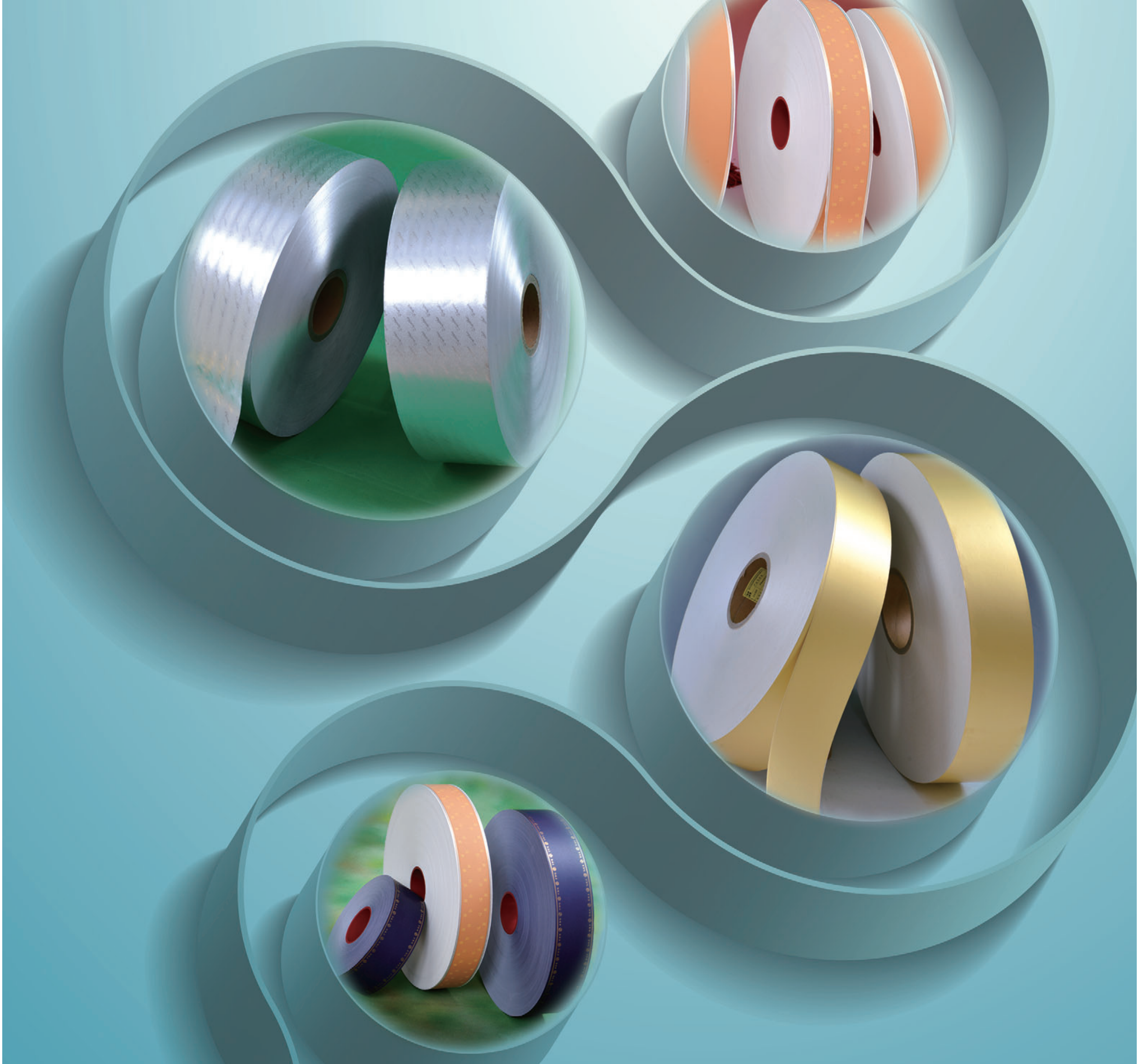
HUAXI HOLDINGS COMPANY LIMITED
華禧控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 1689



ANNUAL REPORT 2014

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors
Mr. Zheng Andy Yi Sheng
Mr. Zheng Minsheng

Independent non-executive Directors
Mr. Lau Kwok Hung
Mr. Ma Wenming
Mr. Fok Po Tin

