新洲發展控股有限公司
NEW ISLAND DEVELOPMENT HOLDINGS LTD.
(Stock Code 股份代號 : 377)

2014

Annual Report 年報

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Mr. Suen Cho Hung, Paul
(Chairman)
Mr. Lo Ming Chi, Charles
(Chief Executive Officer)
Ms. Chan Yuk Yee

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Wong Yun Kuen
Mr. Pun Chi Ping
Mr. Ip Man Tin, David

COMPANY SECRETARY

Mr. Sinn Wai Kin, Derek

AUDIT COMMITTEE

Mr. Pun Chi Ping, *Chairman*
Dr. Wong Yun Kuen
Mr. Ip Man Tin, David

REMUNERATION COMMITTEE

Mr. Ip Man Tin, David, *Chairman*
Dr. Wong Yun Kuen
Mr. Pun Chi Ping
Mr. Lo Ming Chi, Charles

NOMINATION COMMITTEE

Dr. Wong Yun Kuen, *Chairman*
Mr. Lo Ming Chi, Charles
Mr. Pun Chi Ping
Mr. Ip Man Tin, David

SOLICITORS

Chiu & Partners Solicitors

AUDITOR

Grant Thornton Hong Kong Limited

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
Wing Hang Bank Limited

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE

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HONG KONG SHARE REGISTRAR

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Hong Kong

STOCK CODE

377

WEBSITE

http://www.newisland.com

BIOGRAPHY OF DIRECTORS

Executive Directors

Mr. Suen Cho Hung, Paul, aged 53, joined as an Executive Director of the Company in September 2012, is the Chairman of the Company. Mr. Suen holds a Master of Business Administration degree from the University of South Australia. Mr. Suen has extensive experience in managing metal, minerals and raw materials, electrical and electronic consumer products, energy and property business ventures as well as in strategic planning and corporate management of business enterprises in Hong Kong and the People's Republic of China. Mr. Suen is also a substantial shareholder, an executive director and the chairman of Poly Capital Holdings Limited (stock code: 1141) ("Poly Capital") and a controlling shareholder of China Tycoon Beverage Holdings Limited (stock code: 209) ("China Tycoon"). Mr. Suen is also a controlling shareholder and a non-executive director of BEP International Holdings Limited (stock code: 2326). Mr. Suen was a non-executive director of Sunlink International Holdings Limited (stock code: 2336) ("Sunlink") until 3rd June, 2014. All of the above companies are listed companies in Hong Kong.

Mr. Lo Ming Chi, Charles, aged 64, joined as an Executive Director of the Company in September 2010, is the Chief Executive Officer of the Company. Mr. Lo is also a member of the Remuneration Committee and Nomination Committee of the Company and a director of several subsidiaries of the Company. He is a certified practicing accountant of the CPA Australia and is a fellow member of the Financial Services Institute of Australasia. Mr. Lo has extensive experience in financial and investment services in Australia, Hong Kong and other Asian countries. Mr. Lo is also an executive director, deputy chairman and chief executive officer of China Tycoon and an independent non-executive director of CASH Financial Services Group Limited (stock code: 510) and Carrianna Group Holdings Company Limited (stock code: 126). Mr. Lo was an independent non-executive director of New Environmental Energy Holdings Limited (stock code: 3989) until 1st July, 2012. All of the above companies are listed companies in Hong Kong.

Ms. Chan Yuk Yee, aged 46, joined as an Executive Director of the Company in September 2010 and a director of several subsidiaries of the Company. Ms. Chan holds a Master of Business Law degree from Monash University in Australia and is an associate member of both the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators. Ms. Chan has over 10 years of experience in corporate administration and company secretarial practice. Ms. Chan is also an executive director and the company secretary of China Tycoon and the company secretary of Sunlink, all being listed companies in Hong Kong.

Independent Non-executive Directors

Dr. Wong Yun Kuen, aged 56, joined as an Independent Non-executive Director of the Company in October 2010. Dr. Wong is the Chairman of the Nomination Committee of the Company and also a member of the Audit Committee and Remuneration Committee of the Company. Dr. Wong received a Ph.D. degree from Harvard University, and was "Distinguished Visiting Scholar" at Wharton School of the University of Pennsylvania. Dr. Wong has worked in financial industries in the United States and Hong Kong for many years, and has considerable experience in corporate finance, investment and derivative products. He is a member of the Hong Kong Securities Institute. Dr. Wong is also an executive director of UBA Investments Limited (stock code: 768) and an independent non-executive director of Bauhaus International (Holdings) Limited (stock code: 483), Climax International Company Limited (stock code: 439), Kingston Financial Group Limited (stock code: 1031), Harmony Asset Limited (stock code: 428), Guocang Group Limited (stock code: 559), Kaisun Energy Group Limited (stock code: 8203), Kong Sun Holdings Limited (stock code: 295), China Yunnan Tin Minerals Group Company Limited (stock code: 263), China Sandi Holdings Limited (stock code: 910) and Sincere Watch (Hong Kong) Limited (stock code: 444). Dr. Wong was an independent non-executive director of Hong Kong Life Sciences and Technologies Group Limited (stock code: 8085) until 21st September, 2012. All the companies mentioned above are listed companies in Hong Kong.

BIOGRAPHY OF DIRECTORS *(Continued)*

Independent Non-executive Directors *(Continued)*

Mr. Pun Chi Ping, aged 47, joined as an Independent Non-executive Director of the Company in October 2010. Mr. Pun is also the Chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee of the Company. Mr. Pun holds a Master degree of Science in Finance and a Bachelor degree of Arts in Accountancy, both from the City University of Hong Kong. Mr. Pun is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Pun has extensive experience in corporate finance, accounting and auditing and is the financial controller of Poly Property Group Co., Limited (stock code: 119), a listed company in Hong Kong.

Mr. Ip Man Tin, David, aged 68, joined as an Independent Non-executive Director of the Company in November 2010. Mr. Ip is also the Chairman of the Remuneration Committee of the Company and a member of the Audit Committee and the Nomination Committee of the Company. He holds a Bachelor of Arts Degree and a Master of Public Administration degree. Mr. Ip is a Chartered Marketer and a Certified Management Consultant. He has extensive experience of public administration and public company management in Hong Kong and Britain. He has extensive consultancy experience across industry sectors. Mr. Ip is also the chairman and non-executive director of Upbest Group Limited (stock code: 335), a listed company in Hong Kong.

BIOGRAPHY OF SENIOR MANAGEMENT

Mr. So Wah Sum, Conrad, aged 59, is the Sales Director of New Island Printing Company Limited. Mr. So graduated from the University of Waterloo in Canada with degrees in Environmental Studies and in Arts majoring in economics and accounting. He has obtained a master degree in Business Administration from Deakin University, Australia. Mr. So is a member of the Society of Management Accountants of Canada and also a fellow of Chartered Institute of Management Accountants of United Kingdom. He worked in various departments of a multinational chemical manufacturer in Canada before returning to Hong Kong and joining the Group in 1983.

Mr. Sinn Wai Kin, Derek, aged 55, is the Financial Controller responsible for the financial planning and management of the Group and is the Company Secretary of the Company. Mr. Sinn is a fellow member of the Hong Kong Institute of Certified Public Accountants and has more than 25 year's experience in audit, accounting and financial management. He joined the Group in September 2008.

Mr. Lai Po Wah, Charles, aged 56, is the General Manager of Shanghai New Island Packaging Printing Company Limited. He is responsible for the overall management of the Shanghai operation of the Group. Mr. Lai has over 30 years' experience in the printing industry. He is a graduate of Hong Kong Institute of Vocational Education (Kwun Tong) in printing. He joined the Group since 1986.

Mr. Tee Swee Kan, aged 55, is the Production Director of Dongguan New Island Printing Company Limited. He is responsible for managing the manufacturing operations of the Dongguan plant. He holds a Bachelor of Science degree in Chemistry from Malaysia and is a member of the Institute of Printing (UK). He has more than 20 years of production and operational management experience in the printing industry. Mr. Tee was employed by the Group from September 1990 to August 2002. He rejoined the Group in June 2008.

I am pleased to present the 2013/14 annual results of New Island Development Holdings Limited (formerly known as New Island Printing Holdings Limited) (the "Company") and its subsidiaries (together, the "Group").

REVIEW

Discontinued operation

In March 2014, the Group entered into a conditional sale and purchase agreement to dispose of its brokerage of securities services business at a consideration of HK$34,800,000. Accordingly, the results of the brokerage of securities services division were accounted for as a discontinued operation in the consolidated statement of profit or loss for the current year and results of last year have also been restated.

Continuing operations

(1) Printing Division

The Group recorded turnover of approximately HK$676,100,000 for the year ended 31st March, 2014 (2013: HK$655,000,000), there was an increase in turnover for 3.2% from 2012/13 to 2013/14. Gross profit decreased by approximately 6.4% to approximately HK$119,600,000 for the year ended 31st March, 2014 (2013: HK$127,700,000).

(2) Provision of Finance Services Division

We continued to provide finance to credible borrower with appropriate collateral. During the review period, we generated approximately HK$700,000 (2013: HK$200,000) interest income with marketable interest rate and handling services charges to borrowers.

(3) Securities Investment Division

The Group invested surplus cash in listed equities. During the year, the Group's securities investment division did not record any revenue but a net realized gain on trading securities of approximately HK$1,600,000 (2013: HK$Nil) and net unrealized gain on trading securities of approximately HK$154,600,000 (2013: loss of approximately HK$16,200,000). The net unrealized gain was attributable to trading of listed equity securities during the year. The net unrealized gain was mainly resulted from the unrealized gain of HK$154,600,000 from holdings listed equity securities measured at fair value at the year end. At the year end, the Group's securities portfolio compromised listed equity securities in mining resources, property development and another with businesses in health care products, pharmaceutical products, electronic cigarettes, trading securities, property investments and money lending.

(4) Property Investment Division

The Group invested a shop during the year with rental income of approximately HK$400,000 (2013: HK$ Nil). As the Group intended to diversify their investments, the Group invested in investment properties for future rental income and potential capital gain.

The Group changed from its previous name of New Island Printing Holdings Limited to New Island Development Holdings Limited on 19th August, 2013. As the printing industry becomes more competitive in recent years, which have been reflected in the decreasing gross profit margin for the year ended 31st March, 2014, the Group is looking for new investment opportunities together with restructuring of our existing business in order to enhance our shareholders returns. Consequently the change of the company name will better reflect the business diversity of the Group.

Having considered the continuous challenging environment and to readily grasp other valuable investment opportunities, the Board has resolved not to propose dividend for the year ended 31st March, 2014.

PROSPECT

During the year under review, the economy of USA and European remained uncertain and volatile; the Group faced increasing demand for quality and change in order patterns both domestic and overseas. This led to more competitive in pricing and demand in assured quality with short lead times and small magnitude.

In regarding to tackle the anticipated challenges and remain competitive, the Group will invest more resources in purchasing machine for automation and increase our production capacity to reduce the pressure of increasing labour cost and requirement of assure quality and delivery lead time. However, automation will increase our capital investment and has negative impact on the cashflow position of the Group.

On the other hand, despite continuing its existing businesses, the Group is exploring any other investment opportunities to strengthen the performance of the Group to enhance our shareholders' returns with appropriate investments.

APPRECIATION

Finally, I would like to take this opportunity to extend my gratitude to my fellow directors and all the dedicated staff of the Group for their hard work and contribution during the year. On behalf of the Board, I would also like to express our sincere thanks to the Group's shareholders, investors, customers, bankers and business associates for their continued support.

Suen Cho Hung, Paul
Chairman

Hong Kong, 24th June, 2014

BUSINESS REVIEW AND OUTLOOK

For the review year, the Group discontinued its brokerage of securities services business and continued to engage in the businesses of (1) sale and manufacturing of high quality multi-colour packaging products, carton boxes, books, brochures and other paper products; (2) provision of finance; (3) securities investments; and (4) property investments.

Continuing operations

Despite the macroeconomic environment remained uncertain, the Group reported turnover of approximately HK$677,200,000 for the year under review ("Review Year"), which mainly comprised of turnover from sales of printing products of approximately HK$676,100,000, provision of finance of approximately HK$700,000 and rental income of approximately HK$400,000. The sale of printing products slightly increased by approximately 3.2% compared to approximately HK$655,000,000 for the last corresponding year ("Corresponding Year") for which the sales to Europe and other countries representing a growth of 26.5% for the Corresponding Year. This was attributed to growth in our existing clients.

Gross profit margin has slightly smoothened down to approximately 17.7% during the Review Year from approximately 19.5% during the Corresponding Year. Gross profit decreased by approximately 6.4% to approximately HK$119,600,000 for the Review Year, it mainly caused by operating cost increases related to adverse currency fluctuations, social insurance and increases in wages in recruiting local staff in the PRC.

In line with the increase in turnover, selling and distribution costs during the Review Year increased by approximately 11.7% to approximately HK$48,800,000, standing at approximately 7.2% of turnover, it is mainly due to increase of commission, freight with different terms of sales and increase in parallel with increase of sale. Notwithstanding stringent cost control measures adopted by the Group under difficult operating conditions, administrative expenses have increased by approximately 6.9% to approximately HK$75,100,000 during the Review Year. It was caused by increase in directors' remuneration and compliance to requirements of the government for environmental, social insurance, safety and welfare.

Finance costs increased by approximately 34.4% to approximately HK$3,000,000. The increase was mainly due to an additional mortgage loan of the investment property and a machine loan during the year under review.

The substantial increase in fair values of listed trading securities due to the substantial increase in the market prices of certain listed securities held by the Group, the Group recorded a substantial unrealized gain of approximately HK$154,600,000 during the Review Year. The Group recorded a fair value adjustment on investment property of approximately HK$1,400,000 during the Review Year due to decrease in the market value of investment property which has been accounted in other net loss.

As a result of the combined effects of the foregoing, profit before taxation for the Review Year of HK$147,700,000 as compared with a loss before taxation of approximately HK$4,800,000 for the Corresponding Year. Tax expense outside Hong Kong decreased while there was a deferred tax expenses for unrealized gain on trading securities for the Review Year. Consequently the tax expenses increased to approximately HK$25,500,000 during the Review Year.

BUSINESS REVIEW AND OUTLOOK *(Continued)*

Discontinued operation

The brokerage of securities services division recorded turnover of approximately HK$11,400,000 during the Review Year compared with turnover of approximately HK$6,400,000 during the Corresponding Year. Operating profit margin decreased to approximately 16.4% during the Review Year from approximately 28.4% during the Corresponding Year. Operating profit remained stable to approximately HK$1,900,000 for the Review Year. On 28th March, 2014, the Group entered into a conditional sale and purchase agreement to dispose of its brokerage of securities services business at a consideration of HK$34,800,000. As disclosed in the annual report of the Company for the year ended 31st March, 2013, the Group acquired its brokerage of securities services business with a view to diversify the business of the Group. However, the performance of brokerage of securities services business had not been satisfactory after the acquisition and the Board does not foresee that there will be any substantial improvement in the near future. Therefore, the Board considers it appropriate to dispose of its brokerage of securities services business.

As a result, profit attributable to equity shareholders was approximately HK$123,800,000 for the Review Year compared to loss attributable to equity shareholders of approximately HK$9,000,000 for the Corresponding Year.

Looking forward, we believe the coming year is full of challenges through a more stable in USA market and a better outlook in Europe market. The Group will strengthen our productivity in investment of machineries in automation and increase production capacity in looking forward to increasing orders. On the other hand, we would implement stringent cost control in tackling rising labour costs, inflated materials and high cost in compliance with the government requirements.

However, in view of the competitive printing industry with the decreasing profit margin, the Group is exploring other investment opportunities and may streamline its existing business in order to improve the performance of the Group and enhance our shareholders returns including but not limited to diversify the Group's business into the property sector. Further to the acquisition of an investment property in July 2013, the Group is ongoing considering the feasibility studies on re-zoning proposals from our consultants in the Group's land in Dalingshan, Dongguan, the People's Republic of China since last year. The Group is still discussing and studying different proposals from the consultants and will release our progress in due course.

CAPITAL STRUCTURE

As at 31st March, 2014, the Group had bank loans and bills payable denominated in Hong Kong dollars, totaling approximately HK$127,000,000 (2013: HK$103,200,000). Of these borrowings, approximately HK$55,400,000 (2013: HK$44,700,000) were secured by fixed assets with an aggregate carrying value of approximately HK$101,700,000 (2013: HK$75,300,000).

As at 31st March, 2014, the Group had total equity of HK$631,700,000 (2013: HK$502,500,000).

LIQUIDITY AND LEVERAGE

As at 31st March, 2014, the Group had current assets of HK$603,300,000 (2013: HK$380,000,000) comprising cash and cash equivalents of HK$99,400,000 (2013: HK$87,100,000), and current liabilities of HK$321,300,000 (2013: HK$234,100,000). The Group's current ratio (defined as current assets divided by current liabilities) was at a healthy ratio of 1.9 (2013: 1.6).

