UKF (HOLDINGS) LIMITED
英裘（控股）有限公司

(Incorporated in the Cayman Islands with limited liability)
GEM stock code: 8168

UKF

Annual Report 2014

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This report, for which the directors (the "Directors") of UKF (Holdings) Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

For the purpose of illustration only and unless otherwise stated, conversion of DKK to HK$ in this report is based on the exchange rate of DKK1.00 to HK$1.43. Such conversion should not be construed as a representation that any amount have been, could have been, or may be exchanged at this or any other rate.

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CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. Wong Chun Chau *(Chairman)*
Ms. Kwok Yin Ning *(Chief Executive Officer)*

Independent Non-executive Directors

Mr. Ang Wing Fung
Mr. Jean-pierre Philippe
Mr. Tang Tat Chi

Company Secretary

Mr. Chung Man Wai, Stephen

Audit Committee

Mr. Ang Wing Fung *(Chairman)*
Mr. Jean-pierre Philippe
Mr. Tang Tat Chi

Remuneration Committee

Mr. Jean-pierre Philippe *(Chairman)*
Mr. Tang Tat Chi
Mr. Ang Wing Fung

Nomination Committee

Mr. Tang Tat Chi *(Chairman)*
Mr. Jean-pierre Philippe
Mr. Ang Wing Fung
Mr. Wong Chun Chau

Authorised Representatives

Mr. Wong Chun Chau
Ms. Kwok Yin Ning

Compliance Adviser

VC Capital Limited

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited
CTBC Bank Co. Limited
Nanyang Commercial Bank, Limited
DBS Bank (Hong Kong) Limited

Auditor

HLM CPA Limited

Registered Office

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

Headquarters And Principal Place of Business In Hong Kong

902, Harbour Centre, Tower 2,
8 Hok Cheung Street, Hunghom,
Kowloon, Hong Kong

Hong Kong Branch Share Registrar and Transfer Office

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

Principal Share Registrar and Transfer Office in the Cayman Islands

Codan Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive,
PO Box 2681, Grand Cayman
KY1-1111, Cayman Islands

Corporate Website

http://www.ukf.com.hk

Stock Code

8168

Listing Date

24 August 2012

CHAIRMAN'S STATEMENT

Results

The Group's audited turnover amounted to approximately HK$301.6 million for the year ended 31 March 2014 which represented an increase of approximately HK$4.1 million or approximately 1.4% as compared to approximately HK$297.5 million for the year ended 31 March 2013.

The audited net profit of the Group attributable to shareholders of the Company amounted to approximately HK$35.8 million for the year ended 31 March 2014 which represented an increase of approximately HK$8.7 million or approximately 32.1% as compared to approximately HK$27.1 million for the year ended 31 March 2013.

Basic earnings per share for the year ended 31 March 2014 was approximately HK2.28 cents compared to approximately HK2.58 cents for the year ended 31 March 2013.

Diluted earnings per share for the year ended 31 March 2014 was approximately HK2.23 cents compared to approximately HK2.54 cents for the year ended 31 March 2013.

Dividends

The board of Directors (the "Board") has proposed a final dividend, for the year ended 31 March 2014, of HK0.3 cents in cash per share. No interim dividend was paid during the year.

In respect of the preceding year, a final dividend of HK0.7 cents in cash per share was paid and no interim dividend was declared

Subject to approval at the forthcoming annual general meeting to be held on 18 July 2014, Friday (the "AGM"), the said final dividend will be payable on or about 4 August 2014, Monday to shareholders whose names appear on the register of members of the Company on 25 July 2014, Friday.

Issue of Bonus Shares

The Board has also proposed a bonus issue of one new share (the "Bonus Share") credited as fully paid for every five shares held by shareholders whose names appear on the register of members on 25 July 2014, Friday. The relevant resolution will be proposed at the forthcoming AGM, and if passed and upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing permission to deal in such new shares, share certificates of the Bonus Shares is expected to be posted on 4 August 2014, Monday.

Business Review

The Group recorded satisfactory results for its fur trade business and fur skins brokerage business with a matching growth in customer base for the year ended 31 March 2014. During the eight months period from 1 April 2013 to 30 November 2013, the trading prices for minks and foxes were high and the fur market was in a boom as a result.

CHAIRMAN'S STATEMENT

This high price was attributable to designers of top tier luxury brands incorporating fur into their design collections. This new usage of fur in the fashion industry set the trend for high fashion and quality fur skins were highly sought after. Apart from extravagant full-length coats, designers of top luxury brands such as Saint Laurent and Fendi had also set a new fashion trend by incorporating fur into accessories and handbags, many designers were inspired to follow suit.

Throughout the four months period between 1 December 2013 and 31 March 2014, a warm winter made retail sales not so good as previous year in China and Russia. However, the level of fur retail sales worldwide had not been impaired during the period and the sales proved the high status of fur in the fashion industry. The large volume of production of mink skins from China, Greece and Eastern Europe drove down the price for mink skins in the first three auctions held in Copenhagen, Helsinki and Toronto in the year.

The Hong Kong International Fur Fair, which was held from 25-28 February 2014 in Hong Kong, provided a platform for furriers to explore new market opportunities for the export of mink, fox, and fur trimmed garments. As the prices for mink and fox skins became more affordable, the furriers were able to export the fur skins to western countries along with Japan and Korea.

Fur trading

The Group made good profits during the eight months period from April to November 2013 as the buyers prepared for their upcoming production collection. The Group was able to take advantage of the high price of mink and fox skins during the period and hence attained generous profit margins through fur trading.

In view of the high price of mink and fox skins during the first eight months of the year, the Group was anticipating a decrease in fur prices for the rest of the financial year. As a result, the Group sold most of its inventory before December 2013 to maximise its gain.

Fur Skins brokerage

Loyal Speed Limited ("Loyal Speed"), a newly acquired subsidiary of the Group principally engaged in the provision of brokerage and financing services of fur skins. Loyal Speed remains profitable due to the high prices of mink and blue fox. As a result, additional strong customers are requesting our brokerage and financing services and it made a steady commission income and interest income at the auctions from its regular customers as well as new customers.

Mink Farming

The mink farming business of the Company experienced a steady growth during the year under review.

In December 2013, the Group's first acquired three mink farms in aggregate produced approximately 55,000 fur skins, over 15,000 of our highest graded female mink breeders were selected and kept for breeding in the ensuing year.

CHAIRMAN'S STATEMENT

In November 2013 and December 2013 respectively, the Group acquired two more mink farms which had not contributed any profit for the financial year, and substantial funds were spent in the respective acquisitions to settle professional fees and setup costs, the newly acquired mink farms have nevertheless played a crucial supportive role to the Group in the year by providing additional room to house extra mink breeders thus allowed the Group to continue to improve the overall quality and quantity of minks.

The Group endeavours to produce top quality fur skins and has devoted substantial effort in taking care of its minks. The Group takes pride in the quality of mink skins produced by our mink farms, as evidenced by the majority of the 55,000 fur skins produced by the Group and supplied to the KF auction houses being graded as above quality standard. With a breeding program implemented across all mink farms of the Group, it is foreseeable that the Group would continue to produce top quality fur skins to the market in the coming future.

The Group wished to draw shareholders' attention to the reasons why our farms had not generated profit in the reporting year. The business cycle of our farming business is not synchronous with the Group's previous financial year. One third of our mink breeders were still nurtured and were not pelted and sold during the year ended 31 March 2014. Before the minks are pelted in the following year, most of the costs incurred by us for acquiring and investing in the farms would not be recoverable. However, the Group is very confident that we will be able to generate profits in the coming year.

Prospects

As discussed above, it is clear that fur remains to be a staple in the fashion industry. Buyers going to Scandinavia and North America continue to demand for top quality skins and this led to the demise of many Chinese, Greek and Eastern Europe mink farms that are not able to produce fur skins of qualities demanded by the market.

Notwithstanding that the mink farming business of the Group did not yield handsome profits for the reporting year, it remains a valuable venture to the Group. With a close relationship with Kopenhagen Fur, the fur skin auction house in Denmark, that provides great resources and consultation support, the Group successfully enhanced the quality of fur skin products and breeders across all farms. The Group is expanding through recruitment of additional skilled labours and under the leadership of the management team comprised of experts in the relevant field. Meanwhile, the Group will continue to search for good valued and high-quality farms to acquire in order to strengthen its portfolio. By acquiring more farms, the Group is expected to lower its costs through large-scale purchase of supplies and sharing of equipment among mink farms.

The seemingly unsatisfactory price trend of mink skins (as seen in the fourth quarter of the reporting year) made the fur skins more affordable for buyers and created an opportunity for customers from emerging markets to enter the fur industry. Further, the more affordable price of fur skins has lowered the risk for existing buyers, thus encouraging them to make larger purchases, which we anticipate will continue to be the trend of purchases in auctions in the ensuing year.

Loyal Speed continues to build and strengthen its business relationship with favourable new and existing customers. The lower price of fur skins is expected to stimulate the demand from existing customers of Loyal Speed for brokerage and financing service and may generate a handsome profit for Loyal Speed.

CHAIRMAN'S STATEMENT

Overall, the Group expects to maintain its business with additional benefits derived from buyers of fur skins who took advantage of the current attractive market price. In view of the likelihood of steady recovery of the market and the fur skin prices in the second half of 2014, it is anticipated that fur skins produced by the Group's mink farms will be traded at favourable prices. We are organically expanding our business and are optimistic for another great financial year ahead!

Wong Chun Chau
Chairman
Hong Kong, 9 June 2014

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Turnover

The Group's turnover for the year ended 31 March 2014 was approximately HK$301.6 million, representing an increase of approximately 1.4% from approximately HK$297.5 million for the year ended 31 March 2013. The increase in the turnover was mainly attributable to the newly acquired business, namely (i) fur skin brokerage and relevant financing services and (ii) mink farming, which together outweighed the decrease in the turnover in fur skins trading due to decrease in prices of fur skins.

Cost of sales

The cost of sales amounted to approximately HK$242.0 million for the year ended 31 March 2014, representing a decrease of approximately 3.1% from approximately HK$249.8 million for the year ended 31 March 2013. The decrease in the cost of sales was mainly attributable to the decrease in sales of fur skins for the year ended 31 March 2014 as compared with the year ended 31 March in 2013.

Gross profit and gross profit margin

The gross profit of the Group was approximately HK$59.6 million for the year ended 31 March 2014, representing an increase of approximately 25.0% from HK$47.7 million for the year ended 31 March 2013. The Group recorded a gross profit margin of approximately 19.8% for the year ended 31 March 2014, which increased from approximately 16.0% for the year ended 31 March 2013. The increase in gross profit and gross profit margin was primarily due to the higher gross profit and gross profit margin generated from the newly acquired fur skin brokerage and relevant financing services.

Administrative expenses

The administrative expenses of the Group significantly increased by 81.7% from approximately HK$19.2 million for the year ended 31 March 2013 to approximately HK$34.8 million for the year ended 31 March 2014. The increase in the administrative expenses was primarily due to the depreciation, professional fee, staff salaries and farms operating cost relating to the acquisition of Loyal Speed and mink farms during the year.

Finance costs

The finance costs of the Group significantly increased by 104.7% from approximately HK$2.2 million for the year ended 31 March 2013 to approximately HK$4.5 million for the year ended 31 March 2014. The increase was primarily due to the increase in trust receipt loan interest, term loan interest, corporate bond interest and imputed interest on promissory note. As at 31 March 2014, the Group obtained banking facilities up to HK$181 million; therefore, the trust receipt loan interest and term loan interest increased significantly. Further as the Group issued a corporate bond in an aggregate principal amount of HK$10 million at the interest rate of 5.5% per annum for 7 years in November 2012. As part of consideration for the acquisition of Loyal Speed on 13 May 2013, the Group issued a promissory note in an aggregate principal amount of HK$20 million and imputed interest was therefore incurred. The fair value of the promissory note was HK$17,620,146 at the effective interest rate of 6.54% per annum.

Liquidity, Financial Resources and Capital Structure

The Group generally finances its operations with internally generated cash flow, bank borrowings and corporate bond. The Group maintained bank balances and cash of approximately HK$60.8 million as at 31 March 2014 (2013: approximately HK$134.5 million). The net assets of the Group as at 31 March 2014 were HK$271.5 million (2013: approximately HK$171.0 million).

On 16 July 2013, the Group issued warrants to subscribe for a maximum of 114,000,000 shares at the exercise price of HK$0.32 per share within 1 year commencing from that day. The details of the warrants have been disclosed in the announcement and circular of the Company dated 26 May 2013 and 13 June 2013 respectively. The net proceeds to be raised from the issue of shares underlying the warrants were intended to be used as general working capital, mainly for its newly acquired business, including the mink farms in Denmark and the provision of finance for its fur skin brokerage customers. As at 31 March 2014, no warrants have been exercised.

On 24 July 2013, the Group had allotted and issued 230,400,000 shares at HK$0.28 per share with net proceeds of approximately HK$62.9 million as a result of the top-up placing and subscription, the details of which had been disclosed in the announcement dated 15 July 2013. The net proceeds were used for general working capital and to fund the potential acquisition of other businesses relating to the principal business of the Group.

As at 31 March 2014, the Group had bank borrowings, which comprised trust receipt loans and term loans of approximately HK$84.6 million and approximately HK$18.7 million respectively to finance its purchases of fur skins and general working capital. The Group has also obtained banking facilities of up to HK$181 million with (i) all monies charge on cash deposit of HK$8.5 million, (ii) corporate guarantees provided by the Company and (iii) the requirements that the net external gearing ratio shall not be more than 150% and the net assets of the Group shall grow by at least HK$15 million annually. The net external gearing ratio, representing the ratio of total interest bearing borrowings to the net assets of the Group, was approximately 48.8% as at 31 March 2014 (2013: approximately 24.4%).

The Directors consider that the Group can meet the conditions of the banking facilities for the year ended 31 March 2014 and in the future.

Pledge of Assets

As at 31 March 2014, the Group pledged cash deposits of approximately HK$8.5 million to secure general banking facilities. (2013: HK$ Nil).

Capital Commitments

As at 31 March 2014, the Group did not have any significant capital commitments (2013: approximately HK$0.4 million).

Contingent Liabilities

As at 31 March 2014, the Group granted corporate guarantees to secure general banking facilities up to HK$181 million. (2013: HK$ 50 million).

Material Acquisitions or Disposals and Significant Investments

On 6 March 2013, Trade Region Limited, a direct wholly owned subsidiary of the Company, entered into the sale and purchase agreement (the "SPA") as a purchaser to acquire the entire issued share capital of Loyal Speed in the total consideration of HK$91,000,000. As at the date of the SPA, Loyal Speed focused on (i) buying raw fur skins from two auction houses for and on behalf of its customers including fur skins buyers or fur skins dealers to earn commission; and (ii) providing finance for its fur skins brokerage customers for settlement of their purchases of fur skins from these two auction houses to earn interests. The Directors considered that businesses of Loyal Speed would complement the Group's fur skins trading business and enlarge its customer base which would be beneficial to its long-term growth. The transactions contemplated under the SPA were approved at the extraordinary general meeting on 9 May 2013 and completed on 13 May 2013.

Pursuant to the SPA, Cheer Dragon International Limited (the "Vendor") guaranteed that the net profit (after tax and deducting extraordinary items) of Loyal Speed for the year ended 31 March 2013 would not be less than HK$14 million (the "2013 Guaranteed Profit") and the sum of all receivables (other than prepayments) of Loyal Speed as at 31 March 2013 (the "2013 Aggregated Receivables") would be collected by 30 September 2013 (the "Receivables Guarantee").

Pursuant to the SPA, Mr. Ching Kwok Ho (the "Guarantor") guaranteed that the net profit (after tax and deducting extraordinary items) of Loyal Speed for the year ended 31 March 2014 would not be less than HK$14 million (the "2014 Guaranteed Profit").

The net profit (after tax and deducting extraordinary items) of Loyal Speed as shown in the audited financial statements for the year ended 31 March 2013 and 2014 were approximately HK$14.9 million and HK$14.2 million respectively. Accordingly, the 2013 Guaranteed Profit and the 2014 Guaranteed Profit have been achieved. Further the 2013 Aggregated Receivables had been collected by 30 September 2013.

Pursuant to the announcement dated 10 May 2013, UKF (Denmark) A/S, an indirect wholly owned subsidiary of the Company, entered into an acquisition agreement on 8 May 2013 as purchaser with an independent farm owner in respect of acquisition of a mink farm located in Denmark by consideration at DKK11,130,000 (equivalent to approximately HK$15,915,900).

Pursuant to the announcement dated 2 November 2013, UKF (Denmark) A/S, an indirect wholly owned subsidiary of the Company, entered into an acquisition agreement on 2 November 2013 as purchaser with an independent farm owner in respect of acquisition of a mink farm located in Denmark by consideration at DKK7,400,000 (equivalent to approximately HK$10,582,000).

Future Plans For Material Investments or Capital Assets and Expected Sources of Funding

Save as disclosed under "Comparison of Future Plans and Prospects with Actual Business Progress" in this report, the Group did not have any specific plan for material investment or capital assets as at 31 March 2014.

Employee Information

As at 31 March 2014, the Group had a total of 28 staff members including Directors (2013: 12). Staff costs including Director's remuneration amounted to approximately HK$10.9 million for the year ended 31 March 2014 (2013: approximately HK$3.5 million). Remuneration is determined based on the individual's qualification, experience, position, job responsibility and market conditions. Salary adjustments and staff promotion are based on evaluation of staff performance by way of annual review, and discretionary bonuses would be paid to staff with reference to the financial performance of the Group of the preceding financial year. Other benefits include contributions to statutory mandatory provident fund scheme to its employees in Hong Kong, and options that were granted or may be granted under the pre-IPO share option scheme and share option scheme, both of which had been approved by the then sole shareholder of Company on 1 August 2012. Please refer to the Report of Directors in this annual report for further details of emolument of staff members.