AUDIT COMMITTEE

Mr. Lau Kwok Hung *(Chairman)*
Mr. Ma Wenming
Mr. Fok Po Tin

REMUNERATION COMMITTEE

Mr. Lau Kwok Hung *(Chairman)*
Mr. Ma Wenming
Mr. Fok Po Tin

NOMINATION COMMITTEE

Mr. Zheng Andy Yi Sheng *(Chairman)*
Mr. Lau Kwok Hung
Mr. Fok Po Tin

CORPORATE GOVERNANCE COMMITTEE

Mr. Zheng Andy Yi Sheng *(Chairman)*
Mr. Zheng Minsheng
Mr. Lau Kwok Hung

COMPANY SECRETARY

Mr. Yu Wing Cheung

AUTHORISED REPRESENTATIVES

Mr. Zheng Andy Yi Sheng
Mr. Yu Wing Cheung

AUDITOR

PricewaterhouseCoopers

LEGAL ADVISER

On Hong Kong law
Peter K.S. Chan & Co.

On Cayman Islands law
Appleby

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1906-07 Cosco Tower
183 Queen's Road Central
Central
Hong Kong

REGISTERED OFFICE

Clifton House, P. O. Box 1350
Grand Cayman, KY1-1108
Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Appleby Trust (Cayman) Ltd.
Clifton House, P. O. Box 1350
Grand Cayman, KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-16, 17th Floor,
Hopewell Centre,
183 Queen's Road East,
Wanchai,
Hong Kong

COMPLIANCE ADVISER

Haitong International Capital Limited

PRINCIPAL BANKERS

The Hongkong & Shanghai Banking Corporation Limited
Bank of China Limited
Bank of Communications Limited
China Minsheng Banking Corporation Limited
Industrial & Commercial Bank of China Limited

WEBSITE

http://www.huaxihds.com.hk

STOCK CODE

01689

CHAIRMAN'S STATEMENT

Dear shareholders,

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

In 2013, the Company marked a new milestone in its development history by successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited on 6 December 2013 (the "Listing Date" or the "Listing"). The successful listing not only provides financial support for the future expansion and development of the Group, but also enhances the Group's reputation and further strengthens the corporate governance structure.

The Chinese government, with its policy of "Progress while maintaining stability, reform with innovation", continues its stable monetary policy and proactive fiscal policy to promote industrial restructuring, intensify financial reforms and control debt risks, which are positive for the China's long-term economy development. The development of cigarette industry enjoyed the results of stable growth of the PRC's economy. As mentioned in our prospectus dated 26 November 2013 (the "Prospectus"), the smoking population of the PRC reached 300 million in 2012 and expected to maintain a steady increase to 320 million in 2017. The PRC's cigarette retail sales volume and value are expected to reach approximately 2,946 billion sticks and approximately RMB2,165 billion respectively in 2017.

In January 2014, Shantou Xinda Colour Printing & Packing Material Company Limited, an indirect wholly owned subsidiary of the Company, won the tenders of a cigarette manufacturer in the Guangdong Province for the year 2014 to 2016. Management of the Company will direct more effort to foster relations with both existing and potential partners and customers in order to expand business and increase our income sources.

Looking ahead, the Group will endeavor to secure more orders from the existing cigarette-related packaging materials with higher profit margins and brands with better prospects. Besides, the Group will consider to develop and expand the scope of our products by diversifying our product lines into other packaging materials used in other industries or products. We will also continue to seek opportunities to acquire other market players providing packaging materials to the PRC cigarette manufacturing industry.

Finally, I would like to take this opportunity to express my sincere gratitude to the Board, the management team and all staff members for their talents, efforts and commitment to deliver our growth plans. Also, I am much obliged to the shareholders, business partners, bankers, customers and suppliers for their encouragement and support and sincerely hope that they will continue their support and cooperation in the future.

Zheng Andy Yi Sheng
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

The Group is principally engaged in the manufacturing and sales of cigarette-related packaging materials in the PRC. Our customers are sizeable cigarette manufacturers in the PRC, including manufacturers of two major cigarette brands within the list of "20+10" key brands across the national market identified by the State Tobacco Monopoly Administration (the "STMA") in 2008. Our products include inner frame paper, cigarette box frame paper, tipping paper, cigarette trademark labels and cigarette paper boxes.

Revenue

The Group's revenue during the year under review was approximately HK$264,830,000 (2013: HK$278,983,000), representing a slight decrease of approximately HK$14,153,000, or 5.1%, compared with the last financial year. The following table sets forth the breakdown of the Group's revenue in the financial year ended 31 March 2014 ("FY2014") and 31 March 2013 ("FY2013").