The Group's gearing ratio is defined by its net debt-to-capital ratio (defined as total interest-bearing borrowings less cash and cash equivalents divided by total equity) of the Group as at 31st March, 2014 which was approximately 4.4% (2013: 3.2%).

The Directors are of the opinion that the Group will be able to generate adequate cash flow from its operations and to secure necessary facilities from the banks to meet its ongoing obligations and commitments.

CAPITAL INVESTMENTS

During the Review Year, the Group expended a total of approximately HK$65,300,000 (2013: HK$26,200,000) on fixed asset investments, of which approximately HK$29,600,000 (2013: HK$6,800,000) was on land and buildings. These fixed asset investments and the daily operating activities of the Group were funded by retained earnings, bank borrowings and by the cash flows generated from the Group's operations.

FOREIGN CURRENCY MANAGEMENT

The monetary assets and liabilities and business transactions of the Group are mainly carried and conducted in Hong Kong Dollars, Renminbi and US Dollars. The Group maintained a prudent position in its foreign currency risk management. To a large extent, foreign exchange risks were minimized by matching the foreign currency monetary assets versus the corresponding currency monetary liabilities, and foreign currency revenues versus the corresponding currency expenditures.

CORPORATE GOVERNANCE PRACTICES

The Board of Directors of the Company (the "Board") believes that good corporate governance practices are increasingly important for maintaining and promoting the confidence of shareholders of the Company (the "Shareholders"). The Company is committed to ensuring a high standard of corporate governance. The Board will review the corporate governance practices of the Company and its subsidiaries (the "Group") from time to time to ensure that they reflect the latest development and meet the expectations of the Shareholders.

The Company has applied the principles and complied with the code provisions of the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange") (the "Listing Rules") for the year ended 31st March, 2014, except for the deviation of code provision of the CG Code as expressly below.

Code Provision E.1.2

The Code Provision E.1.2 of the CG Code stipulates that the chairman of the board should attend the annual general meeting. The Chairman of the Board, Mr. Suen Cho Hung, Paul, was unable to attend the annual general meeting of the Company held on 16th August, 2013 (the "2013 AGM") as he had other important business engagement. However, Mr. Lo Ming Chi, Charles an Executive Director and the Chief Executive Officer of the Company had chaired the meeting in accordance with Article 63 of the Company's Articles of Association.

BOARD OF DIRECTORS

The Board is responsible for establishing strategic directions, setting objectives and business plans and monitoring performance. The management is responsible for the day-to-day management and operations of their respective individual business units.

The Board has established a schedule of matters specifically reserved to the Board for its decisions and those reserved for the management. The Board reviews this schedule from time to time to ensure that it remains appropriate to the needs of the Group.

As at the date of this report, the Board comprises 3 Executive Directors, namely Mr. Suen Cho Hung, Paul (Chairman), Mr. Lo Ming Chi, Charles (Chief Executive Officer) and Ms. Chan Yuk Yee and 3 Independent Non-executive Directors, namely Dr. Wong Yun Kuen, Mr. Pun Chi Ping and Mr. Ip Man Tin, David. The biographical details of the Directors are set out under the section headed "Biography of Directors" on pages 3 to 4 of this annual report. The list of Directors and their respective role and function are currently available on the Group's website at http://www.newisland.com and on HKEx's website at http://www.hkex.com.hk.

Each of the Independent Non-executive Directors has entered into an appointment letter with the Company pursuant to which each of them is appointed for service with the Company for a period of one year. The appointment shall be automatically renewed for successive terms of one year unless terminated by either party in writing prior to the expiry of the term.

The broad spectrum of background of the independent Non-executive Directors is valuable on the diversified perspectives in the Board. They come from diverse business and professional backgrounds. They have experiences in general management to professional knowledge, from China business to global enterprise. All of them have proven experiences in forming corporate strategies, risk management and corporate governance.

BOARD OF DIRECTORS *(Continued)*

Save as the common directorship of Mr. Lo Ming Chi, Charles and Ms. Chan Yuk Yee in China Tycoon Beverage Holdings Limited ("China Tycoon") and Mr. Lo Ming Chi, Charles is an executive director and the chief executive officer of China Tycoon (of which Mr. Suen Cho Hung, Paul, an executive director and the chairman of the Company, is a controlling shareholder) as disclosed in the "Biography of Directors", there is no financial, business, family or other material/relevant relationship among members of the Board.

The Company has received from each of the Independent Non-executive Directors an annual confirmation in writing of his independence and is satisfied that each of them continues to be independent in accordance with the requirements of the Listing Rules.

The Company will provide a comprehensive, formal and tailored induction to each newly appointed Director on his/her first appointment in order to enable him/her to have appropriate understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. Directors are continually updated on developments in the statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities. The Company has provided timely technical updates, including the briefing on the amendments on the Listing Rules and the news release published by the Stock Exchange to the Directors. Continuing briefing and professional development for Directors are arranged where necessary.

The full Board meets no less than four times a year to review, inter alia, the financial and operational performance of the Group. Additional Board meetings are held when necessary. Due notice and Board papers are given to all Directors prior to a meeting in accordance with the Listing Rules and the Code. The Board has established a procedure to enable Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances at the Company's expenses. Appropriate insurance policy and cover for directors have been arranged as well.

There were four regular Board meetings and one annual general meeting held in the year ended 31st March, 2014. The attendance record of each Director at the regular Board meetings and general meeting is shown below. All business transacted at the above meetings has been duly documented and is maintained in accordance with applicable laws and regulations.

Directors	**Attendance of full Board meetings**	**Attendance of general meeting**
Executive Directors:		
Mr. Suen Cho Hung, Paul *(Chairman)*	3/4	0/1
Mr. Lo Ming Chi, Charles	4/4	1/1
Ms. Chan Yuk Yee	4/4	1/1
Independent Non-executive Directors:		
Dr. Wong Yun Kuen	4/4	1/1
Mr. Pun Chi Ping	4/4	1/1
Mr. Ip Man Tin, David	3/4	1/1

REMUNERATION COMMITTEE

The Remuneration Committee was established in 2005 pursuant to the recommendations of the CG Code. The Remuneration Committee is governed by its terms of reference, which have been revised by the Board on 27th March, 2012. The terms of reference are currently available on the Group's website at http://www.newisland.com and on HKEx's website at http://www.hkex.com.hk.

The Remuneration Committee now consists of 4 members, namely Mr. Ip Man Tin, David, who is the chairman of the Remuneration Committee, Mr. Lo Ming Chi, Charles, Dr. Wong Yun Kuen and Mr. Pun Chi Ping. The majority of the members of the Remuneration Committee are Independent Non-executive Directors.

The Company aims to design a remuneration policy that attracts and retains executives needed to run the Group successfully and to motivate executives to pursue appropriate growth strategies of the Group while at the same time taking into account the performance of the individuals. The remuneration should reflect, inter alia, the performance and responsibilities of the individuals; and the remuneration packages are structured to include salary, bonus and other benefits to provide incentives to directors and senior management of the Group and to improve their individual performance.

The roles and functions of the Remuneration Committee include the formulation and review of the recommendation to the Board on the remuneration policy as well as the determination of the specific remuneration packages of the Executive Directors and the Group's senior management. No Director or any of his associates is involved in deciding his own remuneration.

For the year ended 31st March, 2014, the remuneration of individual directors is disclosed by name in note 7 to the financial statements, while the remuneration of senior management (comprising of individuals with biographical details disclosed in the section headed "Biography of Senior Management") is disclosed by bands as follows:

	2014	2013
	Number of individuals	*Number of individuals*
Nil to HK$1,000,000	**–**	–
HK$1,000,001 to HK$1,500,000	**5**	5
	5	5

The Remuneration Committee met 2 times during the year ended 31st March, 2014 and the work carried out by the Remuneration Committee included the following:

— reviewed the remuneration policy of the Group; and

— reviewed the specific remuneration packages of the Executive Directors and senior management of the Group for the year ended 31st March, 2014.

The attendance record of each member of the Remuneration Committee is shown below. All business transacted at the above meetings has been duly documented and is maintained in accordance with applicable laws and regulations.

Remuneration Committee Members	**Attendance**
Mr. Ip Man Tin, David *(Chairman)*	2/2
Mr. Lo Ming Chi, Charles	2/2
Dr. Wong Yun Kuen	2/2
Mr. Pun Chi Ping	2/2

NOMINATION COMMITTEE

On 27th March, 2012, the Board established a Nomination Committee pursuant to the recommendations of the CG Code. The Nomination Committee is governed by its terms of reference, which have been adopted by the Board on 27th March, 2012. The terms of reference of the Nomination Committee are currently available on the Group's website at http://www.newisland.com and HKEx's website at http://www.hkex.com.hk.

The Nomination Committee consists of 4 members, namely Dr. Wong Yun Kuen, who is the chairman of the Nomination Committee, Mr. Lo Ming Chi, Charles, Mr. Pun Chi Ping and Mr. Ip Man Tin, David. The majority of the members of the Nomination Committee are Independent Non-executive Directors.

The primary duty of the Nomination Committee is making recommendations to the Board on appointment and removal of directors and management of Board succession.

The Nomination Committee has considered the past performance, qualification, general market conditions and the Company's Bye-laws in selecting and recommending directors for retirement rotation. The Nomination Committee resolved that all the existing directors should be recommended to remain in office by the Company. Further, in accordance with the Company's Bye-laws, Ms. Chan Yuk Yee and Mr. Pun Chi Ping would retire, and being eligible, would offer themselves for re-election at the forthcoming annual general meeting of the Company.

The Nomination committee met once during the year ended 31st March, 2014. At the meeting, all members of Nomination Committee are present and performed the work including the following:

— reviewed the structure, size and composition of the Board;

— identifying individuals qualified to become board members and select or make recommendations to the board on the selection of individuals nominated for directorships;

— assess the independence of independent non-executive directors; and

— recognizes the importance of having a broad complement of skills, experience and professional knowledge on the Board.

The attendance record of each member of the Nomination Committee in the aforesaid meeting is shown below. All business transacted at the above meeting has been duly documented and is maintained in accordance with applicable laws and regulations.

Nomination Committee Members	**Attendance**
Dr. Wong Yun Kuen *(Chairman)*	1/1
Mr. Lo Ming Chi, Charles	1/1
Mr. Pun Chi Ping	1/1
Mr. Ip Man Tin, David	1/1

AUDIT COMMITTEE

The Audit Committee was established in 2004 pursuant to the recommendations of the CG Code. The Audit Committee is governed by its terms of reference, which have been revised by the Board on 27th March, 2012. The terms of reference are currently available on the Group's website at http://www.newisland.com and on HKEx's website at http://www.hkex.com.hk.

The Audit Committee now consists of 3 members, namely Mr. Pun Chi Ping, who is the chairman of the Audit Committee, Dr. Wong Yun Kuen and Mr. Ip Man Tin, David. All are Independent Non-executive Directors, of which Dr. Wong Yun Kuen and Mr. Pun Chi Ping are with appropriate professional qualification with accounting or related financial expertise. No member of the Audit Committee is a member of the former or existing auditor of the Company.

The roles and functions of the Audit Committee include the review of the financial statements of the Company, the oversight of corporate governance, financial reporting and internal control procedures of the Group as well as the review of the Group's relationship with the external auditor of the Company.

The Audit Committee met 2 times during the year ended 31st March, 2014 and the work carried out by the Audit Committee included the following:

— reviewed the audited consolidated financial statements of the Group for the year ended 31st March, 2013;

— reviewed the unaudited interim financial statements of the Group for the six months ended 30th September, 2013;

— reviewed and discussed with the Company's external auditor in respect of the audit plan for the consolidated financial statements of the Group for the year ended 31st March, 2014;

— reviewed and considered the terms of the continuing connected transactions entered into between the Group and certain companies controlled by Mr. Suen;

— reviewed and discussed with the senior management of the Group and the external auditor of the Company major accounting, audit and internal control issues;

— reviewed and discussed with the senior management of the Group the corporate governance practices and compliance issues of the Group;

— reviewed the independence and objectivity of the external auditor of the Company;

— monitored the non-audit services undertaken by the Company's external auditor or their affiliates; and

— reviewed and approved the remuneration and terms of engagement of the external auditor of the Company.

The attendance record of each member of the Audit Committee is shown below. All business transacted at the above meetings has been duly documented and is maintained in accordance with applicable laws and regulations.

Audit Committee Members	**Attendance**
Mr. Pun Chi Ping *(Chairman)*	2/2
Dr. Wong Yun Kuen	2/2
Mr. Ip Man Tin, David	1/2

CORPORATE GOVERNANCE FUNCTIONS

The Board has the overall responsibility for the corporate governance of the Group and reviews its effectiveness, and adopts all necessary and appropriate actions, to maintain sufficient and effective corporate governance policy and functions from time to time. The Audit Committee assists the Board in the review the corporate governance policy and functions to ensure the upheld of good corporate governance which are of the best interests of the Shareholders and the Group.

The Audit Committee has, during the year ended 31st March, 2014, made arrangements to review the Group's the policies and practices on corporate governance and make recommendations to the Board, to review and monitor the policies and practices of the Group on compliance with legal and regulatory requirements, and to review the compliance by the Group with the Corporate Governance Code (Appendix 14 to the Listing Rules) and the disclosure requirements for the Corporate Governance Report.

INTERNAL CONTROL

The Board has the overall responsibility for the internal control system of the Group and reviews its effectiveness, and adopts all necessary and appropriate actions, to maintain sufficient and effective internal control system from time to time. The Audit Committee assists the Board in the review, which covers operational, financial and compliance controls and risk management functions, to maintain an adequate and effective internal control system to safeguard the interests of the Shareholders and the assets of the Group.

The Directors have, during the year ended 31st March, 2014, made arrangements to review the Group's internal control system as well as the adequacy of resource, qualification and experience of the staff of the Group's accounting and financial reporting function. The purpose of the review was to provide a reasonable assurance on the effectiveness and efficiency of the Group's operations in achieving the established corporate objectives, to safeguard the Group's assets against unauthorized use or disposition, to ensure the maintenance of proper accounting records of the Group for the provision of reliable financial information for internal use and for publication, and to ensure the Group's compliance with relevant legislation and regulations.

AUDITOR'S REMUNERATION

During the year ended 31st March, 2014, the Company's auditor charged the Company HK$1,082,000 for audit services.

COMPANY SECRETARY

Mr. Sinn Wai Kin, Derek ("Mr. Sinn"), the company secretary of the Company. He is employed on a full time basis and has taken no less than 15 hours of the relevant professional training during the year ended 31st March, 2014. Our Company Secretary coordinates and supplies of information to the Directors. Our Company Secretary ensures that board procedures and all applicable rules and regulations are followed for all board meetings. The biographical details of Mr. Sinn are set out under the section headed "Biography of Senior Management" on page 4 of this annual report.

FINANCIAL REPORTING

The Board acknowledges its responsibility for the preparation of the financial statements of the Company for the year ended 31st March, 2014, which have been prepared on a going concern basis.

The reporting responsibility of the auditor of the Company is set out in the Independent Auditor's Report on pages 26 and 27 of this Annual Report.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the "Model Code") set out in Appendix 10 of the Listing Rules as the code of conduct of securities transactions by the Directors and has adopted similar guidelines on no less exacting terms than the Model Code for application to the Group's senior management and designated people who are likely to be in possession of unpublished price sensitive information of the Group. In response to specific enquiries made by the Company, all Directors have confirmed that they had complied with the requirements set out in the Model Code throughout the year ended 31st March, 2014.

COMMUNICATIONS WITH SHAREHOLDERS

The objective of communications with shareholders is to ensure that the Shareholders, both individual and institutional, and, in appropriate circumstances, the investment community at large, are provided with ready, equal and timely access to balanced and understandable information about the Company (including its financial performance, strategic goals and plans, material developments, governance and risk profile), in order to enable Shareholders to exercise their rights in an informed manner, and to allow Shareholders and the investment community to engage actively with the Company. In this respect, a written shareholders communication policy has been established and is currently available on the Group's website at http://www.newisland.com.

The Company uses a range of communication tools to ensure Shareholders are kept well informed of key business imperatives. These include general meetings, interim and annual reports, announcements and circulars. The Company's website offers a communication channel between the Company and the Shareholders, and is frequently updated with key information of the Group.

At the Company's 2013 AGM, separate resolutions were proposed by the Chairman in respect of each separate issue, including the re-election of Directors.

The Company regularly informs the Shareholders of the procedure for voting by poll and ensures compliance with the requirements about voting by poll contained in the Listing Rules and the constitutional documents of the Company. A consolidated version of the Company's Memorandum of Association and Bye-laws is currently available on the Group's website at http://www.newisland.com and on HKEx's website at http://www.hkex.com.hk. There is no significant change in the Company's Memorandum of Association and Bye-laws during the year ended 31st March, 2014.

