group are eliminated in full on consolidation.

Business combinations

Business combinations are accounted for by applying 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 incurred to effect a business combination are 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:

— deferred tax assets or liabilities arising from the assets acquired and liabilities assumed in the business combination are recognised and measured in accordance with HKAS 12 Income Taxes;

— assets or liabilities related to the acquiree's employee benefit arrangements are recognised and measured in accordance with HKAS 19 Employee Benefits;

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations (Continued)

Goodwill is measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the Group'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 aggregate 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 gain on bargain purchase.

Non-controlling interests, unless as required by another standards, are measured at acquisition-date fair value except for 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 are measured either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets on a transaction-by-transaction basis.

When 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.

Goodwill

Goodwill arising from a business combination is carried at cost less accumulated impairment losses, if any.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in subsidiaries

Investments in subsidiaries are included in the statement of financial position of the Company (see note 48) at cost less any identified impairment loss.

Property, plant and equipment

Property, plant and equipment including leasehold land and buildings (classified as finance leases) held for use in the production or supply of goods or services, or for administrative purposes other than properties under construction as described below are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to allocate the cost of items of property, plant and equipment other than properties under construction 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.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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.

Buildings under development for future owner-occupied purpose

When buildings are in the course of development for production or for administrative purposes, the amortisation of prepaid lease payments provided during the construction period is included as part of costs of buildings under construction. Buildings under construction are carried at cost, less any identified impairment losses. Depreciation of buildings commences when they are available for use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

Leasehold land for own use

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 except for those that are classified and accounted for as investment properties under the fair value model. 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.

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 at 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 at 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's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses 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 translation reserve (attributed to non-controlling interests as appropriate).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 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 other comprehensive income.

Club membership

Club membership with indefinite useful life is stated at cost less any impairment loss. Impairment is reviewed annually or when there is any indication that the club membership has suffered impairment loss.

Intangible assets acquired in a business combination

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, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. Alternatively, intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (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. Costs of inventories are 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 statement 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 (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets at fair value through profits or loss ("FVTPL"), loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument 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 and points 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 debt instrument, 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 other than those financial assets classified as at FVTPL, of which interest income is included in net gains or losses.

Financial assets at FVTPL

Financial assets at FVTPL has two subcategories, including financial assets held for trading and those designated as at FVTPL on initial recognition.

A financial asset is classified as held for trading if:

— it has been acquired principally for the purpose of selling in the near term; or

— it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

— it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

— such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

— the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

— it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in the 'other gains and losses' line item in the consolidated statement of profit or loss and other comprehensive income. Fair value is determined in the manner described in note 6.

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 bills receivables, amounts due from non-controlling shareholders, amounts due from indemnifiers, deposits and other receivables, pledged bank deposits and bank and cash balances) are carried at amortised cost using the effective interest method, less any identified impairment loss (see accounting policy on impairment of financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments. The Group designated unlisted equity securities as available-for-sale financial assets.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, 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 and principal payments; or

— it becoming probable that the borrower will enter into bankruptcy or financial re-organisation; or

— the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade and bills 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 15 to 120 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.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and bills receivables and deposits and other 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 trade and bills receivables and deposits and other receivables are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss 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.

Impairment losses on available-for-sale equity investments will not be reversed through profit or loss.

Financial liabilities and equity instruments

Debt 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.

Financial liabilities

Financial liabilities including trade and bills payables, accruals and other payables, amounts due to non-controlling shareholders, amount due to a director and borrowings are subsequently measured at amortised cost, using the effective interest method.

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 and points paid or received that form an integral part of the effective interest rate, transaction cost, 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial guarantee contract issued by the Group and not designated as at FVTPL is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of obligation under the contract, as determined in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the revenue recognition policy.

Derecognition

A financial asset is derecognised 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. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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.

A financial liability is derecognised 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.

Cash and cash equivalents

Bank balances and cash in the consolidated statement of financial position comprise cash at banks and on hand.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash at banks as defined above.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for goods sold and services rendered 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.

Income arising from sales of game dollars ("Game Dollars") in the online game services is recognised when the Game Dollars are delivered and title has passed.

Income arising from technical services provided in respect of the internet business is recognised when the services are provided.

Management fee income is recognised when services are provided.

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

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme ("MPF Scheme") and central pension scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government grant

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as a reduction from the carrying amount of the relevant asset in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Share-based payment transactions

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, with a corresponding increase in equity (share-based payment 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 estimates, with a corresponding adjustment to share-based payment reserve.

When share options are exercised, the amount previously recognised in share-based payment 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-based payment reserve will be transferred to retained profits.

When an equity settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

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 before tax' as reported in the consolidated statement of profit or loss and other 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases 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 differences to the extent that it is probable that taxable profits will be available against which those deductible temporary difference can be utilised. Such deferred tax 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 investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and 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 each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax 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.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the general principles above.

Current and deferred tax are recognised in profit or loss, except when they relate 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)

Impairment of tangible assets and intangible assets (other than impairment of goodwill set out in accounting policy of goodwill above)

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

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under the standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or the cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or the cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that standard.

Fair value measurement

When measuring fair value except for the Group's share-based payment transactions, leasing transactions, net realisable value of inventories and value in use of goodwill and intangible assets for the purpose of impairment assessment, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value measurement (Continued)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follow:

Level 1	—	Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2	—	Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3	—	Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements. The estimates and associated assumptions 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 on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgement in applying accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised and disclosures made in the consolidated financial statements.

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment properties portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantively all of the economic benefits embodied in the investment properties over time. Therefore, in measuring the Group's deferred taxation on investment properties, the directors of the Company have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of investment properties as the Group is not subject to any income taxes on disposal of its investment properties.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty

The followings 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 resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating unit to which goodwill has been allocated. The directors of the Company estimate the recoverable amount based on a value-in-use calculation. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit 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. At 31 March 2014, the carrying amount of goodwill is approximately HK$14,431,000 (2013: HK$23,113,000), net of accumulated impairment loss of HK$13,682,000 (2013: HK$5,000,000). Details of the recoverable amount calculation are disclosed in note 19.

Estimation of fair value of investment properties

As disclosed in note 18, the Group's investment properties were revalued at end of the reporting period on an open market value basis by an independent professional valuer. Such valuation was based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the judgment, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of each reporting period.

Estimated impairment of available-for-sale investment

The Group follows the guidance of HKAS 39 to determine when an available-for-sale investment is impaired. This determination requires significant judgment. In making this judgment, the Group evaluates, among other factors, the duration and extent to which the carrying amount of financial asset is less than its present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset, and the financial health of and short-term business outlook for the investee. At 31 March 2014, the carrying amount of available-for-sale investment is approximately HK$3,542,000 (2013: HK$3,542,000), net of accumulated impairment loss of HK$1,458,000 (2013: HK$1,458,000).

Estimated impairment of intangible assets

The Group performs annual assessments on whether there is any impairment of intangible assets. As disclosed in note 20, the recoverable amounts of intangible assets are determined based on value-in-use calculations. These calculations require the use of estimates and assumptions made by the directors of the Company on the future operation of the businesses, pre-tax discount rates and other assumptions underlying the value-in-use calculations. For any instance where this evaluation process indicates impairment, the relevant intangible asset's carrying amount is written down to the recoverable amount and the amount of the write-down is charged against the consolidated statement of profit or loss and other comprehensive income.

Property, plant and equipment and depreciation

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment as set out in note 17. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Allowance for doubtful debts

The Group makes allowance of doubtful debts based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and allowance for doubtful debt charged to profit or loss for the year in which such estimate has been changed. If the financial conditions of the debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

As at 31 March 2014, the carrying amount of trade and bills receivables was approximately HK$227,111,000 (2013: HK$195,567,000), net of allowance for doubtful debts of approximately HK$12,059,000 (2013: HK$11,140,000). As at 31 March 2014, the carrying amount of deposits and other receivables was approximately HK$20,783,000 (2013: HK$24,397,000) and no impairment on other receivables was made for the years ended 31 March 2014 and 2013.

Allowance for inventories

Allowance for inventories is made based on the ageing and estimated net realisable value of inventories. The assessment of the allowance amount involves judgement and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write-back in the period in which such estimate has been changed. As at 31 March 2014, the carrying amount of inventories was approximately HK$87,378,000 (2013: HK$89,508,000) and no allowance for inventories was made for the years ended 31 March 2014 and 2013.

Income taxes

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Value-added tax (“VAT”)

The Group is subject to VAT in the PRC. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities of anticipated sales and purchases transactions based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the VAT recoverable or payables in the year in which such determination is made.

Fair value of derivatives and other financial instruments

As described in note 6, the management of the Group uses their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instruments. If the inputs and estimates applied in the model are different, the carrying amount of those derivatives may change.

5. 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 shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits. The directors of the Company review the capital structure on a semi-annual basis. As part of this review, the directors of the Company consider the cost of capital and the risks associates with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt. The Group has a target gearing ratio of not more than 35% determined as the proportion of net debt to equity.

The gearing ratio at the end of the reporting period was as follows:

	2014 **HK$'000**	2013 HK$'000
Debt (a)	**378,648**	291,706
Less: Bank and cash balances	**(174,898)**	(126,334)
Net debt	**203,750**	165,372
Equity (b)	**618,927**	583,539
Net debt to equity ratio	**33%**	28%

(a) Debt is defined as short-term and long-term borrowings, as detailed in notes 33 and 34 respectively.

(b) Equity includes all capital and reserves of the Group.

The only externally imposed capital requirement is that for the Group to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2014 HK$'000	2013 HK$'000
Financial assets:		
Available-for-sale investment	**3,542**	3,542
FVTPL		
Designated as at FVTPL	**66,514**	67,474
Held for trading		
Held for trading investments	**2,999**	3,725
Derivative financial instruments	**1,070**	665
	70,583	71,864
Loans and receivables (including cash and cash equivalents)	**549,363**	364,754
Financial liabilities:		
At amortised cost	**591,890**	460,247
FVTPL		
Held for trading		
Derivative financial instruments	**1,735**	–

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and bills receivables, deposits and other receivables, amounts due from non-controlling shareholders, amounts due from indemnifiers, derivative financial instruments, available-for-sale investment, financial assets designated as at fair value through profit or loss, held for trading investments, pledged bank deposits, bank and cash balances, trade and bills payables, accruals and other payables, amounts due to non-controlling shareholders, amount due to a director and borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. 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.

6. FINANCIAL INSTRUMENTS (Continued)

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

Market risk

i. *Currency risk*

Other than the subsidiaries established in the PRC whose functional currency is RMB, the functional currency of the Company and other subsidiaries functional currency is HK$. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
United States dollars ("US$")	**25,724**	46,492	**14,543**	12,578
RMB	**2,270**	15,691	**–**	1,870
HK$	**31,631**	1,227	**–**	477
Total	**59,625**	63,410	**14,543**	14,925

The following table demonstrates the sensitivity to a change in the value of foreign currency against functional currency with all other variables held constant, of the Group's profit after tax. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a change in foreign currency rates. A positive number indicates an increase in profit after tax. If the foreign currency rate changes in opposite direction with all other variables held constant, there would be an equal and opposite impact on the Group's profit after tax.

The Group currently has entered into foreign currency forward contracts to reduce the currency exposures arising from amounts denominated in RMB and US$. The Group has not accounted for such forward contracts using hedge accounting and they are deemed as financial assets or financial liabilities held for trading.

The Group currently does not have any US$, RMB and HK$ hedging policy but the management monitors US$, RMB and HK$ exchange exposure and will consider hedging significant US$, RMB and HK$ exposure should the need arise.

6. FINANCIAL INSTRUMENTS (Continued)

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

Market risk (Continued)

i. Currency risk (Continued)

Sensitivity analysis

	Foreign currency rate movement	Increase in profit after tax HK$'000
Year ended 31 March 2014		
— US$	**+1%**	**93**
— RMB	**+10%**	**190**
— HK$	**+10%**	**2,641**
Year ended 31 March 2013		
— US$	+1%	283
— RMB	+10%	1,154
— HK$	+10%	63

For structured foreign currency forward contracts, an increase in the foreign currency rate movement for RMB/US$ used in isolation would result in a decrease in profit after tax, and vice versa. A 3% increase in the foreign currency rate movement for RMB/US$ holding all other variables constant would decrease the profit after tax by approximately HK$4,038,000. A 3% decrease in the foreign currency rate movement for RMB/US$ holding all other variables constant would increase the profit after tax by approximately HK$2,168,000.

ii. Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank borrowings (see notes 33 and 34 for details of these borrowings). The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk. However, the management will consider hedging significant interest rate exposure should the need arise.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly related to the fluctuation of Hong Kong Interbank Offered Rate ("HIBOR") arising from the Group's bank borrowings.

The Group's fixed bank deposits, amounts due to non-controlling shareholders and borrowings (see notes 29, 32, 33 and 34 respectively) bear interests at fixed interest rates and therefore are subject to fair value interest rate risk. The directors of the Company consider the Group's exposure to interest rate risk on fixed bank deposits is not significant.

The Group's cash flow interest rate risk primarily relates to variable-rate bank deposits and bank borrowings.