Risk Management

Credit Risk

Credit risk exposure represents trade receivables from customers which principally arise from our business activities. The Group has a credit policy in place and the credit risk is monitored on an on-going basis.

In order to minimise the credit risk, management of the Group reviews the recoverable amount of each individual trade debt at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Board of Directors considers that the Group's credit risk is significantly reduced.

Liquidity risk

The Group monitors its current and expected liquidity requirements regularly and ensures sufficient liquid cash and adequate committed lines of funding from reputable financial institutions are available to meet the Group's liquidity requirements in the short and long terms.

Foreign currency risk

The Group carries out its business in Hong Kong and worldwide and most of the transactions are denominated in United States dollars ("US$") and Danish Kroner ("DKK"). The sales and purchases transactions of the Group have been exposed to the foreign currency risk.

To mitigate the impact of exchange rate fluctuations, the Group continually assesses and monitors the exposure of foreign currency risk. During the year under review, the management of the Group did not consider it necessary to use foreign currency hedging policy as the Group's assets and liabilities denominated in currencies other than the functional currency of the entity to which they related are short term foreign currency cash flows. As the HK$ is pegged to the US$, the Group considers the risk of fluctuations in exchange rates between the HK$ and the US$ to be insignificant.

During the year under review, management of the Group did not consider it necessary to use foreign currency forward contracts to hedge the exposure to foreign currency risk due to the operation of the overseas subsidiary in Denmark, as the exchange rate of DKK was relatively stable.

Comparison of Future Plans and Prospects With Actual Business Progress

An analysis comparing the future plans and prospects as contained in the prospectus of the Company dated 15 August 2012 ("Prospectus") with the Group's actual business progress for the period from 6 August 2012, being the latest practicable date as defined in the Prospectus, to 31 March 2014 (the "Relevant Period") is set out below:

	Future plans and prospects	Actual business progress during the Relevant Period
Expand customer network	Participate in the fur exhibitions and fairs to be held in Beijing and Hong Kong. Place advertisements on fur magazine to promote the business of the Group	The Group has participated in the fur exhibitions and fairs held in Hong Kong in February 2013 and 2014. It also has placed advertisements on fur magazine to promote the business of the Group
Enhance ability to purchase more fur skins from the Kopenhagen Fur ("KF") and Saga Furs Oyj ("Saga")	Deploy more resources in sourcing fur skins in KF and Saga	The Group sourced more fur skins at favourable price in KF and Saga in September and December 2012, and February 2013 respectively
Strengthen the source of procurement by purchasing fur skins from two additional auction houses in Canada and the United States	Participate in the auctions to be held by North American Fur Auction ("NAFA") in Canada and American Legend Cooperative ("ALC") in the United States	The Group has commenced purchases of fur skins in NAFA, Canada since September 2012
Enhance the technical skills of the staff	Arrange staff to enroll and attend the course on selecting sorting and distinguishing fur skins offered by Saga and KF	The Group has arranged staff members to attend courses offered by Saga and KF
Expand the business of the Group through acquisition or cooperation	Acquire or cooperate with other fur companies to further expand the business of the Group	The Group has applied HK$7.1 million from the placing of 240,000,000 Shares on 24 August 2012 ("IPO Placing") to partly settle the total consideration of HK$91.0 million for acquisition of the entire issue capital of Loyal Speed

The net proceeds from the IPO Placing were approximately HK$47.4 million, which was based on the final placing price of HK$0.26 per share and the actual expenses related to the listing. Accordingly, the Group adjusted the use of proceeds in the same manner and proportion as shown in the Prospectus.

During the period from the date of listing (i.e. 24 August 2012) to 31 March 2014, the net proceeds from the IPO Placing had been applied as follows:

	Adjusted use of proceeds in the same manner and proportion as shown in the Prospectus HK$ million	**Actual use of proceeds** HK$ million
Expand customer network	0.9	0.9
Enhance ability to purchase more fur skins from the Auction Houses	27.9	27.9
Strengthen the source of procurement by purchasing fur skins from two addition auction houses in Canada and the United States	8.0	8.0
Enhance the technical skills of the staff	0.4	0.4
Expand the business of the Group through acquisition or cooperation	7.1	7.1
General working capital	3.1	3.1
	47.4	47.4

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. WONG Chun Chau (黃振宙), aged 57, was appointed as an executive Director on 31 March 2011 and was designated as the Chairman of the Company on 1 August 2012. Mr. Wong has more than 29 years' experience in the field of fur skin trading and management. Mr. Wong graduated with high honour from Clemson University, South Carolina, U.S.A. in 1977 with a Bachelor of Science degree in Chemical Engineering. He also attended a special training course in Copenhagen, Denmark, in 1981, which was about fur sorting and auction procedure, and acquired in-depth knowledge and skills on sorting raw fur materials, inspection of show-lots and compilation of catalogues, sales procedures and invoicing, etc. He is responsible for formulating and monitoring the Group's overall strategic plan and development.

Mr. Wong was a director of the Hong Kong Fur Federation from 1987 to 2006 and served as a director in its Skin Dealers' Committee from 1993 to 2000 and from 2003 to 2006, Overseas Affairs Committee from 1993 to 2006 and China & Local Promotion Committee from 2001 to 2006 whereas he was the director-in-charge of the Skin Dealers' Committee from 1995 to 1998.

Ms. KWOK Yin Ning (郭燕寧), aged 58, was appointed as an executive Director on 31 March 2011 and was designated as the Chief Executive Officer of the Company on 1 August 2012. She has been working in the fur industry for more than 29 years and with 17 years of managerial experience. She is responsible for the Group's corporate management and strategic planning.

Ms. Kwok attained a diploma on Management Studies in 1995 which was jointly awarded by the Hong Kong Polytechnic University and the Hong Kong Management Association.

Independent Non-Executive Directors

Mr. ANG Wing Fung (洪榮鋒), aged 41, became an independent non-executive Director on 1 August 2012. Mr. Ang is an executive director of Inno-Tech Holdings Limited (Stock Code: 8202) and the Company Secretary and Chief Financial Controller of China Fortune Investments (Holding) Limited (Stock Code: 8116), both companies are listed on GEM. Mr. Ang attained a Bachelor's degree of Commerce in Accounting and Finance from the University of New South Wales, Australia in 1999. He further obtained a master degree in Business Administration (Executive) in 2010 from the City University of Hong Kong. He is an associate member of HKICPA, a qualified member of CPA Australia and an associate member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators. He also has more than 4 years' experience in an international accounting firm.

Mr. TANG Tat Chi (鄧達智), aged 59, became an independent non-executive Director on 1 August 2012. Mr. Tang is the founder and a director of W. Tang Company Limited, a company established in 1984 and engaged in the business of fashion design. Before starting his own company, he had worked as a fashion designer at YGM Apparel Limited from September 1981 to April 1984.

Mr. Tang obtained a Bachelor of Arts degree in 1978 from the University of Guelph, Ontario, Canada. He also served on the Committee on the Promotion of Civic Education, which is a non-statutory committee in Hong Kong tasked with the promotion of civic education outside schools, from 2003 to 2005. Mr. Tang has more than 20 years of experience in the field of fashion design.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Jean-pierre PHILIPPE, aged 54, became an independent non-executive Director on 1 August 2012. Mr. Philippe held the position as chief executive officer in Uniglory Industrial Limited from 1989 to 1997. Uniglory Industrial Limited is a company incorporated in Hong Kong which is engaged in the business of consumer electronic products, with manufacturing in China and for distribution in Europe.

Senior Management

Mr. John EGGERT, aged 61, joined the Group in July 2013 as the area general manager of the mink farms and is currently is a director of UKF (Denmark) A/S, wholly owned subsidiary of the Company, since 6 February 2014. Mr. Eggert holds a degree in Farm Management from Nordic Agricultural University, Denmark. He has more than 36 years of experience in farm management and operations in Denmark, Canada, Egypt, South Africa, China, Romania, Bosnia, Ukraine and Russia. He is responsible for the Group's mink farming management and operation in Denmark.

Mr. CHUNG Man Wai Stephen (鍾文偉), aged 35, joined the Group in January 2011 and is the finance manager and company secretary of the Company. Mr. Chung is responsible for the Group's accounting and corporate finance matters. Mr. Chung holds a Bachelor's degree of Science in Applied Accountancy in 2005 from Oxford Brookes University in United Kingdom. He is a member of HKICPA. Prior to joining the Group, he had worked in the professional field of accounting and auditing for more than 8 years.

CORPORATE GOVERNANCE REPORT

The Company endeavours in maintaining high standard of corporate governance for the enhancement of shareholders' value and provide transparency, accountability and independence. In August 2013, the Board has revised the corporate governance code of the Company (the "Corporate Governance Code") which adopts the latest code provisions (the "Code Provisions") of the Corporate Governance Code and Corporate Governance Report (the "Code") contained in Appendix 15 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") as the guidelines for corporate governance of the Company.

The Company has fully complied with the required Code Provisions throughout the year ended 31 March 2014.

Compliance with the Required Standard of Dealings in Securities Transactions by Directors

The Group has adopted a code of conduct regarding securities transactions by Directors on the same terms as the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Required Standard of Dealings"). Upon the Group's specific enquiry, all Directors confirmed that during the year ended 31 March 2014, they had fully complied with the Required Standard of Dealings and there was no event of non-compliance.

Board of Directors

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

The Board comprises two executive Directors and three independent non-executive Directors and the Board is accountable to shareholders. The powers and duties of management and control of the business of the Company are vested in its Board. It is the duty of the Board to enhance value to the shareholders of the Company. The composition of the Board and biographies of the Directors are set out on pages 14 to 15 of this annual report.

The two executive Directors are responsible for the leadership and control of the Company and oversee the Group's businesses, strategic decisions and performances and are collectively responsible for promoting the success of the Company by directing and supervising its affairs.

The three independent non-executive Directors are responsible for ensuring a high standard of financial and other mandatory reporting of the Board as well as providing adequate checks and balances in the Board in order to protect shareholders' interest and overall interest of the Group.

Each independent non-executive Director has given the Company an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers that all the independent non-executive Directors are independent and meet the independent guidelines set out in Rule 5.09 of the GEM Listing Rules.

Roles of Chairman and Chief Executive Officer

The position of the Chairman and the chief executive officer are held by Mr. Wong Chun Chau and Ms. Kwok Yin Ning respectively. This ensures a clear distinction between the Chairman's duty to manage the Board and the chief executive officer's duty to oversee the overall internal operation of the Group.

CORPORATE GOVERNANCE REPORT

Division of Responsibilities of the Board and Management

The following types of matters are reserved for the Board's approval:

(a) corporate and capital structure;

(b) corporate strategy;

(c) policies;

(d) business and management;

(e) key financial matters;

(f) board members, senior management and auditors;

(g) remuneration of directors and senior management; and

(h) communication with shareholders and the Stock Exchange.

The matters delegated by the Board to the management's decision include:

(a) approval of extension of the Group's activities not in a material manner into a new geographical location or a new business;

(b) approval and assessment of the performance of all business units;

(c) approval of expenses up to a certain limit;

(d) approval of connected transactions not requiring disclosure under the GEM Listing Rules;

(e) approval of the nomination and appointment of personnel other than the members of the Board and senior management;

(f) approval of press release concerning matters decided by the Board;

(g) approval of any matters related to routine matters or day-to-day operation of the Group; and

(h) matters further delegated by the Board from time to time.

Appointment, Re-election and Removal

Under article 84 of the Company's Articles of Association (the "Articles"), at each annual general meeting, not less than one third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not to offer himself for re-election. Any further Directors who have been longest in office since their last re-election or appointment shall also retire by rotation.

Under Code Provision A.4.1, non-executive Directors should be appointed for a specific term, subject to re-election. The term of appointment for each of the independent non-executive Directors appointed by the Company is 3 years commencing from 1 August 2012, subject to re-election and other requirements under the Company's Articles, the Code and the respective letter of appointment.

Number of Meetings and Directors' Attendance

Regular board meetings should be held at least four times a year at approximately quarterly intervals for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company.

During the year ended 31 March 2014, the Board held 4 regular board meetings and 9 additional meetings. As regards general meeting, the Company held the annual general meeting on 28 June 2013 and 2 extraordinary general meetings during the year ended 31 March 2014. The table below sets out the individual attendance record of each Director at the Board meetings and general meetings during the year:

	Attendance/Number of meetings		
Name of Directors	**Regular Board meetings**	**Additional Board meetings**	**General Meetings**
Executive Directors			
Mr. Wong Chun Chau *(Chairman)*	4/4	9/9	3/3
Ms. Kwok Yin Ning	4/4	9/9	3/3
Independent Non-executive Directors			
Mr. Ang Wing Fung	4/4	7/9	3/3
Mr. Tang Tat Chi	0/4	6/9	1/3
Mr. Jean-pierre Philippe	4/4	6/9	0/3

The company secretary attended all the scheduled Board meetings to report matters arising from corporate governance, risk management, statutory compliance, accounting and finance.

Practice and Conduct of Meetings

Schedules and draft agenda of each meeting are normally made available to Directors in advance.

Code Provision A.1.3 stipulates that at least 14 days notice should be given for a regular Board meeting. For other Board and committee meetings, reasonable notices are generally given.

Board papers together with all appropriate, complete and reliable information are sent to all Directors at least 3 days before each Board meeting or audit committee meeting to keep the Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. All Directors are given an opportunity to include matters in the agenda for regular Board meetings. The Board and each Director also have separate and independent access to the senior management whenever necessary. With the support of the senior management, the chairman is responsible for ensuring that the Directors receive adequate, complete and reliable information in a timely manner and appropriate briefing on issues arising at Board meetings.

Minutes of all Board meetings recording sufficient details of matters considered and decisions reached are normally circulated to Directors or members of relevant committee for comment within a reasonable time after each meeting, and the final versions are duly kept by the company secretary of the meetings and are opened for inspection by the Directors.

Article 100 of the Articles requires Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

Training and continuing development of Directors

All Directors should participate in continuing professional development to develop and refresh their skills to ensure that he has appropriate understanding of the business and operations of the Group and that he is sufficiently aware of his responsibilities and obligations under the GEM Listing Rules and relevant regulatory requirements.

The Directors are continually updated with legal and regulatory developments, and the business and market changes to facilitate the discharge of their responsibilities. They are also informed of the latest development regarding the GEM Listing Rules and other regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices. During the year ended 31 March 2014, all Directors have participated in continuous professional development by attending training session or reading relevant materials on the topics related to corporate governance and regulations.

The individual training record of each Director received during the year is summarised below:

Name of Directors	Read materials	Attend seminar(s) and briefings
Executive Directors		
Mr. Wong Chun Chau *(Chairman)*	✓	✓
Ms. Kwok Yin Ning	✓	✓
Independent Non-executive Directors		
Mr. Ang Wing Fung	✓	✓
Mr. Tang Tat Chi	✓	✓
Mr. Jean-pierre Philippe	✓	✓

All the Directors also understand the importance of continuous professional development and are committed to participating any suitable training or reading relevant materials in order to develop and refresh their knowledge and skills.

Board Committees

The Board has set up 3 board committees, namely the audit committee, the remuneration committee and the nomination committee to oversee particular aspects of the Group's affairs.

The committees are provided with sufficient resources to discharge their duties and upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

Audit Committee

The Company established an audit committee (the "Audit Committee") on 1 August 2012 which comprises all 3 independent non-executive Directors, namely Mr. Ang Wing Fung, Mr. Tang Tat Chi and Mr. Jean-pierre Philippe, with Mr. Ang Wing Fung being the chairman of the committee.

The Audit Committee has adopted the written terms of reference in compliance with Code Provision C3.3. Among other things, the primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group. During the year, the committee met its responsibilities in reviewing the Group's quarterly, interim and annual results with the assistance of the senior management and the professional accounting firm engaged by the Group, which conducted regular internal audits and report to the committee.

During the year ended 31 March 2014, 4 Audit Committee meetings were held. The attendance records of each member of the audit committee at the committee meetings are set out below:

Name of Directors	Attendance/ Number of Meetings
Mr. Ang Wing Fung *(Chairman)*	4/4
Mr. Tang Tat Chi	0/4
Mr. Jean-pierre Philippe	4/4

Remuneration Committee

The Company established a remuneration committee (the "Remuneration Committee") on 1 August 2012 which comprises 3 independent non-executive Directors, namely Mr. Jean-pierre Philippe, Mr. Tang Tat Chi and Mr. Ang Wing Fung, with Mr. Jean-pierre Philippe being the chairman of the committee.

The Remuneration Committee has adopted written terms of reference in compliance with Code Provision B.1.3. The primary duties of the Remuneration Committee include the following:

(a) evaluating the performance and making recommendations on the remuneration package of the Directors and senior management;

(b) making recommendations to the board on the Company's policy and structure for all directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

(c) reviewing and approving the management's remuneration proposals with reference to the board's corporate goals and objectives.

During the year ended 31 March 2014, the Remuneration Committee met once with presence of all eligible members and reviewed and made recommendation on the remuneration package of Directors of the Group.

Nomination Committee

The Company established a nomination committee (the "Nomination Committee") on 1 August 2012 which comprises all 3 independent non-executive Directors and 1 executive Director, namely Mr. Tang Tat Chi, Mr. Ang Wing Fung, Mr. Jean-pierre Philippe and Mr. Wong Chun Chau, with Mr. Tang Tat Chi being the chairman of the committee.