SHAREHOLDERS' RIGHTS

Procedures for Convening of Special General Meeting ("SGM") on requisition of Shareholders

(1) The Directors of the Company, notwithstanding anything in its bye-laws shall, on the requisition of Shareholders holding at the date of the deposit of the requisition not less than one-tenth of such of the paid-up capital of the Company as at the date of the deposit carries the right of voting at general meetings of the Company, forthwith proceed duly to convene a special general meeting of the Company.

(2) The requisition must state the purposes of the meeting, and must be signed by the requisitionists and deposited at the Company Secretary at the Company's principal place of business at, 25th Floor, Excel Centre, 483A Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong. Such requisition may consist of several documents in like form each signed by one or more requisitionists.

SHAREHOLDERS' RIGHTS *(Continued)*

Procedures for Convening of Special General Meeting ("SGM") on requisition of Shareholders *(Continued)*

(3) The requisition will be verified with the Company's Share Registrars and upon their confirmation that the requisition is proper and in order, the Company Secretary will ask the Board to include the resolutions in the agenda for the SGM. And such meeting shall be held within two months after the deposit of such requisition.

(4) If the directors do not within twenty-one days from the date of the deposit of the requisition proceed duly to convene a meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date.

(5) A meeting convened under this section by the requisitionists shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by the Directors.

Procedures for sending enquiries to the Board

The enquiries must be in writing with contact information of the enquirers and submitted to the Company Secretary at the Company's principal place of business at 25th Floor, Excel Centre, 483A Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong.

Procedures for Shareholders to put forward proposals at general meetings

Pursuant to the Companies Act, any number of Shareholders representing not less than one-twentieth of the total voting rights of all the Shareholders having at the date of the requisition a right to vote at the meeting to which the requisition relates or not less than one hundred Shareholders, can request the Company in writing to:

(a) give to Shareholders of the Company entitled to receive notice of the next annual general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting; and

(b) circulate to Shareholders of the Company entitled to have notice of any general meeting send to them any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

The requisition must be deposited to the Company not less than six weeks before the meeting in case of a requisition requiring notice of a resolution or not less than one week before the meeting in case of any other requisition.

CONCLUSION

The Board believes that the quality and standard of corporate governance reflects the quality of the management and the operations of the Group's business. Good corporate governance can safeguard the proper use of the Group's assets and effective allocation of the Group's resources as well as protecting the interests of the Shareholders. The management wholeheartedly advocates good practice in corporate governance and will strive to maintain, strengthen and improve the standard and quality of the corporate governance of the Group.

The Directors have pleasure in submitting their annual report together with the audited consolidated financial statements of New Island Development Holdings Limited (formerly known as New Island Printing Holdings Limited) (the "Company") and its subsidiaries (collectively refer to as the "Group") for the year ended 31st March, 2014.

CHANGE OF COMPANY NAME

Pursuant to a special resolution passed by the shareholders of the Company at the 2013 AGM held on 16th August, 2013 and the subsequent approvals of the Registrar of Companies in Bermuda and the Registrar of Companies in Hong Kong, the name of the Company has been changed from "New Island Printing Holdings Limited" to "New Island Development Holdings Limited" and "新洲發展控股有限公司" has been adopted as the Chinese name of the Company in replacement of "新洲印刷集團有限公司" for identification purpose.

PRINCIPAL PLACE OF BUSINESS

New Island Development Holdings Limited is a company incorporated and domiciled in Bermuda and has its principal place of business at 25th Floor, Excel Centre, 483A Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong.

PRINCIPAL ACTIVITIES

The principal activities of the Group are (1) sale and manufacturing of high quality multi-colour packaging products, carton boxes, books, brochures and other paper products; (2) provision of finance; (3) securities investments; and (4) property investments. The Group discontinued its brokerage of securities services business during the year.

The analysis of the geographical segments of the operations of the Company and its subsidiaries during the year is set out in note 14 to the financial statements.

FINANCIAL STATEMENTS

The profit of the Group for the year ended 31st March, 2014 and the state of the Company's and the Group's affairs as at that date are set out in the financial statements on pages 28 to 99.

FINAL DIVIDEND

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

TRANSFER TO RESERVES

Profit attributable to equity shareholders of HK$123,843,000 (2013: loss of HK$8,952,000) have been transferred to reserves. Other movements in reserves are set out in the consolidated statement of changes in equity.

CHARITABLE DONATIONS

Charitable donations made by the Group during the year amounted to HK$127,000 (2013: HK$137,000).

SUBSIDIARIES

Particulars of the Company's subsidiaries at 31st March, 2014 are set out in note 19 to the financial statements.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the last five financial years is set out on page 100.

MAJOR SUPPLIERS AND CUSTOMERS

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

	%
Sales	
Five largest customers in aggregate	41%
The largest customer	16%
Purchases	
Five largest suppliers in aggregate	31%
The largest supplier	13%

At no time during the year have the Directors, their associates or any shareholder of the Company (which to the knowledge of the Directors, owns more than 5% of the Company's share capital) had any interests (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules")) in these major customers and suppliers.

FIXED ASSETS

Movements in fixed assets during the year are set out in note 15 to the financial statements.

INVESTMENT PROPERTY

Movements in investment property during the year are set out in note 16 to the financial statements.

SHARE CAPITAL

Details of share capital of the Company are set out in note 29(c) to the financial statements.

BANK LOANS AND BILLS PAYABLE

Particulars of bank loans and bills payable of the Group at 31st March, 2014 are set out in notes 25 and 27 to the financial statements respectively.

DIRECTORS

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

Mr. Suen Cho Hung, Paul *(Chairman)*
Mr. Lo Ming Chi, Charles
Ms. Chan Yuk Yee
Dr. Wong Yun Kuen*
Mr. Pun Chi Ping*
Mr. Ip Man Tin, David*

* *Independent Non-executive Director*

In accordance with the Bye-laws 87 of the Company's Bye-laws, Ms. Chan Yuk Yee and Mr. Pun Chi Ping will retire by rotation from office at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

The Company has received from each of the Independent Non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the Independent Non-executive Directors to be independent.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

Details of the directors' remuneration of the Group are set out in note 7 to the financial statements.

UPDATES ON DIRECTORS' INFORMATION

The following is updated information of directors of the Company required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

The remuneration of Mr. Lo Ming Chi, Charles, an Executive Director and the Chief Executive Officer of the Company, has been increased to HK$103,000 per month under his service contract with effect from 1st April, 2013. The revised remuneration has been approved by the Remuneration Committee of the Company.

Mr. Suen Cho Hung, Paul stepped down from his position as the chairman of BEP International Holdings Limited ("BEP") and has been re-designated as a non-executive director of BEP with effect from 28 January 2014. Mr. Suen resigned as a non-executive director of Sunlink International Holdings Limited with effect from 4 June 2014.

Ms. Chan Yuk Yee resigned as the company secretary of Poly Capital Holdings Limited with effect from 2 July 2014.

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

As at 31st March, 2014, the following Director and chief executive of the Company had interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuer set out in Appendix 10 of the Listing Rules.

Name	Capacity/Nature of interest	Long/Short position	Total number of shares held	Approximate % of total issued shares at 31st March, 2014
Mr. Suen Cho Hung, Paul ("Mr. Suen")	Interests of controlled corporation	Long position	1,668,967,000	62.62%

Note:

These shares are held by Plus Wealthy Limited which is a wholly-owned subsidiary of Bingo Wealth Holdings Limited which in turn is wholly-owned by Mr. Suen. Accordingly, Mr. Suen is deemed to be interested in all the shares of the Company by virtue of the SFO.

Save as disclosed above, as at 31st March, 2014, none of the directors or chief executive of the Company had registered an interest or short positions in the shares or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 31st March, 2014, so far as is known to the Directors, the following persons had interests of more than 5% of the issued share capital of the Company according to the register of interests kept by the Company pursuant to section 336 of the SFO:

Name	Capacity/Nature of interest	Long/Short position	Total number of shares held	Approximate % of total issued shares at 31st March, 2014
Plus Wealthy Limited ("Plus Wealthy")	Beneficial owner	Long position	1,668,967,000	62.62%
Bingo Wealth Holdings Limited ("Bingo Wealth")	Interests held by controlled corporation	Long position	1,668,967,000 *(note)*	62.62%
Mr. Suen	Interests held by controlled corporation	Long position	1,668,967,000 *(note)*	62.62%

Note: These shares are held by Plus Wealthy which is a wholly-owned subsidiary of Bingo Wealth which in turn is wholly-owned by Mr. Suen. Accordingly, Mr. Suen and Bingo Wealth are deemed to be interested in all the shares of the Company in which Plus Wealthy is interested by virtue of the SFO.

Save as disclosed above, no other interest or short position in the shares and underlying shares of the Company were recorded in the register required to be kept under section 336 of the SFO as at 31st March, 2014.

CONTINUING CONNECTED TRANSACTIONS

On 4th October, 2013, the Group had entered into an agreement with Sewco Toys & Novelty Limited ("Sewco Toys"), a wholly-owned subsidiary of China Tycoon, in relation to the provision and engaging of sub-contracting services (the "Agreement") by Sewco Toys to New Island Printing Company Limited ("New Island Printing"), a wholly-owned subsidiary of the Company, for the period commencing from 7th October, 2013 to 31st March, 2014.

As disclosed in the announcement of the Company dated 4th October, 2013, Mr. Suen is interested in approximately 36.51% and 62.62% of the issued share capital in China Tycoon and the Company, respectively. Hence, both Sewco Toys and New Island Printing are associates of Mr. Suen. Therefore, the transactions contemplated under the Agreement constitutes continuing connected transactions for both China Tycoon and the Group under Chapter 14A of the Listing Rules.

Since the maximum annual monetary value of the fee payable by New Island Printing to Sewco Toys under the Agreement is less than HK$10,000,000 and represents less than 25% of each of the applicable percentage ratios under the Listing Rules, the continuing connected transactions contemplated under the Agreement are only subject to the reporting, announcement and annual review requirements set out in Rules 14A.45 to 14A.47 and Rules 14A.37 to 14A.40 of the Listing Rules and are exempt from independent shareholders' approval requirements for both China Tycoon and the Company under Chapter 14A of the Listing Rules.

During the period from 7th October, 2013 to 31st March, 2014, the actual amount of transactions was HK$3,566,000.

These transactions have been reviewed and confirmed by the Independent Non-executive Directors, who were satisfied that the above transactions were entered into:

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

(ii) on normal commercial terms or, if there were not sufficient comparable transactions to judge whether they were on normal commercial terms, on terms no less favorable to the Group than terms available to or from, as appropriate, independent third parties; and

(iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group in this annual report in accordance with Rule 14A.38 of the Listing Rules.

DIRECTORS' INTERESTS IN SIGNIFICANT CONTRACTS

No contract of significance to which the Company, or any of its holding company or subsidiaries or fellow subsidiaries was a party and in which a Director of the Company had a material interest, subsisted at the end of the year or at any time during the year.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Scheme") on 28th September, 2007. The purpose of the Scheme is to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to Executive or Non-executive Directors including Independent Non-executive Directors or any employees (whether full-time or part-time) of each member of the Group (the "Participants") and for such other purpose as the Board may approve from time to time. The Scheme shall remain valid and effective until 27th September, 2017.

The principal terms of the Scheme are summarized as follows:

(i) The total number of shares which may be issued upon exercise of all share options to be granted under the Scheme and any other share option schemes of the Company shall not in aggregate exceed 10% of the total number of shares in issue as at the date of adoption of the Scheme, unless approved by shareholders and which must not in aggregate exceed 30% of the total number of the relevant class of securities of the Company in issue from time to time. As at the date of this annual report, the total number of shares available for issue under the Scheme is 266,529,000 shares, which represents 10% of the issued share capital of the Company as at the date of this annual report.

(ii) The total number of shares issued and to be issued upon exercise of the share options (including both exercised and outstanding options) granted pursuant to the Scheme and any other share option schemes of the Company to each of the Participants in any 12-month period shall not exceed 1% of the total number of the relevant class of securities of the Company (or its subsidiaries) in issue.

(iii) The exercise price shall be solely determined by the Board, and shall be at least the highest of: (a) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet on the date of offer of the share option to the Participants, which must be a day (other than a Saturday or a Sunday) on which licenced banks are open for business in Hong Kong and the Stock Exchange is open for business of dealing in securities (the "Business Day"); (b) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five Business Days immediately preceding the date of offer of the share option to the Participants; and (c) the nominal value of the Company's shares.

(iv) A share option may be exercised at any time during a period determined by the Board at its absolute discretion and notified by the Board to each grantee the period during which an option may be exercised and in any event, such period shall not be longer than 10 years from the date upon which any particular option is granted in accordance with the Scheme.

(v) There is no minimum period for which a share option must be held before the share option can be exercised unless otherwise determined by the Board.

(vi) According to the Scheme, the offer of a grant of share options may be accepted within 28 days from the date of offer, HK$1 is payable by each of the Participants to the Company on acceptance of the share options as consideration for the grant. The share options to which the offer relates shall be deemed to have been granted on the date of offer of such share options.

No share option has been granted by the Company since the adoption of the Scheme.

ARRANGEMENT FOR DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Apart from the Scheme as disclosed above, at no time during the year was the Company, any of its holding company or subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-laws, although there is no restriction against such rights under Bermuda Law.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the year.

ENVIRONMENTAL SUSTAINABILITY

The Group advocates environmental stewardship and continues to implement new measures that ensure adheres to a sustainable approach at our factories. This approach is guided by our Environmental Policy, which ensures that we wholly integrate environmental considerations into our corporate decision-making process, management and organizational culture.

The Group's factories have dedicated environmental teams to identify opportunities for continuous improvement. For instance, data is collected from water and electricity sub-meters across all facilities and used to analyze usage patterns. The findings will consequently help to improve resource efficiency.

The Group holds ISO 14001 certification for the environmental management systems in our factories. As part of our efforts to support sustainable forestry, the Group has increased its inventory of paper made from certified sources and now offers FSC (Forest Stewardship Council) certified paper of all types for both its book and packaging printing as well as corrugated operations.

RETIREMENT SCHEMES

Particulars of retirement schemes of the Group are set out in note 33 to the financial statements.

STAFF

As at 31st March, 2014, the Group had a total staff of 2,873 (2013: 2,875), of which 2,808 (2013: 2,824) were employed in the People's Republic of China for the Group's manufacturing and distribution businesses.

The Group provides employee benefits such as staff insurance, retirement schemes and discretionary bonus and also provides in-house training programmes and external training sponsorship. The Group aims to design a remuneration policy that attracts and retains employees needed to run the Group successfully and to motivate employees to pursue appropriate growth strategies whilst taking into account the performance of the individuals. The remuneration of the Directors is reviewed by the Remuneration Committee. Their remuneration should reflect, inter alia, the performance and responsibilities of the Directors.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, there is sufficient public float of not less than 25% of the Company's issued share capital as required under the Listing Rules.

INDEPENDENT AUDITOR

The financial statements of the Company for the year ended 31st March, 2012 have been audited by KPMG. Grant Thornton Hong Kong Limited was first appointed by the Directors as the auditor of the Company in 2013 upon the retirement of KPMG.

The financial statements of the Company for the year ended 31st March, 2014 have been audited by Grant Thornton Hong Kong Limited who will retire and being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

By Order of the Board
Lo Ming Chi, Charles
Executive Director and Chief Executive Officer

Hong Kong, 24th June, 2014

Grant Thornton
致同

Independent auditor's report
To the shareholders of NEW ISLAND DEVELOPMENT HOLDINGS LIMITED
(FORMERLY KNOWN AS NEW ISLAND PRINTING HOLDINGS LIMITED)
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of New Island Development Holdings Limited (formerly known as New Island Printing Holdings Limited) ("the Company") and its subsidiaries (together "the Group") set out on pages 28 to 99, which comprise the consolidated and company statements of financial position as at 31st March, 2014, the consolidated statement of profit or loss, 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 and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, 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 judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31st March, 2014 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Grant Thornton Hong Kong Limited
Certified Public Accountants
Level 12
28 Hennessy Road, Wanchai
Hong Kong

24th June, 2014

Kwong Kam Wing Kelvin
Practising Certificate No.: P05373

For the year ended 31st March, 2014

	Notes	**2014** **HK$'000**	2013 HK$'000 (restated)
Continuing operations			
Turnover	*3 & 14*	**677,189**	655,146
Cost of sales		**(557,621)**	(527,404)
Gross profit		**119,568**	127,742
Net realized gain on trading securities		**1,576**	—
Net unrealized gain/(loss) on trading securities		**154,584**	(16,192)
Other revenue	*4*	**2,720**	1,979
Other net loss	*4*	**(3,848)**	(2,121)
Selling and distribution costs		**(48,840)**	(43,735)
Administrative expenses		**(75,062)**	(70,247)
Profit/(Loss) from operations		**150,698**	(2,574)
Finance costs	*5(a)*	**(2,980)**	(2,217)
Profit/(Loss) before taxation	*5*	**147,718**	(4,791)
Income tax	*6(a)*	**(25,497)**	(6,302)
Profit/(Loss) from continuing operations		**122,221**	(11,093)
Discontinued operation			
Profit from discontinued operation	*11(a)*	**1,872**	1,825
Profit/(Loss) for the year		**124,093**	(9,268)
Attributable to:			
Equity shareholders of the Company	*9*		
— from continuing operations		**122,138**	(11,007)
— from discontinued operation		**1,705**	2,055
		123,843	(8,952)
Non-controlling interests			
— from continuing operations		**83**	(86)
— from discontinued operation		**167**	(230)
		250	(316)
Profit/(Loss) for the year		**124,093**	(9,268)
Earnings/(Loss) per share	*10*	***HK cents***	*HK cents*
Basic			
— from continuing operations		**4.58**	(0.41)
— from discontinued operation		**0.06**	0.08
Diluted			
— from continuing operations		**4.58**	(0.41)
— from discontinued operation		**0.06**	0.08

The notes on pages 35 to 99 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 29(b).