6. FINANCIAL INSTRUMENTS (Continued)

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

Market risk (Continued)

ii. Interest rate risk (Continued)

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for its variable rate bank deposits and borrowings at the end of the reporting period. The analysis is prepared assuming the amounts of bank deposits and borrowings outstanding at the end of each reporting period were outstanding for the whole year. A 100 basis point (2013: 100 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points (2013: 100 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2014 would decrease/increase by HK$239,000 (2013: decrease/increase by HK$1,358,000).

iii. Other price risk

The Group is exposed to equity price risk through its held for trading investments and financial assets designated as at FVTPL. The management manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity price risk is mainly concentrated on a particular equity stock traded in the Stock Exchange. The management monitors the equity price exposure by regularly reviewing and maintaining a portfolio of equity investments with different risk profiles.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting date. If the prices of the respective equity instruments had been 10% (2013: 10%) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2014 would have increase/decrease by approximately HK$4,654,000 (2013: HK$4,930,000) as a result of the changes in fair value of held for trading investments and financial assets designated at FVTPL.

Credit risk

As at 31 March 2014, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group is arising from the carrying amount of trade and bill receivables, deposits and other receivables, bank and cash balances and pledged bank deposits included in the consolidated statement of financial position.

The Group's credit risk is primarily attributable to its trade and bills receivables. The Group has policies in place to ensure that sales are made to customers with an appropriate credit history. In addition, the directors of the Company review the recoverable amount of each individual trade debt regularly to ensure that adequate impairment losses are recognised for irrecoverable debts.

The Group has no significant concentration of credit risk. The percentage of trade and bills receivables due from the Group's five largest customers in aggregate to the Group's total trade receivables net of allowance is 20% (2013: 28%) as at 31 March 2014.

The Group's concentration of credit risk by geographical locations is mainly in the PRC, which accounted for 61% (2013: 98%) of the total trade and bills receivables as at 31 March 2014.

The credit risk on liquid funds is limited because the counterparties are mainly well-recognised financial institutions.

6. FINANCIAL INSTRUMENTS (Continued)

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

Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. 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. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash (inflows) and outflows on derivative instruments that settle on a net basis. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual maturities as the management consider that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

	On demand or less than 1 year HK$'000	1 and 2 years HK$'000	2 and 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 31 March 2014						
Non-derivative financial liabilities						
Bank and other borrowings	380,218	3,095	5,397	5,689	394,399	378,648
Trade and bills payables	138,145	–	–	–	138,145	138,145
Accruals and other payables	41,158	–	–	–	41,158	41,158
Amounts due to non-controlling shareholders	26,600	2,866	4,467	1,697	35,630	33,804
Amount due to a director	135	–	–	–	135	135
	586,256	5,961	9,864	7,386	609,467	591,890
Derivatives — net settlement						
Structured foreign currency forward contracts	–	1,735	–	–	1,735	1,735

6. FINANCIAL INSTRUMENTS (Continued)

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

Liquidity risk (Continued)

	On demand or less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 31 March 2013						
Non-derivative financial liabilities						
Bank and other borrowings	286,072	15,389	1,345	–	302,806	291,706
Trade and bills payables	104,253	–	–	–	104,253	104,253
Accruals and other payables	43,578	–	–	–	43,578	43,578
Amounts due to non-controlling shareholders	12,226	1,651	4,575	4,009	22,461	20,575
Amount due to a director	135	–	–	–	135	135
	446,264	17,040	5,920	4,009	473,233	460,247

Bank loans with a repayment on demand clause are included in the "on demand or less than 1 year" time band in the above maturity analysis. As at 31 March 2014 and 2013, the aggregate undiscounted principal amounts of these bank loans amounted to approximately HK$47,906,000 and HK$72,371,000 respectively. Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank loans will be repaid within 1 to 5 years after the reporting date in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to approximately HK$71,938,000 (2013: HK$80,324,000).

The amounts included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

6. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured at fair value at the end of each reporting period for recurring measurement, grouped into Levels 1 to 3 based on the degree to which the fair value is observable in accordance to the Group's accounting policy.

	2014			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Financial assets at FVTPL				
Held for trading investments	**2,999**	**–**	**–**	**2,999**
Financial assets designated at FVTPL				
— Equity linked notes	**–**	**52,743**	**–**	**52,743**
— Profit guarantees	**–**	**–**	**13,771**	**13,771**
Derivative financial instruments	**–**	**1,070**	**–**	**1,070**
	2,999	**53,813**	**13,771**	**70,583**
Financial liabilities at FVTPL				
Derivative financial instrument	**–**	**1,735**	**–**	**1,735**

	2013			
	Level 1	Level 2	Level 3	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Financial assets at FVTPL				
Held for trading investments	3,725	–	–	3,725
Financial assets designated at FVTPL				
— Equity linked notes	–	55,315	–	55,315
— Profit guarantees	–	–	12,159	12,159
Derivative financial instruments	–	665	–	665
	3,725	55,980	12,159	71,864

6. FINANCIAL RISK MANAGEMENT (Continued)

(c) Fair value measurements recognised in the consolidated statement of financial position (Continued)

There were no transfer between levels of fair value hierarchy in the current and prior years.

The valuation techniques and inputs used in Level 2 fair value measurements of financial instruments as set out below:

	Valuation technique	Key input
Equity linked notes	Monte-Carlo simulation	Fair value is obtained by repeated random sampling of results based on: (a) Risk-free rate (b) Volatility (c) Average date market price (d) Initial reference price (e) Contractual amount (f) Time to maturity
Structured foreign currency forward contracts	Monte-Carlo simulation	Fair value is obtained by repeated random sampling of results based on: (a) Contractual amount (b) Risk-free rate (c) Time to maturity (d) Spot exchange rate (e) Volatility (f) Settlement date market forward exchange rate (g) Target knock-out rate limit
Structured performance swap	Discounted cash flow	Future cash flows are estimated based on: (a) Contract interest rate (b) Yield curves (c) Time to maturity (d) Volatility (e) Contractual amount

6. FINANCIAL RISK MANAGEMENT (Continued)

(c) Fair value measurements recognised in the consolidated statement of financial position (Continued)

Information about Level 3 fair value measurements on financial instruments as set out below:

	Valuation technique	Key input	Significant unobservable inputs
Profit guarantees	Discounted cash flow	Future cash flows are estimated based on: (a) Discount rate (b) Risk-free rate (c) Equity risk premium (d) Market exchange rate	(a) Probabilities with different profit scenarios, taking into account management's experience and knowledge of the TSGL's Profit Guarantee (as defined in note 41(a)) and SAH's Profit Guarantee (as defined in note 41(b)): (i) The probability of the TSGL's Profit Amount (as defined in note 41(a)) over the TSGL's Profit Guarantee is zero. (ii) The probability of the SAH's Profit Amount (as defined in note 41(b)) below the SAH's Profit Guarantee is 10%. (b) Weighted average cost of capital ("WACC"), determined using a capital asset pricing model, ranging from 20.2% to 26.90%.
Put option	Binomial model	Fair value is traced the evolution of the option's key underlying variables in discrete-time by: (a) Stock price (b) Risk-free rate (c) Dividend yield (d) Volatility	(a) Probability of the put option becoming exercisable, taking into account management's intention is zero.

6. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurements recognised in the consolidated statement of financial position (Continued)

For recurring fair value measurements categorised within Level 3 of the fair value hierarchy, if the WACC to the valuation model was 5% higher/lower while all the other variables were held constant, the aggregate carrying amounts of the TSGL's Profit Guarantee and the SAH's Profit Guarantee would decrease/increase by approximately HK$731,000.

For financial instruments measured at fair value on a recurring basis, the Group determines whether transfer has occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. Professional valuer performs the valuation of financial instruments required for financial reporting purposes, including Level 3 fair values, at the end of each reporting period. The impact due to changes in fair value of the Level 3 financial instruments is in significant to the Group.

Reconciliation of Level 3 fair value measurements of financial assets on recurring basis:

	Profit guarantees designated as financial assets at FVTPL HK$'000
Reconciliation of Level 3 fair value measurements of financial assets	
At 1 April 2013	12,159
Total gains in profit or loss	1,612
At 31 March 2014	13,771

The above total gains or losses for the year recognised in profit or loss of HK$1,612,000 are included in other gain and losses. Included in the total gains or losses are amounts of HK$1,612,000 that is relating to fair value changes on profit guarantees at the end of the reporting period.

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

7. TURNOVER AND SEGMENTAL INFORMATION

Turnover of the Group represents net invoiced value of goods sold for the year.

Segmental information

The chief operating decision makers have been identified as the executive directors of the Company (the "Executive Directors"). The Executive Directors review the Group's internal reports in order to assess performance and allocate resources. Management determined the operating segments based on the internal reports.

The Group has three reportable and operating segments under HKFRS 8 as follows:

Corrugated products – manufacture and sale of corrugated board and corrugated paper-based packing products;

Offset printed corrugated products – manufacture and sale of offset printed corrugated products; and

Properties leasing – properties leased in Hong Kong for rental income.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment.

For the year ended 31 March 2014

	Corrugated products HK$'000	Offset printed corrugated products HK$'000	Properties leasing HK$'000	Elimination HK$'000	Total HK$'000
Segment revenue					
External sales	746,473	148,937	–	–	895,410
Inter-segment sales	13,825	25,159	–	(38,984)	–
Total	760,298	174,096	–	(38,984)	895,410
Segment profit	36,918	13,419	10,772		61,109
Interest income					3,536
Fair value changes of derivative financial instruments					(1,330)
Impairment loss on goodwill					(8,682)
Impairment loss on intangible assets					(2,490)
Dividend income from held for trading investments					53
Fair value changes of held for trading investments					(726)
Income from structured foreign currency forward contracts and structured performance swap					6,701
Income from structured deposits					1,374
Fair value changes of financial assets designated as at FVTPL					(960)
Corporate income and expenses					(17,923)
Profit before tax					40,662

7. TURNOVER AND SEGMENTAL INFORMATION (Continued)

Segment revenues and results (Continued)

For the year ended 31 March 2013

	Corrugated products HK$'000	Offset printed corrugated products HK$'000	Properties leasing HK$'000	Elimination HK$'000	Total HK$'000
Segment revenue					
External sales	646,111	120,600	–	–	766,711
Inter-segment sales	47,592	30,175	–	(77,767)	–
Total	693,703	150,775	–	(77,767)	766,711
Segment profit (loss)	33,267	(6,266)	18,904		45,905
Interest income					2,032
Tax penalties and related interests					(2,311)
Fair value changes of derivative financial instruments					66
Impairment loss on goodwill					(5,000)
Impairment loss on intangible assets					(2,300)
Impairment loss on available-for-sale investment					(1,458)
Dividend income from held for trading investments					64
Fair value changes of held for trading investments					149
Income from structured foreign currency forward contracts and structured performance swap					1,679
Income from structured deposits					1,010
Fair value changes of financial assets designated as at FVTPL					9,681
Corporate income and expenses					(13,453)
Profit before tax					36,064

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profits or losses represented the profit earned/loss from each segment without allocation of interest income, fair value changes of derivative financial instruments, fair value changes of financial assets designated as at FVTPL, fair value changes of held for trading investments, income from structured foreign currency forward contracts and structured performance swap, income from structured deposits, dividend income from held for trading investments, impairment loss on available-for-sale investment, impairment loss on intangible assets, impairment loss on goodwill, tax penalties and related interests and corporate income and expenses. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

7. TURNOVER AND SEGMENTAL INFORMATION (Continued)

Segment assets and liabilities

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

At 31 March 2014

	Corrugated products HK$'000	Offset printed corrugated products HK$'000	Properties leasing HK$'000	Total HK$'000
Segment assets	880,581	97,472	189,688	1,167,741
Total assets for reportable segments				1,167,741
Unallocated items:				
Leasehold land in Hong Kong for corporate use				1,326
Investment properties				500
Goodwill				14,431
Club membership				366
Deferred tax assets				1,401
Amounts due from non-controlling shareholders				24
Tax recoverable				1,054
Held for trading investments				2,999
Bank balances managed on central basis				5,000
Available-for-sale investment				3,542
Derivative financial instruments				1,070
Financial assets designated as at FVTPL				66,514
Others				1,459
Consolidated assets				1,267,427
Segment liabilities	189,295	21,185	843	211,323
Total liabilities for reportable segments				211,323
Unallocated items:				
Current tax liabilities				12,353
Deferred tax liabilities				4,789
Amounts due to non-controlling shareholders				33,804
Borrowings				378,648
Derivative financial instruments				1,735
Amount due to a director				135
Others				5,713
Consolidated liabilities				648,500

7. TURNOVER AND SEGMENTAL INFORMATION (Continued)

Segment assets and liabilities (Continued)

At 31 March 2013

	Corrugated products HK$'000	Offset printed corrugated products HK$'000	Properties leasing HK$'000	Total HK$'000
Segment assets	677,815	97,404	184,307	959,526
Total assets for reportable segments				959,526
Unallocated items:				
Leasehold land in Hong Kong for corporate use				1,366
Investment properties				500
Goodwill				23,113
Intangible assets				4,981
Club membership				366
Amounts due from non-controlling shareholders				24
Amounts due from indemnifiers				3,159
Held for trading investments				3,725
Bank balances managed on central basis				11,467
Available-for-sale investment				3,542
Derivative financial instruments				665
Financial assets designated as at FVTPL				67,474
Others				6,564
Consolidated assets				1,086,472
Segment liabilities	145,898	25,682	1,132	172,712
Total liabilities for reportable segments				172,712
Unallocated items:				
Current tax liabilities				9,437
Deferred tax liabilities				5,612
Amounts due to non-controlling shareholders				20,575
Borrowings				291,706
Amount due to a director				135
Others				2,756
Consolidated liabilities				502,933

7. TURNOVER AND SEGMENTAL INFORMATION (Continued)

Segment assets and liabilities (Continued)

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

- all assets are allocated to segments other than leasehold land in Hong Kong for corporate use, investment property for capital appreciation purposes, goodwill, intangible assets, club membership, deferred tax asset, amounts due from non-controlling shareholders, amounts due from indemnifiers, held for trading investments, bank balances managed on central basis, available-for-sale investment, derivative financial instruments, financial assets designated as at FVTPL, tax recoverable and corporate assets; and

- all liabilities are allocated to segments other than current tax liabilities, deferred tax liabilities, amounts due to non-controlling shareholders, derivative financial instruments, borrowings, amount due to a director and corporate liabilities.