The Nomination Committee has adopted written terms of reference, which have been amended by the Board on 12 August 2013, in compliance with Code Provision A5.3. The primary duties of the Nomination Committee include:

(a) reviewing the structure, size and composition (including but not limited to gender, age, cultural and educational background, skills, knowledge, professional experience and length of service) of the Board at least annually and making recommendations on any proposed changes to the board to complement the issuer's corporate strategy;

(b) nominating potential candidates for directorship;

(c) reviewing the nomination of directors and making recommendations to the Board on terms of such appointment;

(d) assessing the independence of independent non-executive directors.

The Company has adopted a board diversity policy ("Board Diversity Policy") on 12 August 2013, which sets out its approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board.

The Company recognises the benefits of Board diversity and endeavours to ensure that the Board has the appropriate balance and level of skills, experience and perspectives required to support the execution of its business strategies. The Company seeks to achieve Board diversity through the consideration of a number of factors, including professional qualifications and experience, cultural and educational background, gender, age and length of service. The Company will also take into consideration factors based on its own business model and specific needs from time to time in determining the optimum composition of the Board.

The Board has set measurable objectives (in terms of gender, skills and experience) to implement the Board Diversity Policy and review such objects from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its continued effectiveness from time to time.

The Company considers that the current composition of the Board is characterised by diversity, whether considered in terms of professional background and skills.

During the year ended 31 March 2014, the Nomination Committee met once with the presence of all eligible members and (i) reviewed and discussed the structure, size and composition of the Board to ensure that it has a balance of expertise, skills, experience and diversity of perspectives appropriate to the requirements for the business of the Group and (ii) recommendation on the re-election of the retiring Directors.

Company Secretary

Mr. Chung Man Wai, Stephen joined the Group in 2011 and has been the company secretary of the Company since 2012. He is also an employee of a fellow subsidiary of the Company and has day-to-day knowledge of the Company's affairs. As the company secretary, Mr. Chung supports the Board by ensuring board procedures and all applicable law, rules and regulations are followed. He is responsible for advising the Board on corporate governance matters and facilitates induction and professional development of the Directors. The selection, appointment and dismissal of the company secretary are subject to the Board approval in accordance with the Articles. Whilst the company secretary reports to the chief executive officer on the Group's company secretarial and corporate governance matters, all Directors have access to the advice services of the company secretary. Pursuant to Rule 5.15 of the GEM Listing Rules, the company secretary has taken no less than 15 hours of relevant professional training in the year under review.

Directors and Officers Insurance

Appropriate insurance covers on directors' and officers' liabilities have been in force to protect the Directors and officers of the Group from their risk exposure arising from the business of the Group.

Directors' and Auditor's Responsibilities in Respect of the Consolidated Financial Statements

The Board is responsible for presenting a balanced, clear and understandable assessment of annual, half-year and quarterly reports, other inside information announcements and other financial disclosures required under the GEM Listing Rules and other statutory requirements.

The Directors acknowledge their responsibilities for the preparation of the accounts which give a true and fair view of the state of affairs of the Group and of the results and cash flows for the year ended 31 March 2014.

The Directors 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, therefore the Directors continue to adopt the going concern approach in preparing the consolidated financial statements.

The statement by the auditor of the Company regarding its reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on page 37 and 38.

Auditor's Remuneration

The remuneration paid/payable to the auditor of the Group for the year ended 31 March 2014 is set out as follows:

Services rendered	**Paid/payable** HK$'000
Statutory audit services	680
Non-statutory audit services:	
Reporting accountant in relation to acquisitions and other transactions	242
	922

Internal Controls

The Board has overall responsibility for the internal control system of the Company. The Board has developed its systems of internal control and risk management and is also responsible for reviewing and maintaining an adequate internal control system to safeguard the interests of the shareholders and the assets of the Company. During the year, the Board has conducted a review of the effectiveness of the internal control system of the Company.

Communication With Shareholders

The Company endeavours to maintain an on-going dialogue with the shareholders and in particular, through annual general meetings or other general meetings to communicate with the shareholders and encourage their participation.

The Company will ensure that there are separate resolutions for separate issues proposed at the general meetings.

The Company will continue to maintain an open and effective investor communication policy and to update investors on relevant information on the Group's business in a timely manner, subject to relevant regulatory requirements.

Shareholders' Rights

Convening an extraordinary general meeting

Pursuant to article 58 of the Articles, extraordinary general meetings of the Company (the "EGM") shall be convened on the requisition of any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company. Such shareholders shall have the right, by written requisition to the Board or the company secretary of the Company, to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and the EGM shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s), as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting enquiries to the Board

To ensure effective communication between the Board and the shareholders, the Company has adopted a shareholders' communication policy (the "Policy"). Under the Policy, the Company's information shall be communicated to the shareholders mainly through general meetings, including annual general meetings, the Company's financial reports (annual, interim and quarterly reports), and its corporate communications and other corporate publications on the Company's website and the Stock Exchange's website. Shareholders may at any time make a request for the Company's information to the extent that such information is publicly available. Any such questions shall be first directed to Mr. Wong Chun Chau, the Chairman of the Board of the Company at the Company's principal place of business in Hong Kong by post at 902, 9th Floor, Harbour Centre, Tower 2, 8 Hok Cheung Street, Hunghom, Kowloon, Hong Kong or by email to admin@ukf.com.hk. shareholders may also directly raise questions during the shareholders' meetings.

Putting forward proposals at shareholders' meeting

The number of shareholders necessary for putting forward a proposal at a shareholders' meeting shall be any number of shareholders representing not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings at the date of the request. The request to put forward a proposal must be made within 30 days from the date of the relevant shareholders' meeting.

Investor Relations

The Company believes that maintaining a high level of transparency is a key to enhancing investor relations. It is committed to a policy of open and timely disclosure of corporate information to its shareholders and investment public. The Company updates its shareholders on its latest business developments and financial performance through its annual, interim and quarterly reports. The corporate website of the Company (http://www.ukf.com.hk) has provided an effective communication platform to the public and the shareholders.

During the year, there had been no significant change in the Company's constitutional documents.

REPORT OF THE DIRECTORS

The Board is pleased to present their annual report together with the consolidated financial statements of the Group for the year ended 31 March 2014.

Principal Activities

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in note 41 to the consolidated financial statements. The Group is principally engaged in the trading of fur skins, fur skins brokerage and mink farming. There is no significant change in the nature of the Group's principal activities during the year.

Segmental Information

The Group's segment information and revenue for the year ended 31 March 2014 are set out in note 6 to the consolidated financial statements respectively.

Results and Dividends

The results of the Group for the year ended 31 March 2014 and the state of affairs of the Company and of the Group as at that date are set out in the consolidated financial statements on pages 39 to 114.

The Directors recommend the payment of a final dividend, for the year ended 31 March 2014, of HK0.3 cents per ordinary share in cash. Subject to the approval of the Company's shareholders at the forthcoming annual general meeting, the said final dividend will be payable on or about 4 August 2014, Monday to shareholders whose names appear on the register of members of the Company on 25 July 2014, Friday. Details of dividends paid during the year ended 31 March 2014 are set out in note 12 to the consolidated financial statements.

The Directors has also proposed a bonus issue of one new share credited as fully paid for every five existing shares held by the shareholders of the Company. Further details of the bonus issue are set out in the separate circular of the Company dated 16 June 2014.

Summary of Financial Information

A summary of the published results and assets and liabilities of the Group for the five financial years since the incorporation of its operating subsidiary, U.K. Fur Limited, as extracted from the consolidated financial statements, is set out on page 115 of this Annual Report. This summary does not form part of the consolidated financial statements.

Reserves

Details of movements in the reserves of the Company and the Group during the year are set out in note 42 to the consolidated financial statements and in the consolidated statement of changes in equity respectively.

Distributable Reserves

As at 31 March 2014, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to HK$187.1 million, of which HK$5.0 million has been proposed as a dividend for the year. In addition, the Company's share premium amounted to HK$182.2 million may be distributed in the form of fully paid bonus shares which has been proposed by the Board.

Use of Proceeds from Top-Up Subscription

Mr. Wong Chun Chau, a controlling shareholder of the Company, the Company and Oriental Patron Securities Limited (the "Placing Agent") entered into a top-up subscription agreement (the "Top-up Subscription Agreement") on 15 July 2013 pursuant to which Mr. Wong agreed to subscribe for 230,400,000 ordinary shares (the "Top-up Subscription Shares") at HK$0.28 per Share after the same number of Shares was placed at the same price by Mr. Wong through the Placing Agent under another top-up placing agreement entered into by the above parties on the same day (the "Top-up Placing Agreement").

The Directors have considered various ways of raising funds and consider that the top up placing and the top up subscription represent a good opportunity to raise capital for the Company while broadening the shareholder base and strengthening the capital base of the Company. The aggregate nominal value of the Top-up Subscription Shares is HK$2,304,000. After deducting the costs and expenses in relation to the top-up placing and top up subscription contemplated under the Top-up Placing Agreement and Top-up Subscription Agreement, the net price per the Top-up Subscription Share was about HK$0.273, which represents a discount of about 10.49% of the closing price of the Shares on 15 July 2013, being the date on which the terms of the issue were fixed. The net proceeds of the top-up subscription were used for working capital of the Group and to fund the potential acquisition of other business relating to the principal business of the Group.

Placing and Issue of Warrants

On 16 July 2013, the Company issued unlisted warrants ("Warrants") to subscribe for up to 114,000,000 ordinary Shares in the Company during the 12-month period from 16 July 2013 to 16 July 2014. The price of the Warrants was HK$0.005 per warrant and therefore, the proceed in issue of warrants is HK$570,000 which was used for general working capital of the Group. As at 31 March 2014, none of the holders of Warrants exercised their subscription rights under the Warrants.

Property, Plant and Equipment and Investment Properties

Details of the movements in property, plant and equipment and investment properties of the Group during the year are set out in notes 14 and 15 to the consolidated financial statements respectively.

REPORT OF THE DIRECTORS

Share Capital and Share Options

Details of the Company's share capital and share options movements during the year, together with reasons for the movements, are set out in note 29 and 34 to the consolidated financial statements respectively.

Pre-emptive Rights

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

Purchase, Redemption or Sale of Listed Securities of the Company

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

Major Customers and Suppliers

The percentages of purchases and sales for the year ended 31 March 2014 attributable to the Group's major suppliers and customers are as follows:

	Approximate % to total turnover for the year ended 31 March 2014
Purchases	
— the largest supplier	72.8%
— the five largest suppliers combined	100%
Sales	
— the largest customer	28.8%
— the five largest customers combined	86.2%

None of the Directors, their associates or shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or five largest suppliers.

Advances to the entities

Pursuant to the Rules 17.15 and 17.17 of the GEM Listing Rules, a disclosure obligation arises where the relevant advance to the entities from the Group exceeds 8% under the assets ratio as defined under Rule 19.07(1) of the GEM Listing Rules. As at 31 March 2014, the total assets of the Group were approximately HK$467.3 million.

As at 31 March 2014, Loyal Speed, an indirect wholly owned subsidiary of the Company, had advances to two fur brokerage customers, namely Fur Supply (China) Limited (the "FSC Loans") and Modern Fur Company Limited (the "MF Loans") to finance their purchase of fur skins from the auction houses.

The table below sets out the details of the FSC Loans and MF Loans as at 31 March 2014:

	FSC Loans	MF Loans
Amount due to the Group	HK$75,451,046	HK$21,391,587
Credit Term	180 days	180 days
Interest Rate	1.2% per month if the repayment is made within the first 90 days of the credit period;	12% per annum if the repayment is made within the first 120 days of the credit period;
	1.5% per month if the repayment is made after the first 90 days of the credit period	14.4% per annum if the repayment is made after the first 120 days of the credit period
Collateral	The fur skins purchased with the relevant part of the FSC Loan	The fur skins purchased with the relevant part of the MF Loan

Charitable Contribution

During the year, the Group made charitable contribution totalling HK$519,000.

Directors

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

Executive Directors

Mr. Wong Chun Chau *(Chairman)*
Ms. Kwok Yin Ning *(Chief Executive Officer)*

Independent Non-executive Directors

Mr. Ang Wing Fung
Mr. Tang Tat Chi
Mr. Jean-pierre Philippe

Pursuant to Article 84(1) of the Company's Articles and the Corporate Governance Code of the Company, Mr. Ang Wing Fung and Mr. Jean-pierre Philippe will retire by rotation at the forthcoming annual general meeting. All of them, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Directors' and Senior Management's Biographies

Biographical details of the Directors and the senior management of the Group are set out on pages 14 to 15 of this Annual Report.

Directors' Service Contracts

Each of the executive Directors has entered into a service contract with the Company for a period of three years commencing from 1 August 2012. Each of the independent non-executive Directors has signed an appointment letter with the Company for a period of three years commencing from 1 August 2012. The appointment of all Directors will continue thereafter until terminated by either party giving not less than three months' prior written notice to the other. All Directors are subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Company's Articles.

Other than those disclosed above, 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).

Independence Confirmation

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers that all independent non-executive Directors meet the independence guidelines set out in Rule 5.09 of the GEM Listing Rules and hence are independent.

Management Contracts

As at 31 March 2014, the Company did not enter into or have any management and administration contracts in respect of the whole or any principal business of the Company.

Emoluments of Directors and Five Highest Paid Individuals

Details of the emoluments of the Directors and the five highest paid individuals of the Group during the financial year are set out in note 10 to the consolidated financial statements.

Pension Schemes

Particulars of the Group's pension schemes are set out in note 35 to the consolidated financial statements.

Emolument Policy

In order to attract and retain high quality staff and to enable smooth operation within the Group, the Group offered competitive remuneration packages (with reference to market conditions and individual qualifications and experience) and various in-house training courses. The remuneration packages are subject to review on a regular basis.

The emoluments of the Directors are decided by the remuneration committee of the Company, having regard to the Company's operating results, market competitiveness, individual performance and achievement.

Directors' Interests in Contract

A sale and purchase agreement dated 6 March 2013 was entered into between Cheer Dragon International Limited as vendor (the "Vendor"), Trade Region Limited as purchaser (the "Purchaser"), Loyal Speed and Mr. Ching as guarantor in relation to the acquisition of the entire issued share capital of Loyal Speed. Mr. Wong Chun Chau, an executive Director and a controlling shareholder of the Company, is the beneficial owner of 8% of issued shares of the Vendor, whereas the Purchaser is a direct wholly owned subsidiary of the Company. The acquisition under the sale and purchase agreement was completed on 13 May 2013.

Save for the above, no contract of significance to the business of the Group to which the Company, or any of its holding companies, subsidiaries or fellow subsidiaries was a party, and in which a Director or his/her associates had a material interest, whether directly or indirectly, and no contract of significance for the provision of services to the Group by a controlling shareholder or any of its subsidiaries subsisted at the end of the year or at any time during the year ended 31 March 2014.

Directors' Interests in Competing Business

As far as the Directors are aware of, none of the Directors or the controlling shareholders of the Company has any interest in a business which competes or may compete with the business of the Group or has any other conflict of interest with the Group during the year ended 31 March 2014.

Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures

As at 31 March 2014, the interests and short positions of the Directors and the chief executives of the Company in the shares of the Company, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) ("SFO") which (i) are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) were recorded in the register required to be kept under section 352 of the SFO, or (iii) have to be notified to the Company and the Stock Exchange pursuant to the Required Standards of Dealing are as follows:

(A) Interests in the Company — Long position in Shares

Name	Nature of Interest	Number of Shares	Approximate Percentage of Shareholding in the Company
Mr. WONG Chun Chau (Note 1)	Interest of controlled corporation	870,300,000	52.69%
	Beneficial owner	19,680,000	1.19%
Ms. KWOK Yin Ning	Beneficial owner	12,960,000	0.78%
Mr. Jean-pierre PHILIPPE (Note 2)	Interest of controlled corporation	1,620,000	0.10%

Note 1: Under the SFO, Mr. Wong is deemed to be interested in 870,300,000 Shares which are held by Trader Global Investments Limited, a company wholly owned by Mr. Wong.

Note 2: Under the SFO, Mr. Philippe is deemed to be interested in 1,620,000 Shares which are held by Aglades Investment Pte Limited, a company wholly owned Mr. Philippe.

(B) Interests in the Company — Long position in underlying Shares or equity derivatives of the Company

Name	Nature of Interest	Share Options	Approximate Percentage of Shareholding in the Company	Approximate Percentage of Shareholding in the Company assuming all the options granted under the Share Option Scheme were exercised
Mr. WONG Chun Chau	Beneficial owner	36,346,000	2.20%	2.11%
Ms. KWOK Yin Ning	Beneficial owner	15,840,000	0.96%	0.92%

(C) Interests in the Associated Corporation — Long position in shares of Trader Global Investments Limited (Note 2)

Name	Nature of Interest	Number of Shares	Approximate Percentage of Shareholding in the Associated Corporation
Mr. WONG Chun Chau	Beneficial owner	1	100%

Note:

1. Under the SFO, Mr. Wong is deemed to be interested in 870,300,000 Shares which are held by Trader Global Investments Limited, a company wholly owned by Mr. Wong.