For the year ended 31st March, 2014

	2014	2013
	HK$'000	*HK$'000*
Profit/(Loss) for the year	**124,093**	(9,268)
Other comprehensive income for the year		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong, net of nil tax	**5,552**	4,426
Total comprehensive income/(loss) for the year	**129,645**	(4,842)
Attributable to:		
Equity shareholders of the Company	**129,395**	(4,526)
Non-controlling interests	**250**	(316)
Total comprehensive income/(loss) for the year	**129,645**	(4,842)

The notes on pages 35 to 99 form part of these financial statements.

At 31st March, 2014

	Notes	**2014** **HK$'000**	2013 HK$'000
Non-current assets			
Fixed assets	*15*		
— Property, plant and equipment		**314,133**	323,410
— Prepaid leasehold land held for own use under operating leases		**17,823**	18,230
Investment property	*16*	**27,900**	—
		359,856	341,640
Goodwill	*12*	**—**	930
Intangible assets	*13*	**—**	1,260
Deposits for purchases of machineries	*17*	**10,986**	9,891
Other assets	*18*	**—**	2,230
Deferred tax assets	*28(b)*	**2,499**	2,149
		373,341	358,100
Current assets			
Trading securities	*20*	**183,838**	30,131
Inventories	*21*	**99,095**	74,944
Trade and other receivables	*22*	**126,271**	163,228
Current tax recoverable	*28(a)*	**216**	268
Cash held on behalf of brokerage clients	*24(a)*	**—**	24,358
Cash and cash equivalents	*24(a)*	**99,444**	87,094
		508,864	380,023
Assets classified as held for sale	*11(b)*	**94,405**	—
		603,269	380,023
Current liabilities			
Bank loans	*25*	**104,688**	70,692
Trade and other payables	*26*	**146,206**	127,092
Bills payable	*27*	**22,315**	32,517
Current tax liabilities	*28(a)*	**2,243**	3,848
		275,452	234,149

At 31st March, 2014

	Notes	2014 HK$'000	2013 HK$'000
Liabilities directly associated with assets classified as held for sale	*11(c)*	**45,809**	—
		321,261	234,149
Net current assets		**282,008**	145,874
Total assets less current liabilities		**655,349**	503,974
Non-current liabilities			
Deferred tax liabilities	*28(b)*	**23,664**	1,522
Net assets		**631,685**	502,452
Capital and reserves			
Share capital	*29(c)*	**26,653**	26,653
Reserves		**590,009**	461,026
Total equity attributable to equity shareholders of the Company		**616,662**	487,679
Non-controlling interests		**15,023**	14,773
Total equity		**631,685**	502,452

The financial statements for the year ended 31st March, 2014 were approved for issue by the Board of Directors on 24th June, 2014.

Lo Ming Chi, Charles
Executive Director and Chief Executive Officer

Chan Yuk Yee
Executive Director

The notes on pages 35 to 99 form part of these financial statements.

At 31st March, 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current assets			
Interests in subsidiaries	*19*	**178,980**	242,696
Current assets			
Deposits and prepayments	*22*	**280**	289
Loans to subsidiaries	*23*	**66,775**	—
Cash and cash equivalents	*24(a)*	**85**	61
		67,140	350
Current liabilities			
Other payables	*26*	**405**	313
Net current assets		**66,735**	37
Net assets		**245,715**	242,733
Capital and reserves	*29(a)*		
Share capital		**26,653**	26,653
Reserves		**219,062**	216,080
Total equity		**245,715**	242,733

The financial statements for the year ended 31st March, 2014 were approved for issue by the Board of Directors on 24th June, 2014.

Lo Ming Chi, Charles
Executive Director and Chief Executive Officer

Chan Yuk Yee
Executive Director

The notes on pages 35 to 99 form part of these financial statements.

For the year ended 31st March, 2014

	Share capital HK$'000	Share premium HK$'000 (note 29 (d)(i))	Statutory surplus reserve HK$'000 (note 29 (d)(iii))	Exchange reserve HK$'000 (note 29 (d)(iv))	Other reserves HK$'000 (note 29 (d)(v))	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1st April, 2012	26,653	131,911	26,691	70,545	4,890	231,561	492,251	507	492,758
Changes in equity for the year ended 31st March, 2013:									
Loss for the year	—	—	—	—	—	(8,952)	(8,952)	(316)	(9,268)
Other comprehensive income for the year	—	—	—	4,426	—	—	4,426	—	4,426
Total comprehensive loss for the year	—	—	—	4,426	—	(8,952)	(4,526)	(316)	(4,842)
Transfer to statutory surplus reserve	—	—	1,056	—	—	(1,056)	—	—	—
Arising on business combination	—	—	—	—	—	—	—	14,536	14,536
Change of non-controlling interests	—	—	—	—	—	(46)	(46)	46	—
Transactions with owners	—	—	—	—	—	(46)	(46)	14,582	14,536
Balance at 31st March, 2013 and 1st April, 2013	**26,653**	**131,911**	**27,747**	**74,971**	**4,890**	**221,507**	**487,679**	**14,773**	**502,452**
Changes in equity for the year ended 31st March, 2014:									
Profit for the year	**—**	**—**	**—**	**—**	**—**	**123,843**	**123,843**	**250**	**124,093**
Other comprehensive income for the year	**—**	**—**	**—**	**5,552**	**—**	**—**	**5,552**	**—**	**5,552**
Total comprehensive income for the year	**—**	**—**	**—**	**5,552**	**—**	**123,843**	**129,395**	**250**	**129,645**
Transfer to reserves	**—**	**—**	**1,110**	**—**	**—**	**(1,522)**	**(412)**	**—**	**(412)**
Balance at 31st March, 2014	**26,653**	**131,911**	**28,857**	**80,523**	**4,890**	**343,828**	**616,662**	**15,023**	**631,685**

The notes on pages 35 to 99 form part of these financial statements.

For the year ended 31st March, 2014

	Notes	**2014** **HK$'000**	2013 HK$'000
Operating activities			
Cash generated from operations	*24(b)*	**39,601**	16,346
Tax paid			
— Hong Kong Profits Tax paid		**(392)**	(11,383)
— Overseas tax paid		**(4,793)**	(5,341)
Net cash generated from/(used in) operating activities		**34,416**	(378)
Investing activities			
Deposit received from disposal of subsidiaries	*11*	**17,400**	—
Payment for purchase of property, plant and equipment		**(27,536)**	(26,181)
Payment for purchase of investment property		**(29,333)**	—
Interest received		**927**	674
Proceeds from sale of property, plant and equipment		**233**	521
Net cash inflow arising on acquisition of subsidiaries		**—**	18,655
Net cash used in investing activities		**(38,309)**	(6,331)
Financing activities			
Proceeds from new bank loans		**334,211**	247,600
Repayment of bank loans		**(300,215)**	(240,686)
Interest on bank loans and overdrafts paid		**(2,991)**	(2,217)
Net cash generated from financing activities		**31,005**	4,697
Net increase/(decrease) in cash and cash equivalents		**27,112**	(2,012)
Cash and cash equivalents at 1st April		**87,094**	88,737
Effect of foreign exchange rate changes		**926**	369
Cash and cash equivalents as at 31st March,		**115,132**	87,094
Represented by:			
Bank balances and cash of disposal group classified as assets held for sale	*11(b)*	**15,688**	—
Bank balances and cash	*24(a)*	**99,444**	87,094
		115,132	87,094

The notes on pages 35 to 99 form part of these financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"). A summary of the significant accounting policies adopted by the Company and its subsidiaries (together referred to as the "Group") is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31st March, 2014 comprise the Company and its subsidiaries.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets are stated at their fair value as explained in the accounting policies set as below:

— Financial instruments classified as trading securities (see note 1(k));
— Investment property (see note 1(f));

Assets of disposal groups held for sale are stated at the lower of carrying amount and fair value less cost to sell (see note 1(x)).

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 2.

1. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) Changes in accounting policies

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- Amendments to HKAS 1 *"Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income"*
- HKFRS 10 *"Consolidated Financial Statements"*
- HKFRS 12 *"Disclosure of Interests in Other Entities"*
- HKFRS 13 *"Fair Value Measurement"*
- *Annual Improvements to HKFRSs 2009-2011 Cycle*
- Amendments to HKFRS 7 *"Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities"*

Impacts of the adoption of new or amended HKFRSs are discussed below:

Amendments to HKAS 1 *"Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income"*

The amendments require entities to present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The presentation of other comprehensive income in the consolidated statement of profit or loss and other comprehensive income in these financial statements has been modified accordingly. In addition, the Group has chosen to use the new titles "Statement of profit or loss" and "Statement of profit or loss and other comprehensive income" as introduced by the amendments in these financial statements.

HKFRS 10 *"Consolidated Financial Statements"*

HKFRS 10 supersedes HKAS 27 *"Consolidated and Separate Financial Statements"* and HK(SIC)-Int 12 *"Consolidation – Special Purpose Entities"*. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the entity's returns.

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1st April, 2013.

1. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) Changes in accounting policies *(Continued)*

HKFRS 12 *"Disclosure of Interests in Other Entities"*

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards. To the extent that the requirements are applicable to the Group, the Group has provided these disclosures in note 19.

HKFRS 13 *"Fair Value Measurement"*

HKFRS 13 replaces existing guidance in individual HKFRS with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in notes 16, 20 and 31. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

Annual Improvements to HKFRSs 2009-2011 Cycle

This cycle of annual improvements contains amendments to five standards with consequential amendments to other standards and interpretations. Among them, HKAS 1 has been amended to clarify that an opening statement of financial position is required only when a retrospective application of an accounting policy, a retrospective restatement or a reclassification has a material effect on the information presented in the opening statement of financial position. The amendments also remove the requirement to present related notes to the opening statement of financial position when such statement is presented.

The improvements to HKFRSs 2009 — 2011 Cycle does not have any material impact on these financial statements for the year.

Amendments to HKFRS 7 *"Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities"*

The amendments introduce new disclosures in respect of offsetting financial assets and financial liabilities. Those new disclosures are required for all recognized financial instruments that are set off in accordance with HKAS 32 *"Financial Instruments: Presentation"* and those that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments and transactions, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

The adoption of the amendments does not have an impact on these financial statements because the Group has not offset financial instruments, nor has it entered into master netting arrangement or similar agreement which is subject to the disclosures of HKFRS 7 during the periods presented.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

1. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and any unrealized profits arising from intra-group transactions, are eliminated in full in preparing the consolidated financial statements. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognized.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less any impairment losses (see note 1(l)) unless the investment is classified as held for sale or included in a disposal group that is classified as held for sale (see note 1(x)).

1. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Business combination

Acquisitions of subsidiaries and 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 recognized in profit or loss as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

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

Where the consideration the Group transfers 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 is considered 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 being made against goodwill or gain on bargain purchase. The measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. Measurement period does not exceed one year from the acquisition date. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent end of the reporting period and its subsequent settlement is accounting for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent end of the reporting period in according with HKAS 39 *"Financial Instruments: Recognition and Measurement"*, or HKAS 37 *"Provisions, Contingent Liabilities and Contingent Assets"*, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

Changes in the value of the previously held equity interest recognized in other comprehensive income and accumulated in equity before the acquisition date are reclassified to profit or loss when the Group obtains control over the acquiree.

1. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Business combination *(Continued)*

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 recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

(f) Investment property

Investment property is land and/or buildings which are owned or held under a leasehold interest (see note 1(h)) to earn rental income and/or for capital appreciation.

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease.

On initial recognition, investment property is measured at cost, including expenditure that is directly attributable to the acquisition of the investment property. Subsequent to initial recognition, investment property is stated at fair value which is determined by external professional valuers with sufficient experience with respect to both the location and category of the investment property and it reflects the prevailing market conditions at the end of the reporting period.

Gain or loss arising from either changes in the fair value or the sale of an investment property is recognized in profit or loss in the period in which they arise. Rental income from investment property is accounted for as described in note 1(t).

For the year ended 31st March, 2014

1. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less accumulated depreciation and impairment losses (see note 1(l)).

Cost includes expenditures that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

— Leasehold land and buildings situated thereon are depreciated over the shorter of their estimated useful lives, being 50 years from the date of completion, and the unexpired terms of the leases.

—	Machineries	10–15 years
—	Tools	10 years
—	Furniture and fixtures	5–10 years
—	Computer and office equipment	5–6 years
—	Motor vehicles	5–6 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

1. **SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

(h) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the exception of land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

(ii) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are included in fixed assets and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost of the assets over the term of the relevant lease or, where it is likely that the Group will obtain ownership of the asset, the life of the asset, as set out in note 1(g). Impairment losses are accounted for in accordance with the accounting policy as set out in note 1(l). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

(iii) Operating lease charges

Where the Group has the use of assets under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognized in profit or loss as an integral part of the aggregate net lease payments made.

The cost of acquiring land held under an operating lease is amortized on a straight-line basis over the period of the lease term.

1. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Inventories

Inventories are carried at the lower of cost and net realizable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

(j) Trade and other receivables

Trade and other receivables are initially recognized at fair value and thereafter stated at amortized cost using the effective interest method, less allowance for impairment of doubtful debts (see note 1(l)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

The Group derecognizes trade and other receivables when the contractual rights to the cash flows from the receivables expire, or it transfers the rights to receive the contractual cash flows on the trade and other receivables in a transaction in which substantially all the risks and rewards of ownership of the trade and other receivables are transferred. Any interest in transferred trade and other receivables that is created or retained by the Group is recognized as a separate asset or liability.

(k) Other investments in equity securities

Investments in equity securities, other than investments in subsidiaries, are initially stated at fair value, which is their transaction price unless fair value can be more reliably estimated using valuation techniques whose variables include only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below.

Investments in equity securities held for trading are classified as current assets. Any attributable transaction costs are recognized in profit or loss as incurred. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognized in profit or loss. The net gain or loss recognized in profit or loss does not include any interest or dividends earned on these investments as these are recognized in accordance with the policies set out in notes 1(t)(ii) and (iv) respectively.

1. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Other investments in equity securities *(Continued)*

Investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognized in the statement of financial position at cost less impairment losses (see note 1(l)).

(l) Impairment of assets

(i) Impairment of trade and other receivables

Trade and other receivables that are stated at cost or amortized cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the debtor will enter bankruptcy or other financial reorganization;

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

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

1. **SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

(l) Impairment of assets *(Continued)*

(i) Impairment of trade and other receivables *(Continued)*

If any such evidence exists, any impairment loss is determined and recognized as follows:

For trade and other receivables carried at amortized cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognized, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognized in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognized in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognized in profit or loss.

1. **SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

(l) **Impairment of assets** *(Continued)*

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or except in the case of goodwill, an impairment loss previously recognized no longer exists or may have decreased:

— Property, plant and equipment;

— Prepaid leasehold land held for own use under operating leases;

— Goodwill;

— Intangible assets; and

— Investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

— Calculation of recoverable amount

The recoverable amount of an asset is the greater of its 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— Recognition of impairment losses

An impairment loss is recognized in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units), and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable), or value in use (if determinable).

1. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) Impairment of assets *(Continued)*

(ii) Impairment of other assets *(Continued)*

— Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognized in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognized.

(iii) Interim financial reporting and impairment

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with HKAS 34 *"Interim Financial Reporting"*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the reporting period.

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the reporting period to which the interim period relates.

(m) Interest-bearing borrowings

Interest-bearing borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between the amount initially recognized and redemption value being recognized in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(n) Trade and other payables

Trade and other payables are initially recognized at fair value. Except for financial guarantee liabilities measured in accordance with note 1(s)(i), trade and other payables are subsequently stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(o) Goodwill

Set out below are the accounting policies on goodwill arising on acquisition of a subsidiary.