Other segment information

Other segment information:

2014

	Corrugated products HK$'000	Offset printed corrugated products HK$'000	Properties leasing HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss or segment assets:					
Depreciation and amortisation	19,379	7,570	–	2,528	29,477
Addition to non-current assets (note)	22,359	5,517	–	18	27,894
Dividend income from held for trading investments	–	–	–	(53)	(53)
Loss on disposal of property, plant and equipment	68	186	–	–	254
Impairment loss on goodwill	–	–	–	8,682	8,682
Impairment loss on intangible assets	–	–	–	2,490	2,490
Allowance for doubtful debts	855	–	–	–	855
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:					
Interest income	(3,534)	(27)	–	25	(3,536)
Interest expenses	6,994	1,684	326	–	9,004
Income tax expense	6,514	2,165	164	(2,223)	6,620

Note: Non-current assets excluded financial assets designated as at FVTPL, derivative financial instruments and deferred tax assets.

7. TURNOVER AND SEGMENTAL INFORMATION (Continued)

Other segment information (Continued)

Other segment information:

2013

	Corrugated products HK$'000	Offset printed corrugated products HK$'000	Properties leasing HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss or segment assets:					
Depreciation and amortisation	18,252	10,372	–	2,550	31,174
Addition to non-current assets (note)	21,996	5,145	156,903	179	184,223
Dividend income from held for trading investments	–	–	–	(64)	(64)
Loss on disposal of property, plant and equipment	58	(1)	–	–	57
Impairment loss on available-for-sale asset	–	–	–	1,458	1,458
Impairment loss on goodwill	–	–	–	5,000	5,000
Impairment loss on intangible assets	–	–	–	2,300	2,300
Tax penalties and related interests	–	–	–	2,311	2,311
Reversal of allowance for inventories	–	(167)	–	–	(167)
Allowance for doubtful debts	3,199	–	–	–	3,199
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:					
Interest income	(2,012)	(21)	–	1	(2,032)
Interest expenses	5,938	928	323	–	7,189
Income tax expense	5,806	538	140	12,749	19,233

Note: Non-current assets excluded financial assets designated as at FVTPL and derivative financial instruments.

7. TURNOVER AND SEGMENTAL INFORMATION (Continued)

Geographical information

The Group's operations are located in the PRC, Hong Kong and Macau.

Information about the Group's revenue from external customers is presented based on the location of the customers and information about its non-current assets are presented based on the geographical location as detailed below:

	Revenue from external customers		Non-current assets	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**32,028**	35,428	**221,148**	214,837
Macau	**–**	–	**89**	113
PRC except Hong Kong and Macau	**863,382**	731,283	**325,447**	336,360
Consolidated total	**895,410**	766,711	**546,684**	551,310

Information about major customers

During the years ended 31 March 2014 and 2013, none of the Group's sales to a single customer amounted to 10% or more of the Group's total revenue.

8. OTHER INCOME

	2014	2013
	HK$'000	HK$'000
Dividend income from held for trading investments	**53**	64
Government subsidies (note (a))	**2,208**	–
Interest income	**3,536**	2,032
Management fee income	**–**	60
Income from online game and internet business	**2,902**	622
Rental income (note (b))	**4,180**	2,537
Sundry income	**759**	706
	13,638	6,021

Notes:

(a) During the year, government grants have been received by the Group from the government for the contribution of the business development, local incentives and design and development of environmental-protected corrugated paper-based packaging products which are directly recognised in profit or loss.

(b) Direct outgoing in respect of rental income earned during the year ended 31 March 2014 amounted to approximately HK$52,000, which has been included in administrative expenses.

9. OTHER GAINS AND LOSSES

	2014 HK$'000	2013 HK$'000
Fair value changes of derivative financial instruments	**(1,330)**	66
Fair value changes of held for trading investments	**(726)**	149
Fair value changes of financial assets designated as at FVTPL	**(960)**	9,681
Fair value changes of investment properties	**6,900**	17,408
Income from structured deposits	**1,374**	1,010
Income from structured foreign currency forward contracts and structured performance swap	**6,701**	1,679
Impairment loss on available-for-sale investment	**–**	(1,458)
	11,959	28,535

10. FINANCE COSTS

	2014 HK$'000	2013 HK$'000
Interest on:		
bank borrowings		
— wholly repayable within five years	**7,544**	6,241
— not wholly repayable within five years	**378**	–
other borrowings		
— wholly repayable within five years	**442**	440
amount due to a non-controlling shareholder		
— not wholly repayable within five years	**640**	508
	9,004	7,189

11. INCOME TAX EXPENSE

	2014 HK$'000	2013 HK$'000
Hong Kong Profits Tax		
Current tax	**1,292**	1,862
Under-provision in previous years	**19**	13,517
	1,311	15,379
PRC enterprise income tax ("EIT")		
Current tax	**9,168**	5,318
(Over) under-provision in previous years	**(1,550)**	115
	7,618	5,433
Deferred tax (note 36)	**(2,309)**	(1,579)
	6,620	19,233

Hong Kong Profits Tax is calculated at 16.5% (2013: 16.5%) on the estimated assessable profits. Tax charge on profits assessable in other jurisdictions has been calculated at the rates of tax prevailing in the relevant jurisdictions for both years.

The mode of manufacturing operations of Wah Ming International Limited ("Wah Ming") was within the scope of the Departmental Interpretation Practice Note No. 21 issued by the Inland Revenue Department of Hong Kong (the "IRD"), that Wah Ming conducted its manufacturing operations by entering into contract processing arrangements with a processing factory in the PRC and hence 50% of the adjusted profits were treated as offshore and not taxable in Hong Kong. The contract processing arrangements were expired on 22 September 2012 and no offshore profit was claimed after the expiry.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

A portion of the Group's profit for the years ended 31 March 2014 and 2013 are earned by the Macau subsidiaries of the Group incorporated under the Macao SAR's Offshore Law. Pursuant to the Macao SAR's Offshore Law, such portion of profits is exempted from Macau complimentary tax. Further, in the opinion of the directors of the Company, that portion of the Group's profit is not at present subject to taxation in any other jurisdiction in which the Group operates.

In prior years, the IRD has issued several letters to a director of the Company, Mr. Chong Kam Chau ("Mr. Chong"), the Company and some of its subsidiaries requesting for certain financial information for the years of assessment from 2002/03 to 2005/06. The Group has already submitted several replies and provided part of the financial information to the IRD.

11. INCOME TAX EXPENSE (Continued)

The IRD has issued estimated assessments for profits tax for the years of assessment 2002/03 to 2005/06 amounted to approximately HK$25,400,000 to five subsidiaries of the Group in aggregate in previous years. The Group has made objections to the IRD on those estimated assessments and purchased tax reserve certificates amounting to HK$3,500,000. The IRD has held over the payment of profits tax of approximately HK$14,817,000.

During the year ended 31 March 2013, the Group reached a settlement agreement with the IRD for two subsidiaries of the Group for the years of assessment 2002/03 to 2008/09 for a total sum of profits tax of approximately HK$17,566,000 and related tax penalties and interests in aggregate of approximately HK$2,311,000. Accordingly, an additional profits tax of approximately HK$13,529,000 and related tax penalties and interests in aggregate of approximately HK$2,311,000 were recognised as income tax expenses and other operating expenses respectively.

For the remaining three subsidiaries of the Group with estimated assessments for profits tax for the years of assessment 2002/03 to 2005/06 of approximately HK$6,734,000, whole amount of estimated assessments has been held over by the IRD. For the year ended 31 March 2014, the IRD has finalised the tax assessment to two of those subsidiaries for which profits tax of approximately HK$3,234,000 has been held over previously. No profits tax are required upon finalisation of profits tax assessment for these two subsidiaries. For the remaining one with estimated profits tax under previous assessment of approximately HK$3,500,000, no further profits tax has been levied up to date.

Pursuant to the deed of indemnity dated 13 February 2009, Perfect Group, Mr. Chong, Mr. Chong Wa Pan, Mr. Chong Wa Ching and Mr. Chong Wa Lam (shareholders of the Company and collectively referred to as the "Indemnifiers") have given indemnities among taxation and related penalty and liability resulting from any income, profits or gains earned, accrued or received on or before the date of the Listing, which might be payable by any member of the Group (the "Tax Indemnity"). Pursuant to the above arrangement, Mr. Chong, acting on behalf of the Indemnifiers, agreed to settle the additional tax and related tax penalties and interests in aggregate of approximately HK$15,840,000 as abovementioned to the Group. During the years ended 31 March 2013 and 2014, approximately HK$15,840,000 and HK$3,159,000 were settled respectively. Further details of the Tax Indemnity are set out in the Company's prospectus for the Listing issued on 16 February 2009.

The Group's tax advisor confirmed that the IRD assessor verbally confirmed that no tax adjustment would be required for other group entities and the Group's Hong Kong profits tax position for the years of assessment 2002/03 to 2008/09 has been finalised and settled with the IRD.

Having taken the advices from the Group's tax advisor, the directors of the Company are of the opinion that, as at 31 March 2014, the provision for taxation made in the consolidated financial statements is sufficient and not excessive and believe that no significant amount of additional profits tax will be payable for the above request.

11. INCOME TAX EXPENSE (Continued)

The tax charge for the years can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2014 HK$'000	2013 HK$'000
Profit before tax	40,662	36,064
Tax at Hong Kong Profits Tax rate of 16.5%	6,710	5,951
Tax effect of income that is not taxable	(4,614)	(9,127)
Tax effect of expenses that are not deductible	5,195	4,800
Tax effect of tax losses not recognised	5,384	2,611
Tax effect of utilisation of tax losses not previously recognised	(491)	(167)
Tax effect of deductible temporary differences not recognised	433	15
Tax effect of profit that is under tax concession	–	(36)
(Over) under-provision in previous years	(1,531)	13,632
Effect of different tax rates of subsidiaries	(4,466)	1,554
Income tax expense	6,620	19,233

12. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting) the followings:

	2014 HK$'000	2013 HK$'000
Depreciation for property, plant and equipment	25,673	27,469
Amortisation of prepaid lease payments	1,313	1,278
Amortisation of intangible assets	2,491	2,427
Total depreciation and amortisation	29,477	31,174
Auditors' remuneration	1,080	1,030
Cost of inventories sold (note (a))	695,291	607,738
Loss on disposal of property, plant and equipment (included in other operating expenses)	254	57
Impairment loss on available-for-sale investment (included in other gains and losses)	–	1,458
Impairment loss on goodwill (included in other operating expenses)	8,682	5,000
Impairment loss on intangible assets (included in other operating expenses)	2,490	2,300
Operating lease charges in respect of land and buildings	18,373	17,181
Reversal of allowance for inventories (included in cost of inventories sold)	–	(167)
Allowance for doubtful debts (included in other operating expenses)	855	3,199
Net foreign exchange loss	4,390	4,057

Note:

(a) Cost of inventories sold includes staff costs, depreciation and operating lease charges totaled of approximately HK$114,017,000 (2013: HK$100,982,000) which are included in the amounts disclosed separately above.

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

The emoluments paid or payable to each of the 8 (2013: 7) directors were as follows:

For the year ended 31 March 2014

Name of director	Fees HK$'000	Salaries and other allowances HK$'000	Discretionary Bonus (note (a)) HK$'000	Share-based payments HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Executive directors						
Mr. CHONG Kam Chau	–	1,900	290	–	15	2,205
Mr. CHONG Wa Pan (note (ii))	–	1,300	193	–	15	1,508
Mr. CHONG Wa Ching	–	1,060	103	–	15	1,178
Mr. CHONG Wa Lam	–	470	86	–	8	564
Mr. LUK Kwok Tung, Eric (note 3)	–	300	–	–	8	308
	–	5,030	672	–	61	5,763
Independent non-executive directors						
Mr. CHAU On Ta Yuen	100	–	–	–	–	100
Ms. TSUI Pui Man	100	–	–	–	–	100
Mr. LAW Tze Lun	100	–	–	–	–	100
	300	–	–	–	–	300
	300	5,030	672	–	61	6,063

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

(a) Directors' emoluments (Continued)

For the year ended 31 March 2013

Name of director	Fees HK$'000	Salaries and other allowances HK$'000	Discretionary Bonus (note (a)) HK$'000	Share-based payments HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Executive directors						
Mr. CHONG Kam Chau	–	1,800	–	52	14	1,866
Mr. CHONG Wa Pan (note (ii))	–	1,200	–	37	14	1,251
Mr. CHONG Wa Ching	–	960	–	18	14	992
Mr. CHONG Wa Lam	–	840	–	18	14	872
	–	4,800	–	125	56	4,981
Independent non-executive directors						
Mr. CHAU On Ta Yuen	100	–	–	–	–	100
Ms. TSUI Pui Man	100	–	–	–	–	100
Mr. LAW Tze Lun	100	–	–	–	–	100
	300	–	–	–	–	300
	300	4,800	–	125	56	5,281

Notes:

(i) The discretionary bonus is determined by the remuneration committee of the Company with reference to the financial performance of the Group and the performance of individual directors.