	2014		2013	
	HK$'000	**%**	HK$'000	%
Sales of cigarette related packaging material products:				
– inner frame paper	**152,489**	**57.6**	162,476	58.2
– cigarette box frame paper	**24,565**	**9.3**	26,256	9.4
– tipping paper	**67,773**	**25.6**	69,044	24.7
– cigarette trademark labels	**15,529**	**5.9**	17,244	6.2
– cigarette paper boxes	**2,757**	**1.0**	3,457	1.3
Sales from processing services and others	**1,717**	**0.6**	506	0.2
Total	**264,830**	**100.0**	278,983	100.0

Gross Profit and Gross Profit Margin

The gross profit of the Group during the year under review reported approximately HK$108,407,000 (FY2013: HK$78,544,000), an increase of approximately HK$29,863,000 compared with last financial year. Overall gross profit margin increased by 12.7% to 40.9% in FY2014 from 28.2% in FY2013. The increase in gross profit margin of the Group was mainly due to (i) decrease in price of raw materials; and (ii) reduction in raw materials used as a result of more stringent control on production.

Review of Business Operations

Distribution expenses of the Group decreased by approximately HK$973,000 or 26.1% from approximately HK$3,722,000 in FY2013 to approximately HK$2,749,000 in FY2014. The decrease of the Group's distribution expenses was due to more efficient logistics and slight decrease in sales.

The Group's administrative expenses in FY2014 was approximately HK$36,787,000, increased by approximately HK$16,027,000 or 77.2% compared with the corresponding period in last year (FY2013: HK$20,760,000). The increase of administrative expenses was due to (i) the one-off listing expenses amounted to approximately HK$9,863,000, charged to income statement (FY2013: HK$4,653,000); (ii) increase of research and development expenses; and (iii) increase in salary for senior administrative staff recruited and expenses for professionals in relation to compliance matter after the Listing.

Taxation of the Group in FY2014 was approximately HK$15,384,000 and represented an increase of approximately HK$3,860,000 as compared with approximately HK$11,524,000 in FY2013. Increase in taxation was in line with increase in profit before taxation in FY2014 as compared with FY2013.

Proposed final dividend

The Board recommends a payment of final dividend of HK7 cents per share for the year ended 31 March 2014 (FY2013: Nil).

Capital structure, liquidity and financial resources

As at 31 March 2014, the Group's total cash balances amounted to approximately HK$165,975,000 (including restricted cash of HK$52,299,000, bank deposits with maturity over three months of HK$60,450,000 and cash and cash equivalents HK$53,226,000) (31 March 2013: HK$96,406,000). Such increase was mainly due to the net proceeds received from Listing.

For the year ended 31 March 2014, the Group's net cash inflows of operating activities, net cash outflows of investing activities and net cash inflows of financing activities amounted to approximately HK$34,932,000, HK$53,370,000 and HK$22,547,000 respectively. The Group primarily uses cash inflows of operating activities to satisfy the requirement of working capital.

Borrowings and gearing ratio

The Group did not have any borrowings as at 31 March 2014 and 31 March 2013.

Exposure to fluctuations in exchange rate

The Group's exposure to foreign currency risk was related primarily to certain bank balances, other receivables and other payables denominated in Hong Kong dollar.

Most of the Group's transactions in the PRC were settled in Renminbi ("RMB"), the functional currency of the subsidiaries, and the major receivables and payables are denominated in RMB. Accordingly, the Group's exposure to foreign currency risk is insignificant. Presently, the Group has no hedging policy with respect to the foreign exchange exposure and manages its foreign currency risk by closely monitor the movement of the foreign currency rates.

Capital expenditure

In FY2014, the Group's total capital expenditure amounted to approximately HK$5,760,000 (FY2013: HK$9,103,000), which was used in the acquisition of equipment and renovation of property.

Charge on assets

As at 31 March 2014, the Group placed cash deposits of approximately HK$52,299,000 with designated banks as collateral for its notes payable (31 March 2013: HK$49,810,000).

Contingent liability

The Group had no significant contingent liabilities as at 31 March 2014 (31 March 2013: Nil).

Capital commitments

As at 31 March 2014, the Group had capital commitments of approximately HK$3,689,000 for acquisition of equipment (31 March 2013: HK$3,528,000).