Goodwill arising in a business combination is recognized as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the aggregate of the fair value 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 Group's interest in the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

1. **SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

(o) Goodwill *(Continued)*

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets 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 equity interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (note 1(l)(ii)).

(p) Intangible assets (other than goodwill)

Intangible assets represent the trading rights, with which the holders have the rights to trade in The Stock Exchange of Hong Kong Limited.

Intangible assets acquired are measured on initial recognition at cost. Intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (note 1(l)(ii)). Gains or losses arising from derecognition of any intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of profit or loss when the asset is derecognized.

Intangible assets, with indefinite useful lives, are tested for impairment annually as described below in note 13.

(q) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(r) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognized in profit or loss except to the extent that they relate to items recognized in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognized in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

1. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(r) Income tax *(Continued)*

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilized, are recognized. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilized.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 1(f), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the end of the reporting period unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognized is measured based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

1. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(r) Income tax *(Continued)*

Additional income taxes that arise from the distribution of dividends are recognized when the liability to pay the related dividends is recognized.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  — the same taxable entity; or

  — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realize the current tax assets and settle the current tax liabilities on a net basis or realize and settle simultaneously.

(s) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the “holder”) for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognized as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognized in accordance with the Group’s policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognized in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognized as deferred income is amortized in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognized in accordance with note 1(s)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognized, less accumulated amortization.

1. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(s) Financial guarantees issued, provisions and contingent liabilities *(Continued)*

(ii) Other provisions and contingent liabilities

Provisions are recognized for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(iii) Contingent liabilities assumed in business combinations

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognized at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognized at the higher of the amount initially recognized, less accumulated amortization where appropriate, and the amount that would be determined in accordance with note 1(s)(ii). Contingent liabilities assumed in a business combination that cannot be reliably fair valued or were not present obligations at the date of acquisition are disclosed in accordance with note 1(s)(ii).

(t) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognized in profit or loss as follows:

(i) Sale of goods

Sales of goods are recognized upon transfer of the significant risks and rewards of ownership to the customer. Revenue excludes value added and other sales taxes and is after deduction of any trade discounts.

(ii) Interest income

Interest income is recognized as it accrues using the effective interest method.

1. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(t) Revenue recognition *(Continued)*

(iii) Rental income from operating leases

Rental income receivable under operating leases is recognized in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognized in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognized as income in the accounting period in which they are earned.

(iv) Dividend income

Dividend income from unlisted investments is recognized when the shareholder's right to receive payment is established. Dividend income from listed investments is recognized when the share price of the investment goes ex-dividend.

(v) Commission, brokerage income and handling fee income

Commission, brokerage income and handling fee income are recognized when the services are rendered.

(u) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognized in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items including goodwill arising on consolidation of foreign operations acquired on or after 1 January 2005, are translated into Hong Kong dollars at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognized in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognized.

1. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(v) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Termination benefits are recognized when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(w) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalization of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(x) Assets held for sale and discontinued operations

(i) Assets held for sale

An asset (or disposal group) is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale when the above criteria for classification as held for sale are met, regardless of whether the Group will retain a non-controlling interest in the subsidiary after the sale.

1. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(x) Assets held for sale and discontinued operations *(Continued)*

(i) Assets held for sale *(Continued)*

Immediately before classification as held for sale, the measurement of the assets (and all individual assets and liabilities in a disposal group) is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the assets (except for certain assets as explained below), or disposal groups, are recognised at the lower of their carrying amount and fair value less costs to sell. The principal exceptions to this measurement policy so far as the financial statements of the Group and the Company are concerned are deferred tax assets, assets arising from employee benefits, financial assets (other than investments in subsidiaries) and investment properties. These assets, even if held for sale, would continue to be measured in accordance with the policies set out elsewhere in note 1.

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as an asset is classified as held for sale, or is included in a disposal group that is classified as held for sale, the asset is not depreciated or amortized.

(ii) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale (see (i) above), if earlier. It also occurs if the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the statement of profit or loss, which comprises:

– the post-tax profit or loss of the discontinued operation; and

– the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group constituting the discontinued operation.

1. **SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

(y) Related parties

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

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

(ii) has significant influence over the Group; or

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

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

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

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

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

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

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

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of 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.

1. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(z) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Group's accounting policies, management has made the following accounting judgements:

(a) Depreciation and amortization

Fixed assets are depreciated or amortized on a straight-line basis over the estimated useful lives of the assets. The Group reviews the estimated useful lives and residual values, if any, of the assets annually in order to determine the amount of depreciation and amortization expenses for the end of each reporting period. The useful lives are estimated based on historical experience with similar assets and taking into account anticipated technological changes. The depreciation and amortization expenses for future periods are adjusted if there are material changes from previous estimates.

(b) Provision for inventories

The Group reviews the carrying amounts of inventories at the end of each reporting period to determine whether the inventories are carried at the lower of cost and net realizable value in accordance with the accounting policy set out in note 1(i). Management estimates the net realizable value based on the current market situation and historical experience on similar inventories. A considerable level of judgement is exercised by management when assessing the net realizable value of inventories. Any increase or decrease in provision for inventories would affect profit or loss in future periods.

2. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

(c) Impairment of assets

Internal and external sources of information are reviewed by the Group at the end of each reporting period to assess whether there is any indication that items of property, plant and equipment and investments in subsidiaries in the Company's statement of financial position may be impaired. If any such indication exists, the recoverable amount of the assets is estimated to determine impairment losses on the assets. Changes in facts and circumstances may affect the conclusion of whether an indication of impairment exists and result in revised estimates of recoverable amounts, which would affect profit or loss in future periods.

Impairment losses on trade debtors are assessed and provided based on management's regular review of ageing analysis and evaluation of collectibility. A considerable level of judgement is exercised by management when assessing the creditworthiness and past collection history of each individual customer. Any increase or decrease in impairment losses on trade debtors would affect profit or loss in future periods.

(d) Income taxes

The Group is subject to income taxes in various jurisdictions. Significant judgement is required in determining the provision for income taxes. There are transactions during the ordinary course of business, for which calculation of the ultimate tax determination is uncertain. Where the final tax outcome is different from the amounts that were initially recorded, such differences would affect profit or loss in future periods.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the tax losses and deductible temporary differences can be utilized. Estimation of future taxable profits involves judgements made by management. Any increase or decrease in the recognition of deferred tax assets would affect profit or loss in future periods. At 31st March, 2014, temporary differences relating to the undistributed profits of the PRC subsidiaries amounted to HK$108,064,000 (2013: HK$107,906,000). Deferred tax liabilities of HK$5,403,000 (2013: HK$5,395,000) representing the tax payable upon the distribution of such retained profits have not been recognized as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that profits will not be distributed in the foreseeable future.

3. TURNOVER

The principal activities of the Group are (1) sale and manufacturing of high quality multi-colour packaging products, carton boxes, books, brochures and other paper products; (2) provision of finance; (3) securities investments; and (4) property investments. Turnover represents the invoiced value of goods sold, interest income from the provision of finance and rental income from property investments, net of sales tax, returns and discounts. The Group's significant category of turnover from continuing operations recognized during the year is as follows:

	2014	2013
	HK$'000	*HK$'000*
		(restated)
Sales of printing products	**676,146**	654,981
Interest income from provision of finance	**685**	165
Rental income from property investments	**358**	—
	677,189	655,146

4. OTHER REVENUE AND NET LOSS

The Group's significant category of other revenue and net loss from continuing operations recognized during the year is as follows:

	2014	2013
	HK$'000	*HK$'000*
		(restated)
Other revenue		
Bank interest income	**908**	649
Other income	**1,812**	1,330
	2,720	1,979
Other net loss		
Net gain/(loss) on disposal of property, plant and equipment	**166**	(1,700)
Net exchange loss	**(2,581)**	(421)
Fair value adjustment on investment property	**(1,433)**	—
	(3,848)	(2,121)

5. PROFIT/(LOSS) BEFORE TAXATION

Profit/(Loss) before taxation from continuing operations is arrived at after charging/(crediting):

	2014	2013
	HK$'000	*HK$'000*
		(restated)
(a) Finance costs		
Interest on bank advances and other borrowings wholly repayable within five years	**2,082**	1,379
Interest on other bank loans	**898**	838
	2,980	2,217
(b) Staff costs (excluding directors' remuneration)#		
Contributions to defined contribution retirement plans	**15,076**	12,988
Salaries, wages and other benefits	**173,767**	158,471
	188,843	171,459
(c) Other items		
Cost of inventories sold#	**557,621**	527,404
Auditor's remuneration		
— audit services	**1,082**	924
— tax services	**—**	28
Depreciation#		
— owned assets	**38,752**	38,409
Amortization of land lease premium#	**735**	725
Operating lease charges for land and buildings#	**4,557**	3,409
Reversal of impairment loss on trade debtors	**—**	(11)
Fair value adjustment on investment property	**1,433**	—

Cost of inventories includes HK$173,582,000 (2013: HK$159,293,000) relating to staff costs, depreciation expenses, amortization of land lease premium, and operating lease charges, which amount is also included in the respective amounts disclosed separately above for each of these types of expenses.

6. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation from continuing operations in the consolidated statement of profit or loss represents:

	2014	2013
	HK$'000	*HK$'000*
		(restated)
Current tax — Hong Kong Profits Tax		
Provision for the year	**210**	238
Under-provision in respect of prior years	**353**	46
	563	284
Current tax — Outside Hong Kong		
Provision for the year	**3,005**	6,992
Under-provision in respect of prior years	**20**	214
	3,025	7,206
Deferred tax		
Origination and reversal of temporary differences	**21,909**	(1,188)
	25,497	6,302

Hong Kong Profits Tax

The provision for Hong Kong Profits Tax for the year ended 31st March, 2014 is calculated at 16.5% (2013: 16.5%) of the estimated assessable profits for the year, taking into account an one-off reduction of 75% of the tax payable for the year of assessment 2012/13 subject to a ceiling of HK$10,000 allowed by the Hong Kong Special Administrative Region Government for each business.

People's Republic of China ("PRC") Corporate Income Tax

The Company's subsidiaries in the PRC are subject to PRC Corporate Income Tax. The statutory income tax rate adopted by the Company's subsidiaries in the PRC is 25% (2013: 25%).

Bermuda/Samoa Income tax

Pursuant to the rules and regulations of Bermuda and Samoa, the Company and the Company's subsidiaries are not subject to any income tax in Bermuda and Samoa.

United States ("U.S.") Corporate Income tax

The Company's subsidiaries in the U.S. are subject to U.S. Corporate Income Tax at a rate of 15% (2013: 15%).

6. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(Continued)*

(b) Reconciliation between tax expense and accounting profit/(loss) from continuing operations at applicable tax rates:

	2014	2013
	HK$'000	*HK$'000*
		(restated)
Profit/(Loss) before taxation from continuing operations	**147,718**	(4,791)
Notional tax on profit/(loss) before taxation, calculated at the rates applicable to profits in the jurisdictions concerned	**24,552**	903
Tax effect of non-deductible expenses	**2,471**	3,311
Tax effect of non-taxable revenue	**(147)**	(90)
Tax effect of unused tax losses not recognized	**994**	2,286
Tax effect of recognition of previously unrecognized temporary differences	**—**	(368)
Tax effect of utilization of prior years unrecognized tax losses	**(2,786)**	—
Under-provision in respect of prior years	**373**	260
Others	**40**	—
Actual tax expense relating to continuing operations	**25,497**	6,302

7. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to the Hong Kong Companies Ordinance is as follows:

For the year ended 31st March, 2014

	Directors' fees	**Discretionary bonuses**	**Salaries, allowances and benefits**	**Retirement scheme contributions**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Executive Directors					
Mr. Lo Ming Chi, Charles	—	**103**	**1,236**	**67**	**1,406**
Ms. Chan Yuk Yee	—	**30**	**360**	**20**	**410**
Mr. Suen Cho Hung, Paul **	—	**10**	**120**	**13**	**143**
Independent Non-executive Directors					
Dr. Wong Yun Kuen	**96**	—	—	—	**96**
Mr. Pun Chi Ping	**96**	—	—	—	**96**
Mr. Ip Man Tin, David	**96**	—	—	—	**96**
	288	**143**	**1,716**	**100**	**2,247**

7. DIRECTORS' REMUNERATION *(Continued)*

For the year ended 31st March, 2013

	Directors' fees *HK$'000*	Discretionary bonuses *HK$'000*	Salaries, allowances and benefits *HK$'000*	Retirement scheme contributions *HK$'000*	Total *HK$'000*
Executive Directors					
Mr. Lo Ming Chi, Charles	—	50	600	33	683
Ms. Chan Yuk Yee	—	30	360	20	410
Mr. Dai Zhongcheng*	—	—	27	1	28
Mr. Suen Cho Hung, Paul **	—	3	66	6	75
Independent Non-executive Directors					
Dr. Wong Yun Kuen	85	—	—	—	85
Mr. Pun Chi Ping	85	—	—	—	85
Mr. Ip Man Tin, David	85	—	—	—	85
	255	83	1,053	60	1,451

* Resigned on 27th April, 2012

** Appointed on 12th September, 2012

8. INDIVIDUALS WITH HIGHEST EMOLUMENTS

The aggregate emoluments of the five (2013: five) individuals with the highest emoluments are as follows:

	2014 ***HK$'000***	2013 *HK$'000*
Salaries, allowances and benefits in kind	**5,691**	5,462
Discretionary bonuses	**223**	50
Retirement scheme contributions	**183**	130
	6,097	5,642

The emoluments of the five (2013: five) individuals with the highest emoluments are all within the band of HK$1,000,001 to HK$1,500,000.

9. PROFIT/(LOSS) ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated profit/(loss) attributable to equity shareholders of the Company includes a profit of HK$2,982,000 (2013: loss of HK$1,101,000), which included management fee expenses of HK$2,051,000 charged to a subsidiary and interest income of HK$6,263,000 earned from subsidiaries and has been dealt with in the financial statements of the Company (2013: HK$Nil).

10. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the consolidated profit attributable to equity shareholders of the Company for the year (1) from continuing operations of HK$122,138,000 (2013: loss of HK$11,007,000 (restated)) and (2) from discontinued operation of HK$1,705,000 (2013: HK$2,055,000 (restated)) and on the number of 2,665,290,000 (2013: 2,665,290,000) shares in issue during the year.

(b) Diluted earnings/(loss) per share

There were no dilutive potential shares during the years ended 31st March, 2014 and 2013, and diluted earnings/(loss) per share are the same as basic earnings/(loss) per share.

11. ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATION

During the year ended 31st March, 2014, the Group has entered into a conditional Sales and Purchase Agreement with Mr. Law Man Lung ("Mr. Law") to dispose its 70% of the issued share capital of CEPA Alliance Holdings Limited and its subsidiary, CEPA Alliance Securities Limited (together referred to as "CEPA Group") at a total cash consideration of HK$34,800,000, subject to the approval of Securities and Futures Commission of Hong Kong. Deposit of HK$17,400,000 has been received from Mr. Law as at 31st March, 2014. The disposal is not completed as at 31st March, 2014 and it is expected to completed within the next twelve months. Accordingly, the assets and liabilities attributable to CEPA Group, which are expected to be sold within twelve months, have been classified as a disposal group held for sale and are presented separately in the consolidated statement of financial position (see notes 11(b) and (c)). In addition, the operating profit of HK$1,872,000 for the year ended 31st March, 2014 is presented as a discontinued operation in the financial statements. The presentation of comparative information in respect of the year ended 31st March, 2013 has been re-presented to the current year's presentation.

(a) Results of the discontinued operation

	2014	2013
	HK$'000	*HK$'000*
Turnover	**11,428**	6,435
Commission rebate expenses	**(1,714)**	(179)
Other revenue	**525**	79
Other net loss	**—**	(17)
Administrative expenses	**(8,546)**	(4,264)
Finance costs	**(112)**	(185)
Profit before taxation	**1,581**	1,869
Income tax	**291**	(44)
Profit for the year	**1,872**	1,825
Attributable to equity shareholders of the Company	**1,705**	2,055
Attributable to non-controlling interests	**167**	(230)
Profit for the year	**1,872**	1,825
Cash flows of the discontinued operation:		
Net cash (used in)/generated from operating activities	**(4,299)**	1,188
Net cash used in investing activities	**(69)**	(207)
Net cash from financing activities	**—**	—
Net cash flows	**(4,368)**	981

11. ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATION *(Continued)*

(b) Assets classified as held for sale

	Notes	The Group 2014 HK$'000
Goodwill	12	**930**
Property, plant and equipment	15	**447**
Other assets	18	**2,350**
Intangible asset	13	**1,260**
Deferred tax assets		**215**
Trade and other receivables	22	**34,214**
Cash held on behalf of brokerage clients	24	**39,301**
Cash and cash equivalents		**15,688**
Assets classified as held for sale		**94,405**

(c) Liabilities directly associated with assets classified as held for sale

	Notes	The Group 2014 HK$'000
Trade and other payables	26	**45,809**
Liabilities directly associated with assets classified as held for sale		**45,809**

The net proceeds less cost to sell of the disposal are expected to exceed the net carrying amount of the relevant assets and liabilities and accordingly, no impairment loss has been recognized and the disposal group is stated at the lower of carrying amount and fair value less cost to sell.