(ii) Mr. CHONG Wa Pan is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive.

(iii) Mr. LUK Kwok Tung, Eric was appointed as an executive director on 2 September 2013.

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

(b) Employees' emoluments

	2014 **HK$'000**	2013 HK$'000
Directors' emoluments (including share-based payment) (note 13(a))	**6,063**	5,281
Other staff costs		
— Other staff salaries, bonus and allowances	**118,233**	89,318
— Share-based payments (excluding directors)	**–**	42
— Retirement benefits scheme contributions (excluding directors)	**6,880**	5,928
	131,176	100,569

Of the five individuals with the highest emoluments in the Group, three (2013: four) were directors of the Company whose emoluments are included in the disclosures in note 13(a) above. The emoluments of the remaining two (2013: one) individual were as follows:

	2014 **HK$'000**	2013 HK$'000
Salaries and other allowances	**1,666**	1,047
Discretionary bonus	**2,039**	243
Retirement benefits scheme contributions	**15**	–
Share-based payments	**–**	9
	3,720	1,299

Their emoluments were within the following band:

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

(c) During the year ended 31 March 2014, no emoluments were paid by the Group to any of the directors of the Company or any of the five highest paid individuals as an inducement to join or upon joining the Group (2013: nil).

14. DIVIDENDS

	2014 HK$'000	2013 HK$'000
Dividend recognised as distribution during the year 2013 Final dividend — HK2.2 cents (2012: HK1.2 cents) per share	**7,971**	4,348

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 March 2014 of HK3.5 cents (2013: final dividend in respect of the year ended 31 March 2013 of HK2.2 cents) per share has been proposed by the directors of the Company and is subject to approval by shareholders in the forthcoming annual general meeting.

15. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	Earnings 2014 HK$'000	 2013 HK$'000
Profit for the year attributable to owners of the Company	**37,216**	20,143

	Number of shares 2014	 2013
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**362,300,000**	362,300,000

The computation of diluted earnings per share does not assume the following:

(a) the exercise of certain of the Company's share options and warrants because the exercise prices of those options and warrants were higher than the average market price of shares for the years ended 31 March 2014 and 2013; and

(b) the issuance of the Consideration Shares because the TSGL's Profit Amount did not equal to or exceed the TSGL's Guaranteed Amount for the year ended 31 March 2014 (2013: nil).

16. PREPAID LEASE PAYMENTS

	2014 HK$'000	2013 HK$'000
Analysed for reporting purposes as:		
Current portion	**1,313**	1,289
Non-current portion	**57,765**	58,016
	59,078	59,305
The prepaid lease payments comprise the following leasehold land held under medium-term lease:		
Land in the PRC	**59,078**	59,305

At 31 March 2014, the carrying amount of the prepaid lease payments which have been pledged as security for the banking facilities granted to the Group, is approximately HK$15,554,000 (2013: HK$15,629,000) (note 39).

17. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Leasehold land in Hong Kong under finance lease HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
Cost								
At 31 March 2012	25,846	2,209	31,284	296,367	9,545	14,822	116,681	496,754
Additions	–	–	2,078	4,605	1,527	2,226	14,649	25,085
Additions through acquisition of subsidiaries	–	–	15	3,085	88	332	–	3,520
Transfer from construction in progress	86,276	–	–	38,071	1,429	–	(125,776)	–
Disposals	–	–	(13)	(270)	(25)	(192)	–	(500)
Exchange differences	659	–	101	1,186	58	36	(303)	1,737
At 31 March 2013 and 1 April 2013	112,781	2,209	33,465	343,044	12,622	17,224	5,251	526,596
Additions	96	–	1,791	7,655	1,514	608	16,230	27,894
Transfer from construction in progress	5,488	–	–	4,623	353	–	(10,464)	–
Disposals	–	–	–	(731)	(9)	–	–	(740)
Exchange differences	2,039	–	495	4,482	114	163	159	7,452
At 31 March 2014	120,404	2,209	35,751	359,073	14,594	17,995	11,176	561,202
Accumulated depreciation and impairment								
At 31 March 2012	4,845	803	20,285	203,054	6,291	7,717	–	242,995
Charge for the year	4,643	40	2,431	17,332	1,204	1,819	–	27,469
Disposals	–	–	–	(14)	(4)	(95)	–	(113)
Exchange differences	44	–	74	525	43	31	–	717
At 31 March 2013 and 1 April 2013	9,532	843	22,790	220,897	7,534	9,472	–	271,068
Charge for the year	6,253	40	1,742	14,200	1,342	2,096	–	25,673
Disposals	–	–	–	(142)	(80)	–	–	(222)
Exchange differences	149	–	338	3,388	41	98	–	4,014
At 31 March 2014	15,934	883	24,870	238,343	8,837	11,666	–	300,533
Carrying amounts								
At 31 March 2014	104,470	1,326	10,881	120,730	5,757	6,329	11,176	260,669
At 31 March 2013	103,249	1,366	10,675	122,147	5,088	7,752	5,251	255,528

17. PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment are depreciated on a straight-line basis at the following useful lives:

Buildings	Over the shorter of the lease term, or 20 years
Leasehold land in Hong Kong under finance lease	Over the lease term
Leasehold improvements	5–10 years
Plant and machinery	5–10 years
Furniture, fixtures and equipment	3–10 years
Motor vehicles	5–10 years

The Group's leasehold land and buildings at their carrying amounts are analysed as follows:

	2014 **HK$'000**	2013 HK$'000
Leasehold land in Hong Kong under medium-term lease	**1,326**	1,366
Buildings in the PRC	**104,470**	103,249
	105,796	104,615

The buildings situated in Hong Kong, which have been fully depreciated, and leasehold land in Hong Kong are pledged as security for the banking facilities granted to the Group as at 31 March 2014 and 2013 (note 39).

At 31 March 2014, the carrying amount of the buildings situated in the PRC which have been pledged as security for the banking facilities granted to the Group, is approximately HK$17,783,000 (2013: HK$18,494,000) (note 39).

18. INVESTMENT PROPERTIES

	HK$'000
Fair value	
At 1 April 2012	420
Additions	165,116
Net increase in fair value recognised in profit or loss	17,408
Disposal	(444)
At 31 March 2013 and 1 April 2013	182,500
Increase in fair value recognised in profit or loss	6,900
At 31 March 2014	189,400

18. INVESTMENT PROPERTIES (Continued)

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

As at 31 March 2014, the Group's investment properties of HK$188,900,000 (2013: HK$182,000,000) have been pledged to secure banking facilities granted to the Group (note 39).

The carrying amounts of investment properties shown above comprise:

	2014 HK$'000	2013 HK$'000
Land in Hong Kong:		
Long lease	**189,400**	182,500

The fair values of the Group's investment properties as at 31 March 2014 and 31 March 2013 have been arrived at on the basis of a valuation carried out on the respective dates by Grant Sherman Appraisal Limited, independent qualified professional valuers not connected to the Group. The valuation was arrived at by reference to market evidence of transaction prices for similar properties in the similar locations and conditions.

There has been no change from the valuation technique used in the prior year. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

There were no transfers between levels in fair value hierarchy during the year.

Information about Level 2 fair value measurements of investment properties:

	Valuation technique	Key input
All investment properties	Market approach	Direct comparison method based on market observable transactions of similar properties and adjust to reflect the conditions and locations of the subject property.

19. GOODWILL

	HK$'000
Cost	
Arising from acquisition of subsidiaries during the year ended 31 March 2013, at 31 March 2013, 1 April 2013 and 31 March 2014	28,113
Impairment	
Impairment loss recognised during the year ended 31 March 2013, at 31 March 2013 and 1 April 2013	5,000
Impairment loss recognised during the year	8,682
At 31 March 2014	13,682
Carrying values	
At 31 March 2014	14,431
At 31 March 2013	23,113

During the year ended 31 March 2013, the Group acquired 51% equity interest in TSGL with a goodwill of approximately HK$16,482,000 and 100% equity interest in Sky Achiever Holdings Limited and its subsidiaries (collectively referred to as "SAH") with a goodwill of approximately HK$11,631,000. Details are set out in note 41.

Goodwill arising from a business combination is allocated, on acquisition, to the cash generating units (the "CGU"s) that are expected to benefit from that business combination. The management considers goodwill arising from the acquisition of TSGL and SAH is allocated to three separate CGUs for the purpose of goodwill impairment testing. A CGU for SAH is included in the segment of corrugated products whereas the remaining two CGUs for TSGL are included in the unallocated segment.

19. GOODWILL (Continued)

SAH

The recoverable amount of SAH of approximately HK$26,390,000 (2013: HK$23,602,000) has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management of the Group covering a 5-year period, and discount rate of 19.82% (2013: 19.82%). SAH's cash flows beyond the 5-year period are extrapolated using zero growth rate. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on past performance and management's expectations for the market development. The directors of the Company believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of SAH to exceed the aggregate recoverable amount of SAH, and no impairment loss of goodwill was necessary.

TSGL

The recoverable amount of TSGL of approximately HK$13,472,000 has been determined based on a value in use calculation with reference to a valuation performed by independent qualified professional valuers not connected with the Group as at 31 March 2013.

As at 31 March 2013, that calculation uses two cash flow projections based on financial budgets approved by management of the Group in which one cash flow projection covering a 5-year period, with discount rate of 23.21% and cash flow beyond the 5-year period are extrapolated using a steady 3% growth rate. Another cash flow projection has a 5-year period and discount at 23.21% without extrapolation beyond 5-year period. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on past performance and management's expectations for the market development. Due to the delay of designated schedule in the businesses of the CGUs, the financial performance of the CGUs during the cash flow projection period was behind management's expectation. Hence, the directors of the Company determined that there was an impairment of HK$5,000,000 for the goodwill of TSGL.

During the year ended 31 March 2014, the performance of the above two CGUs was not carried out in according to the designated schedule and operating losses were incurred without satisfactory income streams to the Group. As a result, the management has revisited the business of TSGL and implemented a reorganisation scheme to reform the above two CGUs into one for exploring another business.

As at 31 March 2014, the recoverable amount of TSGL of approximately HK$2,800,000 has been determined based on a value in use calculation. That calculation uses one cash flow projection based on financial budgets approved by management of the Group covering a 5-year period, with discount rate of 23.27% and cash flow beyond the 5-year period are extrapolated using zero growth rate. Other key assumptions for the value in use calculation relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on past performance and management's expectations for the market development. The benefit of expected synergies and revenue growth had been slower than expected and hence, the directors of the Company determined that there was a further impairment of approximately HK$8,682,000 for the goodwill of TSGL.

20. INTANGIBLE ASSETS

	Operative rights HK$'000
Cost	
Acquired on acquisition of a subsidiary, at 31 March 2013, 1 April 2013 and 31 March 2014	9,708
Amortisation and impairment	
Charge for the year	2,427
Impairment loss recognised	2,300
At 31 March 2013 and 1 April 2014	4,727
Charge for the year	2,491
Impairment loss recognised	2,490
At 31 March 2014	9,708
Carrying values	
At 31 March 2014	–
At 31 March 2013	4,981

The operative rights were acquired in a business combination with TSGL during the year ended 31 March 2013 to promote and operate the business of provision of the software management and synchronisation software including without limitation to iTools in the regions outside the PRC and the right and interest to receive 70% profit sharing generated from such business. Details are also set out in note 41(a).

The above intangible assets have finite useful lives. Such intangible assets are amortised on a straight-line basis over 3 years.

The recoverable amount of operative rights is determined from the discounted cash flows value in use approach as extracted from a valuation report prepared by independent qualified professional valuers not connected with the Group for the recoverable amount as at 31 March 2013. That calculation uses cash flow projections based on financial budgets approved by management covering a 3-year period, and discount rate of 26.21%. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the operative rights' past performance and management's expectations for the market development.

20. INTANGIBLE ASSETS (Continued)

During the year ended 31 March 2013, the Group recognised an impairment loss of approximately HK$2,300,000 in relation to the operative rights as the directors of the Company expected that the respective business is not carried out in according to the designated schedule and losses would be incurred without satisfactory income streams to the Group.

During the year ended 31 March 2014, the Group recognised additional impairment loss of approximately HK$2,490,000 in relation to the operative rights as the directors of the Company expected that there is a change in business plan and thus no profit would be expected to be generated from the respective business in the foreseeable future.