Significant Investments, Material Acquisitions and Disposal of Subsidiaries and Associated Companies

In preparation for the Listing, the Company undertook a corporate reorganisation, details of which were set out in the section headed “History, Reorganisation and Corporate Structure” of the Prospectus. On 5 September 2013, the Company completed the corporate reorganisation, pursuant to which the Company became the ultimate holding company of the Group.

Save as disclosed herein, there was no significant investment, material acquisition and disposal of subsidiaries and associated companies by the Company in FY2014 (FY2013: Nil).

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2014, the Group employed 225 employees (2013: 252) with total staff cost of approximately HK$13,172,000 in FY2014 (FY2013: HK$11,943,000). The Group’s remuneration package is generally structured with reference to market terms and individual merits.

The Remuneration Committee will review and recommend to the Board for approval the remuneration and compensation packages of the directors and senior management by reference to the salaries paid by comparable companies, time commitment and responsibilities of the directors and performance of the Group.

FUTURE OUTLOOK

The present policy of the STMA, which aims to accelerate the consolidation process and to solidify the competition to form world-class players in the cigarette industry, definitely benefit the Group as our customers are key players of the cigarette manufacturing industry in the PRC.

In 2013, gross domestic product (the “GDP”) of China was approximately RMB56.9 trillion. It is expected that the GDP of China will continue at a more moderate growth levels as the economy shifts its growth model. Key indicators for 2013 show overall stable macroeconomic conditions and an anticipated slight slowdown in growth for most of the indicators. In 2014, the GDP growth is targeted at 7.5 percent, which is the same as for 2013 with domestic demand to be the main growth engine. China is the world’s largest consumer of tobacco. The Group expects that our revenue will have a steady growth in line with the tobacco industry. The Group plans to set up sales offices in those cities, where the major tobacco companies are located to carry out sales and marketing activities there. The Group will continue to dedicate efforts to strengthen relations with existing partners and potential customers with the objective to broaden its income sources and grasp growth potential.

The Group’s strategy is not only to increase our revenue by broadening our customer base in cigarette-related packaging materials industry but also to develop and expand the scope of our products by diversifying our product lines into other packaging materials and printing paper used in other industries. With a solid financial foundation, the Group will seek the opportunities to acquire other market players with long-term and good business relationship in the cigarette manufacturing related industry. The Group is confident in delivering attractive returns to the shareholders by utilizing our resources in an effective and efficient way.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. ZHENG Andy Yi Sheng, aged 53, was appointed as a director on 29 April 2013 and redesignated as an executive director on 24 July 2013. He was also appointed as the chairman of the Board and chief executive officer on 24 July 2013. He is also the chairman of the nomination committee and corporate governance committee of the Company. Mr. Zheng is the founder of the Company and has over 20 years of experience in the packaging material industry. Since 1992, he has been the director of Shantou Xinda Packing Colour Printing & Packing Material Company Limited ("Xinda Packing") and became our Chairman since 1997. Mr. Zheng was awarded a fellowship of Asian College of Knowledge Management in 2013. Mr. Zheng is the elder brother of Mr. Zheng Minsheng, an executive director of the Company.

Mr. ZHENG Minsheng, aged 50, was appointed as an executive director on 24 July 2013 and is the deputy general manager of our Group. He is also a member of the corporate governance committee Mr. Zheng has over 20 years of experience in the packaging material industry. Since 1992, he has been a director and deputy general manager of Xinda Packing and is responsible for procurement of raw materials, production management and quality control. Mr. Zheng is the younger brother of Mr. Zheng Andy Yi Sheng, the chairman of the Board, an executive director and chief executive officer of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LAU Kwok Hung, aged 67, was appointed as an independent non-executive director on 24 July 2013. He is the chairman of the audit committee and remuneration committee of the Company and a member of the nomination committee and corporate governance committee of the Company. Mr. Lau holds a Senior Executive Master Degree in Business Administration from Charles Darwin University. He is currently a fellow of the Hong Kong Institute of Certified Public Accountants. Formerly, he was also a fellow of the Association of Chartered Certified Accountants and an associate member of the Chartered Institute of Management Accountants. He is experienced in financial accounting, auditing, tax, company secretarial matter and corporate finance. In particular, he has over ten years of experiences in mergers, acquisitions and corporate restructuring. He also obtained a Specialist Qualification (SQ) in Insolvency issued by the Hong Kong Institute of Certified Public Accountants and a Diploma in International Business Valuation.