2. Trader Global Investments Limited is the ultimate holding company of the Company.

Save as disclosed above, as at 31 March 2014, neither of the Directors nor the chief executives of the Company had interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (i) are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) were recorded in the register required to be kept under section 352 of the SFO, or (iii) have to be notified to the Company and the Stock Exchange pursuant to the Required Standards of Dealing.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

As at 31 March 2014, according to the register of interests kept by the Company under Section 336 of the SFO, the following parties (in addition to those disclosed above in respect of the Directors and chief executives of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provision in Division 2 and 3 of Part XV of the SFO:

Long position in shares of the Company

Name	Nature of Interest	Name of Shares	Approximate Percentage of Shareholding in the Company
Mr. WONG Chun Chau (Notes 1, 2)	Interest in controlled corporation	870,300,000	52.69%
Mr. Merzbacher WERNER (Note 3)	Interest in controlled corporation	85,748,195	5.19%

Notes

1 Mr. Wong Chun Chau was deemed to be interested in 870,300,000 shares held by Trader Global Investments Limited, a company which is wholly and beneficially owned by him, for the purpose of the SFO.

2. Mr. Wong Chun Chau is also the sole director of Trader Global Investments Limited.

3. Mr. Merzbacher Werner was deemed to be interested in 85,748,195 shares held by Carafe Investment Company Limited, a company which is wholly and beneficially owned by him, for the purpose of the SFO.

Save as disclosed above, as at 31 March 2014, the Directors were not aware of any other persons who had interests or short positions in the shares or underlying shares of the Company which were interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings or any other members of the Group or any persons (not being a Director) have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions in Division 2 and 3 of Part XV of the SFO.

Directors' Rights to Acquire Shares or Debentures

Other than as disclosed under the sections "Share Option Schemes" and "Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares or Debentures" above, at no time during the year ended 31 March 2014 was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executives of the Company or their respective associates (as defined in the GEM Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO, or were rights to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate granted to any Director or his/her spouse or children under 18 years or age, or were any such rights exercised by them.

Share Option Schemes

The Company has adopted, on 1 August 2012, two share option schemes namely, the pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") and the share option scheme (the "Share Option Scheme"), for the purposes of providing incentives to eligible employees and any advisers or consultants who contribute to the success of the Group.

The Directors have estimated the values of the share options granted, calculated using the binomial option pricing model as at the date of grant of the options. The values of share options calculated using the binomial model are subject to certain fundamental limitations, due to the subjective nature of and uncertainty relating to a number of assumptions of the expected future performance input to the model, and certain inherent limitations of the model itself.

The value of an option varies with different variables of certain subjective assumptions. Any change to the variables used may materially affect the estimation of the fair value of an option.

Pre-IPO Share Option Scheme

The following share options were outstanding under the Pre-IPO Share Option Scheme during the year:

Name or category of participant	Number of share options As at 1 April 2013	Granted during the year	Exercised during the year	Lapsed during the year	Adjusted number of share options (Note 1)	As at 31 March 2014	Date of grant of share options	Exercise price of share options HK$ (Note 1)	Adjusted exercise price of share options HK$	Exercise period of share options
Directors										
Mr. WONG Chun Chau	36,480,000	–	(16,400,000)	–	4,016,000	24,096,000	1 August 2012	0.208	0.173	Note 2
Ms. KWOK Yin Ning	24,000,000	–	(10,800,000)	–	2,640,000	15,840,000	1 August 2012	0.208	0.173	Note 2
Consultant	14,400,000	–	(5,760,000)	–	2,880,000	11,520,000	1 August 2012	0.26	0.217	Note 3
Employees	5,760,000	–	(480,000)	–	1,056,000	6,336,000	1 August 2012	0.26	0.217	Note 4
	80,640,000	–	(33,440,000)	–	10,592,000	57,792,000				

Note:

1 Adjustments to the number of share options and the exercise price were made with effect from 6 July 2013 as a result of bonus issue of 230,400,000 ordinary shares on the basis of one new share for every five existing shares held by the shareholders of the Company whose names appear on the register of members of the Company on 5 July 2013.

2 (i) Half of such share options are exercisable after the expiry of 6 months but not later than the end of 18 months from the date of grant, (ii) outstanding share options up to all such share options are exercisable after the expiry of 18 months but not later than the end of 36 months from the date of grant. In any event no option can be exercised after the expiry of 120 months from the date of grant.

3 All such share options are exercisable after the expiry of 9 months but not later than the end of 120 months from the date of grant.

4 (i) One-third of such share options are exercisable after the expiry of 8 months but not later than the end of 20 months from the date of grant, (ii) outstanding share options up to two-thirds of all such share options are exercisable after the expiry of 20 months but not later than the end of 32 months from the date of grant, and (iii) outstanding share options up to all such share options are exercisable after the expiry of 32 months but not later than the end of 36 months from the date of grant. In any event no option can be exercised after the expiry of 120 months from the date of grant.

Share Option Scheme

The following share options were outstanding under the Share Option Scheme during the year:

Name or category of participant	As at 1 April 2013	Number of underlying shares for share options Granted during the year	Exercised during the year	Lapsed during the year	As at 31 March 2014	Date of grant of share options	Exercise price of share options HK$	Closing price of the Shares immediately before the date of grant HK$	Exercise period of share options
Directors									
Mr. WONG Chun Chau	–	12,250,000	–	–	12,250,000	13 August 2013	0.408	0.385	Note 1
	–	12,250,000	–	–	12,250,000				

Note:

1 The share option is exercisable within 24 months after the date of grant.

Compliance Adviser's Interest in the Company

As at 31 March 2014, as notified by the Company's compliance adviser, VC Capital Limited (the "Compliance Adviser"), except for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 13 August 2012, neither the Compliance Adviser nor its directors, employees or associates had any interests in relation to the Company which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

Connected Transactions and Continuing Connected Transactions

During the year, the Company had not entered into any connected transactions or continuing connected transactions which are required to be disclosed under Chapter 20 of GEM Listing Rules.

Related Party Transactions

During the year ended 31 March 2014, the Group entered into certain related party transactions, details of which are set out in note 38 to the consolidated financial statements of the Company. Notwithstanding that these transactions fall under the definition of "connected transactions" under Chapter 20 of the GEM Listing Rules, the Company is not required to make disclosure by virtue of Rule 20.31 and/or 20.33 of the GEM Listing Rules.

Corporate Governance

Principal corporate governance practices as adopted by the Company are set out in the Corporate Governance Report section set out on pages 16 to 24.

Events after the Reporting Period

Details of the event after the reporting period for the year are set out in note 37 to the consolidated financial statements in this annual report.

Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that throughout the year ended 31 March 2014 and up to the date of this report, the Company maintained a sufficient prescribed public float of more than 25% of the Company's issued share as required under the GEM Listing Rules.

Audit Committee

The Company has established the Audit Committee with written terms of reference in compliance with the GEM Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process, internal control system and the Group's financial statements. The Audit Committee comprises a total three members, namely, Mr. Ang Wing Fung, Mr. Jean-pierre Philippe and Mr. Tang Tat Chi, all of whom are independent Non-Executive Directors. The Group's annual results for the year ended 31 March 2014 have been reviewed by the Audit Committee. The Audit Committee is of opinion that the preparation of such financial information complied with the applicable accounting standards, the requirements under the GEM Listing Rules and any other applicable legal requirements, and that adequate disclosures have been made.

Auditors

HLM CPA Limited replaced HLM & Co. as auditors of the Company with effective from 24 January 2013. The consolidated financial statements of the Group for the year ended 31 March 2014 have been audited by HLM CPA Limited who will retire and a resolution to re-appoint HLM CPA Limited as auditor of the Company will be proposed at the Annual General Meeting.

On behalf of the Board
UKF (Holdings) Limited

Wong Chun Chau
Chairman and Executive Director

恒健會計師行有限公司
HLM CPA LIMITED
Certified Public Accountants

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TO THE MEMBERS OF UKF (HOLDINGS) LIMITED
(incorporated in the Cayman islands with limited liability)

We have audited the consolidated financial statements of UKF (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 39 to 114, 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, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622), and for such internal control as the directors determine is necessary to enable the preparation of the 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, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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.

INDEPENDENT AUDITOR'S REPORT

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 its 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 (Cap. 622).

HLM CPA Limited
Certified Public Accountants

Chan Lap Chi
Practising Certificate Number: P04084

Hong Kong, 9 June 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2014

	Notes	2014 HK$	2013 HK$
Turnover	5&6	**301,637,189**	297,524,230
Cost of sales		**(241,992,045)**	(249,798,824)
Gross profit		**59,645,144**	47,725,406
Other income	7	**4,195,654**	298,943
Change in fair value less costs to sell of biological assets	17	**15,491,335**	199,872
Administrative expenses		**(34,810,946)**	(19,157,934)
Finance costs	8	**(4,528,491)**	(2,212,528)
Profit before tax	9	**39,992,696**	26,853,759
Income tax (expense) credit	11	**(4,151,429)**	271,943
Profit for the year and attributable to shareholders of the Company		**35,841,267**	27,125,702
Other comprehensive expenses			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of overseas operations		**(105,530)**	(7,722)
Total comprehensive income for the year attributable to shareholders of the Company		**35,735,737**	27,117,980
Earnings per share	13		
Basic		**2.28 cents**	2.58 cents
Diluted		**2.23 cents**	2.54 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2014

	Notes	2014 HK$	2013 HK$
Non-current assets			
Property, plant and equipment	14	**40,007,400**	15,756,136
Investment properties	15	**1,473,621**	741,262
Deferred tax asset	28	**—**	503,089
Goodwill	16	**75,433,142**	—
		116,914,163	17,000,487
Current assets			
Biological assets	17	**14,009,767**	5,990,558
Inventories	18	**55,325,234**	88,978,954
Trade and other receivables	19	**104,980,483**	52,611,026
Loan receivables	20	**106,742,130**	—
Pledged bank deposits	21	**8,528,800**	—
Bank balances and cash	22	**60,756,260**	134,468,472
		350,342,674	282,049,010
Current liabilities			
Trade and other payables	23	**55,204,135**	79,798,868
Tax payables		**8,108,216**	6,562,161
Bank borrowings	24	**103,373,132**	31,655,899
Obligations under finance lease	25	**186,580**	—
		166,872,063	118,016,928
Net current assets		**183,470,611**	164,032,082
Total assets less current liabilities		**300,384,774**	181,032,569
Non-current liabilities			
Obligations under finance lease	25	**211,525**	—
Corporate bond	26	**10,000,000**	10,000,000
Promissory note	27	**18,574,714**	—
Deferred tax liability	28	**127,081**	7,470
		28,913,320	10,007,470
Net assets		**271,471,454**	171,025,099
Capital and reserve			
Share capital	29	**16,517,760**	11,520,000
Reserves		**254,953,694**	159,505,099
		271,471,454	171,025,099

The consolidated financial statements on pages 39 to 114 were approved and authorised for issue by the board of directors on 9 June 2014 and are signed on its behalf by:

WONG CHUN CHAU
DIRECTOR

KWOK YIN NING
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2014

	Share capital HK$	Share premium HK$	Merger reserve HK$	Share option reserve HK$	Warrants reserve HK$	Translations reserve HK$	Retained profit HK$	Total HK$
At 1 April 2012	7,200,000	–	(7,122,000)	–	–	–	28,577,489	28,655,489
Profit for the year	–	–	–	–	–	–	27,125,702	27,125,702
Other comprehensive expense for the year	–	–	–	–	–	(7,722)	–	(7,722)
Total comprehensive (expense) income for the year	–	–	–	–	–	(7,722)	27,125,702	27,117,980
Issue of shares upon listing	2,400,000	60,000,000	–	–	–	–	–	62,400,000
Issue of shares by placing for cash	1,920,000	58,560,000	–	–	–	–	–	60,480,000
Shares issue expenses	–	(3,910,279)	–	–	–	–	–	(3,910,279)
Share option granted	–	–	–	4,561,909	–	–	–	4,561,909
Dividend paid		–	–	–	–	–	(8,280,000)	(8,280,000)
At 31 March 2013 and 1 April 2013	11,520,000	114,649,721	(7,122,000)	4,561,909	–	(7,722)	47,423,191	171,025,099
Profit for the year	–	–	–	–	–	–	35,841,267	35,841,267
Other comprehensive expense for the year	–	–	–	–	–	(105,530)	–	(105,530)
Total comprehensive (expense) income for the year	–	–	–	–	–	(105,530)	35,841,267	35,735,737
Issue of share upon bonus issue	2,359,360	(2,359,360)	–	–	–	–	–	–
Exercise of Pre-IPO share options	334,400	9,501,025	–	(2,803,105)	–	–	–	7,032,320
Issue of shares by placing for cash	2,304,000	62,208,000	–	–	–	–	–	64,512,000
Shares issue expenses	–	(1,831,792)	–	–	–	–	–	(1,831,792)
Share option granted	–	–	–	3,052,670	–	–	–	3,052,670
Dividend paid	–	–	–	–	–	–	(8,257,760)	(8,257,760)
Issue of warrants	–	–	–	–	570,000	–	–	570,000
Warrants issue expenses	–	–	–	–	(366,820)	–	–	(366,820)
At 31 March 2014	16,517,760	182,167,594	(7,122,000)	4,811,474	203,180	(113,252)	75,006,698	271,471,454

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2014

	Notes	2014 HK$	2013 HK$
Operating activities			
Profit before tax		**39,992,696**	26,853,759
Adjustments for:			
Depreciation		**2,983,370**	126,662
Loss on disposal of property, plant and equipment		**764,877**	—
Interest income		**(158,381)**	—
Interest expenses		**4,528,491**	2,212,528
Bank interest income		**(29,394)**	(278)
Written down of inventories		**1,453,427**	—
Net change in fair value less costs to sell of biological assets		**(15,491,335)**	(199,872)
Share-based payment expenses		**3,052,670**	4,561,909
Operating cash flows before movements in working capital		**37,096,421**	33,554,708
Decrease (increase) in inventories		**54,142,885**	(69,183,128)
(Increase) decrease in trade and other receivables		**(41,472,062)**	4,489,665
Increase in loan receivables		**(69,821,110)**	—
(Decrease) increase in trade and other payables		**(53,549,108)**	65,581,064
Increase in biological assets		**(13,954,682)**	(6,972,991)
Cash (used in) generated from operating activities		**(87,557,656)**	27,469,318
Hong Kong Profits tax paid, net		**(8,145,217)**	(147,711)
Net cash (used in) generated from operating activities		**(95,702,873)**	27,321,607
Investing activities			
Bank interest received		**29,394**	278
Interest received		**158,381**	—
Purchase of an investment property		**(702,264)**	(742,500)
Purchase of property, plant and equipment		**(27,270,979)**	(15,843,001)
Proceeds from sale of property, plant and equipment		**694,953**	—
Net cash flow from acquisition of a subsidiary	31	**(62,068,998)**	—
Net cash used in investing activities		**(89,159,513)**	(16,585,223)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2014

	Notes	2014 HK$	2013 HK$
Financing activities			
Dividend paid		**(8,257,760)**	(8,280,000)
Net proceeds from issue of warrants		**203,180**	—
Net proceeds from issue of new shares		**62,680,208**	118,969,721
Proceeds from issue of corporate bond		**—**	10,000,000
Proceeds from new bank borrowings		**233,833,989**	(72,141,906)
Proceeds of share option exercised		**7,032,320**	—
Repayments of bank borrowings		**(162,116,756)**	86,520,692
New auction loans raised		**54,864,258**	13,085,716
Repayments of auction loans		**(63,570,972)**	(31,914,896)
Inception of obligations under finance lease		**570,000**	—
Repayment of obligations under finance lease		**(171,895)**	—
Placement of pledged bank deposits		**(12,528,800)**	—
Withdrawal of pledged bank deposits		**4,000,000**	—
Interest paid		**(3,344,758)**	(1,586,169)
Net cash generated from financing activities		**113,193,014**	114,653,158
Net (decrease) increase in cash and cash equivalents		**(71,669,372)**	125,389,542
Cash and cash equivalents at the beginning of the year		**134,468,472**	9,173,880
Effect of foreign exchange rate changes, net		**(2,042,840)**	(94,950)
Cash and cash equivalents at the end of the year, representing by bank balances and cash		**60,756,260**	134,468,472

1. General

The Company is a public limited company incorporated in Cayman Islands as an exempted company with limited liability and its shares have been listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 24 August 2012. The address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its place of business is located at Unit 902, Harbour Centre, Tower 2, 8 Hok Cheung Street, Kowloon, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

The Group is principally engaged in the trading of fur skins, mink farming in Denmark and fur skins brokerage.

2. Application of New And Revised Hong Kong Financial Reporting Standards ("HKFRSs")

Application of new and revised HKFRSs (disclosure of a detailed list of new and revised HKFRSs)

The Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

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

Except as described below, application of the above amendments to 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)*

Application of new and revised HKFRSs (disclosure of a detailed list of new and revised HKFRSs) *(Continued)*

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

The Group has applied the amendments to HKFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities 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 HKSA 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. The application of the amendments has had no material impact on the amounts reported in the Group's consolidated financial statements as the Group does not have any offsetting arrangements or any master netting agreements in place.

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and HK(SIC) Int — 12 Consolidation — Special Purpose Entities. HKFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investee has control over an investee.

The directors of the Company made an assessment as at the date of initial application of HKFRS 10 (i.e. 1 January 2013) in respect of the Group's control in its investees under the new definition in the new and revised HKFRSs and concluded that the application of the new standard has no impact on the classification of investees currently reported in the consolidated financial statements.

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

Application of new and revised HKFRSs (disclosure of a detailed list of new and revised HKFRSs) *(Continued)*

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

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

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2013 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

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

The Group has applied the amendments to HKAS 1 Presentation of Items of Other Comprehensive Income. Upon the adoption of the amendments to HKAS 1, the Group's "statement of comprehensive income" is renamed as the "statement of profit or loss and other comprehensive income". 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. Furthermore, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are 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 the profit or loss, other comprehensive income and total comprehensive income.