21. DEPOSITS PAID FOR PREPAID LEASE PAYMENTS

On 18 May 2010, 江西錦勝包裝有限公司* (Jiangxi Come Sure Packing Company Limited) ("Jiangxi Come Sure") has entered into an agreement to a relevant government authority to acquire a land use right of a piece of land located in the PRC (the "Land") at RMB9,856,000 with relevant tax of approximately RMB394,000 (in total equivalent to approximately HK$12,925,000 (2013: approximately HK$12,693,000)). The consideration has been fully settled during the year ended 31 March 2012. As at 31 March 2014, Jiangxi Come Sure was in the progress to obtain the land use right certificate (the "Application") and the permission certificate for construction works planning (建設工程規劃許可證) for obtaining the proper approval from the government authority for the commencement of construction works on the land.

On 29 May 2014, a further notice from the Department of Land and Resources of Jinxian County of Jiangxi Province (江西省進賢縣國土資源局) has been issued to Jiangxi Come Sure pursuant to which the Department of Land and Resources of Jinxian County of Jiangxi Province confirmed that taxes on the consideration of the Land has been received and the Application is in progress. In addition, the Department of Land and Resources of Jiangxi Province (江西省國土資源局) has further clarified the land-use plan (用地指標) of the Land.

* The English name of this company represents management's best efforts in translating the Chinese name of this company as no English name has been registered.

22. AVAILABLE-FOR-SALE INVESTMENT

	2014 HK$'000	2013 HK$'000
Unlisted equity securities investment, at cost	**5,000**	5,000
Impairment loss on available-for-sale investment	**(1,458)**	(1,458)
	3,542	3,542

The above unlisted equity investment represents investment in unlisted equity securities issued by a private entity incorporated in the Cayman Islands. It is measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that its fair value cannot be measured reliably.

23. FINANCIAL ASSETS DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets designated as at FVTPL represent equity linked notes and profit guarantees with financial institutions in Hong Kong and the PRC as follows:

	2014 HK$'000	2013 HK$'000
Equity-linked note A	19,059	19,808
Equity-linked notes B	33,684	35,507
	52,743	55,315
Profit guarantees	13,771	12,159
	66,514	67,474
Analysed for reporting purpose as:		
Current assets	66,514	67,133
Non-current assets	–	341
	66,514	67,474

Equity-linked note A

The equity linked note contained embedded derivative, the return of which was determined with reference to average quarterly performance of a basket of twelve exchange traded funds listed in different countries (the "Performance Linkage 1"). The principal amount was US$2,500,000 (equivalent to approximately HK$19,412,000 on the acquisition date) and due on 15 March 2017. The redemption payment on maturity of the equity linked note is linked to the average quarterly performance of Performance Linkage 1 over a period commencing on the trade date to the maturity date. The Group will receive their initial investment if the equity linked note is held to maturity irrespective of the average quarterly performance of the Performance Linkage 1 and even if such performance is negative. The note is subject to the option for early termination at the discretion of holders.

23. FINANCIAL ASSETS DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

Equity-linked notes B

The equity linked notes contained embedded derivative, the return of which was determined with reference to average quarterly performance of a basket of eight exchange traded funds listed in different countries (the "Performance Linkage 2"). The total principal amounts were US$2,500,000 (equivalent to approximately HK$19,412,000 on the acquisition date) and US$1,920,000 (equivalent to approximately HK$14,907,000 on the acquisition date) which are due on 17 June 2016 and 4 August 2016 respectively. The redemption payment on maturity of the equity linked note is linked to the average quarterly performance of Performance Linkage 2 over a period commencing on their trade dates to the maturity dates. The Group will receive their initial investment if the equity linked notes are held to maturity irrespective of the average quarterly performance of the Performance Linkage 2 and even if such performance is negative. The notes are subject to the option for early termination at the discretion of holders.

At 31 March 2014 and 2013, the equity linked notes were designated as financial assets at FVTPL upon initial recognition as it contained embedded derivatives, and HKAS 39 permits the entire combined contract to be designated as at FVTPL. The amounts were stated at fair values at 31 March 2014 based on valuation reports prepared by independent qualified professional valuers not connected with the Group.

Profit guarantees

The profit guarantees are obtained as part of a business combination for TSGL and SAH for which details are set out in notes 41(a) and (b) respectively.

The profit guarantees represent rights to the return of previously transferred considerations for the acquisitions of TSGL and SAH with reference to the financial performance of TSGL up to 31 March 2014 (accounted for as a current asset) and SAH up to 31 March 2015 (accounted for as a current asset as at 31 March 2014 and a non-current asset as at 31 March 2013) respectively and hence constitute a contingent consideration arrangement.

At 31 March 2014, the profit guarantees were stated at fair values based on valuation reports prepared by independent qualified professional valuers not connected with the Group.

24. INVENTORIES

	2014 **HK$'000**	2013 HK$'000
Raw materials	**74,946**	76,438
Work in progress	**1,241**	1,380
Finished goods	**11,191**	11,690
	87,378	89,508

During the year ended 31 March 2013, the Group had consumed certain inventories for which allowance for inventories had been made previously. Thus, reversal of allowance for inventories of approximately HK$167,000 (2014: nil) had been recognised and included in cost of inventories sold for the year ended 31 March 2013.

25. TRADE AND BILLS RECEIVABLES

Payment terms with customers are mainly on cash on delivery and on credit. The credit periods ranged from 15 days to 120 days after the end of the month in which the revenue recognised. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. The ageing analysis of trade and bills receivables, based on the due date for settlement, is as follows:

	2014 HK$'000	2013 HK$'000
Trade receivables:		
Not yet due for settlement	**125,641**	144,831
Overdue:		
1 to 30 days	**57,481**	16,808
31 to 90 days	**34,488**	27,941
91 to 365 days	**8,390**	2,693
Over 1 year	**10,818**	11,694
	236,818	203,967
Less: Allowance for doubtful debts	**(12,059)**	(11,140)
	224,759	192,827
Bills receivables	**2,352**	2,740
	227,111	195,567

Included in the Group's trade receivable balance are debtors (see below for ageing analysis) which are past due as at the reporting date for which the Group has not provided for impairment loss because there was no significant change in credit quality and the amounts are still considered recoverable. Trade receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Ageing of trade receivables which are past due but not impaired

	2014 HK$'000	2013 HK$'000
Overdue by:		
1 to 90 days	**91,969**	44,749
91 to 365 days	**7,149**	2,614
Over 1 year but within 2 years	**–**	633
Total	**99,118**	47,996

25. TRADE AND BILLS RECEIVABLES (Continued)

Movement in the allowance for doubtful debts

	2014 HK$'000	2013 HK$'000
At 1 April	**11,140**	8,119
Allowance for doubtful debts for overdue trade receivables	**855**	3,199
Write off as bad debts	**(26)**	(198)
Exchange differences	**90**	20
At 31 March	**12,059**	11,140

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated.

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of approximately HK$12,059,000 (2013: HK$11,140,000) which have either been placed under liquidation or in severe financial difficulties.

The carrying amounts of the trade and bills receivables are denominated in the following currencies:

	2014 HK$'000	2013 HK$'000
HK$	**61,978**	67,203
US$	**24,943**	44,573
RMB	**138,574**	83,382
Australian dollars	**1,616**	409
	227,111	195,567

26. AMOUNTS DUE FROM INDEMNIFIERS

The amounts related to the remaining balances due from the Indemnifiers for the Tax Indemnity as set out in note 11. The amounts are unsecured, interest-free and repayable on demand. The amounts were fully settled during the year ended 31 March 2014.

27. DERIVATIVE FINANCIAL INSTRUMENTS

	2014 HK$'000	2013 HK$'000
Financial assets		
Derivative not under hedge accounting:		
Structured foreign currency forward contracts (note (a))	**–**	665
Structured performance swap (note (b))	**1,070**	–
	1,070	665
Financial liabilities		
Derivative not under hedge accounting:		
Structured foreign currency forward contracts (note (a))	**(1,735)**	–
Analysed for reporting purpose as:		
Non-current assets	**1,070**	203
Current assets	**–**	462
	1,070	665
Current liabilities	**(1,735)**	–

27. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Notes:

(a) The Group has entered into the following structured foreign currency forward contracts with different banks during the years ended 31 March 2014 and 2013, of which the purpose is to manage the Group's foreign currency exposure in relation to its receivables arising from time to time denominated partly in US$. The structured foreign currency forward contracts comprise either non-deliverable or deliverable settlement on a monthly basis, that is, measured at 24 different expiry dates, save for the event leading to the knock-out and termination of the contracts as stated below.

Contracts	Settlement	Knock-out clause	Notional amounts of contracts	Contract date	Maturity dates	Pivot rate (the "Pivot Rates")
Contract A	Deliverable	No	US$1,000,000 (note (iv))	25 July 2011	25 July 2014	US$1:RMB6.55
Contract B	Deliverable	No	US$1,000,000 (note (iv))	1 August 2011	1 August 2014	US$1:RMB6.55
Contract C	Non-deliverable	Yes	US$1,000,000 (note (iv))	29 October 2013	26 October 2015	US$1:RMB6.163
Contract D	Non-deliverable	Yes	US$1,000,000 (notes (iii) and (iv))	4 January 2014	2 January 2015	US$1:RMB6.4*/ US$1:RMB6.2#
Contract E	Non-deliverable	No	US$1,000,000 (note (iv))	6 February 2013	10 February 2014	US$1:RMB6.47*/ US$1:RMB6.42#
Contract F	Non-deliverable	Yes	US$1,000,000	17 April 2013	30 June 2014	US$1:RMB6.42

(i) If the US$ to RMB spot exchange rate (the "Spot Rate") is lower than or equal to the Pivot Rates (sell US$/buy RMB at Pivot Rates) at each expiry date, as specified in the contracts, the Group would receive predetermined net incomes from the banks for all contracts before the knock-out events occurred, if any.

(ii) If the Spot Rate is greater than the Pivot Rates at each expiry date, the Group would pay to the banks a net settlement calculated based on the difference between the Spot Rate and Pivot Rates, settled in RMB equivalent for all contracts except the Contract D.

(iii) If the Spot Rate is greater than the Pivot Rates, but less than the expiry knock-in rates ("Knock-in Rates") of US$1:RMB6.5* or US$1:RMB6.35#, no amount is receivable or payable by the Group. If the Spot Rate is greater than Knock-in Rates, the Group would pay to the bank a net settlement calculated based on the difference between the Spot Rate and Knock-in Rates, settled in RMB equivalent.

(iv) During the year, these contracts are knocked-out and terminated.

During the year ended 31 March 2014, the net fair value loss of approximately HK$2,400,000 (2013: net fair value gain of approximately HK$40,000) and income of approximately HK$5,868,000 (2013: approximately HK$1,679,000) have been recognised in profit or loss for the year.

* For the first to twelve expiry dates

\# For the thirteenth to twenty-fourth expiry dates

27. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Notes: (Continued)

(b) The Group has entered into a structured performance swap consisting of an interest rate swap and a foreign currency forward contract with a bank during the year ended 31 March 2014. Major terms of the contract are as follows:

(i) Interest rate swap

Notional amount	Contract date	Maturity date	Floating rate	Capped rate
HK$30,000,000	24 April 2013	24 April 2015	Three-month Hong Kong Interbank Offered Rate ("HIBOR")	0.6%

At each expiry date, the Group would receive a net settlement for the difference between:

(a) Receipt by the Group from the bank of an amount calculated by three-month HIBOR plus 2.8% per annum; and

(b) Payment by the Group to the bank of an amount calculated by three-month HIBOR or capped at 0.6%, whichever is lower.

(ii) Foreign currency forward contract

Settlement	Knock-out clause	Notional amount	At-Expiry Knock-In rate
Deliverable	Yes	US$6,000,000	US$1:RMB6.4*/US$1:RMB6.3#

(a) If the At-Expiry Knock-In rate is greater than the Spot rate, no amount is receivable or payable by the Group. If the Spot Rate is greater than the At-Expiry Knock-In rate, the Group would pay to the bank a net settlement calculated based on the difference between the Spot Rate and At-Expiry Knock-In Rates, settled in RMB equivalent.

(b) During the year, this contract is knocked-out and terminated.

* For the first to ninth expiry dates

\# For the tenth to twenty-first expiry dates

The above derivatives were stated at fair values at 31 March 2014 based on valuation amounts provided in valuation reports prepared by independent qualified professional valuers not connected with the Group.

During the year ended 31 March 2014, the fair value gain of approximately HK$1,070,000 has been recognised and income of approximately HK$833,000 has been recognised in profit or loss for the year.

(c) The put options were obtained as part of business combination for TSGL and SAH during the year ended 31 March 2013 pursuant to which the Group is granted options to require the respective vendors of TSGL and SAH to purchase the equity interests of TSGL and SAH sold to the Group at predetermined option prices for certain periods of time.

The put options have been valued as no value at 31 March 2014 and 2013 based on valuation amounts provided in valuation reports prepared by independent qualified professional valuers not connected with the Group. Hence, no related financial instruments have been recognised.

Further details of put options in relation to TSGL and SAH are set out in notes 41(a) and (b) respectively.

28. HELD FOR TRADING INVESTMENTS

	2014 HK$'000	2013 HK$'000
Equity securities listed in Hong Kong	**2,999**	3,725

The amount was stated at fair value based on quoted market prices.

29. PLEDGED BANK DEPOSITS AND BANK AND CASH BALANCES

The Group's pledged bank deposits of approximately HK$129,467,000 (2013: HK$20,984,000) and fixed bank deposits of nil (2013: HK$13,002,000) are arranged at fixed rates for the year ended 31 March 2014 and carry average interest rates of 3.2% (2013: 3.1%) per annum and therefore subject to fair value interest rate risk which the directors of the Company considered as not significant. The remaining bank and cash balances carried interest at average market rates from 2.8% to 3% (2013: 2.85% to 3.1%) per annum and therefore exposed to cash flow interest rate risk.

Pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group (note 39). Deposits amounting to approximately HK$129,467,000 (2013: HK$20,984,000) have been pledged to secure short-term bank loans and undrawn facilities and are therefore classified as current assets.

As at 31 March 2014, bank and cash balances and pledged bank deposits of the Group amounted to approximately HK$221,797,000 (2013: HK$112,513,000) were denominated in RMB. Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

30. TRADE AND BILLS PAYABLES

The ageing analysis of trade payables, based on the date of receipt of goods, is as follows:

	2014 HK$'000	2013 HK$'000
Trade payables:		
0 to 30 days	**64,851**	52,823
31 days to 90 days	**1,846**	1,050
Over 90 days	**386**	1,030
	67,083	54,903
Bills payables	**71,062**	49,350
	138,145	104,253

Payment terms granted by suppliers are mainly on cash on delivery and on credit. The credit periods ranged from 15 days to 90 days after end of the month in which the relevant purchase occurred. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

30. TRADE AND BILLS PAYABLES (Continued)

The carrying amounts of trade and bills payables are denominated in the following currencies:

	2014 HK$'000	2013 HK$'000
HK$	**16,663**	20,526
RMB	**121,482**	83,727
	138,145	104,253

31. ACCRUALS AND OTHER PAYABLES

	2014 HK$'000	2013 HK$'000
Receipt in advance	**5,207**	2,391
VAT and other tax payables	**32,526**	25,246
Accruals and other payables	**41,158**	43,578
	78,891	71,215

The carrying amounts of accruals and other payables are denominated in the following currencies:

	2014 HK$'000	2013 HK$'000
HK$	**13,295**	9,127
RMB	**65,596**	62,088
	78,891	71,215

32. AMOUNTS DUE FROM/TO NON-CONTROLLING SHAREHOLDERS

	2014 HK$'000	2013 HK$'000
Amounts due from non-controlling shareholders	**24**	24

The amounts due from non-controlling shareholders are unsecured, non-interest bearing and repayable on demand.

	2014 HK$'000	2013 HK$'000
Amounts due to non-controlling shareholders:		
The amounts due are repayable as follows:		
On demand or within one year	**26,119**	11,770
In the second year	**1,281**	1,231
In the third to fifth year, inclusive	**3,842**	3,800
After five years	**2,562**	3,774
	33,804	20,575
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(26,119)**	(11,770)
Amount due for settlement after 12 months	**7,685**	8,805

The amount of US$1,500,000 (equivalent to approximately HK$12,809,000) (2013: US$1,500,000 (equivalent to approximately HK$12,579,000)) due to a non-controlling shareholder of a subsidiary, Fully Chance Holdings Limited ("Fully Chance"), is unsecured and interest bearing at 5% per annum. At 31 March 2014, interest payable in respect of this advance of approximately RMB634,000 (equivalent to approximately HK$799,000) (2013: nil) has been due. The principal is repayable in ten annual installments (commencing on 11 June 2011) plus interest on the outstanding balance.

The amount of approximately HK$20,196,000 (2013: HK$7,996,000) due to a non-controlling interest of a subsidiary, Turbo Best Holdings Limited, is unsecured, non-interest bearing and repayable on demand.

33. SHORT-TERM BORROWINGS

	2014 HK$'000	2013 HK$'000
Trust receipts loans	**23,694**	8,280
Short-term bank loans (note (a))	**257,300**	154,000
Other loan (note (b))	**7,566**	–
	288,560	162,280

The carrying amounts of short-term borrowings are denominated in the following currencies:

	2014 HK$'000	2013 HK$'000
HK$	**280,994**	162,280
RMB	**7,566**	–
	288,560	162,280

The average interest rates at 31 March were as follows:

	2014	2013
Trust receipts loans	**2.54%**	2.14%
Short-term bank loans	**2.06%**	2.08%
Other loan	**5%**	N/A

Notes:

(a) At 31 March 2014 and 2013, all short-term bank borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

At 31 March 2014 and 2013, the short-term bank borrowings are secured by the following:

(i) corporate guarantees given by certain subsidiaries and the Company; and

(ii) bank deposits and leasehold land and buildings situated in Hong Kong of the Group (note 39).

(b) Other loan is subrogated from a long-term borrowing as detailed in note 34(b). The loan is unsecured, interest-bearing at fixed rate of 5% per annum and repayable on 30 June 2014.

34. LONG-TERM BORROWINGS

	2014 HK$'000	2013 HK$'000
Bank loans (note (a))	**88,827**	120,758
Other loans (note (b))	**1,261**	8,668
	90,088	129,426
Bank loans		
The bank loans are repayable as follows (note (c)):		
On demand or within one year	**27,993**	31,874
More than one year, but not exceeding two years	**12,350**	32,270
More than two years, but not exceeding five years	**24,141**	24,341
More than five years	**24,343**	32,273
	88,827	120,758
Other loans		
The other loans are repayable as follows (note (c)):		
On demand or within one year	**1,261**	8,668
Total long-term borrowings	**90,088**	129,426
Less: Carrying amount of bank loans that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	**(47,906)**	(72,371)
Amounts due within one year shown under current liabilities	**(29,254)**	(40,542)
Current portion	**(77,160)**	(112,913)
Non-current portion	**12,928**	16,513

34. LONG-TERM BORROWINGS (Continued)

(a) The bank loans are arranged at floating rates and expose the Group to cash flow interest rate risk. The average interest rate was 3.47% (2013: 2.37%) per annum at 31 March 2014.

At 31 March 2014 and 2013, the bank loans were secured by the following:

(i) corporate guarantees given by certain subsidiaries and the Company; and

(ii) bank deposits and leasehold land and buildings situated in Hong Kong of the Group (note 39).

All the long-term bank loans are denominated in HK$.

(b) At 31 March 2014 and 2013, other loans are arranged at fixed rate of 5% per annum and expose the Group to fair value interest rate risk. The loans are denominated in RMB.

On 30 June 2013, the Group and the lender of a loan of RMB6,000,000 (equivalent to approximately HK$7,566,000 at 31 March 2014 and HK$7,430,000 at 31 March 2013) (the "Lender A") revised the terms of the loan as unsecured, interest-bearing at 5% per annum and repayable on 30 June 2014. On the same date, the Group and the Lender A entered into a loan subrogation agreement pursuant to which the loan has been assigned to another lender. As the loan is short-term in nature, the amount is reclassified as a short-term borrowing as set out in note 33(b).

(c) The amounts due are based on scheduled repayment dates set out in the loan agreements.

35. AMOUNT DUE TO A DIRECTOR

The amount is unsecured, interest-free and repayable on demand.

36. DEFERRED TAX

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax asset and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2014 **HK$'000**	2013 HK$'000
Deferred tax asset	**1,401**	–
Deferred tax liabilities	**(4,789)**	(5,612)
	(3,388)	(5,612)

36. DEFERRED TAX (Continued)

The followings are the major deferred tax (asset) liabilities recognised and movements thereon during the current and prior years:

	Accelerated tax depreciation HK$'000	Fair value adjustments arising from acquisition of subsidiaries HK$'000	Tax losses HK$'000	Total HK$'000
At 1 April 2012	863	4,710	–	5,573
Credited to profit or loss (note 11)	(705)	(874)	–	(1,579)
Arising from acquisition of a subsidiary	–	1,602	–	1,602
Exchange difference	–	16	–	16
At 31 March 2013 and 1 April 2013	158	5,454	–	5,612
Credited to profit or loss (note 11)	(76)	(832)	(1,401)	(2,309)
Exchange difference	–	85	–	85
At 31 March 2014	82	4,707	(1,401)	3,388

At the end of the reporting period, the Group had unused tax losses of approximately HK$52,582,000 (2013: HK$32,235,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK$5,540,000 (2013: nil) of such losses. No deferred tax asset has been recognised in respect of the remaining tax losses of HK$47,042,000 (2013: HK$32,235,000) due to the unpredictability of future profit streams. Unrecognised tax losses of approximately HK$6,087,000 (2013: HK$10,244,000) will expire from 2015 to 2019 (2013: 2014 to 2018). Other tax losses may be carried forward indefinitely.

At the end of the reporting period, the Group has deductible temporary differences of approximately HK$12,058,000 (2013: approximately HK$9,497,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to approximately HK$80,850,000 (2013: approximately HK$59,022,000) as the Group is able to control the timing of the reversal of the temporary differences and it is possible that the temporary differences will not reverse in the foreseeable future.

37. SHARE CAPITAL

	Number of Shares '000	Amount HK$'000
Authorised:		
Ordinary shares of HK$0.01 each		
At 1 April 2012, 31 March 2013, 1 April 2013 and 31 March 2014	2,000,000	20,000
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
At 1 April 2012, 31 March 2013, 1 April 2013 and 31 March 2014	362,300	3,623

38. SHARE-BASED PAYMENTS

The Company's share option scheme (the "Scheme") was adopted on 5 February 2009 for a period of 10 years. The purpose of the Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors of the Company, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners and service providers of the Group and to promote the success of the business of the Group. Under the Scheme, the board of directors of the Company (the "Board of Directors") may, at its absolute discretion and on such terms as it may think fit, grant an employee (full-time or part-time), a director, consultant and adviser of the Group, any substantial shareholder of the Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of the Group, options to subscribe for ordinary shares of the Company (the "Shares") at the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of offer for the grant of the option; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of offer for the grant of the option; and (iii) the nominal value of the Share on the date of offer for the grant of the option. The offer for a grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK$1.00.

The maximum number of Shares issuable upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company shall not in aggregate exceed 10% of all the issued shares upon completion of the share offer and the capitalisation issue during the placing and public offer as described in the prospectus of the Company dated 16 February 2009.

The Company may seek approval of the shareholders in a general meeting for refreshing the 10% limit under the Scheme save that the total number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company under the limit as "refreshed" shall not exceed 10% of the total number of shares in issue as at the date of approval of the limit as "refreshed". Options previously granted under the Scheme or any other share option schemes of the Company (including options outstanding, cancelled, lapsed or exercised in accordance with the terms of the Scheme or any other share option schemes of the Company) will not be counted for the purpose of calculating the limit as "refreshed".

The aggregate number of shares which may 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 exceed 30% of the total number of shares in issue from time to time.

No options may be granted under the Scheme or any other share option scheme of the Company if it will result in such 30% being exceed.

38. SHARE-BASED PAYMENTS (Continued)

The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of shares options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

Share options do not confer rights to the holders to dividends or to vote at shareholders' meetings.

Share options granted cannot be transferable or assignable and should be personal to the grantee.

Share options may be exercised in accordance with the terms of the Scheme at any time during a period as the Board of Directors may determine which shall not exceed 10 years from the grant date subject to the provisions of early termination thereof. Share options will be lapsed if it remains unexercised within the expiry period. Share options granted to employee will be lapsed within a certain period of time if the grantee ceases to be an employee before the share options vested.

Details of the specific categories of options are as follows:

Grant date	6 January 2010	6 January 2010	6 January 2010	17 May 2010
Lot	1	2	3	4
Vesting period (note (a))	6 January 2010 to 5 January 2011	6 January 2010 to 5 January 2012	6 January 2010 to 5 January 2013	17 May 2010 to 12 November 2010
Exercise period	6 January 2011 to 5 January 2020	6 January 2012 to 5 January 2020	6 January 2013 to 5 January 2020	13 November 2010 to 16 May 2020
Exercise price (note (b))	HK$1.18	HK$1.18	HK$1.18	HK$1.05
Price of the Company's shares at the date of grant (note (c))	HK$1.18	HK$1.18	HK$1.18	HK$1.05

Notes:

(a) The vesting period of the share options is from the date of the grant until the commencement of the exercise period.

(b) The exercise price of the share options is subject to adjustment in the case of rights or bonus issue, or other similar changes in the Company's share capital.

(c) The price of the Company's share disclosed as at the date of the grant of the share options is the higher of the average of closing prices listed on the Stock Exchange for the five business days immediately preceding the date of the grant of the share options or the closing price at the date of grant.

38. SHARE-BASED PAYMENTS (Continued)

The Group recorded a share-based payment expense of approximately HK$167,000 for the year ended 31 March 2013 (2014: nil) in relation to share options granted by the Company.

Details of the share options outstanding during the year are as follows:

	Number of share options granted to directors	Weighted average exercise price HK$	Number of share options granted to employees	Weighted average exercise price HK$	Total number of share options	Weighted average exercise price HK$
Outstanding at 1 April 2012	5,600,000	1.16	4,800,000	1.10	10,400,000	1.13
Lapsed during the year	–	–	(300,000)	1.18	(300,000)	1.18
Outstanding at 31 March 2013, 1 April 2013 and 31 March 2014	5,600,000	1.16	4,500,000	1.09	10,100,000	1.13
Exercisable at 31 March 2013 and 31 March 2014	5,600,000	1.16	4,500,000	1.09	10,100,000	1.13

No share options have been granted or exercised during both years ended 31 March 2014 and 2013. The options outstanding at 31 March 2014 have a weighted average remaining contractual life of 5.91 years (2013: 6.91 years) and the exercise price of HK$1.13 (2013: HK$1.13).