Mr. MA Wenming, aged 71, was appointed as an independent non-executive director on 24 July 2013. He is the member of the audit committee and remuneration committee of the Company. Mr. Ma was the factory manager of Anyang Cigarette Factory and was the division head of development and planning division of STMA.

Mr. FOK Po Tin, aged 54, was appointed as an independent non-executive director on 24 July 2013. He is the member of the audit committee, remuneration committee and nomination committee of the Company. Mr. Fok graduated from The Chinese University of Hong Kong with a business administration degree and Peking University with a law degree. He also completed the Common Professional Examination in HKU School of Professional and Continuing Education in 1992. Mr. Fok is a solicitor qualified to practice the laws of Hong Kong and the sole proprietor of Henry Fok & Co. He has over 18 years of experience in the legal profession.

SENIOR MANAGEMENT

Mr. HUANG Bongde, aged 51, joined the Group in January 2014, as the general manager of the Group. Mr. Huang holds a degree of Master of Business Administration from University of Management & Technology, Virginia and EMBA from Sun Yat-Sen University School of Business. He has over twenty years in business management experience in various well-known hotel management groups companies in the PRC.

Mr. LI Zhiyong, aged 52, is the deputy general manager of Xinda Packing. Mr. Li has worked in the Group since September 1995 and is responsible for all marketing activities. Mr. Li graduated from Shantou Commercial Bureau Staff Amateur Secondary School.

Mr. TANG Jinhai, aged 40, joined the Group in July 2013 as the financial controller of Xinda Packing. Mr. Tang was graduated from Huazhong Polytechnic University (now known as Huazhong University of Science & Technology) in 1996. Mr. Tang is a CICPA registered under Guangdong Provincial Institute of Certified Public Accountants and has over ten years of experience in assurance works and more than seven years in financial management.

Mr. LI Yaohui, aged 38, has been the factory manager of Xinda Packing since June 2007. He is responsible for material processing of the factory. Mr. Li has been the deputy general manager of Chaoan Jixiang Mould Company Limited during the period between 2004 and 2007. Mr. Li completed a course in business administration in Meizhou Jiaying University in July 1996.

Mr. LI Cancheng, aged 33, joined the Group in August 2006. He is the factory manager of Xinda Packing. He is responsible for tipping paper processing, printing and packaging manufactory. Mr. Li has been a drawing designer in Shantou Zhaohua Electric Company Limited during the period between 1999 and 2006. Mr. Li completed a course in economic management in South China University of Technology in July 2005. Mr. Li has been awarded the qualification of intermediate economist in human resources by Ministry of Human Resources and Social Security of the People's Republic of China in January 2010.

Ms. CAI Peihua, aged 49, joined the Group in December 2000. She is the financial officer of the Group. Ms. Cai completed a course in industrial financial accounting in Shantou Yeyu University in July 1990. Ms. Cai is the spouse of Mr. Zheng Minsheng, an executive director and the deputy general manager of our Group.

Mr. YU Wing Cheung, aged 56, joined the Group in November 2013. He is the company secretary, financial controller and authorized representative of the Company. Mr. Yu holds a Bachelor of Business Administration degree. He is a member of the Hong Kong Institute of Certified Public Accountants and has over 16 years of experience in corporate finance and accounting works.

CORPORATE GOVERNANCE REPORT

The Group strives to attain and maintain high standards of corporate governance best suited to the needs of its businesses and the best interests of its stakeholders as the board (the "Board") of directors (the "Directors") of the Company believes that effective governance is essential to the maintenance of the Group's competitiveness and to its healthy growth. The Company has adopted and applied the principles of the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The Company periodically reviews its corporate governance practices to ensure its continuous compliance with the CG Code. In the opinion of the Directors, the Company was in compliance with the applicable code provisions of the CG Code for the year ended 31 March 2014 and, where appropriate, the applicable recommended best practices of the CG Code, save and except for the code provisions A.2.1 and A.4.1.

Code Provision A.2.1

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

Mr. Zheng Andy Yi Sheng is the chairman and chief executive officer of the Company. In view of the scale of operations of the Company and the fact that daily operations of the Group's business is delegated to the senior managements and departments heads, the Board considers that vesting the roles of both chairman and chief executive officer in the same person will not impair the balance of power and authority between the Board and the management of the Company.