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

New and revised HKFRSs in issue 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[4]
HKFRS 9 and HKFRS 7 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[4]
HKFRS 10, HKFRS 12 and HKAS 27 (as revised in 2011) (Amendments)	Investment Entities[1]
HKFRS 14	Regulatory Deferral Accounts[5]
HKAS 19 (Amendments)	Defined Benefit Plans: Employee Contributions[2]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[1]
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets[1]
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle[2]
HK(IFRIC) — Int 21	Levies[1]

[1] Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.

[2] Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

[3] Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.

[4] Available for application — the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.

[5] Effective for annual periods beginning on or after 1 January 2016.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting.

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

New and revised HKFRSs in issue but not yet effective *(Continued)*

HKFRS 9 Financial Instruments *(Continued)*

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 reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liabilities 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.

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship' Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management active have also been introduced.

The directors anticipate that the adoption of HKFRS 9 in the future may have a significant impact on the amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

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

New and revised HKFRSs in issue but not yet effective *(Continued)*

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

The amendments to HKFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its financial statements.

To qualify as an investment entity, a reporting 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 have been made to HKFRS 12 and HKAS 27 to introduce new disclosure requirements for investment entities.

The directors of the Company do not anticipate that the investment entities amendments will have any effect on the Group's consolidated financial statements, as the Company is not an investment entity.

HKFRS 14 Regulatory Deferral Accounts

HKFRS 14 addresses the issues of financial reporting requirements for rate-regulated assets and liabilities (which are termed "regulatory deferral account balances") that arises when an entity is subject to rate regulation. The directors anticipate that the application of HKFRS 14 will have no material impact on the Group's consolidated financial statements.

Amendments to HKAS 19 Defined Benefit Plans: Employee Contributions

The amendments to HKAS 19 clarify how an entity should account for contribution made by employees or third parties to defined benefits plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognise the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service using the projected until credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

The directors of the Company do not anticipate that the application of these amendments to HKAS 19 will have a significant impact on the Group's consolidated financial statements.

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

New and revised HKFRSs in issue 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. Specially, the amendments clarify the meaning of "currently" has a legally enforceable right of "set-off" and "simultaneous realisation and settlement".

The directors of the Company do not anticipate that the application of these amendments to HKAS 32 will have a significant impact on the Group's consolidated financial statements as the Group does not have any financial assets and financial liabilities that qualify for offset.

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

The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements regarding the fair value hierarchy, key assumptions and valuation techniques used when the recoverable amount of an asset or CGU was determined based on its fair value less costs of disposal.

The directors of the Company do not anticipate that the application of these amendments to HKAS 36 will have a significant impact on the Group's consolidated financial statements.

Amendments to HKAS 39 Novation of Derivatives and Continuation of Hedge Accounting

The amendments to HKAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative hedging instrument arising from the novation should be included in the assessment of hedge effectiveness.

The directors of the Company do not anticipate that the application of these amendments to HKAS 39 will have any effect on the Group's consolidated financial statements as the Group does not have any derivatives that are subject to novation.

Annual Improvements to HKFRSs 2010 - 2012 Cycle

The Annual Improvements to HKFRSs 2010 - 2012 Cycle includes 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.

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

New and revised HKFRSs in issue but not yet effective *(Continued)*

Annual Improvements to HKFRSs 2010 - 2012 Cycle *(Continued)*

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 conclusion 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 service 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 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 in issue but not yet effective *(Continued)*

Annual Improvements to HKFRSs 2011- 2013 Cycle

The Annual Improvements to HKFRSs 2011 Cycle will have material effect 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 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.

HK (IFRIC) — Int 21 Levies

HK (IFRIC) — Int 21 Levies addresses the issue of when to recognise a liability to pay a levy. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

The Group is in the process of making an assessment of what the impact of these new and revised HKFRSs is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

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

New and revised HKFRSs in issue but not yet effective *(Continued)*

In addition, the requirements of Part 9, "Accounts and Audit", of the new Hong Kong Companies Ordinance (Cap. 622) come into operation from the Company's first financial year commencing after 3 March 2014 (that is, the Company's financial year which began on 1 April 2014) in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of the expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9. So far it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the consolidated financial statements.

3. Significant Accounting Policies

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap.32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. These financial statements also comply with the applicable disclosure provisions of the GEM Listing Rules. A summary of the significant accounting policies adopted by the Group is set out below.

The consolidated financial statements have been prepared on the historical cost basis except for biological assets and financial instruments that are measured at fair values at the end of each reporting period as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for assets.

3. Significant Accounting Policies *(Continued)*

Fair value is 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would takes those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purpose in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1,2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows;

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

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 and its subsidiaries. Control is achieved where the Company:

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date of the Group gains control until the date when the Group ceases to control the subsidiary.

3. Significant Accounting Policies *(Continued)*

Basis of consolidation *(Continued)*

Profit or loss and each item of other comprehensive income 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.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

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

Changes in the Group's ownership interests in existing subsidiaries

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

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (that is, reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

3. Significant Accounting Policies *(Continued)*

Business combinations *(Continued)*

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, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree 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.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another HKFRS.

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 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.

3. Significant Accounting Policies *(Continued)*

Business combinations *(Continued)*

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.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that exited at the acquisition date that, if know, have affected the amounts recognised at that date.

Subsidiary

Subsidiaries are entitled over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purpose 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.

3. Significant Accounting Policies *(Continued)*

Goodwill *(Continued)*

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

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivables for good sold in the normal course of business.

Revenue from the sale of goods is recognised when the goods are delivered and title have passed, at which time all 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.

Service income is recognised when services are provided and revenue from the sale of goods is recognised when goods are delivered and legal title is passed.

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 estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Management fee income is recognised where services are rendered.

Commission and brokerage income are recognised when the right to receive commission and brokerage has been established.

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.

3. Significant Accounting Policies *(Continued)*

Leasing *(Continued)*

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. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating lease, 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, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on a 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.

Biological assets

Biological assets are stated at fair value less costs to sell, with any resultant gain or loss recognised in the consolidated statement of profit or loss and other comprehensive income. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income taxes.

3. Significant Accounting Policies *(Continued)*

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 stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

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 which the property is derecognised.

Property, plant and equipment

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

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method, at the following rates per annum:

Buildings	2-5%
Leasehold improvement	20%
Plant and machinery	5-20%
Office equipment	20%
Motor vehicle	20%

No depreciation is provided for the freehold land.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

3. Significant Accounting Policies *(Continued)*

Impairment of tangible and intangible assets other than goodwill

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. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

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

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

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantial ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing cost eligible for capitalisation.

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

3. Significant Accounting Policies *(Continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing 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 on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see the accounting policies below); and
- exchange differences on monetary items receivable from or payable to foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purpose of presenting 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 expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. 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).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

3. Significant Accounting Policies *(Continued)*

Foreign currencies *(Continued)*

Goodwill and fair value adjustments on identifiable assets acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Taxation

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

Current tax

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

Deferred tax

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 differences 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 and associates, and interests in joint arrangements, 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 the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

3. Significant Accounting Policies *(Continued)*

Taxation *(Continued)*

Deferred tax *(Continued)*

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

Current and deferred tax for the year

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.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Retirement benefit costs

Payments to defined contribution retirement benefit scheme are recognised as an expense when employees have rendered service entitling them to the contribution.

Financial instruments

Financial assets and financial liabilities are recognised 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 and 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

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss ("FVTPL"), loans and receivables, held-to-maturity investments and available-for-sale ("AFS") 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.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- on initial recognition it is 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 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Financial assets at FVTPL *(Continued)*

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset 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 40.

Loans and receivables

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

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

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 impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an AFS equity investment, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

For certain categories of financial assets, such as trade receivables and loan receivables, assets that are assessed not to be impaired individually are in addition, assessed for impairment on a collective basis. Object 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 60 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 assets 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.

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

When an AFS financial asset is considered to be impaired cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

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

In respect of AFS equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments

Classification as debt or equity

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.

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL on initial recognition.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is a part of a portfolio of an 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.

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Financial liabilities at FVTPL *(Continued)*

A financial liability other than a financial liability 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 liability 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 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designed as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any interest paid on the financial liability 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 40.

Other financial liabilities

Other financial liabilities (including borrowings, loan from auction house, trade and other payables, promissory note, corporate bond and obligations under finance lease) 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 costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis other than financial liabilities classified as at FVTPL.

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial assets 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 recognised 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 transferred and financial asset, the Group continues to recognise the financial asset and also recognises a collateral 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.

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

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

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3. Significant Accounting Policies *(Continued)*

Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the date of acquisition. At the end of the reporting period, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets, and the amount initially recognised less cumulative amortisation recognised in accordance with HKAS 18 Revenue.

Share-based payment arrangements

Share-based payment transactions of the Company

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the grant date and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

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

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

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

Related parties

A related party is a person or entity that is related to the Group.

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

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

(2) has significant influence over the Group; or

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

3. Significant Accounting Policies *(Continued)*

Related parties *(Continued)*

(ii) An entity is related to the Group if any of the following conditions applies:

(1) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(3) Both entities are joint ventures of the same third party.

(4) One entity is a joint venture of a third party and the other entity is an associate of the same third party or vice versa.

(5) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(6) The entity is controlled or jointly-controlled by a person identified in (i).

(7) A person identified in (i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 ongoing 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.

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

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty *(Continued)*

Impairment of goodwill

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

The carrying amount of goodwill as at 31 March 2014 was HK$75,433,142 (2013: HK$nil). Details of the recoverable amount calculation are set out in note 16.

Useful lives and impairment of property, plant and equipment

In applying the accounting policy on property, plant and equipment with respect to depreciation, management estimates the useful lives of various categories of property, plant and equipment according to the Group's experiences over the usage of property, plant and equipment and also by reference to the relevant industrial norm. If the actual useful lives of property, plant and equipment is less than the original estimate useful lives due to changes in commercial and technological environment, such difference will impact the depreciation charge for the remaining useful lives.

Impairment of inventories

The Group records inventories at the lower of cost and net realisable value. Net realisation value is the estimated selling price for inventories, less all the estimated costs of completion and costs necessary to make the sales.

Fair values of biological assets

The biological assets are values at fair value less costs to sell. The fair value is determined based on either the market-determined prices as at the end of the reporting periods adjusted with reference to the species, age, growing condition and costs incurred to reflect differences in characteristic and/or stages of growth of biological assets. Any change in the estimates may affect the fair value of biological assets significantly.

The valuer and management review the assumptions and estimated periodically to identify any significant change in the fair value of biological assets. Details of the assumptions used are disclosed in note 17.

Impairment of trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimate of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 March 2014, the carrying amounts of trade receivables are HK$101,427,009 (2013: HK$51,253,885).

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty *(Continued)*

Income taxes

The Company is subject to income taxes in Hong Kong. Significant judgement is required in determining the provision for income taxes and the timing of payment of the related tax. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax 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 income tax provision in the period in which such determination is made.

5. Revenue

During the year, the Group's revenue represents the amount received and receivables for trading of fur skins, mink farming and fur skins brokerage, net of discount, are as follows:

	2014 **HK$**	2013 HK$
Trading of fur skins	**271,329,589**	297,524,230
Mink farming	**7,507,690**	—
Fur skins brokerage	**22,799,910**	—
	301,637,189	297,524,230

Loyal Speed Limited ("Loyal Speed"), a wholly-owned subsidiary of the Group which engaged in fur skins brokerage, was acquired in May 2013, so no revenue was being contributed last year.

The mink farms were acquired in March 2013, no revenue was being contributed last year.

6. Segment Information

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of good delivered or services delivered or provided. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

Trading of fur skins	—	Trading of fur skins of foxes and minks
Mink farming	—	Provision of breeding, farming and sale of livestocks and pelted skins
Fur skins brokerage	—	Provision of fur brokerage and financing services

6. Segment Information *(Continued)*

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

For the year ended 31 March 2014

	Trading of fur skins HK$	Fur skins brokerage HK$	Mink farming HK$	Total HK$
TURNOVER	271,329,589	22,799,910	7,507,690	301,637,189
RESULTS				
Segment results	39,540,058	22,799,910	(2,694,824)	59,645,144
Other income				4,195,654
Change in fair value less costs to sell of biological assets	–	–	15,491,335	15,491,335
Unallocated corporate expenses				(34,810,946)
Finance costs				(4,528,491)
Profit before tax				39,992,696
Income tax expense				(4,151,429)
Profit for the year				35,841,267

	Trading of fur skins HK$	Fur skins brokerage HK$	Mink farming HK$	Total HK$
ASSETS				
Segment assets	144,437,930	182,197,862	67,782,511	394,418,303
Unallocated corporate assets				72,838,534
Total assets				467,256,837
LIABILITIES				
Segment liabilities	124,041,752	11,401,431	21,845,406	157,288,589
Unallocated corporate liabilities				38,496,794
Total liabilities				195,785,383

Other information

	Trading of fur skins HK$	Fur skins brokerage HK$	Mink farming HK$	Total HK$
Additions of property, plant and equipment and investment property	3,162,193	–	24,811,050	27,973,243
Depreciation and amortisation	477,417	9,464	2,496,489	2,983,370

6. Segment Information *(Continued)*

For the year ended 31 March 2013

	Trading of fur skins HK$	Fur skins brokerage HK$	Mink farming HK$	Total HK$
TURNOVER	297,524,230	—	—	297,524,230
RESULTS				
Segment results	47,725,406	—	—	47,725,406
Other income				298,943
Change in fair value less costs to sell of biological assets	—	—	199,872	199,872
Unallocated corporate expenses				(19,157,934)
Finance costs				(2,212,528)
Profit before tax				26,853,759
Income tax credit				271,943
Profit for the year				27,125,702

	Trading of fur skins HK$	Fur skins brokerage HK$	Mink farming HK$	Total HK$
ASSETS				
Segment assets	138,942,672	—	23,722,332	162,665,004
Unallocated corporate assets				136,384,493
Total assets				299,049,497
LIABILITIES				
Segment liabilities	109,736,520	—	31,590	109,768,110
Unallocated corporate liabilities				18,256,288
Total liabilities				128,024,398

Other information

	Trading of fur skins HK$	Fur skins brokerage HK$	Mink farming HK$	Total HK$
Additions of property, plant and equipment and investment property	41,251	—	16,544,250	16,585,501
Depreciation and amortisation	25,540	—	101,122	126,662

6. Segment Information *(Continued)*

Segment profit represents the profit earned by each segment without allocation of central administration costs including directors' salaries, investment and other income, finance costs, and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and assessment of segment performance.

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

- all assets are allocated to reportable segments other than prepayment and deposit, cash and bank balances and deferred tax assets. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segment; and

- all liabilities are allocated to reportable segments other than accrued expenses and other payable, obligations under finance lease, corporate bond, promissory note, tax payables and deferred tax liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

Geographical information

The Group's revenue from external customers by geographical market are detailed below:

	2014 **HK$**	2013 HK$
Canada	**2,086,204**	—
The PRC	**248,029,846**	257,660,487
Europe	**20,376,864**	23,904,322
Russia	**14,886,462**	7,364,471
Hong Kong	**16,257,813**	8,594,950
	301,637,189	297,524,230

6. Segment Information *(Continued)*

Geographical information *(Continued)*

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment and investment property analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Additions to property, plant and equipment and investment property	
	2014	2013	**2014**	2013
	HK$	HK$	**HK$**	HK$
Hong Kong	**344,967,872**	274,743,798	**3,162,193**	41,251
Denmark	**122,288,965**	24,305,699	**24,811,050**	16,544,250
	467,256,837	299,049,497	**27,973,243**	16,585,501

Information about major customers

Included in revenue arising from trading of fur skins, fur skins brokerage and mink farming of approximately HK$301.6 million are revenue of approximately HK$230.3 million generated from sales to the Group's top three customers. No other single customer contributed 10% or more to the Group's revenue for the year ended 31 March 2014.

Included in revenue arising from trading of fur skins of approximately HK$297.5 million are revenue of approximately HK$196.5 million generated from sales to the Group's top three customers. No other single customer contributed 10% or more to the Group's revenue for the year ended 31 March 2013.

7. Other Income

	2014	2013
	HK$	HK$
Bank interest income	**29,394**	278
Interest income	**158,381**	—
Bonus and commission rebate	**796,096**	70,459
Rental income	**115,133**	6,783
Exchange gains	**2,817,861**	—
Others	**278,789**	221,423
	4,195,654	298,943

8. Finance Costs

	2014 HK$	2013 HK$
Interest on borrowings wholly repayable within five years:		
Trust receipts loan interest	**1,714,552**	904,049
Term loan interest	**271,077**	—
Overdraft interest	**10,715**	5,663
Imputed interest on promissory note	**954,568**	—
Interest on finance lease	**11,684**	—
Interest on receipt in advance	**338,988**	—
Auction interest (Note 1)	**25,474**	828,963
Auction finance interest	**651,433**	244,688
	3,978,491	1,983,363
Interest on borrowings not wholly repayable within five years:		
Bond interest	**550,000**	229,165
	4,528,491	2,212,528

Note 1: Auction interest is the auction prompt interest paid to auction houses for the overdue payment.