At 31 March 2014, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 10,100,000 (2013: 10,100,000), representing 2.79% (2013: 2.79%) of the shares of the Company in issue at that date.

Options shall be forfeited on the expiry of three months after the date of cessation of employment, but before the options vest. All the options forfeited before expiry of the options will be treated as cancelled option under the share option scheme.

38. SHARE-BASED PAYMENTS (Continued)

The estimated fair value of the options granted during the years ended 31 March 2011 and 2010 calculated using the Black-Scholes option pricing model was approximately HK$6,825,000 and HK$3,315,000 respectively. The inputs into the model were as follows:

Grant date	6 January 2010	6 January 2010	6 January 2010	17 May 2010
Lot	1	2	3	4
Option value	HK$0.3918	HK$0.3959	HK$0.3986	HK$0.3207
Total fair value	HK$1,563,000	HK$873,000	HK$879,000	HK$6,285,000
Share price at date of grant	HK$1.18	HK$1.18	HK$1.18	HK$1.05
Exercise price	HK$1.18	HK$1.18	HK$1.18	HK$1.05
Expected volatility	50.45%	49.61%	49.02%	52.08%
Risk-free interest rate	2.01%	2.10%	2.20%	1.75%
Expected life of options	5.5 years	6 years	6.5 years	5.24 years
Dividend yield	3.90%	3.90%	3.90%	4.38%

The expected volatility was determined by calculating the historical volatility of the listed shares' price of similar companies in the same industry over a period that is equal to the expected life of the options before the date of grant. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share price, changes in subjective input assumptions can materially affect the fair value estimate.

39. PLEDGE OF ASSETS

At the end of the reporting period, the following assets of the Group were pledged to banks to secure the general banking facilities granted to the Group:

	2014 **HK$'000**	2013 HK$'000
Prepaid lease payments (note 16)	**15,554**	15,629
Property, plant and equipment (note 17)	**19,109**	19,860
Investment properties (note 18)	**188,900**	182,000
Bank deposits (note 29)	**129,467**	20,984
	353,030	238,473

40. RETIREMENT BENEFITS SCHEMES

Defined contribution plans

The Group operates a MPF Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The Group's contributions to the MPF Scheme are calculated at 5% of the salaries and wages subject to a monthly maximum amount of HK$1,250 per employee and vest fully with employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries established in the PRC are members of a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of the employees' basic salaries and wages to the central pension scheme to fund the retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of these subsidiaries. The only obligation of these subsidiaries with respect to the central pension scheme is to meet the required contributions under the scheme.

The subsidiaries of the Group incorporated in Macau make monthly contributions to the social security fund managed by the relevant authority of the local government, which undertake the retirement obligations of the Group's employees in Macau. The Group has no obligation for payment of retirement benefits beyond the monthly contributions. The contributions payable are recognised as an expense to profit or loss as and when incurred.

The total contributions incurred in this connection for the year ended 31 March 2014 were approximately HK$6,941,000 (2013: HK$5,984,000). No forfeited contributions are available to reduce the contribution payable by the Group in the future years.

41. ACQUISITION OF SUBSIDIARIES

(a) Acquisition of TSGL

On 21 June 2012, Fortune Port Technology Limited ("Fortune Port"), a wholly-owned subsidiary of the Company, acquired 51% equity interest in TSGL at a total consideration of HK$22,421,000. This acquisition has been accounted for using the acquisition method. The amount of goodwill arising as a result of the acquisition was approximately HK$16,482,000. TSGL is principally engaged in development and design of online games and operating online game website (www.caplay.com), and development, design and provision of iTools, a sychronisation software for mobile products and operating website(s). Details are set out in the Company's announcement dated 10 November 2011, 6 January 2012, 4 May 2012, 18 June 2012 and 21 June 2012.

Acquisition-related costs amounting to approximately HK$432,000 had been excluded from the consideration transferred and had been recognised as an expense for the year ended 31 March 2013, within the administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

41. ACQUISITION OF SUBSIDIARIES (Continued)

(a) Acquisition of TSGL (Continued)

The consolidated net assets acquired in the transaction and the goodwill arising were as follows:

	Acquirees' carrying amounts before combination HK$'000	Fair value adjustments HK$'000	Fair value HK$'000
Property, plant and equipment	77	–	77
Intangible assets	–	9,708	9,708
Prepayments, deposits and other receivables	2,522	–	2,522
Amounts due from shareholders	17	–	17
Bank and cash balances	394	–	394
Trade payables	(514)	–	(514)
Accruals and other payables	(4,976)	–	(4,976)
Amount due to a director	(261)	–	(261)
Deferred tax liabilities	–	(1,602)	(1,602)
Net identifiable assets and liabilities	(2,741)	8,106	5,365
Non-controlling interests			(2,629)
Goodwill			16,482
Consideration transferred			19,218
Satisfied by:			
Cash			14,560
Contingent consideration arrangements:			
— 8,639,000 Consideration Shares as contingent consideration			7,861
— Fair value of profit guarantee			(3,203)
			19,218
Net cash outflow arising on acquisition:			
Cash consideration			14,560
Less: Cash and cash equivalents acquired			(394)
Utilisation of deposit paid			(10,000)
			4,166

41. ACQUISITION OF SUBSIDIARIES (Continued)

(a) Acquisition of TSGL (Continued)

Pursuant to the sales and purchase agreement in relation to the acquisition of TSGL (the "TSGL's Agreement"), if the audited completion accounts of TSGL at an agreed date, i.e. 20 June 2012, shows that the net assets value ("NAV") is less than the NAV as shown in the management accounts of TSGL at 31 March 2012, the consideration payable by the Group to TSGL's Vendor shall be reduced by an amount equivalent to the amount of such difference in the NAV on a dollar-for-dollar basis. In such event, balance of the consideration shall be adjusted first by way of reducing the number of Consideration Shares to be issued to the TSGL's Vendor with no adjustment to the issue price. Since the audited NAV on 20 June 2012 are below the NAV of the management accounts on 31 March 2012, the Consideration Shares are adjusted from 10,570,000 shares to 8,639,000 shares.

Furthermore, pursuant to the terms of the supplemental agreement (the "TSGL's Supplemental Agreement"), the TSGL's Vendor and certain guarantors (the "TSGL's Guarantors") undertake to Fortune Port that the aggregate of the audited consolidated net profit of TSGL for the two years ending 31 March 2014 (the "TSGL's Profit Amount") shall not be less than HK$20,000,000 (the "TSGL's Guaranteed Amount") (the "TSGL's Profit Guarantee"). In the event that the TSGL's Profit Amount is less than the TSGL's Guaranteed Amount, the TSGL's Vendor and the TSGL's Guarantors shall jointly and severally pay to Fortune Port a sum equivalent to the amount of the cash consideration (HK$14,560,000). In the event that, pursuant to the TSGL's Agreement, the TSGL's Profit Amount equals to or exceeds the TSGL's Guaranteed Amount, Fortune Port shall procure the Company to issue and allot the Consideration Shares to the TSGL's Vendor or its nominee free of charge despite the issue price to satisfy the balance of the consideration.

Pursuant to the put option deed entered between TSGL's Vendor and Fortune Port on 21 June 2012, TSGL's Vendor grants to Fortune Port a put option (the "TSGL's Put Option") at a consideration of HK$1 from the date of the put option deed to 31 December 2014 to require TSGL's Vendor to purchase from Fortune Port the 51% equity shares in TSGL which Fortune Port has originally purchased under the TSGL's Agreement at an option price of HK$14,560,000 if any of the agreements in respect of (i) the management of 80.01% of the equity interest in Shenzhen Thinksky Technology Co., Ltd ("Shenzhen Thinksky") executed by Magic Thinksky Limited, a 51% indirectly owned subsidiary of the Company, on behalf of the legal owners of those equity and/or (ii) the grant of the operative rights to promote, sell, engage in marketing and operate the business of provision of the software management and synchronisation software owned by Shenzhen Thinksky including without limitation to iTools in the regions outside the PRC and the absolute right and interest of TSGL to receive 70% profit sharing generated from such business to TSGL, being terminated, invalid or illegal or otherwise and unenforceable.

Pursuant to the TSGL's Supplementary Agreement, if TSGL's Vendor and the TSGL's Guarantors have paid the sum of HK$14,560,000 in relation to the TSGL's Profit Guarantee, the TSGL's Put Option shall automatically lapse.

At 31 March 2014 and 2013, the TSGL's Put Option was valued as no value. As a result, no related financial instrument has been recognised.

41. ACQUISITION OF SUBSIDIARIES (Continued)

(a) Acquisition of TSGL (Continued)

The fair value of the Consideration Shares of the Company was determined on the basis of the closing market price of the Company's ordinary shares on the date of acquisition.

At 31 March 2014, no Consideration Shares are required to be issued because the TSGL's Profit Amount does not exceed the TSGL's Guaranteed Amount. Contingent consideration of approximately HK$7,861,000 is transferred to retained profits.

Goodwill arose in the acquisition of TSGL because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of revenue growth and future market development for entering into the rapid growing online games, internet and mobile internet business.

The goodwill arising on the acquisition is not expected to be deductible for tax purposes.

TSGL contributed net amount of approximately HK$622,000 to the Group's other income, loss of approximately HK$3,187,000 to the Group's profit and no contribution to the Group's turnover for the period between the date of acquisition and at 31 March 2013.

Had the acquisition been completed on 1 April 2012, the Group's total turnover for the year would have been approximately HK$766,711,000, and profit for the year ended 31 March 2013 would have been approximately HK$14,960,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of the turnover and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2012, nor is intended to be a projection of future results.

41. ACQUISITION OF SUBSIDIARIES (Continued)

(b) Acquisition of SAH

On 31 December 2012, Jumbo Match Limited ("Jumbo Match"), a wholly-owned subsidiary of the Company, acquired 100% equity interest in SAH at a total consideration of HK$20,000,000. This acquisition has been accounted for using the acquisition method. The amount of goodwill arising as a result of the acquisition was HK$11,631,000. SAH is principally engaged in production of molded pulp products.

Acquisition-related costs amounting to HK$170,000 had been excluded from the consideration transferred and had been recognised as an expense for the year ended 31 March 2013, within the administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

The consolidated net assets acquired in the transaction and the goodwill arising were as follows:

	Acquirees' carrying amounts before combination HK$'000	Fair value adjustments HK$'000	Fair value HK$'000
Property, plant and equipment	3,443	–	3,443
Trade receivables	25,045	–	25,045
Prepayments, deposits and other receivables	3,774	–	3,774
Inventories	1,449	–	1,449
Bank and cash balances	3,794	–	3,794
Trade payables	(2,632)	–	(2,632)
Other payables	(25,689)	–	(25,689)
Tax payable	(1,383)	–	(1,383)
Net identifiable assets and liabilities	7,801	–	7,801
Goodwill			11,631
Consideration transferred			19,432
Satisfied by:			
Cash			20,000
Contingent consideration arrangement:			
— Fair value of profit guarantee			(568)
			19,432
Net cash inflow arising on acquisition:			
Cash consideration			20,000
Less: Cash and cash equivalents acquired			(3,794)
Utilisation of deposit paid in last year			(20,000)
			(3,794)

41. ACQUISITION OF SUBSIDIARIES (Continued)

(b) Acquisition of SAH (Continued)

Pursuant to the agreement between Jumbo Match and SAH (the "SAH's Agreement"), each of the consolidated net profit before tax of SAH for the three years ending 31 March 2015 (the "SAH's Profit Amount") shall not be less than HK$5,000,000 (the "SAH's Profit Guarantee"). The shortfall from HK$5,000,000 shall be paid by the ultimate beneficial owner of SAH's Vendor to the Group.

Pursuant to the SAH's Agreement, SAH's Vendor has granted Jumbo Match a put option (the "SAH's Put Option") at nil consideration within 3 months from the audit report date for the year ended 31 March 2013 to require SAH's Vendor to purchase from Jumbo Match the 100% equity shares in SAH which Jumbo Match has originally purchased under the SAH's Agreement at an option price of HK$20,000,000 if SAH has no net profit for the year ended 31 March 2013.

The SAH's Put Option has been valued as no value. As a result, no related financial instrument has been recognised. In addition, SAH has generated audited net profit for the year ended 31 March 2013 and therefore the SAH's Put Option has lapsed.

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

The goodwill arising on the acquisition is not expected to be deductible for tax purposes.

SAH contributed approximately HK$11,897,000 to the Group's turnover and profit of approximately HK$994,000 to the Group's profit for the period between the date of acquisition and at 31 March 2013.

Had the acquisition been completed on 1 April 2012, the Group's total turnover for the year would have been approximately HK$807,480,000, and profit for the year ended 31 March 2013 would have been approximately HK$22,140,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of the turnover and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2012, nor is intended to be a projection of future results.

42. MAJOR NON-CASH TRANSACTIONS

For the year ended 31 March 2014, deposits paid for acquisition of property, plant and equipment of approximately HK$10,370,000 was transferred to construction in progress with reference to the progress of construction.

For the year ended 31 March 2013, as disclosed in note 41(a), the Group had acquired 51% equity interest in Think Speed Group at consideration of approximately HK19,218,000 in which approximately HK$7,861,000 was satisfied by issuing the Consideration Shares and net of approximately HK$3,203,000, a fair value of a right to return of previously transferred consideration, the TSGL's Profit Guarantee, as contingent consideration arrangements subject to fulfillment of their respective conditions as abovementioned.