Code Provision A.4.1

Code Provision A.4.1 stipulates that non-executive Directors should be appointed for a specific term, subject to re-election. Independent Non-Executive Directors of the Company are appointed for a specific term of three years but are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Articles of Association of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the year ended 31 March 2014.

THE BOARD OF DIRECTORS

Composition

The Board comprises five Directors, among whom there are two executive Directors and three independent non-executive Directors.

The following table sets forth certain information regarding the Directors from the Listing Date to 31 March 2014:

Name	Position	Roles and responsibilities	Date of appointment/ Re-designation
Mr. Zheng Andy Yi Sheng	Chairman and chief executive officer	Overall business strategies and management, chairman of the nomination committee and corporate governance committee and one of the authorised representatives of the Company	Appointed as a Director on 29 April 2013 and redesignated as an executive Director on 24 July 2013.
Mr. Zheng Minsheng	Executive Director and deputy general manager	Procurement, production management, quality control and member of the corporate governance committee	24 July 2013
Mr. Lau Kwok Hung	Independent non-executive Director	Chairman of the audit committee and remuneration committee of the Company and a member of the nomination committee and corporate governance committee	24 July 2013
Mr. Ma Wenming	Independent non-executive Director	Member of the audit committee and remuneration committee	24 July 2013
Mr. Fok Po Tin	Independent non-executive Director	Member of the audit committee, remuneration committee and nomination committee	24 July 2013

The names and biographical details of the Directors are set out in the section entitled "Biographical Details of Directors and Senior Management" in this annual report. Mr. Zheng Minsheng is the younger brother of Mr. Zheng Andy Yi Sheng.

Save as aforesaid, the Board members do not have any financial, business, family or other material and/or relevant relationships with each other.

Each of Mr. Zheng Andy Yi Sheng, Mr. Zheng Minsheng, Mr. Lau Kwok Hung, Mr. Ma Wenming and Mr. Fok Po Tin will retire from office as Directors at the forthcoming annual general meeting of the Company to be held on 22 August 2014, being eligible, offer themselves for re-election pursuant to Article 112 of the articles of association of the Company (the "Articles of Association").

In compliance of Rule 3.10(1) of the Listing Rules, the Board currently comprises three independent non-executive Directors representing more than one-third of the Board. Pursuant to paragraph 12B of Appendix 16 of the Listing Rules, each of the independent non-executive Directors has confirmed by annual confirmation that he has complied with the independence criteria set out in Rule 3.13 of the Listing Rules. The Directors consider that all three Independent Non-Executive Directors are independent under these independence criteria and are capable to effectively exercise independent judgement. Amongst the three independent non-executive Directors, Mr. Lau Kwok Hung has the appropriate professional qualifications and accounting and related financial management expertise required under Listing Rules.

Responsibilities of the Board

The Board is responsible for the leadership and control of the Company and oversees the Group's businesses, strategic decisions and performances and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. In practice, the Board takes responsibility for decision making in all major matters of the Company including: the approval and monitoring of all policy matters, the setting of objectives, annual budgets and overall strategies, material transactions (in particular those which may involve conflict of interests), appointment of Directors and other significant financial and operational matters. The day-to-day management, administration and operation of the Company are delegated to the senior executives. These responsibilities include the implementation of decisions of the Board, the co-ordination and direction of day-to-day operation and management of the Company in accordance with the management strategies and plans approved by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by these senior executives and the Board has the full support of them to discharge its responsibilities.

All Directors have full and timely access to all relevant information as well as the advice and services of the professional advisers, as and when required, with a view to ensuring that Board procedures and all applicable rules and regulations are followed.

The Company has arranged appropriate liability insurance for the Directors and the senior management of the Group to indemnify their liabilities arising out of corporate activities. The insurance coverage is reviewed on an annual basis.

The Board has delegated various responsibilities to the Board committees including the audit committee (the "Audit Committee"), the remuneration committee (the "Remuneration Committee"), and the nomination committee (the "Nomination Committee") and the corporate governance committee (the "CG Committee") (collectively, the "Board Committees"). Further details of these committees are set out below.

Professional Development of the Directors

Upon appointment to the Board, Directors receive an induction package covering the general understanding of the Group and its businesses and operations. Meetings are also arranged with the Company's external legal adviser on directors' legal role and responsibilities.

All Directors are kept informed on a timely basis of major changes on the relevant laws, rules and regulations. Timely updates on the Group's financial performance, businesses and developments are also provided to the Directors. They also have full and timely access to information on the Group and independent professional advice at all times whenever deemed necessary.

The Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills for discharging their duties and responsibilities as Directors.

BOARD MEETINGS

One board meeting was held from the Listing Date to 31 March 2014, Ad-hoc meetings will also be convened if necessary to discuss the overall strategy as well as the operation and financial performance of the Group. Notice of board meeting was sent to all Directors at least 14 days prior to a regular board meeting. Reasonable notices will be given to the Directors for ad-hoc board meetings. Directors may participate either in person or through electronic means of communications.

All relevant materials were sent to all the Directors relating to the matters brought before the meetings. All Directors have been provided with sufficient resources to discharge their duties, and, upon reasonable request, the Directors are able to seek independent professional advice in appropriate circumstances, at the Company's expenses. All Directors will have the opportunity to include matters in the agenda for board meetings.

The members and attendance of the board meeting are as follows:

Name of Directors	Attendance/Meeting held from the Listing Date to 31 March 2014
Mr. Zheng Andy Yi Sheng	1/1
Mr. Zheng Minsheng	1/1
Mr. Lau Kwok Hung	1/1
Mr. Ma Wenming	1/1
Mr. Fok Po Tin	1/1

The forthcoming annual general meeting to be held on 22 August 2014 will be the first general meeting of the Company from the Listing Date.

Directors' Service Contract

Each of our executive Directors has entered into a service agreement with our Company for an initial term of three years commencing from the Listing Date subject to the early termination provisions contained therein.

Each of our independent non-executive Directors has signed an appointment letter with our Company for an initial term of three years commencing from the Listing Date subject to the early termination provisions contained therein.

BOARD COMMITTEES

The Board has established four committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee and the CG Committee to oversee particular aspects of the Company's affairs. All committees are established with defined written terms of reference setting out their respective authorities and duties, which are available on the Company's website. The committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

Audit Committee

The Audit Committee was established on 14 November 2013 with written terms of reference, which is published on the websites of the Stock Exchange and the Company, in compliance with the CG Code as set forth in Appendix 14 to the Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control procedures of our Group. The Audit Committee is currently chaired by Mr. Lau Kwok Hung, with Mr. Ma Wenming and Mr. Fok Po Tin as members.

From the Listing Date to 31 March 2014, the Audit Committee reviewed the Group's internal controls and reviewed the Group's first interim results and report for the six months ended 30 September 2013 before submission to the Board for approval. The Group's final results for the year ended 31 March 2014 had been reviewed by the Audit Committee before submission to the Board for approval. The Audit Committee also reviewed this annual report, and confirmed that it is complete and accurate and complies with the Listing Rules.

The members and attendance of the Audit Committee meeting are as follows:

Name of Directors	**Attendance/Meeting held from the Listing Date to 31 March 2014**
Mr. Lau Kwok Hung *(Chairman of the Audit Committee)*	1/1
Mr. Ma Wenming	1/1
Mr. Fok Po Tin	1/1

Remuneration Committee

The Remuneration Committee was established on 14 November 2013 with written terms of reference, which is published on the websites of the Stock Exchange and the Company, in compliance with the CG Code as set forth in Appendix 14 to the Listing Rules. The Remuneration Committee is currently chaired by Mr. Lau Kwok Hung, with Mr. Ma Wenming and Mr. Fok Po Tin as members.

The primary objectives of the Remuneration Committee include making recommendations on and approving the remuneration policy and structure and remuneration packages of the executive Directors and the senior management of the Group. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his associates will participate in deciding his own remuneration, which remuneration will be determined by reference to the time commitment and responsibilities of the individual as well as market practice and conditions.

Since the shares of the Company were listed on 6 December 2013, the members of Remuneration Committee did not hold any meeting during the year under review.

Nomination Committee

The Nomination Committee was established on 14 November 2013 with written terms of reference, which is published on the websites of the Stock Exchange and the Company. The Nomination Committee is currently chaired by Mr. Zheng Andy Yi Sheng with Mr. Lau Kwok Hung and Mr. Fok Po Tin as members.

The Nomination Committee is mainly responsible for making recommendations to the Board on the appointment of Directors; reviewing the structure, size, and composition and diversity of the Board; and assessing the independence of Independent Non-executive Directors.

Since the shares of the Company were listed on 6 December 2013, the members of Nomination Committee did not hold any meeting during the year under review.