9. Profit Before Tax

Profit before tax has been arrived at after charging (crediting):

	2014 HK$	2013 HK$
Auditor's remuneration	**673,333**	500,000
Cost of inventories recognised as expenses	**240,116,928**	249,442,480
Staff Costs (including directors' remuneration)	**10,909,744**	3,457,081
Depreciation	**2,983,370**	126,662
Foreign exchange (gains) losses, net	**(2,817,861)**	5,661
Gross rental income from investment properties	**(191,856)**	(6,783)
Less:		
Direct operating expenses incurred for investment properties that generated rental income during the year	**76,723**	—
Direct operating expenses incurred for investment properties that did not generated rental income during the year	**—**	—
	(115,133)	(6,783)
Impairment loss on other receivables	**8,400**	—
Loss on disposal of property, plant and equipment	**764,877**	—
Operating lease payments	**572,529**	360,432
Share-based payment expenses	**3,052,670**	4,561,909
Written down of inventories	**1,453,427**	—

10. Directors' Remuneration And Senior Management's Emoluments

(a) Directors' emoluments

Directors' emoluments disclosed pursuant to section 78 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32).

The emoluments paid or payable to each of the five directors for the Group in 2014 were as follows:

Emoluments	**Fees HK$**	**Salaries and other benefits HK$**	**Retirement benefit scheme contributions HK$**	**Discretionary Bonus HK$**	**Total HK$**
Executive directors					
Mr. Wong Chun Chau	**—**	**879,600**	**15,000**	**146,600**	**1,041,200**
Ms. Kwok Yin Ning	**—**	**660,000**	**15,000**	**110,000**	**785,000**
Independent non-executive directors					
Mr. Ang Wing Fung	**132,000**	**—**	**—**	**—**	**132,000**
Mr. Tang Tat Chi	**132,000**	**—**	**—**	**—**	**132,000**
Mr. Jean-pierre Philippe	**132,000**	**—**	**—**	**—**	**132,000**
	396,000	**1,539,600**	**30,000**	**256,600**	**2,222,200**

The emoluments paid or payable to each of the five directors for the Group in 2013 were as follows:

Emoluments	Fees HK$	Salaries and other benefits HK$	Retirement benefit scheme contributions HK$	Discretionary Bonus HK$	Total HK$
Executive directors					
Mr. Wong Chun Chau	—	775,800	14,500	73,300	863,600
Ms. Kwok Yin Ning	—	608,000	14,500	55,000	677,500
Independent non-executive directors					
Mr. Ang Wing Fung (Note 1)	80,000	—	—	—	80,000
Mr. Tang Tat Chi (Note 1)	80,000	—	—	—	80,000
Mr. Jean-pierre Philippe (Note 1)	80,000	—	—	—	80,000
	240,000	1,383,800	29,000	128,300	1,781,100

Note 1: Appointed on 1 August 2012

10. Directors' Remuneration And Senior Management's Emoluments

(Continued)

(a) Directors' emoluments *(Continued)*

During the year, no director received any emoluments from the Group as an inducement to join or leave the Group or compensation for loss of office and, no director waived or has agreed to waive any emoluments.

(b) Employees' emoluments

Of the five individuals with the highest emoluments of the Group, two (2013: two) were Directors of the Company whose emoluments are set out in (a) above. The emoluments of the remaining three (2013: three) individuals were as follows:

	2014 **HK$**	2013 HK$
Salaries and allowances	**1,893,395**	840,960
Discretionary bonuses	**187,600**	140,160
Defined contribution retirement benefit scheme contributions	**18,144**	38,732
	2,099,139	1,019,852

Their emoluments were within the following bands:

	2014 **Number of** **employees**	2013 Number of employees
HK$Nil - HK$1,000,000	**3**	3
HK$1,000,001- HK$1,500,000	**—**	—
	3	3

During the year, the remaining three (2013: three) individuals have not received any emoluments from the Group as an inducement to join or leave the Group or compensation for loss of office and none of them waived or has agreed to waive any emoluments.

11. Income Tax Expense (Credit)

	2014 HK$	2013 HK$
Current tax		
Hong Kong Profits Tax	**3,555,846**	240,120
Other jurisdictions	**—**	—
	3,555,846	240,120
Over provision in prior years		
Hong Kong Profits Tax	**(22,001)**	(12,000)
Other jurisdictions	**—**	—
	(22,001)	(12,000)
Deferred tax expense (credit)		
Current year	**617,584**	(500,063)
Total income tax expense (credit) for the years	**4,151,429**	(271,943)

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

Denmark subsidiary is subject to Denmark Corporation Tax at 24.5% for this year (2013: 25%).

The tax expense (credit) for the years can be reconciled to the profit before tax as per follows:

	2014 HK$	2013 HK$
Profit before tax	**39,992,696**	26,853,759
Tax at Hong Kong Profits Tax of 16.5%	**6,598,795**	4,430,870
Tax effect of income not taxable for tax purposes	**(3,811,839)**	(6,279,018)
Tax effect of expenses not deductible for tax purposes	**503,748**	1,457,741
Tax effect on tax losses not recognised	**1,310,714**	174,116
Over provision in prior years	**(22,001)**	(12,000)
Effect of different tax rates of group entities operating in other jurisdictions	**(427,988)**	(43,652)
Income tax expense (credit) for the years	**4,151,429**	(271,943)

12. Dividends

	2014 HK$	2013 HK$
Interim, paid — HK nil cent (2013: HK nil cent) per share	–	—
Final dividend paid — HK 0.7 cents per share for 2013 (2013: HK$828 per share for 2012)	8,257,760	8,280,000
	8,257,760	8,280,000

Subsequent to the end of the reporting period, final dividend in respect of the year ended 31 March 2014 of HK0.3cents (2013: HK0.7cents) per share have been proposed by the directors and is subject to approval by the shareholders in the coming general meeting.

13. Earnings Per Share

The calculation of the basic and diluted earnings per share attributable to shareholders of the Company is based on the profit attributable to shareholders of the Company for the year ended 31 March 2014 of HK$35,841,267 (2013: HK$27,125,702) and the following data:

	2014	2013
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,569,067,660	1,053,369,863
Effect of dilutive potential ordinary shares:		
Share options	26,182,157	13,110,550
Warrants	8,640,970	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,603,890,787	1,066,480,413

14. Property, Plant and Equipment

	Land	Buildings	Leasehold Improvement	Plant and machinery	Office equipment	Motor vehicle	Total
	HK$	HK$	HK$	HK$	HK$	HK$	HK$
COST							
At 1 April 2012	–	–	–	–	100,200	–	100,200
Additions	6,105,375	4,252,500	–	5,443,875	41,251	–	15,843,001
Exchange alignment	–	–	–	–	–	–	–
At 31 March 2013 and 1 April 2013	6,105,375	4,252,500	–	5,443,875	141,451	–	15,943,201
Additions	9,355,749	5,268,614	2,044,567	8,454,572	857,505	1,289,972	27,270,979
Disposals	–	–	–	(1,694,000)	(100,200)	–	(1,794,200)
Acquisition of a subsidiary	–	–	–	–	51,623	–	51,623
Exchange alignment	562,280	364,899	7,504	467,470	–	14,564	1,416,717
At 31 March 2014	16,023,404	9,886,013	2,052,071	12,671,917	950,379	1,304,536	42,888,320
ACCUMULATED DEPRECIATION							
At 1 April 2012	–	–	–	–	60,120	–	60,120
Charge for the year	–	12,552	–	87,350	25,540	–	125,442
Exchange alignment	–	189	–	1,314	–	–	1,503
At 31 March 2013 and 1 April 2013	–	12,741	–	88,664	85,660	–	187,065
Charge for the year	–	283,080	292,928	2,073,181	151,350	154,556	2,955,095
Eliminated on disposals	–	–	–	(249,200)	(85,170)	–	(334,370)
Acquisition of a subsidiary	–	–	–	–	19,569	–	19,569
Exchange alignment	–	6,821	831	44,340	–	1,569	53,561
At 31 March 2014	–	302,642	293,759	1,956,985	171,409	156,125	2,880,920
CARRYING VALUES							
At 31 March 2014	16,023,404	9,583,371	1,758,312	10,714,932	778,970	1,148,411	40,007,400
At 31 March 2013	6,105,375	4,239,759	–	5,355,211	55,791	–	15,756,136

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

Buildings	2-5%
Leasehold improvement	20%
Plant and machinery	5-20%
Office equipment	20%
Motor vehicle	20%

Land represents the freehold land situated in Denmark. No depreciation will be provided accordingly. All Buildings are located on the freehold land situated in Denmark.

15. Investment Properties

	HK$
COST	
At 1 April 2012	—
Additions	742,500
Exchange alignment	—
At 31 March 2013 and 1 April 2013	742,500
Additions	702,264
Exchange alignment	59,049
At 31 March 2014	1,503,813
ACCUMULATED DEPRECIATION AND IMPAIRMENT	
At 1 April 2012	—
Charge for the year	1,220
Exchange alignment	18
At 31 March 2013 and 1 April 2013	1,238
Charge for the year	28,275
Exchange alignment	679
At 31 March 2014	30,192
CARRYING VALUES	
At 31 March 2014	1,473,621
At 31 March 2013	741,262

The Group adopted the cost model under Hong Kong Accounting Standard 40 account for the investment properties. Thus, the above investment properties are carried at cost less accumulated depreciation and less impairment losses.

The investment properties are located on freehold land situated in Denmark. The investment properties are held to earn rental under operating leases.

The fair value of the Group's investment properties at 31 March 2014 was HK$3,174,600 (2013: HK$742,500). The fair value has been arrived based on a valuation carried out by Peak Vision Appraisals Limited, independent qualified professional valuers not connected to the Group. Peak Vision Appraisals Limited is member of the Royal Institute of Chartered Surveyors (MRICS) and of the Hong Kong Institute of Surveyors (MHKIS) and has appropriate qualifications and recent experience in the valuation of properties in relevant locations.

15. Investment Properties *(Continued)*

The fair value was determined based on the direct comparison approach, assuming each of the properties is capable of being sold in the existing state and by making reference to comparable sales evidence as available in the relevant market.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Details of the Group's investment properties and information about the fair value hierarchy as at 31 March 2014 are as follows:

	Level 1	**Level 2**	**Level 3**	**Total**
	HK$	HK$	HK$	HK$
Residential properties in Denmark	—	—	3,174,600	3,174,600

The above investment properties are depreciated on a straight-line basis at 2% per annum.

16. Goodwill

	HK$
COST	
At 1 April 2013	—
Arising on acquisition of a subsidiary during the year	75,433,142
At 31 March 2014	75,433,142
IMPAIRMENT	
At 1 April 2013	—
Impairment loss provide for the year	—
At 31 March 2014	—
CARRYING VALUES	
At 31 March 2014	75,433,142

For the purposes of impairment testing, goodwill has been allocated to one CGU, comprising a subsidiary in the fur skins brokerage segment, Loyal Speed.

16. Goodwill *(Continued)*

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

The recoverable amounts of CGU is determined from value in use calculations. That calculation used cash flow projections based on financial budgets approved by management covering a three-year period, and a discount rate of 17.19%.The cash flow of CGU beyond the three-year period is extrapolated using a 3% growth rate. This growth rate is based on the projected inflation rate soureced from the International Monetary Fund.

For the year ended 31 March 2014, the value calculated by using the discount rate is higher than the carrying amount of the CGU; accordingly, the management of the Group determined that there was no impairment of the CGU containing goodwill.

17. Biological Assets

Movements of the biological assets are as follows:

	Non-mated females HK$	**Mated females** HK$	**Males for breeding** HK$	**Total** HK$
At 1 April 2012	—	—	—	—
Increase due to purchase	—	5,407,100	1,474,254	6,881,354
Increase due to raising (Feeding cost and others)	—	74,612	17,025	91,637
Change in fair value less costs to sell	—	434,301	(234,429)	199,872
Transferred to inventory	—	(33,755)	(1,237,299)	(1,271,054)
Decrease due to sale	—	—	—	—
Exchange alignment	—	88,455	294	88,749
At 31 March 2013 and 1 April 2013	—	5,970,713	19,845	5,990,558
Increase due to purchase	—	4,934,860	177,100	5,111,960
Increase due to raising (Feeding cost and others)	18,198	5,282,304	3,889,561	9,190,063
Change in fair value less costs to sell	39,790	4,548,286	10,903,259	15,491,335
Transferred to inventory	—	(7,012,740)	(14,929,852)	(21,942,592)
Decrease due to sale	—	(347,340)	—	(347,340)
Exchange alignment	1,242	512,507	2,034	515,783
At 31 March 2014	59,230	13,888,590	61,947	14,009,767

17. Biological Assets *(Continued)*

The number of biological assets is as follows:

	2014	2013
Non-mated females	109	—
Mated females	14,942	5,897
Males for breeding	114	21
At the end of the year	15,165	5,918

Analysed for reporting purposes as follows:

	2014 HK$	2013 HK$
Current assets	14,009,767	5,990,558
Non-current assets	—	—
At the end of the year	14,009,767	5,990,558

Mated females represent the female minks which are primarily held for further growth for the production of mink. The non-mated females and males for breeding are prime of selected as breeding stock.

The fair value of the biological assets measured at the reporting date on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair Value Measurement. The biological assets of the group were classified as level 3 under the fair value hierarchy. The level into which a fair value measurement classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

The qualification of Valuer

The Group's biological assets were independently valued by Peak Vision Appraisals Limited ("Valuer") as at 31 March 2014 (the "Valuation Date"). The professional valuers in charge of this valuation have appropriate qualifications and relevant experience in various appraisal assignments involving biological assets and agricultural produce. The professional valuers involved in this valuation include a professional member of the Royal Institution of Chartered Surveyors (MRICS) and of the Hong Kong Institute of Surveyors (MHKIS) and have appraisal experience in a broad range of assets such as property assets, industrial assets, biological assets, mining rights and assets, technological assets and financial assets in the PRC, Hong Kong, Europe and abroad. They have previously participated in the valuation of biological assets and agricultural produce such as hogs, vegetables, fruits, grains and landscaping plants.

As stated in the RICS Valuation — Professional Standards January 2014 issued by the Royal Institution of Chartered Surveyors and The Hong Kong Valuation Standards 2012 Edition issued by the Hong Kong Institute of Surveyors, valuations undertaken for inclusion in a financial statement shall be provided to meet the requirements of the Hong Kong Accounting Standards, including HKAS 41 Agriculture.

17. Biological Assets *(Continued)*

The qualification of Valuer *(Continued)*

Based on the above qualification and various experiences of the Valuer and/or its members in providing biological asset valuation services to various companies listed on the Stock Exchange, which engage in the husbandry and agriculture industry, our directors are of the view that the Valuer is competent to determine the fair value of our Group's biological assets.

Valuation methodology of biological assets

In the process of valuing the biological assets, the Valuer has taken into consideration the nature and specialty of the biological assets and considered that combination of the market approach and income approach would be appropriate and reasonable in the valuation of the fair value less costs to sell of the biological assets by making reference to the requirement of HKAS 41.

Valuation of mated females

In the valuation of mated females, under the condition of absence of market determined price in the market, the Valuer applied the income approach to determine the present value of expected net cash flows. The cash flows are determined the estimated costs for raising kits unit pelting and the estimated price for skins after pelting.

Valuation of non-mated females and males

In the valuation of non-mated females and males for breeding, the Valuer applied the market approach by referring to the average market price of skins less incremental costs for pelting selling.

Prices and costs of the Biological Assets

Based on the February 2014 auctions of Kopenhagen Fur, the average prices for male, female and total furs were DKK408*, DKK274 and DKK341 per unit respectively. Pelting and sales fee reflect incremental costs to sell for livestocks and are deducted from the assessed fair value. Estimation of costs per unit provided by the Management are presented below:

	DKK
Feed	120
Salary	108
Other variable cost (Note 1)	10
Lower value of male breeders (Note 2)	30
Pelting	30
Sales fee	9
Surplus from Kopenhagen Fur (Note 3)	3-5%

Note 1: Other variable cost includes vaccination and veterinary fees.

Note 2: For mated females, using a male mink for breeding lowers the skin value of the males used as breeders.

Note 3: Surplus from Kopenhagen Fur is received by farmers from the auction body.

*: DKK stand for Danish Kroner

17. Biological Assets *(Continued)*

Valuation methodology of biological assets *(Continued)*

Major inputs

The major inputs for the above models are discount rate, average skins price and birth rate. The discount rate applied for the valuation as at the Valuation Date is 12.06%. The average skins price applied for mated females, mated males and non-mated females are DKK359, DKK391 and DKK391 respectively. The birth rate applied for mated females is 6.

Valuation assumptions

In addition, the following principal assumptions have been adopted by the Valuer;

(a) The expected costs to sell the biological assets reflect the best estimates of the Management and are reasonable, reflecting market conditions and economic fundamentals and will be materialised.

(b) The biological assets are properly managed with necessary care and are receiving proper veterinary care to ensure their normal growth;

(c) There will be no force majeure, including natural disasters that could adversely impact the condition of the biological assets;

(d) The biological assets are free from any diseases such that will lead to death or materially impair the expected economic benefit from the disposal of the biological assets;

(e) The biological assets are assumed to be free from any liabilities or encumbrances that would affect their value;

(f) For the business enterprise to continue as a going concern, the business enterprise will successfully carry out all necessary activities for the development of its business;

(g) Market trends and conditions where the business enterprise operates will not deviate significantly from the economic forecasts in general;

(h) The availability of finance will not be a constraint on the forecast growth of the biological assets;

(i) Key management, competent personnel and technical staff will all be retained to support the ongoing operations of the business enterprise;

(j) There will be no material changes in the business enterprise's business strategy and its operating structure;

(k) The business enterprise shall have uninterrupted rights to operate its existing business during the unexpired term of its authorized operating period;

17. Biological Assets *(Continued)*

Valuation assumptions *(Continued)*

(l) Interest rates and exchange rates in the localities for the operation of the business enterprise will not differ materially from those presently prevailing;

(m) All relevant approvals, business certificates, licences or other legislative or administrative authority from any local, provincial or national government, or private entity or organization required to operate will be officially obtained and renewable upon expiry unless otherwise stated; and

(n) There will be no major changes in the political, legal, economic or financial conditions and taxation laws in the localities in which the business enterprise operates or intends to operate, which would adversely affect the revenues and profits attributable to the business enterprise upon the disposal of the biological assets.