12. GOODWILL

The carrying amount of goodwill is analyzed as follows:

	The Group	
	2014	2013
	HK$'000	*HK$'000*
Carrying amount at the beginning of the year	**930**	—
Additions through business combination	**—**	930
Reclassified as assets held for sale *(note 11(b))*	**(930)**	—
Carrying amount at the end of the year	**—**	930

The carrying amount of goodwill is allocated to the cash-generating units of the operations of the provision of brokerage services.

As disclosed in note 11 to the financial statements, goodwill is included in the disposal group classified as assets held for sale as at 31st March, 2014.

13. INTANGIBLE ASSETS

	The Group	
	2014	2013
	HK$'000	*HK$'000*
Trading rights	**—**	1,260

The carrying amount of intangible assets is allocated to the cash-generating units of the operations of the provision of brokerage services.

As disclosed in note 11 to the financial statements, the intangible assets are included in the disposal group classified as assets held for sale as at 31st March, 2014.

14. SEGMENT REPORTING

The Group manages its businesses by divisions, which are organized by a mixture of both business lines and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following five reportable segments. No operating segments have been aggregated to form the following reportable segments:

Continuing operations

— Printing: Sale and manufacturing of high quality multi-colour packaging products, carton boxes, books, brochures and other paper products in Hong Kong, Dongguan, Shanghai and Hunan

— Provision of financing services: Provision of finance

— Securities investments: Investment activities in equity securities

— Property investments: Property rental services

Discontinued operation

— Provision of brokerage service: Provision of securities brokerage and margin financing services

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all non-current and current assets. Segment liabilities include current and non-current liabilities attributable to the individual segments.

Turnover and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortization of assets attributable to those segments. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

14. SEGMENT REPORTING *(Continued)*

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31st March, 2014 and 2013 is set out below.

(a) Reportable segment turnover, profit or loss, assets and liabilities

	Continuing operations										Discontinued operation			
	Printing		Provision of financing services		Securities investments		Property investments		Sub-total		Provision of brokerage services		Total	
For the year ended	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000* (restated)	***HK$'000***	*HK$'000* (restated)	***HK$'000***	*HK$'000* (restated)
Turnover from external customers	**676,146**	654,981	**685**	165	**—**	—	**358**	—	**677,189**	655,146	**11,428**	6,435	**688,617**	661,581
Inter-segment turnover	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—	**98**	—	**98**	—
Reportable segment turnover	**676,146**	654,981	**685**	165	**—**	—	**358**	—	**677,189**	655,146	**11,526**	6,435	**688,715**	661,581
Net profit/(loss) for the year	**(10,051)**	5,302	**546**	105	**133,146**	(16,487)	**(1,341)**	—	**122,300**	(11,080)	**1,872**	1,825	**124,172**	(9,255)
Inter-segment profit/(loss)	**6,769**	—	**(479)**	—	**(4,625)**	2,589	**(351)**	—	**1,314**	2,589	**(1,314)**	(2,589)	**—**	—
Reportable segment profit/(loss)	**(3,282)**	5,302	**67**	105	**128,521**	(13,898)	**(1,692)**	—	**123,614**	(8,491)	**558**	(764)	**124,172**	(9,255)
Net realized gain on trading securities	**—**	—	**—**	—	**1,576**	—	**—**	—	**1,576**	—	**—**	—	**1,576**	—
Net unrealized gain/(loss) on trading securities	**—**	—	**—**	—	**154,584**	(16,192)	**—**	—	**154,584**	(16,192)	**—**	—	**154,584**	(16,192)
Bank interest income	**903**	649	**—**	—	**5**	—	**—**	—	**908**	649	**19**	25	**927**	674
Depreciation and amortization	**(39,487)**	(39,134)	**—**	—	**—**	—	**—**	—	**(39,487)**	(39,134)	**(82)**	(164)	**(39,569)**	(39,298)
Finance costs	**(2,843)**	(2,217)	**—**	—	**—**	—	**(137)**	—	**(2,980)**	(2,217)	**(11)**	—	**(2,991)**	(2,217)
Gain/(loss) on disposal of property, plant and equipment	**166**	(1,700)	**—**	—	**—**	—	**—**	—	**166**	(1,700)	**—**	(17)	**166**	(1,717)
Write-down of inventories	**(3,639)**	(3,405)	**—**	—	**—**	—	**—**	—	**(3,639)**	(3,405)	**—**	—	**(3,639)**	(3,405)
Fair value adjustment on investment property	**—**	—	**—**	—	**—**	—	**(1,433)**	—	**(1,433)**	—	**—**	—	**(1,433)**	—
Reportable segment assets	**719,408**	675,433	**4,269**	2,173	**183,951**	30,140	**27,972**	—	**935,600**	707,746	**94,405**	89,507	**1,030,005**	797,253
Reportable segment liabilities	**250,004**	208,317	**4,204**	2,086	**69,154**	43,764	**29,664**	—	**353,026**	254,167	**46,099**	41,567	**399,125**	295,734

Turnover of the largest customer of HK$111,244,000 (2013: HK$121,394,000) was derived from sales of printing products, representing 16% (2013: 18%) of the Group's turnover for the year.

14. SEGMENT REPORTING *(Continued)*

(b) Reconciliations of reportable segment turnover, profit or loss, assets and liabilities:

2014

	Continuing operations *HK$'000*	Discontinued operation *HK$'000*	The Group *HK$'000*
Turnover			
Reportable segment turnover	**677,189**	**11,526**	**688,715**
Elimination of inter-segment turnover	**—**	**(98)**	**(98)**
Consolidated total turnover	**677,189**	**11,428**	**688,617**
Profit			
Reportable segment profit derived from the Group	**123,614**	**558**	**124,172**
Elimination of inter-segment profit	**(1,314)**	**1,314**	**—**
Unallocated corporate loss	**(79)**	**—**	**(79)**
Consolidated total profit	**122,221**	**1,872**	**124,093**
Assets			
Reportable segment assets	**935,600**	**94,405**	**1,030,005**
Elimination of inter-segment receivables	**(89,282)**	**—**	**(89,282)**
	846,318	**94,405**	**940,723**
Unallocated corporate assets	**35,887**	**—**	**35,887**
Consolidated total assets	**882,205**	**94,405**	**976,610**
Liabilities			
Reportable segment liabilities	**353,026**	**46,099**	**399,125**
Elimination of inter-segment payables	**(88,992)**	**(290)**	**(89,282)**
	264,034	**45,809**	**309,843**
Unallocated corporate liabilities	**35,082**	**—**	**35,082**
Consolidated total liabilities	**299,116**	**45,809**	**344,925**

14. SEGMENT REPORTING *(Continued)*

(b) Reconciliations of reportable segment turnover, profit or loss, assets and liabilities: *(Continued)*

2013

	Continuing operations *HK$'000*	Discontinued operation *HK$'000*	The Group *HK$'000* (restated)
Loss			
Reportable segment loss derived from the Group	(8,491)	(764)	(9,255)
Elimination of inter-segment profit	(2,589)	2,589	—
Unallocated corporate loss	(13)	—	(13)
Consolidated total (loss)/profit	(11,093)	1,825	(9,268)
Assets			
Reportable segment assets	707,746	89,507	797,253
Elimination of inter-segment receivables	(95,099)	—	(95,099)
	612,647	89,507	702,154
Unallocated corporate assets	35,969	—	35,969
Consolidated total assets	648,616	89,507	738,123
Liabilities			
Reportable segment liabilities	254,167	41,567	295,734
Elimination of inter-segment payables	(80,749)	(14,350)	(95,099)
	173,418	27,217	200,635
Unallocated corporate liabilities	35,036	—	35,036
Consolidated total liabilities	208,454	27,217	235,671

14. SEGMENT REPORTING *(Continued)*

(c) Geographical information

As the Group's business participates in only one geographical location classified by the location of assets, i.e. the PRC, including Hong Kong, no separate geographical segment analysis based on the location of assets is presented. The following table sets out information about the geographical location of turnover from external customers. The geographical location of customers is based on the location at which the goods are delivered to:

	2014	2013
	HK$'000	*HK$'000*
		(restated)
Continuing operations		
The PRC		
— Hong Kong	**103,816**	105,486
— Other areas of the PRC	**318,479**	319,022
	422,295	424,508
The U.S.	**100,190**	108,351
Europe	**67,823**	49,148
Other countries	**86,881**	73,139
	677,189	655,146
Discontinued operation		
— Hong Kong	**11,428**	6,435
	688,617	661,581

15. FIXED ASSETS

(a) The Group

	Land and buildings *HK$'000*	Machineries *HK$'000*	Tools *HK$'000*	Furniture and fixtures *HK$'000*	Computer and office equipment *HK$'000*	Motor vehicles *HK$'000*	Sub-total *HK$'000*	Prepaid leasehold land held for own use under operating leases *HK$'000*	Total fixed assets *HK$'000*
Cost									
At 1st April, 2012	282,047	428,021	8,034	10,977	45,332	8,345	782,756	27,152	809,908
Exchange adjustments	2,134	2,377	—	66	283	33	4,893	287	5,180
Additions	6,807	8,562	—	446	3,252	1,579	20,646	—	20,646
Addition through business combination	—	—	—	120	312	—	432	—	432
Disposals	—	(11,825)	—	(34)	(186)	(1,863)	(13,908)	—	(13,908)
At 31st March, 2013	290,988	427,135	8,034	11,575	48,993	8,094	794,819	27,439	822,258
Accumulated amortization and depreciation									
At 1st April, 2012	90,241	291,876	7,775	6,703	39,241	5,921	441,757	8,389	450,146
Exchange adjustments	1,021	1,386	—	56	258	28	2,749	95	2,844
Charge for the year	12,684	21,443	103	740	2,674	929	38,573	725	39,298
Written back on disposals	—	(9,894)	—	(30)	(172)	(1,574)	(11,670)	—	(11,670)
At 31st March, 2013	103,946	304,811	7,878	7,469	42,001	5,304	471,409	9,209	480,618
Net book value									
At 31st March, 2013	187,042	122,324	156	4,106	6,992	2,790	323,410	18,230	341,640
Cost									
At 1st April, 2013	**290,988**	**427,135**	**8,034**	**11,575**	**48,993**	**8,094**	**794,819**	**27,439**	**822,258**
Exchange adjustments	**3,910**	**4,366**	**—**	**125**	**547**	**66**	**9,014**	**510**	**9,524**
Additions	**291**	**22,786**	**21**	**632**	**1,332**	**1,379**	**26,441**	**—**	**26,441**
Disposals	**—**	**(586)**	**—**	**(40)**	**(58)**	**(318)**	**(1,002)**	**—**	**(1,002)**
Reclassified as assets held for sale	**—**	**—**	**—**	**(112)**	**(543)**	**—**	**(655)**	**—**	**(655)**
At 31st March, 2014	**295,189**	**453,701**	**8,055**	**12,180**	**50,271**	**9,221**	**828,617**	**27,949**	**856,566**
Accumulated amortization and depreciation									
At 1st April, 2013	**103,946**	**304,811**	**7,878**	**7,469**	**42,001**	**5,304**	**471,409**	**9,209**	**480,618**
Exchange adjustments	**2,018**	**2,738**	**—**	**106**	**483**	**39**	**5,384**	**182**	**5,566**
Charge for the year	**13,656**	**21,001**	**50**	**779**	**2,347**	**1,001**	**38,834**	**735**	**39,569**
Written back on disposals	**—**	**(536)**	**—**	**(40)**	**(46)**	**(313)**	**(935)**	**—**	**(935)**
Reclassified as assets held for sale	**—**	**—**	**—**	**(29)**	**(179)**	**—**	**(208)**	**—**	**(208)**
At 31st March, 2014	**119,620**	**328,014**	**7,928**	**8,285**	**44,606**	**6,031**	**514,484**	**10,126**	**524,610**
Net book value									
At 31st March, 2014	**175,569**	**125,687**	**127**	**3,895**	**5,665**	**3,190**	**314,133**	**17,823**	**331,956**

Depreciation expenses of property, plant and equipment arising from continuing operations and discontinued operation amounted to HK$39,487,000 and HK$82,000 (2013: HK$39,134,000 and HK$164,000) respectively.

As at 31st March, 2014, certain property, plant and equipment were classified as assets held for sale (note 11(b)), being furniture and fixtures and computer and office equipment with net carrying values of HK$83,000 and HK$364,000, respectively.

15. FIXED ASSETS *(Continued)*

(b) The analysis of net book value of properties is as follows:

	The Group	
	2014	2013
	HK$'000	*HK$'000*
Situated in Hong Kong and held under medium term leases	**74,366**	75,937
Situated outside Hong Kong and held under medium term leases	**119,026**	129,335
	193,392	205,272
Representing:		
Land and buildings	**175,569**	187,042
Prepaid leasehold land held for own use under operating leases	**17,823**	18,230
	193,392	205,272

16. INVESTMENT PROPERTY

	The Group	
	2014	2013
	HK$'000	*HK$'000*
At fair value		
Carrying amount at the beginning of the year	**—**	—
Additions	**29,333**	—
Fair value adjustment *(note 4)*	**(1,433)**	—
Carrying amount at the end of the year	**27,900**	—

Fair value adjustment of investment property is recognized in the line item "other net loss" (note 4) in the face of the consolidated statement of profit or loss. The Group's investment property comprised commercial building held under operating leases to earn rentals. The commercial building is held under medium leases and located in Hong Kong.

At the end of the reporting period, the fair value of the Group's investment property was determined by Roma Appraisals Limited, an independent qualified professional valuer, on market comparison approach on annually basis by reference to comparable transactions available in the relevant locality on a price per square feet basis, adjusted for a premium or discount specific to the quality of the Group's buildings compared to the recent sales. Higher premium for higher quality buildings will result in higher fair value measurement.

16. INVESTMENT PROPERTY *(Continued)*

Fair value measurement of investment property

Fair value hierarchy

The following table presents the fair value of the Group's investment property measured at the end of the reporting period on a recurring basis, categorized into the three-level fair value hierarchy as defined in HKFRS 13 *"Fair Value Measurement"*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuation: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet level 1, and not using significant unobservable inputs; Unobservable inputs are inputs for which market data are not available.

- Level 3 valuations: Fair value measured using significant unobservable inputs.

Recurring Fair Value measurement

Property	Fair value hierarchy	Valuation technique	Significant unobservable inputs	Range of unobservable inputs	Relationship of significant unobservable inputs to fair value
Commercial Building	Level 3	Market comparison method	Market unit sale rate per square feet, after taking into account the location and size factors	HK$40,000 – HK$79,000 per square feet	An increase in percentage of market unit sale rate per square feet would result in an increase in fair value measurement of the commercial building by the same percentage increase, and vice versa

There was no transfer among the three levels of the fair value hierarchy during the year. The change in fair value of investment property is charged to the consolidated statement of profit or loss (note 4).

17. DEPOSITS FOR PURCHASES OF MACHINERIES

As at 31st March, 2014, the Group made deposits of HK$10,986,000 (2013: HK$9,891,000) for the acquisition of machineries. The remaining amounts of the contracts are included in capital commitments (note 32(a)).

18. OTHER ASSETS

	The Group	
	2014	2013
	HK$'000	*HK$'000*
Statutory deposits	—	2,180
Guarantee deposits	—	50
	—	2,230

Statutory and guarantee deposits represent deposits with various exchange and clearing houses. Among the statutory deposits, HK$2,000,000 are interest bearing at 0.43% per annum. (2013: 0.67% per annum)

As disclosed in note 11 to the financial statements, the Group's statutory deposits and guarantee deposits of HK$2,300,000 and HK$50,000 respectively, have been classified as assets held for sale as at 31st March, 2014.

19. INTERESTS IN SUBSIDIARIES

	The Company	
	2014	2013
	HK$'000	*HK$'000*
Unlisted investments, at cost	**82,360**	82,360
Amounts due from subsidiaries	**96,620**	160,336
	178,980	242,696

Amounts due from subsidiaries are unsecured, have no fixed terms of repayment but are not expected to be recovered within one year from the end of the reporting period. Among these, HK$17,641,000 is interest-free and HK$78,979,000 is interest bearing at 2.25% per annum.