43. CAPITAL COMMITMENTS

The Group's capital commitments at the end of the reporting period are as follows:

	2014 HK$'000	2013 HK$'000
Capital expenditure contracted but not provided for:		
Purchase of property, plant and equipment	**17,144**	3,003

44. LEASE COMMITMENTS

The Group as lessor

Property rental income earned during the year was approximately HK$4,180,000 (2013: HK$2,537,000). The Group leases its investment properties under operating lease arrangements, with leases negotiated for terms ranging from one to eight years. The terms of the leases generally require the tenants to pay security deposits. The investment properties are expected to generate rental yield of 2.21% (2013: 2.31%) on an ongoing basis.

At the end of the reporting period, the Group had future minimum lease receivables under non-cancellable operating leases as follows:

	2014 HK$'000	2013 HK$'000
Within one year	**3,405**	3,528
In the second to fifth year, inclusive	**7,826**	8,333
After the fifth year	**45**	1,040
	11,276	12,901

The Group as lessee

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	**14,184**	17,794
In the second to fifth year, inclusive	**44,146**	54,306
After the fifth year	**60,856**	104,404
	119,186	176,504

Operating lease payments represent rentals payable by the Group for certain land and buildings and motor vehicles. Leases are negotiated for terms ranged from 1 to 38 years and rentals are fixed over the lease terms and do not include contingent rentals.

45. RELATED PARTY TRANSACTIONS

(a) In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with its related parties during the reporting period:

	2014 HK$'000	2013 HK$'000
Rental in respect of land and buildings paid to a related company owned by Mr. CHONG and Mr. CHONG Wa Pan who are also the directors of the Company (note (i))	**432**	408
Rental in respect of land and buildings paid to a related company owned by Mr. CHONG (note (ii))	**–**	1,006

Notes:

(i) Tenancy agreement with a related company

In 2013, the Group entered into tenancy agreements with a company owned by Mr. CHONG and Mr. CHONG Wa Pan, for the lease of office premises for a term of one year commencing from 1 April 2013 until 31 March 2014 at prevailing market rates. Transactions were conducted with terms mutually agreed with the contracting parties pursuant to signed agreements.

(ii) Tenancy agreement with a related company

In 2009, the Group entered into tenancy agreements with a company owned by Mr. CHONG, for the lease of staff quarter, plant and office premises for a term of three years commencing from 30 September 2009 until 29 September 2012 at prevailing market rates. Transactions were conducted with terms mutually agreed with the contracting parties pursuant to signed agreements.

(b) The emoluments of the directors of the Company (representing key management personnel) during the year are set out in note 13(a).

(c) As mentioned in note 11, the Group reached a settlement agreement with the IRD for two subsidiaries of the Group for the years of assessment 2002/03 to 2008/09 for a total sum of profits tax of approximately HK$17,566,000 together with related tax penalties and interests in aggregate of HK$2,311,000. Pursuant to the deed of indemnity dated 13 February 2009, Perfect Group, Mr. Chong, Mr. Chong Wa Pan, Mr. Chong Wa Ching and Mr. Chong Wa Lam have given indemnities among taxation and related penalty and liability resulting from any income, profits or gains earned, accrued or received on or before the date of the Listing. Pursuant to the above arrangement, Mr. Chong, acting on behalf of the Indemnifiers, agreed to settle the additional tax and related tax penalties and interests in aggregate of approximately HK$15,840,000 as abovementioned to the Group. During the year ended 31 March 2014, approximately HK$3,159,000 (2013: HK$12,681,000) was settled.

46. GOVERNMENT GRANTS

For the year ended 31 March 2013, the Group received from the PRC government a government grants of approximately HK$8,260,000 towards the cost of its prepaid lease payments. The amount has been deducted from the carrying amount of the prepaid lease payments. The amount is transferred to income in the form of reduced amortisation charges over the lease term of the prepaid lease payment. This policy has resulted in a credit to income in the current period of approximately HK$191,000 (2013: HK$31,000). As at 31 March 2014, an amount of approximately HK$8,243,000 (2013: HK$8,229,000) remains to be amortised.

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries of the Company as at 31 March 2014 and 2013 are as follows:

Name of subsidiary	Place of incorporation/ establishment	Issued and fully paid up share capital/ registered capital	Proportion of ownership interest and voting power held by the Company 2014	2013	Principal activities/ place of operation
Directly held					
Jumbo Match Limited	BVI	Ordinary USD1	**100%**	100%	Investment holding/HK
Indirectly held					
Chance Bright Limited – Macao Commercial Offshore	Macau	Ordinary MOP100,000	**100%**	100%	Trading of corrugated raw paper and accessories/Macau
Come Sure Development Limited	Hong Kong	Ordinary HK$60,000,000	**100%**	100%	Investment and property holding/ HK
Come Sure Group Limited – Macao Commercial Offshore	Macau	Ordinary MOP100,000	**100%**	100%	Trading of corrugated paperboards and paper-based packaging products/Macau
Come Sure Holdings Limited	BVI	Ordinary US$13,500,000	**100%**	100%	Investment holding and trading of corrugated paperboards and paper-based packaging products/HK
錦勝包裝(深圳)有限公司 Come Sure Packing Products (Shenzhen) Company Limited	PRC wholly foreign owned enterprise	Registered and paid up capital HK$248,980,000	**100%**	100%	Trading and manufacturing of corrugated paperboards and paper-based packaging products/PRC
錦勝紙業(深圳)有限公司 Come Sure Paper Industrial (Shenzhen) Company Limited	PRC wholly foreign owned enterprise	Registered capital HK$30,000,000 and paid up capital HK$30,000,000	**100%**	100%	Trading and manufacturing of corrugated paperboards and paper-based packaging products/PRC
* 惠州錦勝包裝有限公司 Huizhou Come Sure Packing Company Limited	PRC wholly foreign owned enterprise	Registered capital and paid up capital HK$47,000,000	**100%**	100%	Trading and manufacturing of corrugated paperboards and paper-based packaging products/PRC
Joy Honest Holdings Limited	Hong Kong	Ordinary HK$10,000	**100%**	100%	Inactive/HK
Keen Rise International Development Limited	Hong Kong	Ordinary HK$100	**100%**	100%	Trading of corrugated paperboards and paper-based packaging products/HK
Luck Sea Investment Limited	Hong Kong	Ordinary HK$1,000,000	**100%**	100%	Provision of management service/HK

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment	Issued and fully paid up share capital/ registered capital	Proportion of ownership interest and voting power held by the Company 2014	2013	Principal activities/ place of operation
Indirectly held (Continued)					
* 華銘彩印(深圳)有限公司 Wah Ming Colour Printing (Shenzhen) Company Limited	PRC wholly foreign owned enterprise	Registered capital and paid up capital HK$51,000,000	**100%**	100%	Trading and manufacturing of offset printed corrugated paper-based packaging products/PRC
Wah Ming International Limited	Hong Kong	Ordinary HK$2,000,000	**100%**	100%	Trading and manufacturing of offset printed corrugated paper-based packaging products/PRC
* 錦勝包裝(泉州)有限公司 Come Sure Packing Products (Quanzhou) Co., Ltd	PRC Wholly foreign owned enterprise	Registered capital HK$50,000,000 Paid up capital HK$50,000,000 (2013: HK$19,500,000)	**60%**	60%	Investment holding/PRC
Jiangxi Come Sure	PRC wholly foreign owned enterprise	Registered capital HK$80,000,000 Paid up capital HK$22,000,000	**100%**	100%	Investment Holding/PRC
協升紙業(江西)有限公司 Rising Sun Paper (Jiangxi) Co., Limited	PRC Sino-foreign joint venture enterprise	Registered capital and paid up capital HK$31,200,000	**51%**	51%	Trading and manufacturing of offset printed corrugated paper-based packaging products/PRC
Wise Luck International (HK) Limited	Hong Kong	Ordinary HK$10,000	**100%**	100%	Property investment holding/HK
Smart Profit Capital Investment Limited	Hong Kong	Ordinary HK$10,000	**100%**	100%	Property investment holding/HK
* 華銘紙業(深圳)有限公司 Wah Ming Paper Industrial (Shenzhen) Company Limited	PRC wholly foreign owned enterprise	Registered and paid up capital HK$30,000,000	**100%**	100%	Trading and manufacturing of offset printed corrugated paper-based packaging products/PRC
Mass Linker Limited	Hong Kong	Ordinary HK$10,000	**100%**	100%	Investment holding/HK
Sky Achiever Holdings Limited	Hong Kong	Ordinary HK$10,000	**100%**	100%	Trading and manufacturing of offset printed corrugated paper-based packaging products

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment	Issued and fully paid up share capital/ registered capital	Proportion of ownership interest and voting power held by the Company 2014	2013	Principal activities/ place of operation
Indirectly held (Continued)					
*中州紙業(深圳)有限公司 Sky Paper Industrial (Shenzhen) Company Ltd	PRC Wholly foreign owned enterprise	Registered capital and paid up capital HK$12,500,000	**100%**	100%	Trading and manufacturing of offset printed corrugated paper-based packaging products
Think Speed Group	BVI	USD1,000	**51%**	51%	Investment holding
Magic Thinksky Limited	BVI	USD1	**51%**	51%	Mobile software development
Soho Union International Limited	BVI	USD1,000	**51%**	51%	Online game development
Unlimited Space Limited	Hong Kong	Registered capital HK$10,000 Paid up Capital HK$100	**51%**	51%	Online game development
*廣州市碧福蓋斯信息技術有限公司 Guangzhou Playful Games Informational Technology Company Limited	PRC	Registered capital and paid up capital USD490,000	**51%**	51%	Provision of management service

* The English names of these companies represent management's best efforts in translating the Chinese names of these companies as no English names have been registered.

The above table lists the subsidiaries of the Group which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. The principal activities of these subsidiaries are summarised as follows:

Principal activities	Principal place of business	Number of subsidiaries 2014	2013
Investment holdings	Hong Kong	**11**	11
Investment holdings	BVI	**6**	6
Provision of corporate email services	PRC	**1**	1
Inactive	PRC	**2**	1

48. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2014 HK$'000	2013 HK$'000
Non-current asset		
Investments in subsidiaries (note (a))	**269,884**	231,870
Current assets		
Prepayments, deposits and other receivables	**537**	610
Amounts due from subsidiaries (note (b))	**207,098**	207,104
Bank balances	**501**	292
	208,136	208,006
Current liabilities		
Accruals	**1**	77
Amounts due to subsidiaries (note (b))	**24,410**	13,886
Financial guarantee contracts (note (c))	**38,014**	30,472
	62,425	44,435
Net current assets	**145,711**	163,571
NET ASSETS	**415,595**	395,441
Capital and reserves		
Share capital	**3,623**	3,623
Reserves (note (d))	**411,972**	391,818
TOTAL EQUITY	**415,595**	395,441

Notes:

(a) Investments in subsidiaries

	2014 HK$'000	2013 HK$'000
Unlisted investment, at cost	**141,631**	141,631
Deemed capital contribution to subsidiaries	**128,253**	90,239
	269,884	231,870

48. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Notes: (Continued)

(b) Amounts due from/to subsidiaries

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

(c) Financial guarantee contracts

At 31 March 2014, the Company has issued guarantees of approximately HK$792,698,000 (2013: HK$888,019,000) and unlimited corporate guarantees to banks in respect of the banking facilities granted to fourteen (2013: fourteen) subsidiaries of the Group.

The directors of the Company do not consider it is probable that a claim will be made against the Company under any of the above guarantees and the maximum liability of the Company at the end of the reporting period in respect of the above guarantees is the amount of bank loans drawn by its subsidiaries under the guarantees at that date of approximately HK$369,821,000 (2013: HK$283,038,000).

(d) Reserves

	Share premium HK$'000	Special reserve HK$'000	Warrant reserve HK$'000	Share-based payment reserve HK$'000	Contingent consideration HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2012	193,212	141,681	40	3,649	–	20,694	359,276
Profit for the year	–	–	–	–	–	28,952	28,952
Acquisition of a subsidiary	–	–	–	–	7,861	–	7,861
Lapsed of share–based payments	–	–	–	(118)	–	28	(90)
Share–based payments	–	–	–	167	–	–	167
Dividend recognised as distribution (note 14)	–	–	–	–	–	(4,348)	(4,348)
At 31 March 2013 and 1 April 2013	193,212	141,681	40	3,698	7,861	45,326	391,818
Profit for the year	–	–	–	–	–	28,125	28,125
Dividend recognised as distribution (note 14)	–	–	–	–	–	(7,971)	(7,971)
Transfer	–	–	(40)	–	(7,861)	7,901	–
At 31 March 2014	193,212	141,681	–	3,698	–	73,381	411,972

49. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the Group has entered into an agreement to acquire 20% equity interests in 廈門惟華光能有限公司 (for identification purpose, in English, Xiamen Weihua Solar Limited ("Xiamen Weihua") at RMB8,000,000 (approximately HK$10,088,000). Xiamen Weihua is a high-technology enterprise integrated with research and development, production and sales, mainly focusing on the production of perovskite solar cells. The management of the Company expects the Group can diversify the business stream and expand the source of revenue by this long term investment.

The purchase consideration has been fully settled up to the date of this report.