Sensitivity analysis

Change in the discount rate applied resulted in significant fluctuations in the changes in fair values of biological assets. The following table illustrates the sensitivity of the Group net change in fair value of biological assets to increase or decrease 5% in the discount rate applied by the Valuer for the year ended 31 March 2014.

	+5% DKK	Base case DKK	+5% HK$	Base case HK$
Net change in fair value less costs to sell	(597,680)	9,797,040	(854,682)	14,009,767

	-5% DKK	Base case DKK	-5% HK$	Base case HK$
Net change in fair value less costs to sell	747,100	9,797,040	1,068,353	14,009,767

Change in the average skins price applied resulted in significant fluctuations in the changes in fair values of biological assets. The following table illustrates the sensitivity of the Group net change in fair value of biological assets to increase or decrease by 5% in the average skins price applied by the Valuer for the year ended 31 March 2014.

	+/-5% DKK	Base case DKK	+/-5% HK$	Base case HK$
Net change in fair value less costs to sell	+/-2,395,180	9,797,040	+/-3,425,107	14,009,767

17. Biological Assets *(Continued)*

Change in the birth rate applied resulted in significant fluctuations in the changes in fair values of biological assets. The following table illustrates the sensitivity of the Group net change in fair value of biological assets to increase to 7 or decrease to 5 in the birth rate applied by the Valuer for the year ended 31 March 2014.

	Increase to 7 DKK	**Base case DKK**	**Increase to 7 HK$**	**Base case HK$**
Net change in fair value less costs to sell	2,091,880	9,797,040	2,991,388	14,009,767

	Decrease to 5 DKK	**Base case DKK**	**Decrease to 5 HK$**	**Base case HK$**
Net change in fair value less costs to sell	(2,091,880)	9,797,040	(2,991,388)	14,009,767

18. Inventories

	2014 HK$	2013 HK$
Trading goods		
— Pelted skins	**15,039,850**	1,290,168
— Raw skins	**40,285,384**	87,688,786
	55,325,234	88,978,954

All of the inventories of the Company carried at lower of cost or net realisable value at 31 March 2014 and 2013 respectively.

19. Trade and Other Receivables

	2014 HK$	2013 HK$
Trade receivables	**101,427,009**	51,253,885
Less: impairment loss on trade receivables	**—**	—
	101,427,009	51,253,885
Other receivables:		
Auction Deposit	**2,312,473**	—
Feed deposit	**380,869**	—
Prepayment	**383,858**	757,566
Rental deposit	**152,631**	102,799
Utilities deposit	**33,600**	26,000
Others	**290,043**	470,776
	104,980,483	52,611,026

The Group allows a credit period ranging from 0 day to 120 days to its trade customers. The aging analysis of the Group's trade receivables, net of allowance for doubtful debts based on invoice date as at 31 March 2014 and 2013 were as follows:

	2014 HK$	2013 HK$
0 - 60 days	**75,169,520**	44,964,541
61 - 90 days	**13,339,649**	4,027,597
91 - 120 days	**12,917,840**	—
Over 120 days	**—**	2,261,747
	101,427,009	51,253,885

The directors consider that the carrying amounts of trade and other receivables approximate to their fair values.

As at 16 May 2014, approximately HK$13,292,000 of trade receivables had been settled.

Trade receivables disclosed above include amounts which are past due at 31 March 2014 and 2013 for which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owned by the Group to the counterparty.

19. Trade and Other Receivables *(Continued)*

The following is an aging analysis of the Group's trade receivables that are past due but not impaired at 31 March 2014 and 2013.

	2014 HK$	2013 HK$
Trade receivables overdue by:		
0 - 60 days	381,084	2,385,373
61 - 90 days	—	—
91 - 120 days	—	—
Over 120 days	—	—
	381,084	2,385,373

20. Loan Receivables

	2014 HK$	2013 HK$
Loans to customers	96,842,633	—
Accrued interest receivables	9,899,497	—
	106,742,130	—
Less: impairment loss on individual assessment	—	—
	106,742,130	—

The Group offered a credit period of 180 days from the advancement to its customers with the range of interest rate from 12% to 18% per annum. The Group maintains strict control over its outstanding loans to minimise credit risk. Overdue balance is reviewed regularly by management.

The following is an aging analysis of the Group's loan receivables by age, presented based on the invoice date and net of allowance for doubtful debts at 31 March 2014 and 2013:

	2014 HK$	2013 HK$
0 - 60 days	—	—
61 - 90 days	—	—
91 - 180 days	21,497,768	—
Over 180 days	75,344,865	—
	96,842,633	—

20. Loan Receivables *(Continued)*

The directors consider that the carrying amounts of loans receivables approximate their fair values.

As at 22 May 2014, approximately HK$48,117,000 of loans receivables had been settled.

Loan receivables disclosed above include amounts which are past due at the end of reporting period for which Loyal Speed has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable. The repayment of the loan receivables were secured by lien over the fur skins purchased by such loans.

The following is an aging analysis of the Group's loan receivables that are past due but not impaired at 31 March 2014 and 2013.

	2014	2013
	HK$	HK$
0 - 60 days	**6,450,195**	—
61 - 90 days	**68,894,670**	—
91 - 180 days	**—**	—
Over 180 days	**—**	—
	75,344,865	—

21. Pledged Bank Deposits

The amount represents deposits pledged to banks to secure loan facilities granted to the Group and are therefore classified as current assets.

The deposits carry variable interest rate ranging from 0.8% to 1.1% per annum (2013: nil). The pledged bank deposits will be released upon the settlement of relevant bank borrowing. The fair value of bank deposits at 31 March 2014 approximates to the corresponding carrying amount.

22. Bank Balances And Cash

Cash at bank earns interest at floating rates based on the daily bank deposit rates during the year.

23. Trade and Other Payables

	2014 HK$	2013 HK$
Trade payables:	**32,070,051**	78,080,621
Other payables:		
Accruals	**1,301,211**	560,298
Accrued audit fee	**680,000**	500,000
Accrued auction interest	**–**	397,194
Accrued bond interest	**229,165**	229,165
Accrued rental expenses	**25,812**	–
Accrued wages and pension	**614,266**	–
Rental deposit	**11,400**	31,590
Receipt in advance	**20,272,230**	–
	55,204,135	79,798,868

Receipt in advance included approximately HK$15,350,000 was interest bearing. The amounts will be charged at interest rates ranging from 2.59% to 3.37% per annum.

The Group normally settles the outstandings due to trade payables within 21 days credit term. Based on the invoice date, aging analysis of trade payables as at 31 March 2014 and 2013 were as follows.

	2014 HK$	2013 HK$
0 - 60 days	**32,070,051**	50,313,314
61 - 90 days	**–**	–
91 - 120 days	**–**	26,107,969
Over 120 days	**–**	1,659,338
	32,070,051	78,080,621

The directors consider that the carrying amounts of trade payables approximate to their fair values.

24. Bank Borrowings

	2014 HK$	2013 HK$
Trust receipt loans	**84,646,046**	31,655,899
Term loan	**18,727,086**	—
	103,373,132	31,655,899

The secured trust receipt loans and unsecured term loan were secured by corporate guarantee given by the Company. The secured trust receipt loans are secured by pledged bank deposits. The unsecured trust receipt loans will be charged at variable interest rates ranging from 2.23% to 2.96% (2013: 2.62% to 3.05%) while the unsecured term loan will be charged at variable interest rates ranging from 2.46% to 3.50% (2013: nil).

The amounts repayable as extracted from agreed repayment schedules from financial institutions were as follows:

	2014 HK$	2013 HK$
On demand or within one year	**99,359,808**	31,655,899
More than one year, but not exceeding two years	**3,430,086**	—
More than two years, but not exceeding five years	**583,238**	—
More than five years	**—**	—
	103,373,132	31,655,899

25. Obligations Under Finance Lease

The Group leases a motor vehicle under finance lease. The lease term is 32 months (2013: nil). Interest rate underlying all obligations under finance lease is 1.8% (2013: nil) per annum. This lease has no terms of renewal or purchase options and escalation clauses. No arrangements have been entered into for contingent rental payments.

	2014 HK$	2013 HK$
Analysed for reporting purpose as:		
Current liabilities	**186,580**	—
Non-current liabilities	**211,525**	—
	398,105	—

25. Obligations Under Finance Lease *(Continued)*

	Minimum lease payments		Present value of minimum lease payments	
	2014	2013	**2014**	2013
	HK$	HK$	**HK$**	HK$
Amounts payable under finance leases:				
Within one year	**200,268**	—	**186,580**	—
In more than one year but not more than two years	**200,268**	—	**194,897**	—
In more than two years but not more than five years	**16,689**	—	**16,628**	—
In more than five years	**—**	—		—
	417,225	—	**398,105**	—
Less: Future finance charges	**(19,120)**	—	**—**	—
Present value of lease obligations	**398,105**	—	**398,105**	—
Less: Amounts due for settlement within 12 months (shown under current liabilities)			**(186,580)**	—
Amounts due for settlement after 12 months			**211,525**	—

The Group's obligations under finance lease are secured by the charge over the leased motor vehicle.

Finance lease obligations are denominated in Hong Kong dollars, which is also the functional currency of the relevant group entity.

26. Corporate Bond

The Group issued a corporate bond with the principal amount of HK$10,000,000 at the interest rate of 5.5% per annum payable annually for 7 years.

27. Promissory Note

	2014 HK$	2013 HK$
Issued during the year at fair value	**17,620,146**	—
Imputed interest	**954,568**	—
	18,574,714	—

The promissory note was issued by Trade Region Limited ("Trade Region"), a wholly-owned subsidiary of the Company, in connection with the acquisition of the entire issued share capital of Loyal Speed on 13 May 2013. The promissory note represented part of the consideration for the acquisition of Loyal Speed.

The promissory note is non-interest bearing and payable on maturity of two years. The fair value of the promissory note in principal amount of HK$20,000,000 was HK$17,620,146 as at the issue date (i.e. 13 May 2013), based on the professional valuation performed by Assets Appraisal Limited. The effective interest rate of the promissory note is determined to be 6.54% per annum. The fair value of the promissory note is calculated using cash flows discounted at a rate based on the borrowings rate of 6.54% and are within Level 3 of the fair value hierarchy.

28. Deferred Taxation

The following are the major deferred tax liability and asset recognised by the Group and movements thereon during the current and prior years:

	Accelerated tax depreciation HK$	Tax losses HK$	Total HK$
At 1 April 2012	4,444	—	4,444
Charge (credit) to profit or loss for the year	3,026	(503,089)	(500,063)
At 31 March 2013 and 1 April 2013	7,470	(503,089)	(495,619)
Acquisition of a subsidiary	4,982	—	4,982
Charge to profit or loss for the year	114,629	503,089	617,718
At 31 March 2014	127,081	—	127,081

At the end of reporting period, the Group has unused tax losses of approximately HK$6,311,000 (2013: HK$3,049,000) available to set off against future profits that may be carried forward indefinitely. No (2013: HK$3,049,000) deferred tax asset has been recognised in respect of such losses.

29. Share Capital

	Notes	Number of ordinary shares of HK$0.01 each	Number of ordinary shares of HK$0.1 each	HK$
Authorised:				
At 1 April 2012		—	250,000,000	25,000,000
Subdivided into 10 shares of par value of HK$0.01 each		2,500,000,000	(250,000,000)	—
At 31 March 2013, 1 April 2013 and 31 March 2014		2,500,000,000	—	25,000,000
Issued and fully paid:				
At 1 April 2012			72,000,000	7,200,000
Subdivided into 10 shares of par value of HK$0.01 each		720,000,000	(72,000,000)	—
Issue of shares upon listing		240,000,000	—	2,400,000
Issue of shares by placing for cash		192,000,000	—	1,920,000
At 31 March 2013 and 1 April 2013		1,152,000,000	—	11,520,000
Issue of share upon bonus issue	(a)	235,936,000	—	2,359,360
Exercise of Pre-IPO share options	(b)	33,440,000	—	334,400
Issue of shares by placing for cash	(c)	230,400,000	—	2,304,000
At 31 March 2014		1,651,776,000	—	16,517,760

During the year, the movements in the Company's share capital are as follows:

(a) The Board proposed a bonus issue on the basis of one bonus share for every five existing shares held by the members whose names were on the register of members of the Company on 5 July 2013 (the "Bonus Issue"). The proposed Bonus Issue was approved by the members at the annual general meeting of the Company held on 28 June 2013. A total of 235,936,000 bonus shares of HK$0.01 each were issued by way of the Bonus Issue on 15 July 2013.

(b) During the year, 33,440,000 new ordinary shares of HK$0.01 each were issued on exercise of 33,440,000 share options ("Pre-IPO Share Options") under the Pre-IPO Share Option Scheme of the Company (the "Pre-IPO Share Option Scheme") at an aggregate consideration of HK$7,032,320, of which HK$334,400 was credited to share capital and the remaining balance of HK$6,697,920 was credited to the share premium account. In addition, an amount attributable to the related Pre-IPO share options of HK$2,803,105 has been transferred from share option reserve to the share premium account.

(c) On 24 July 2013, the Company issued and allotted 230,400,000 new ordinary shares of HK$0.01 each pursuant to the placing at a price of HK$0.28 each as a result of the top-up placing and subscription.

30. Warrants

With reference to the circular of the Company dated 26 May 2013 and 13 June 2013 respectively, a total number of 114,000,000 unlisted warrants (the "Warrants") to be issued by the Company at the issue price of HK$0.005 per unit of warrant with subscription price of HK$0.40 per share to three independent third parties of the Group on 16 July 2013.

Pursuant to the provisions of the instrument constituting the Warrants to subscribe for shares issued by the Company on 13 July 2013 and the terms and conditions of the Warrants, in the event of the Bonus Issue of the Company, an adjustment would need to be made to the subscription price of such warrant shares to be issued upon the exercise of the subscription rights attached to the Warrants. Therefore, the total number of 114,000,000 Warrants to be issued by the Company at the subscription price of HK$0.40 per share was adjusted to HK$0.32 per Warrant with effect from 6 July 2013.

31. Acquisition of a Subsidiary

On 13 May 2013, Trade Region, the direct wholly owned subsidiary of the Company had acquired the entire issued share capital of Loyal Speed at a total consideration of HK$91,000,000, HK$71,000,000 of which was satisfied by cash, whereas HK$20,000,000 of which was satisfied by issuance of the promissory note, whose the fair value was HK$17,620,146 as at the issue date. The transaction has been accounted for by the acquisition method of accounting.

Loyal Speed is engaged in the provision of brokerage and financing services of fur skins.

The consideration was satisfied in cash and promissory note as stated below:

	HK$
Cash consideration	71,000,000
Promissory note at fair value (note 27)	17,620,146
	88,620,146

Acquisition-related costs amounting to approximately HK$781,000 have been excluded from the costs of acquisition and are recognised directly as expenses when they are incurred.

31. Acquisition of a Subsidiary *(Continued)*

Details of the fair value of net assets of Loyal Speed as at the date of acquisition are as follows:

	HK$
Property, plant and equipment	32,054
Trade and other receivables	10,897,395
Loan receivables	36,921,020
Cash and cash equivalents	8,931,002
Trade and other payables	(28,725,210)
Auction loans	(8,706,714)
Tax payable	(6,157,561)
Deferred tax liability	(4,982)
Total identifiable net assets	13,187,004
Total consideration	88,620,146
Goodwill arising from acquisition	75,433,142

Goodwill arose in the business combination because the cost of combination included amount in relation to the benefits of revenue growth and future market development. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured. None of the goodwill recognised is expected to be deductible for income tax purposes.

During the year, no impairment loss in respect of goodwill is recognised as disclosed in note 16.

Net cash outflow arising on acquisition:

	HK$
Consideration paid in cash	(71,000,000)
Less: cash and cash equivalents balance acquired	8,931,002
	(62,068,998)

For the period between the date of acquisition and 31 March 2014, Loyal Speed contributed HK$22,799,910 to the Group's consolidated turnover and profit of HK$9,140,820 to the Group's profit for the year in consolidated statement of profit or loss and other comprehensive income.

32. Operating Lease Commitment

The Group as lessee

	2014 HK$	2013 HK$
Minimum lease payments paid under operating leases during the year		
Rented premises	**556,963**	360,432
Rented equipment	**15,566**	—
	572,529	360,432

At 31 March 2014, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	2014 HK$	2013 HK$
Within one year	**802,032**	321,270
In the second to fifth years inclusive	**576,000**	—
Over five years	**—**	—
	1,378,032	321,270

Operating lease payments represent rentals payable by the Group for certain of its office. Leases are negotiated for a term from 1 to 3 years.