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. Financial information of subsidiaries with material non-controlling interests has been disclosed in note 11.

Name of company	Place of incorporation/ establishment and operation	Particulars of issued/ registered capital	Percentage of ownership interest held by the Company directly	Percentage of ownership interest held by the Company indirectly	Principal activities
New Island Printing Company Limited ("NIPCL")	Hong Kong	2 ordinary shares of HK$100 each 10,000 non-voting deferred shares of HK$100 each	—	100%	Distribution of paper products

19. INTERESTS IN SUBSIDIARIES *(Continued)*

Name of company	Place of incorporation/ establishment and operation	Particulars of issued/ registered capital	Percentage of ownership interest held by the Company directly	indirectly	Principal activities
Dongguan New Island Printing Company Limited ("DNIP")	The PRC	Registered capital of HK$132,000,000	—	100%	Production and distribution of paper products
Shanghai New Island Packaging Printing Company Limited ("SNIP")	The PRC	Registered capital of US$5,700,000	—	100%	Production and distribution of paper products
New Island (Shanghai) Paper Products Company Limited ("NISPP")	The PRC	Registered capital of US$2,500,000	—	100%	Production of paper products
郴州信力制品有限公司	The PRC	Registered capital of US$1,000,000	—	100%	Provision of subcontracting services to a fellow subsidiary for paper and packaging products
NITNS LLC	The U.S.	100 ordinary shares of US$1 each	—	51%	Provision of marketing services
New Island Property Limited	Hong Kong	2 ordinary shares of HK$1 each	—	100%	Property holding
New Island Investment Holdings Limited	Hong Kong	1 ordinary share of HK$1 each	—	100%	Securities holding
New Island Credit Services Limited	Hong Kong	10,000 ordinary share of HK$1 each	—	100%	Provision of finance
CEPA Alliance Securities Limited	Hong Kong	45,001,000 ordinary share of HK$1 each	—	70%	Provision of brokerage of securities services
Royal Fortune Development Limited	Hong Kong	1 ordinary share of HK$1 each	—	100%	Property investments

19. INTERESTS IN SUBSIDIARIES *(Continued)*

DNIP was set up in 1992 as an equity joint venture between the Company's subsidiary, NIPCL, and Dongguan Dalingshan Economic Development Company ("DDEDC") with equity interests of 70% and 30% respectively. DDEDC's 30% equity interest was transferred to NIPCL pursuant to the approval letter from Dongguan Municipal Foreign Economic Trade Committee on 28th March, 1996. Following the transfer, DNIP effectively became a wholly-owned subsidiary of the Group. DNIP has an operating period of 35 years expiring on 13th March, 2027.

SNIP was set up in 1995 as a wholly-owned foreign enterprise. SNIP has an operating period of 50 years expiring on 1st March, 2045.

NISPP was set up in 2002 as a wholly-owned foreign enterprise. NISPP has an operating period of 30 years expiring on 27th January, 2032.

20. TRADING SECURITIES

	The Group	
	2014	2013
	HK$'000	*HK$'000*
Financial assets at fair value through profit or loss:		
Listed equity securities at fair value		
— in Hong Kong *(notes 31(e) and (f))*	**183,838**	30,131

Investments in trading securities are stated at fair value at the end of the reporting period (see note 1(k)).

21. INVENTORIES

Inventories in the consolidated statement of financial position comprise:

	The Group	
	2014	2013
	HK$'000	*HK$'000*
Raw materials	**51,979**	41,438
Work in progress	**22,787**	16,701
Finished goods	**24,329**	16,805
	99,095	74,944

The analysis of the amount of inventories recognized as an expense and included in profit or loss is as follows:

	The Group	
	2014	2013
	HK$'000	*HK$'000*
Carrying amount of inventories sold	**553,982**	523,999
Write-down of inventories	**3,639**	3,405
	557,621	527,404

22. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade debtors	**126,679**	161,699	**—**	—
Less: allowance for doubtful debts *(note 22(b))*	**(7,751)**	(7,747)	**—**	—
	118,928	153,952	**—**	—
Other receivables	**3,752**	5,991	**—**	—
Loans and receivables	**122,680**	159,943	**—**	—
Deposits and prepayments	**3,591**	3,285	**280**	289
	126,271	163,228	**280**	289

All trade and other receivables, apart from deposits of the Group amounting to HK$1,415,000 (2013: HK$1,249,000), are expected to be recovered or recognized as expenses within one year. Other receivables, deposits and prepayments are neither past due nor impaired.

As disclosed in note 11 for the financial statements, certain receivables from customers of the securities brokerage business amounting to HK$33,884,000, other receivables amounting to HK$117,000 and deposits and prepayments amounting to HK$213,000, of which loans to margin clients amounting to HK$9,067,000, are classified as assets held for sale as at 31st March, 2014. The receivables are neither past due nor impaired. As at 31st March, 2014, the total undiscounted market value of securities pledged as collateral in respect of the loans to margin client was approximately HK$16,887,000.

The trade debtors as at 31st March, 2013 consisted of receivables from customers of the securities brokerage business amounting to HK$39,794,000, of which loans to margin clients amounting to HK$26,201,000. As at 31st March, 2013, the total undiscounted market value of securities pledged as collateral in respect of the loans to margin clients was approximately HK$78,718,000.

The loans to margin clients bear variable interest at commercial rate and are current and repayable on demand. Margin clients are required to pledge securities collateral to the Group in order to obtain credit facilities for securities trading. Any excess in the lending ratio will trigger a margin call which the clients have to make good the shortfall. The amount of credit facilities granted to them is determined by the discounted value of securities accepted by the Group.

The credit terms of receivables from customers of the securities brokerage business were in accordance with the securities brokerage industry practice. The Group's credit policy is set out in note 31(a).

(a) Ageing analysis

Included in trade and other receivables are trade debtors (net of allowance for doubtful debts) with the following ageing analysis:

	The Group	
	2014	2013
	HK$'000	*HK$'000*
Current	**110,356**	144,063
Less than one month past due	**2,287**	3,171
One to three months past due	**6,103**	4,584
Over three months past due	**182**	2,134
	118,928	153,952

22. TRADE AND OTHER RECEIVABLES *(Continued)*

(b) Impairment of trade debtors

Impairment losses in respect of trade debtors are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors directly (see note 1(l)(i)).

The movements in the allowance for doubtful debts during the year, including both specific and collective loss components, are as follows:

	The Group	
	2014	2013
	HK$'000	*HK$'000*
At 1st April	**7,747**	7,755
Exchange adjustments	**4**	3
Reversal of impairment loss	**—**	(11)
At 31st March	**7,751**	7,747

At 31st March, 2014, the Group's trade debtors of HK$7,751,000 (2013: HK$7,747,000) were individually determined to be impaired. The individually impaired receivables related to customers that were default in payments and management assessed that the receivables are not expected to be recovered. Consequently, specific allowance for doubtful debts of HK$7,751,000 (2013: HK$7,747,000) was recognized. The Group does not hold any collateral over these balances.

22. TRADE AND OTHER RECEIVABLES *(Continued)*

(c) Trade debtors that are not impaired

The ageing analysis of trade debtors that are neither individually nor collectively considered to be impaired is as follows:

	The Group	
	2014	2013
	HK$'000	*HK$'000*
Neither past due nor impaired	**110,356**	144,063
Less than one month past due	**2,287**	3,171
One to three months past due	**6,103**	4,584
Over three months past due	**182**	2,134
	8,572	9,889
	118,928	153,952

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

23. LOANS TO SUBSIDIARIES — THE COMPANY

Loans to subsidiaries are loans and receivables. The loans are unsecured, interests bearing at 8% per annum and repayable within one year.

24. CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

	The Group		The Company	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Cash at bank and in hand	**61,390**	84,852	**85**	61
Deposits with bank	**38,054**	2,242	**—**	—
Cash and cash equivalents in the statement of financial position	**99,444**	87,094	**85**	61
Cash held on behalf of brokerage clients	**—**	24,358	**—**	—
	99,444	111,452	**85**	61
Cash and cash equivalents in the consolidated statement of cash flows	**99,444**	87,094		

Note: The Group receives and holds money deposited by clients and other institutions in the course of the conduct of the regulated activities. These clients' monies are maintained in one or more trust bank accounts and bear interest at prevailing interest rate. The Group has recognized the corresponding trade payables to respective clients.

As at 31st March, 2014, cash held on behalf of brokerage clients are classified as assets held for sale amounting to HK$39,301,000 (note 11(b)).

(b) Reconciliation of profit/(loss) before taxation to cash generated from operations:

	Notes	**2014**	2013
		HK$'000	*HK$'000*
Profit/(Loss) before taxation from continuing operations		**147,718**	(4,791)
Profit before taxation from discontinued operation	*11(a)*	**1,581**	1,869
		149,299	(2,922)
Adjustments for:			
Depreciation and amortization	*15*	**39,569**	39,298
Bank interest income		**(927)**	(674)
Finance costs		**2,991**	2,217
Net (gain)/loss on disposal of property, plant and equipment		**(166)**	1,717
Foreign exchange differences		**(719)**	1,061
Fair value adjustments on investment property		**1,433**	—
Net unrealized (gain)/loss on trading securities		**(154,584)**	16,192
		36,896	56,889
Changes in working capital:			
(Increase)/decrease in inventories		**(22,764)**	15,537
Increase in other assets		**(120)**	—
Increase in cash held on behalf of brokerage clients		**(14,943)**	(24,358)
Decrease/(increase) in trade and other receivables		**4,239**	(12,557)
Increase/(decrease) in trade and other payables		**45,618**	(20,214)
Decrease/(increase) in trading securities		**877**	(5,284)
(Decrease)/increase in bills payable		**(10,202)**	6,333
Cash generated from operations		**39,601**	16,346

25. BANK LOANS

(a) The analysis of the carrying amount of bank loans is as follows:

	The Group	
	2014	2013
	HK$'000	*HK$'000*
Current liabilities		
Bank loans	**50,968**	17,665
Term loans from banks subject to demand repayment	**53,720**	53,027
	104,688	70,692

(b) At 31st March, 2014, bank loans were repayable as follows:

	The Group	
	2014	2013
	HK$'000	*HK$'000*
Bank loans repayable within one year or on demand	**50,968**	17,665
Term loans due for repayment within one year – current portion	**7,348**	19,351
	58,316	37,016
Term loans due for repayment after one year:		
After one year but within two years	**5,479**	4,237
After two years but within five years	**15,031**	7,042
After five years	**25,862**	22,397
	46,372	33,676
	104,688	70,692

All of the bank loans are financial liabilities measured at amortized cost.

25. BANK LOANS *(Continued)*

(c) At 31st March, 2014, bank loans were secured as follows:

	The Group	
	2014	2013
	HK$'000	*HK$'000*
Bank loans		
— secured	**50,193**	44,694
— unsecured	**54,495**	25,998
	104,688	70,692

Certain banking facilities and loans granted to the Group are secured by the Group's fixed assets at 31st March, 2014. Fixed assets pledged under such facilities are amounted to HK$101,689,000 (2013: HK$75,348,000).

The above secured banking facilities amounted to HK$70,193,000 (2013: HK$54,693,000) which were utilized to the extent of HK$55,362,000 (2013: HK$44,694,000) at 31st March, 2014, comprising bank loans of HK$50,193,000 (2013: HK$44,694,000) and bills payable of HK$5,169,000 (2013: HK$Nil).

At 31st March, 2014, the Company has given guarantees to banks to secure banking facilities of HK$185,720,000 (2013: HK$199,027,000) granted to its subsidiaries for general bank loans and bills payable.

Certain of the Group's banking facilities are subject to the fulfilment of covenants relating to certain of the Group's balance sheet ratios, total equity and the amount of capital expenditure incurred, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the drawn down facilities would become repayable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 31(b). As at 31st March, 2014 and 2013, none of the bank covenants relating to drawn down facilities had been breached.

26. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade creditors	**78,653**	74,961	**—**	—
Other payables and accrued charges	**67,553**	52,131	**405**	313
	146,206	127,092	**405**	313

All of the trade and other payables are financial liabilities measured at amortized cost and are expected to be settled within one year.

Included in trade and other payables are trade creditors with the following ageing analysis:

	The Group	
	2014	2013
	HK$'000	*HK$'000*
Current and less than one month past due	**61,376**	69,853
One to three months past due	**11,934**	4,050
More than three months past due	**5,343**	1,058
	78,653	74,961

Trade payables to certain margin and cash clients arising from the business of dealing in securities bear variable interest at commercial rates, and are repayable on demand subsequent to settlement date. As at 31st March, 2014, there was an amount of approximately HK$39,301,000 (2013: HK$24,358,000) in respect of the clients' undrawn monies which arose from securities brokerage transactions. As disclosed in note 11 to the financial statements, trade and other payables amounting to HK$45,809,000, of which client's undrawn monies which arose from securities brokerage transaction of HK$39,301,000, was classified as liabilities directly associated with assets classified as held for sale as at 31st March, 2014.

27. BILLS PAYABLE

An ageing analysis of bills payable is as follows:

	The Group	
	2014	2013
	HK$'000	*HK$'000*
Due within one month	**5,936**	17,145
Due after one month but within two months	**5,376**	4,496
Due after two months but within three months	**11,003**	10,555
Due after three months	**—**	321
	22,315	32,517

Bills payable are financial liabilities measured at amortized cost.

28. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents

	The Group	
	2014	2013
	HK$'000	*HK$'000*
Provision for Hong Kong Profits Tax for the year	**211**	223
Provisional Profits Tax paid	**(267)**	—
	(56)	223
Balance of Profits Tax provision relating to prior years	**27**	(425)
Current tax recoverable — Hong Kong	**(29)**	(202)
Current tax liabilities — outside Hong Kong	**2,056**	3,782
	2,027	3,580

Represented by:

	The Group	
	2014	2013
	HK$'000	*HK$'000*
Current tax recoverable	**(216)**	(268)
Current tax liabilities	**2,243**	3,848
	2,027	3,580

28. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

(b) Deferred tax assets and liabilities recognized

The components of deferred tax (assets)/liabilities recognized in the consolidated statement of financial position and the movements during the year are as follows:

	Depreciation allowances in excess of related depreciation *HK$'000*	Provisions *HK$'000*	Tax losses *HK$'000*	Net unrealized gain on trading securities *HK$'000*	Total *HK$'000*
At 1st April, 2012	3,959	(3,365)	(90)	—	504
Exchange adjustments	21	(40)	—	—	(19)
Additions through business combination	17	—	—	—	17
Credited to profit or loss	(655)	(513)	39	—	(1,129)
At 31st March, 2013	3,342	(3,918)	(51)	—	(627)
At 1st April, 2013	**3,342**	**(3,918)**	**(51)**	**—**	**(627)**
Exchange adjustments	**33**	**(74)**	**—**	**—**	**(41)**
(Credited)/charged to profit or loss *(note 6)*	**(542)**	**(130)**	**(2,925)**	**25,506**	**21,909**
Reclassified as assets held for sale	**(76)**	**—**	**—**	**—**	**(76)**
At 31st March, 2014	**2,757**	**(4,122)**	**(2,976)**	**25,506**	**21,165**

Represented by:

	The Group	
	2014 ***HK$'000***	2013 *HK$'000*
Net deferred tax assets recognized	**(2,499)**	(2,149)
Net deferred tax liabilities recognized	**23,664**	1,522
	21,165	(627)

(c) Deferred tax assets not recognized

At 31st March, 2014, the Group had not recognized deferred tax assets in respect of tax losses of HK$6,510,000 (2013: HK$15,846,000) as it was uncertain that future taxable profits against which the tax losses could be utilized would be available in the relevant tax jurisdiction and entity. The tax losses of HK$3,708,000 do not expire under current tax legislation and HK$2,802,000 would be expired within five years.

28. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

(d) Deferred tax liabilities not recognized

At 31st March, 2014, temporary differences relating to the undistributed profits of the PRC subsidiaries amounted to HK$108,064,000 (2013: HK$107,906,000). Deferred tax liabilities of HK$5,403,000 (2013: HK$5,395,000) representing the tax payable upon the distribution of such retained profits have not been recognized as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that profits will not be distributed in the foreseeable future.

29. CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company

	Share capital	**Share premium**	**Contributed surplus**	**Retained profits**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(note 29(d)(i))	*(note 29(d)(ii))*		
At 1st April, 2012	26,653	131,911	67,360	17,910	243,834
Loss for the year *(note 9)*	—	—	—	(1,101)	(1,101)
At 31st March, 2013	26,653	131,911	67,360	16,809	242,733
At 1st April, 2013	**26,653**	**131,911**	**67,360**	**16,809**	**242,733**
Profit for the year *(note 9)*	**—**	**—**	**—**	**2,982**	**2,982**
At 31st March, 2014	**26,653**	**131,911**	**67,360**	**19,791**	**245,715**

The Company's reserves available for distribution to shareholders at 31st March, 2014 are HK$87,151,000 (2013: HK$84,169,000).