The Group as lessor

Property rental income earned during the year was HK$191,856 (2013: HK$6,783). The investment properties are held for rental purposes. It is expected to generate rental yields of 13% on an ongoing basis. The properties held have committed tenants to continue until notice.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2014 HK$	2013 HK$
Within one year	**56,280**	41,310
In the second to fifth years inclusive	**1,820**	—
Over five years	**—**	—
	58,100	41,310

33. Capital Commitments

	2014 HK$	2013 HK$
Capital expenditure in respect of the acquisition of property, plant and equipment:		
Contracted but not provided for	–	396,500
Authorised for but not contracted for	–	–
	–	396,500

34. Share-Based Payment Transactions

The Company has two share option schemes namely, the Pre-IPO share option scheme and the share option scheme which were adopted on 1 August 2012.

Pre-IPO Share Option Scheme

Pursuant to a written resolution of the Company passed on 1 August 2012, the Company has conditionally adopted the Pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") on 1 August 2012 for the primary purpose of providing incentive to eligible participants. The total number of shares in respect of which share options granted and remained outstanding under the Pre-IPO Share Option Scheme as at 31 March 2014 was 57,792,000 (2013: 80,640,000) which represented approximately 3.5% (2013: 7.0%) of the issued share capital of the Company as at 31 March 2014.

As at 31 March 2014 details of the share options granted under the Pre-IPO Share Option Scheme are as follows:

	Option type	Date of grant	Exercise price HK$	Adjusted exercise price HK$	At 1.4.2013	Granted during the year	Exercised during the year	Lapsed during the year	Adjustment for the number of share option due to the issuance of bonus share (Note)	Adjusted number of share option at 31.3.2014
Directors	A	1 August 2012	0.208	0.173	60,480,000	–	(27,200,000)	–	6,656,000	39,936,000
Employees	B	1 August 2012	0.260	0.217	5,760,000	–	(480,000)	–	1,056,000	6,336,000
Others	C	1 August 2012	0.260	0.217	14,400,000	–	(5,760,000)	–	2,880,000	11,520,000
Total					80,640,000	–	(33,440,000)	–	10,592,000	57,792,000

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

Pre-IPO Share Option Scheme *(Continued)*

Note: On 15 July 2013, the Company issued one bonus share for every five existing shares on 5 July 2013. The issued share capital of the Company was therefore increased by 235,936,000 shares of HK$0.01 each accordingly. As a result of the issue of new shares by bonus issue, the exercise price and the number of the outstanding share options has been adjusted in accordance with i) the terms of the Pre-IPO share option scheme adopted by the then sole shareholder of the Company on 1 August 2012; ii) Rule 23.03(13) and Note to Rule 23.03(13) of the Rules governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules"); and iii) the supplementary guidance issued by The Stock Exchange of Hong Kong Limited on 5 September 2005 regarding adjustment of share options under the GEM Listing Rules, with effect from 6 July 2013.

As at 31 March 2013 details of the share options granted under the Pre-IPO Share Option Scheme are as follows:

	Option type	Date of grant	Exercise price	At 1.4.2012	Granted during the year	Exercised during the year	Lapsed during the year	At 31.3.2013
Directors	A	1 August 2012	0.208	–	60,480,000	–	–	60,480,000
Employees	B	1 August 2012	0.260	–	5,760,000	–	–	5,760,000
Others	C	1 August 2012	0.260	–	14,400,000	–	–	14,400,000
Total				–	80,640,000	–	–	80,640,000

Details of specific categories of options are as follows:

Option type	Date of grant	Exercise period	Exercise price HK$
A	1 August 2012	1/2 portion: 1 February 2013 to 31 July 2022 1/2 portion: 1 February 2014 to 31 July 2022	0.208
B	1 August 2012	1/3 portion: 1 April 2013 to 31 July 2022 1/3 portion: 1 April 2014 to 31 July 2022 1/3 portion: 1 April 2015 to 31 July 2022	0.260
C	1 August 2012	All portion: 1 May 2013 to 31 July 2022	0.260

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

Pre-IPO Share Option Scheme *(Continued)*

The fair value of the granted option amounted for HK$6,923,241, which will be charged to profit or loss through the vesting period. HK$2,296,354 (2013: HK$4,561,909) has been recognised as share based payments expenses during the year.

Share Option Scheme

The Company adopted the Share Option Scheme on 1 August 2012, which was approved by the shareholders' written resolutions, is valid and effective for a period of 10 years. It is a share incentive scheme and is established to recognise and motivate the contribution of the eligible participants and to provide them with a direct economic interest in attaining the long term business objectives of the Company. Pursuant to the Share Option Scheme, the Board may, at its discretion, offer to grant an option to any director, employee and any advisor or consultant who has contributed or is expected to contribute to the Group.

The total number of shares in respect of which share options may be granted under the Share Option Scheme must not exceed 10% of the total number of issued shares of the Company as at 31 March 2014.

The total number of shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme to eligible participants in any 12-month period up to and including the date of grant shall not exceed 1% of the shares in issue as the date of grant. Any further grant of options in excess of this 1% limit shall be subjected to the approval of shareholders in a general meeting.

The subscription price of a share in respect of any particular option granted under the Share Option Scheme shall not be less than the highest of:

(i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheets on the date of grant;

(ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of grant; or

(iii) the nominal value of a share.

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

Share Option Scheme *(Continued)*

As at 31 March 2014 details of the share options granted under the Share Option Scheme are as follows:

	Date of grant	Exercise price	At 1.4.2013	Granted during the year	Exercised during the year	Lapsed during the year	At 31.3.2014
Director							
Mr. Wong Chun Chau	13 August 2013	0.408	–	12,250,000	–	–	12,250,000

Exercise period of the Share Options is 24 months commencing from the date of grant.

The fair value of the options granted was determined by an independent third party, Asset Appraisal Limited, by using Binomial Option Pricing Model, the assumption used to determine the value for the Scheme were as follows:

Vesting period	Underlying share value	Exercise multiple	Risk free rate	Volatility	Employee exit rate post-vesting	Dividend yield
Nil	HK$0.385	2.8	0.28%	35.85%	Nil	1.82%

Note:

(a) the exercise multiple defines the early exercise strategy.

(b) risk free rate represents the yields to maturity of Hong Kong Exchange Fund Note with respective terms to maturity as at the valuation date, 13 August 2013.

(c) dividend yield was calculated based on the closing price as at valuation date and the historical dividends per share.

(d) exit rate-post vesting is the percentage of share option lapsed after the vesting period.

(e) volatility is the annualised standard deviation of daily return of the Company's and comparable companies' share price with reference to Bloomberg.

The fair value of the granted options amounted for HK$756,316, which will be charged to profit or loss upon the date of grant.

35. Retirement Benefit Plans

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

36. Contingent Liabilities

As 31 March 2014, the Company has granted a corporate guarantee to secure general banking facilities which is available to U.K. Fur and Loyal Speed. According to the banking facilities, up to HK$173 million (2013: HK$50 million) is granted to U.K. Fur while up to HK$8 million (2013: HK$nil) is granted to Loyal Speed.

37. Event After the Reporting Period

The Board has proposed to make a bonus issue of one new share credited as fully paid for every five shares held by shareholders whose names appear on the register of members on 25 July 2014. The relevant resolution will be proposed at the forthcoming annual general meeting.

38. Related Party Transactions

(a) Categories of financial instruments

During the year, the Group entered into the following transactions with related parties. The transactions were carried out at estimated market prices determined by the directors of the Company.

Name of related party	Nature of transaction	2014 HK$	2013 HK$
Universal Apparel Limited	Rental of premise	**300,000**	300,000

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year were as follows:

	2014 HK$	2013 HK$
Short-term benefits	**3,371,400**	2,193,100
Post-employment benefits	**47,268**	43,500
Share-based payments	**2,383,832**	3,778,313
	5,802,500	6,014,913

The remuneration of directors and key executives is determined by the Board and reviewed by the remuneration committee having regard to the performance of individuals and market trends.

39. 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 optimisation of the debt and equity balance. The Group's overall strategy remained unchanged as compared to that in 2013.

The capital structure of the Group consists of net debts, which included, corporate bond, promissory note, bank borrowings and obligations under finance lease disclosed in notes 26, 27, 24 and 25 respectively, net of cash and cash equivalents and equity attributable to the shareholders of the Company, comprising issued share capital, share premium, reserve and retained profit.

The directors of the Company review the capital structure periodically. The directors of the Company consider the cost of capital and the risks associated with each class of capital will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt. No changes were made in the objectives, policies or processes as compared to that in 2013.

The management considers the gearing ratio at the year ended was as follows:

	2014 **HK$**	2013 HK$
Total borrowings:		
Bank borrowings	**103,373,132**	31,655,899
Corporate bond	**10,000,000**	10,000,000
Promissory note	**18,574,714**	—
Obligations under finance lease	**398,105**	—
	132,345,951	41,655,899
Total assets	**467,256,837**	299,049,497
Gearing ratio	**28.32%**	13.93%

40. Financial Risk Management Objectives And Policies

The Group's major financial instruments include trade and other receivables, borrowings, trade and other payables, corporate bond and promissory note. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Liquidity risk

The Group monitors its current and expected liquidity requirements regularly and ensuring sufficient liquid cash and adequate committed lines of funding from reputable financial institutions are available to meet the Group's liquidity requirements in the short and long term.

The Group relies on auction loans and bank borrowings as a significant source of liquidity. At 31 March 2014, the Group has banking facilities with maximum limit of HK$181 million (2013: HK$50 million). Details of which are set out in note 24.

The following table details the Group's remaining contractual maturity for its 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.

	At 31 March 2014				
	On demand HK$	**Within 1 year HK$**	**2-5 years HK$**	**Over 5 years HK$**	**Total HK$**
Trade and other payables	**55,204,135**	**—**	**—**	**—**	**55,204,135**
Bank borrowings					
— due within one year	**103,373,132**	**—**	**—**	**—**	**103,373,132**
Corporate bond	**—**	**—**	**—**	**10,000,000**	**10,000,000**
Promissory note	**—**	**—**	**18,574,714**	**—**	**18,574,714**
Obligations under finance lease	**—**	**186,580**	**211,525**	**—**	**398,105**
	158,577,267	**186,580**	**18,786,239**	**10,000,000**	**187,550,086**

	At 31 March 2013				
	On demand HK$	Within 1 year HK$	2-5 years HK$	Over 5 years HK$	Total HK$
Trade and other payables	79,798,868	—	—	—	79,798,868
Bank borrowings					
— due within one year	31,655,899	—	—	—	31,655,899
Corporate bond	—	—	—	10,000,000	10,000,000
Promissory note	—	—	—	—	—
Obligations under finance lease	—	—	—	—	—
	111,454,767	—	—	10,000,000	121,454,767

40. Financial Risk Management Objectives And Policies *(Continued)*

Market risk

The following table details the Group's remaining contractual maturity for its 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.

(a) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances, pledged deposits and bank borrowings at 31 March 2014 (see Note 22, 21, 24) for details of these bank balances, pledged deposit and bank borrowings. Management monitors interest rate exposure and 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. Fluctuations of prevailing rate quoted by the bank are the major sources of the Group's cash flows interest rate risk.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate bank borrowings and bank balances. The analysis is prepared assuming the financial instruments outstanding at the end of reporting period were outstanding for the whole year. A 50 basis point 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 50 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$170,440 (2013: increase/decrease by HK$514,063).

(b) Foreign Currency risk

The Group carries out its business in Hong Kong and worldwide and most of the transactions are denominated in United States dollars ("US$") and Danish Kroner ("DKK"). The sales and purchases transactions of the Group have exposed to the foreign currency risk.

To mitigate the impact of exchange rate fluctuations, the Group continually assesses and monitors the exposure to foreign currency risk. During the year, management of the Group did not consider whether it is necessary to use foreign currency forward contracts to hedge the exposure to foreign currency risk as most of the assets and liabilities denominated in currencies other than the functional currency of the entity to which they related are short term foreign currency cash flows. As the HK$ is pegged to the US$, the Group considers the risk of movements in exchange rates between the HK$ and the US$ to be insignificant.

40. Financial Risk Management Objectives And Policies *(Continued)*

Market risk *(Continued)*

(b) Foreign Currency risk *(Continued)*

During the year, management of the Group did not consider whether it is necessary to use foreign currency forward contracts to hedge the exposure to foreign currency risk due to the operation of the overseas subsidiary in Denmark, as the fluctuation of the exchange rate of DKK relatively stable.

During the year, the carrying amounts of the Group's financial assets and financial liabilities denominated in US$ and DKK at the respective reporting dates are as follows:

	Assets		**Liabilities**	
	2014 HK$	2013 HK$	**2014 HK$**	2013 HK$
Danish Kroner	**998,770**	604,575	**21,845,405**	521,504
United States dollars	**250,143,229**	72,394,762	**116,902,907**	110,133,714

Credit risk management

At the respective reporting dates, 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 is arising from the carrying amount of the respective recognised financial assets as stated in the combined statement of financial position.

In order to minimise the credit risk, management of the Group reviews the recoverable amount of each individual trade debt at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significant reduced.

Fair value

As at 31 March 2014, the carrying amount of cash and cash equivalents, prepayments, deposits and other receivables, accrued liabilities and other payables approximated their fair values due to the short term maturities of these assets and liabilities. The directors consider that financial assets at fair value through profit or loss are included in the statement of financial position at amount approximating to their fair values.

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used).

40. Financial Risk Management Objectives And Policies *(Continued)*

Fair value *(Continued)*

Financial assets/ financial liabilities	Fair value hierarchy	Valuation technique(s) and key input	Significant unobservable input(s)
Corporate bond	Level 3	Discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow out from the Group, based on an appropriate discount rate	Discount rate of 5.5%
Promissory note	Level 3	Discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow out from the Group, based on an appropriate discount rate	Discount rate of 6.54%

	Fair value hierarchy as at 31 March 2014			
	Level 1 HK$	**Level 2** HK$	**Level 3** HK$	**Total** HK$
Liabilities				
Corporate bond	—	—	10,000,000	10,000,000
Promissory note	—	—	17,620,146	17,620,146
	—	—	27,620,146	27,620,146

There were no transfers between levels 1, 2 and 3 in both years.

41. Particulars of Principal Subsidiaries

Name of subsidiaries	Place of incorporation	Paid up issued/ registered ordinary share capital HK$/US$/DKK	Percentage of equity attributable to the Company Direct	Indirect	Principal activities and place of operation
UKF Finance Limited	Hong Kong	HK$1,000,000	100%	–	Dormant
Trade Region Limited	British Virgin Islands	US$2	100%	–	Investment holdings
U.K.Fur Limited	British Virgin Islands	US$10,000	–	100%	Trading of fur skins
UKF (Denmark) A/S	Denmark	DKK500,000	–	100%	Mink farming
Loyal Speed Limited	British Virgin Islands	US$100	–	100%	Provision of fur brokerage and financing services.

None of the subsidiaries had any debt securities outstanding at the end of the year.

As disclosed at note 16 and 31, the entire issued share capital of Loyal Speed was acquired by Trade Region, the direct wholly-owned subsidiary of the Company at a total consideration of HK$91,000,000. The transaction has been completed on 13 May 2013, and Loyal Speed became a wholly-owned subsidiary of the Company since the completion date.

42. Information About The Statement Of Financial Position Of The Company

	2014 HK$	2013 HK$
Non-current assets		
Investment in subsidiaries	**8,200,000**	8,200,000
Deferred tax asset	**—**	503,089
	8,200,000	8,703,089
Current assets		
Prepayment	**139,164**	467,500
Amounts due from subsidiaries	**155,660,271**	72,153,830
Loan to a subsidiary	**52,411,406**	—
Bank balances and cash	**238,881**	60,675,413
	208,449,722	133,296,743
Current liabilities		
Accruals	**322,285**	242,265
Amounts due to a subsidiary	**996,645**	997,000
Tax payable	**56,814**	—
	1,375,744	1,239,265
Net current assets	**207,073,978**	132,057,478
Total assets less current liabilities	**215,273,978**	140,760,567
Non-current liability		
Corporate bond	**10,000,000**	10,000,000
Net assets	**205,273,978**	130,760,567
Capital and reserve		
Share capital	**16,517,760**	11,520,000
Reserves	**188,756,218**	119,240,567
	205,273,978	130,760,567

Profit of the Company for 2014 amounted to HK$9,802,793 (2013: loss of HK$139,316).

FINANCIAL SUMMARY

Results

	2010 HK$	2011 HK$	2012 HK$	2013 HK$	**2014 HK$**
Revenue	24,915,731	109,735,579	214,552,947	297,524,230	**301,637,189**
Profit before tax	7,345,957	17,379,817	19,840,976	26,853,759	**39,992,696**
Income tax credit (expense)	(1,226,200)	(2,878,351)	(3,284,710)	271,943	**(4,151,429)**
Profit attributable to shareholders of the Company	6,119,757	14,501,466	16,556,266	27,125,702	**35,841,267**

Assets And Liabilities

	2010	2011	2012	2013	**2014**
Total assets	44,879,552	63,968,231	84,839,423	299,049,497	**467,256,837**
Total liabilities	(38,681,795)	(51,869,008)	(56,183,934)	(128,024,398)	**(195,785,383)**
Shareholders' equity	6,197,757	12,099,223	28,655,489	171,025,099	**271,471,454**

Note:

(i) The results for the years ended 31 March 2010, 2011 and 2012 were extracted from the Prospectus of the Company dated 15 August 2012.

(ii) Total assets and total liabilities of the Group as at 31 March 2010, 2011 and 2012 were extracted from the Prospectus of the Company dated 15 August 2012.

PARTICULARS OF MAJOR PROPERTY

Investment properties

Location	Use	Category of lease	Group's interest
Omme Landevej 35 DK - 7200 Grindsted, Denmark	Residential	Freehold	100%
Porsmark 3 Thissinghus 7970 Redsted M, Denmark	Residential	Freehold	100%