(b) Dividend

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

29. CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(c) Share capital

	Ordinary shares *'000*	Amount *HK$'000*
Authorized:		
40,000,000,000 shares of HK$0.01 each at 31st March, 2013 and 2014	**40,000,000**	**400,000**
Issued and fully paid:		
2,665,290,000 shares of HK$0.01 each at 31st March, 2013 and 2014	**2,665,290**	**26,653**

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(d) Nature and purpose of reserves

(i) Share premium

The application of the share premium account is governed by the Bermuda Companies Act 1981 ("Companies Act").

(ii) Contributed surplus

The excess value of the shares of the subsidiaries acquired pursuant to the Group's reorganization scheme in 1993 over the nominal value of the new shares of the Company issued in exchange is credited to the contributed surplus account. Under the Companies Act and the bye-laws of the Company, the contributed surplus is distributable to shareholders under certain circumstances.

(iii) Statutory surplus reserve

In accordance with the prevailing PRC laws and regulations, a wholly-owned foreign enterprise is required to transfer a certain percentage of its profit after taxation to a statutory surplus reserve until the surplus reserve balance reaches 50% of the registered capital of the enterprise. The transfer to the reserve has to be made before distribution of dividends to shareholders. The statutory surplus reserve can be used to make good previous years' losses, and is not distributable to shareholders.

29. CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(d) Nature and purpose of reserves *(Continued)*

(iv) Exchange reserve

The exchange reserve has been set up and will be dealt with in accordance with the accounting policy adopted for foreign currency translation (note 1(u)).

(v) Other reserves

Other reserves were set up by the Company's PRC subsidiaries in accordance with their articles of association. The amounts to be transferred to these reserves are determined by the respective board of directors. They can be used to convert into paid-up capital, and are not distributable to shareholders.

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Consistent with the industry practice, the Group monitors its capital structure on the basis of a net debt-to-capital ratio. For this purpose, the Group defines net debt as total debt (which includes interest-bearing loans and borrowings, and bills payable) less cash and cash equivalents. Capital comprises all components of equity.

During the year ended 31st March, 2014, the Group's strategy, which was unchanged from the prior year, was to lower the net debt-to-capital ratio. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends payable to shareholders, raise new debt financing or sell assets to reduce debt.

29. CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(e) Capital management *(Continued)*

The net debt-to-capital ratios at 31st March, 2014 and 2013 were as follows:

		The Group	
	Notes	**2014**	2013
		HK$'000	*HK$'000*
Current liabilities			
Bank loans	*25*	**104,688**	70,692
Bills payable	*27*	**22,315**	32,517
Total debt		**127,003**	103,209
Less: Cash and cash equivalents	*24(a)*	**99,444**	87,094
Net debt		**27,559**	16,115
Total equity		**631,685**	502,452
Net debt-to-capital ratio		**0.044**	0.032

As disclosed in note 25, the Group is subject to externally imposed capital requirements under covenants relating to certain banking facilities.

30. CONTINGENT LIABILITIES

At 31st March, 2014, the Company has given guarantees to banks to secure banking facilities of HK$185,720,000 (2013: HK$199,027,000) granted to its subsidiaries.

At the end of the reporting period, the directors do not consider it is probable that a claim will be made against the Company under any of the guarantees. The maximum liability of the Company at the end of the reporting period under the guarantees is the amount of the facilities drawn down by all the subsidiaries which are covered by the guarantees, being HK$127,003,000 (2013: HK$103,209,000).

The Company has not recognized any deferred income in respect of the guarantees as their fair value cannot be reliably measured and their transaction price is HK$Nil.

31. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's and the Company's credit risk is primarily attributable to trade and other receivables and loans to subsidiaries. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade debtors, credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. These receivables are due within 30 to 90 days from the date of billing. Normally, the Group does not obtain collateral from those customers.

For trade debtors arising from brokerage services, the Group requires collateral from customers before advances are granted. The amount of advance permitted depends on the quality and value of collateral provided by the customer. Any subsequent change in value as well as quality, of collateral is closely monitored in order to determine whether any corrective action is required.

In respect of credit risk associated with loans to subsidiaries, management closely monitored all outstanding debts and reviewed the collectability periodically. As at the end of the reporting period, the credit risk is considered to be negligible as the subsidiaries have sound credit rankings.

The Group has well defined policies in place on the setting and approval of trading, credit and investment position limits in order to manage its credit risk exposure and concentration. As at the end of the reporting period, the Group did not have a significant concentration of credit risk other than the provision of advances to customers. The Groups credit risk exposure is controlled because these advances of customers are secured by equity shares.

31. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(a) Credit risk *(Continued)*

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which the customers operate also has an influence on credit risk but to a lesser extent. At the end of the reporting period, the Group has a concentration of credit risk as 7% (2013: 6%) and 24% (2013: 15%) of the total trade debtors were due from the Group's largest customer and the five largest customers respectively.

The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset in the statement of financial position after deducting any impairment allowance. The Group does not provide any guarantee which would expose the Group to credit risk.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade debtors are set out in note 22.

(b) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the end of the reporting period of the Group's and the Company's non-derivative and derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group and the Company can be required to pay.

For term loans subject to repayment on demand clauses which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the contractual repayment schedule and, separately, the impact to the timing of the cash outflows if the lenders were to invoke their unconditional rights to call the loans with immediate effect.

31. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(b) Liquidity risk *(Continued)*

The Group

	2014							2013						
	Contractual undiscounted cash outflow							Contractual undiscounted cash outflow						
	On demand	Within 1 year	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total contractual undiscounted cash flow	Carrying amount at 31st March, 2014	On demand	Within 1 year	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total contractual undiscounted cash flow	Carrying amount at 31st March, 2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade and other payables	–	146,206	–	–	–	146,206	146,206	–	127,092	–	–	–	127,092	127,092
Bills payable	–	22,388	–	–	–	22,388	22,315	–	32,632	–	–	–	32,632	32,517
Term loans subject to repayment on demand clauses: scheduled repayments	–	8,642	6,603	17,433	28,294	60,972	53,720	–	20,367	4,992	8,935	24,785	59,079	53,027
Other bank loans	–	50,968	–	–	–	50,968	50,968	–	17,665	–	–	–	17,665	17,665
	–	228,204	6,603	17,433	28,294	280,534	273,209	–	197,756	4,992	8,935	24,785	236,468	230,301
Adjustments to disclose cash flows on term loans based on lender's right to demand repayment	53,720	(8,642)	(6,603)	(17,433)	(28,294)	(60,972)		53,027	(20,367)	(4,992)	(8,935)	(24,785)	(59,079)	
	53,720	219,562	–	–	–	219,562		53,027	177,389	–	–	–	177,389	

The Company

	2014							2013						
	Contractual undiscounted cash outflow							Contractual undiscounted cash outflow						
	On demand	Within 1 year	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total contractual undiscounted cash flow	Carrying amount at 31st March, 2014	On demand	Within 1 year	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total contractual undiscounted cash flow	Carrying amount at 31st March, 2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Accrued charges	–	405	–	–	–	405	405	–	313	–	–	–	313	313
Financial guarantees issued *(note 25(c))*	55,362	–	–	–	–	55,362	–	44,694	–	–	–	–	44,694	–

31. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS
(Continued)

(c) Interest rate risk

The Group's interest rate risk arises primarily from interest bearing borrowings at the end of the reporting period. The Group's interest rate profile as monitored by management is set out in (i) below.

(i) Interest rate profile

The following table details the interest rate profile of the Group's borrowings at the end of the reporting period.

	2014		2013	
	Effective interest rate		Effective interest rate	
	%	***HK$'000***	*%*	*HK$'000*
Variable rate borrowings				
Bank loans	**2.34**	**104,688**	2.26	70,692
Bills payable	**2.00**	**22,315**	1.95	32,517
		127,003		103,209

(ii) Sensitivity analysis

At 31st March, 2014 it is estimated that a general increase/decrease of 100 (2013: 100) basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after tax and retained profits by approximately HK$1,060,000 (2013: loss after tax increased/decreased and retained profits decreased/increased by HK$862,000).

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax and retained profits that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. The analysis is performed on the same basis for the year ended 31st March, 2013.

31. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(d) Currency risk

The Group is exposed to foreign currency risk on sales that are denominated in currencies other than the functional currency of the operations to which they relate. The currency giving rise to this risk is primarily United States dollars ("US$") and Euros ("EUR"). The functional currency of the operations to which such risks relates is Renminbi ("RMB").

In respect of other monetary assets and liabilities denominated in currencies other than the functional currency of the operations to which they relate, the directors ensure that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognized assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in Hong Kong dollars, translated using the spot rates at the end of the reporting period. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

The Group

	Exposure to foreign currencies			
	2014		2013	
	US$	**EUR**	US$	EUR
	HK$'000	***HK$'000***	HK$'000	HK$'000
Cash and cash equivalents	**9,305**	**49**	11,567	43
Trade and other receivables	**55,559**	**—**	39,523	110
Trade and other payables	**(14,325)**	**—**	(4,122)	—
Bills payable	**(3,328)**	**—**	(3,393)	—
Overall net exposure	**47,211**	**49**	43,575	153

31. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(d) Currency risk *(Continued)*

(ii) Sensitivity analysis

At 31st March, 2014, it is estimated that a general increase/decrease of 5% in the EUR exchange rate, assuming all other risk variables remained constant, would have increased/decreased the Group's profit after tax and retained profits by approximately HK$2,000 (2013: loss after tax decreased/increased and retained profits increased/decreased by HK$6,000). In this respect, it is assumed that the pegged rate between the Hong Kong dollars and the US$ would be materially unaffected by any changes in movement in value of the US$ against other currencies.

Results of the analysis as presented above represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax and equity measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of operations outside Hong Kong into the Group's presentation currency. The analysis is performed on the same basis for the year ended 31st March, 2013.

(e) Equity price risk

The Group is exposed to equity price changes arising from equity investments classified as trading securities (see note 20).

The Group's equity investments are listed on The Stock Exchange of Hong Kong Limited. Decisions to buy or sell trading securities are based on daily monitoring of the performance of individual securities compared to industry indicators, as well as the Group's liquidity needs.

At 31st March, 2014, it is estimated that an increase/decrease of 10% in the relevant price risk variables, with all other variables held constant, would have increased/decreased the Group's profit after tax and retained profits by HK$15,350,000 (2013: loss after tax decreased/increased and retained profits increased/decreased by HK$2,516,000).

The sensitivity analysis indicates the instantaneous change on the Group's profit after tax and retained profits that would arise assuming that the changes in the relevant risk variables had occurred at the end of the reporting period and had been applied to re-measure those financial instruments which expose the Group to equity price risk at the end of the reporting period. It is also assumed that the fair values of the Group's equity investments would change in accordance with their historical correlation with the relevant risk variables, that none of the Group's trading securities would be considered impaired as a result of the decrease in the relevant risk variables, and that all other variables remain constant.

31. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS
(Continued)

(f) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorized into the three-level fair value hierarchy as defined in HKFRS 13 *"Fair Value Measurement"*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

— Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

— Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

— Level 3 valuations: Fair value measured using significant unobservable inputs.

The Group

	2014	2013
	HK$'000	*HK$'000*
Recurring fair value measurements	**Level 1**	Level 1
Assets		
Trading securities	**183,838**	30,131

During the years ended 31st March, 2014 and 2013, there were no significant transfers between level 1 and level 2 or transfers into or out of level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(ii) Fair value of financial assets and liabilities carried at other than fair value

Certain amounts due from subsidiaries are interest-free and have no fixed terms of repayment. Given such terms, it is not meaningful to disclose their fair values.

All other financial assets and liabilities are carried at amounts not materially different from their fair values at 31st March, 2014 and 2013.

32. COMMITMENTS

(a) Capital commitments outstanding at 31st March, 2014 not provided for in the financial statements were as follows:

	The Group	
	2014	2013
	HK$'000	*HK$'000*
Contracted for	**10,609**	4,435

(b) At 31st March, 2014, the total future minimum lease payments under non-cancellable operating leases in respect of properties are payable as follows:

	The Group	
	2014	2013
	HK$'000	*HK$'000*
Within one year	**6,482**	6,832
After one year but within five years	**13,292**	13,794
After five years	**2,033**	2,884
	21,807	23,510

Significant leasing arrangements in respect of land and buildings as being held under operating leases is described in note 15.

The Group leases a number of properties under operating leases. The leases run for an initial period of one to fifteen years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

(c) At 31st March, 2014, the Group had future minimum lease income receivables of HK$502,000 (2013: HK$Nil) which are receivable within one year under non-cancellable operating leases. The lease runs for an initial period of two years, with an option to renew the lease when all terms are re-negotiated. None of the lease includes contingent rentals.

33. RETIREMENT SCHEMES

The Group maintains a mandatory provident fund scheme (the "MPF scheme") for all qualifying employees in Hong Kong. The Group's and employees' contributions to the MPF scheme are based on 5% of the relevant income of the relevant employee (up to HK$25,000 of monthly compensation) and in accordance with the requirements of the Mandatory Provident Fund Schemes Ordinance and related regulations.

Employees of the Group in the PRC are covered by appropriate local retirement schemes pursuant to local labour rules and regulations. The Group's annual contributions to these schemes represent defined contributions, and the Group has no further obligation beyond the contributions made.

34. MATERIAL RELATED PARTY TRANSACTIONS

The Group

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and the highest paid employees are disclosed in notes 7 and 8 respectively.

34. MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

The Group *(Continued)*

(b) Material related party transactions

Except as disclosed elsewhere in these financial statements, during the year, subcontracting charges of HK$3,566,000 (2013: HK$Nil) were charged to a related party, Sewco Toys & Novelty Limited. The transactions were based on terms mutually agreed between the Group and the related party. The related party transactions above also constitute connected transactions as defined in Chapter 14A of the Listing Rules.

The Company

(a) Management fee

Management fee expense of HK$2,051,000 (2013: HK$Nil) was charged to a subsidiary.

(b) Interest income

Interest income of HK$6,263,000 (2013: HK$Nil) was earned from subsidiaries.

35. IMMEDIATE PARENT AND ULTIMATE CONTROLLING PARTY

The directors consider the immediate parent and ultimate controlling party of the Group at 31st March, 2014 to be Plus Wealthy Limited, incorporated in the British Virgin Islands. This entity does not produce financial statements available for public use.

36. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31ST MARCH, 2014

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and new standards which are not yet effective for the year ended 31st March 2014 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

		Effective for accounting periods beginning on or after
HKFRS 9	*Financial Instruments*	1 January 2015
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	*Investment Entities*	1 January 2014
Amendments to HKAS 32	*Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*	1 January 2014

The Group is in the process of making an assessment of what the impact of these amendments and new standard 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 Group's results of operations and financial position.

37. COMPARATIVE FIGURES

Certain comparative figures have been adjusted in order to conform to the current year's presentation.

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements and reclassified/re-presented as appropriate, is set out below:

	2010	2011	2012	2013	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (restated)	***HK$'000***
Operating results					
Continuing operations					
Turnover	519,452	570,333	634,132	655,146	**677,189**
Profit/(Loss) from operations	40,591	22,886	27,011	(2,574)	**150,698**
Finance costs	(3,553)	(2,306)	(2,094)	(2,217)	**(2,980)**
Profit/(Loss) before taxation	37,038	20,580	24,917	(4,791)	**147,718**
Income tax	(12,639)	(4,188)	(5,508)	(6,302)	**(25,497)**
Profit/(Loss) from continuing operations	24,399	16,392	19,409	(11,093)	**122,221**
Discontinued operation					
Profit from discontinued operation	—	—	—	1,825	**1,872**
Profit/(Loss) for the year	24,399	16,392	19,409	(9,268)	**124,093**
Attributable to:					
Equity shareholders of the Company	24,248	16,316	19,114	(8,952)	**123,843**
Non-controlling interests	151	76	295	(316)	**250**
Profit/(Loss) for the year	24,399	16,392	19,409	(9,268)	**124,093**
Assets and liabilities					
Non-current assets	353,530	280,067	366,040	358,100	**373,341**
Net current assets	3,140	191,397	129,144	145,874	**282,008**
Total assets less current liabilities	356,670	471,464	495,184	503,974	**655,349**
Non-current liabilities	(14,183)	(10,752)	(2,426)	(1,522)	**(23,664)**
	342,487	460,712	492,758	502,452	**631,685**
Capital and reserves					
Share capital	22,253	26,653	26,653	26,653	**26,653**
Reserves	320,083	433,847	465,598	461,026	**590,009**
Total equity attributable to equity shareholders of the Company	342,336	460,500	492,251	487,679	**616,662**
Non-controlling interests	151	212	507	14,773	**15,023**
Total equity	342,487	460,712	492,758	502,452	**631,685**


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