Corporate Governance Committee

The CG Committee was established on 14 November 2013 with written terms of reference, which is published on the websites of the Stock Exchange and the Company. The CG Committee is currently chaired by Mr. Zheng Andy Yi Sheng with Mr. Zheng Minsheng and Mr. Lau Kwok Hung as members.

The CG Committee is mainly responsible to evaluate and review the Company's policies and practices on corporate governance and make recommendation to the Board; review and monitor the training and continuous professional development of Directors and senior management; and monitor the Company's policies and practices on compliance with legal and regulatory requirement on corporate governance matters of our Group.

Since the shares of the Company were listed on 6 December 2013, the members of CG Committee did not hold any meeting during the year under review.

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy setting out the approach to achieve diversity on the Board. The Company considered diversity of board members can be achieved through consideration of a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

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

The Nomination Committee will monitor the implementation of this policy and report annually, in the corporate governance report of the Company, on the process it has used in relation to board appointments.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the financial statements which give a true and fair view of the state of affairs of the Group, in accordance with accounting principles generally accepted in Hong Kong. The statement by the auditor of the Company about their responsibilities for the financial statements is set out in the independent auditor's report contained in this annual report.

EXTERNAL AUDITOR'S REMUNERATION

The Company engaged PricewaterhouseCoopers as its external auditor for the year ended 31 March 2014. The Audit Committee has been notified of the nature and the service charges of non-audit services performed by PricewaterhouseCoopers and considered that these non-audit services have no adverse effect on the independence of the auditor. There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the external auditor. During the year ended 31 March 2014, the fee paid/payable to PricewaterhouseCoopers in respect of its statutory audit services provided to the Company and its subsidiaries was approximately HK$1,350,000. Fees for non-audit services for the same period was approximately HK$408,000.

INTERNAL CONTROL

The Board is responsible for ensuring the effectiveness of the Group's internal control systems. The internal control systems are designed to meet the Group's particular needs and the risks to which they are exposed.

Procedures have been set up for safeguarding assets against unauthorized use or disposition, controlling over capital expenditure, maintaining proper accounting records and ensuring the reliability of financial information used for business and publication. Qualified management of the Group maintains and monitors the internal control systems on an ongoing basis. The Board has conducted a review of the effectiveness of the internal control system of the Group and is satisfied that the Group has fully complied with the Code in respect of internal controls during the year ended 31 March 2014.

SIGNIFICANT CHANGES IN CONSTITUTIONAL DOCUMENTS

On 14 November 2013, the Company adopted an amended and restated memorandum and articles of association which had been uploaded to the website of the Company and the Stock Exchange. Save as disclosed above, there had been no significant changes in the constitutional documents of the Company during the year ended 31 March 2014.

COMPANY SECRETARY

The company secretary of the Company is Mr. Yu Wing Cheung who is a full time employee of the Company. He is also the authorised representative and the financial controller of the Company. The company secretary has day-to-day knowledge of the Company's affairs. The company secretary reports to the chairman and is responsible for advising the Board on governance matters. For the year under review, the company secretary has confirmed that he has taken no less than 15 hours of relevant professional training duly complied with the relevant professional training requirement under 3.29 of the Listing Rules.

SHAREHOLDERS

Communications with Shareholders

The Board recognizes the importance of continuing communications with the Company's shareholders (the "Shareholders") and investors, and maintains ongoing dialogues with them through various channels. The formal communication channels between the Company and the Shareholders are announcements, circulars, press releases and interim and annual reports. All Shareholders' communications are available on the Company's website. An up-to-date consolidated version of the Articles of Association is available on the websites of the Company and the Stock Exchange.

Shareholders are encouraged to participate in annual general meetings and other general meetings of the Company which provide a useful forum for the Shareholders to exchange views with the Board. The Board members and management of the Company are available to answer Shareholders' questions and explain the procedures for demanding and conducting a poll, if necessary.

Shareholders' rights

Pursuant to the Article of Association Shareholders holding not less than 10% of the paid-up capital of the Company at the date of deposit of written requisition to the Board or the Company Secretary, can at all times require a special general meeting to be called by the Board for addressing specific issues of the Company within 21 days from the date of deposit of such requisition to the Company's head office address in Hong Kong.

The Group recognizes Shareholders' rights in exercising control proportionate to their equity ownership. The Company has been conducting voting at the general meetings by way of poll, which is conducted and scrutinised by the Company's branch share registrar in Hong Kong. Procedures for conducting a poll are explained by the Chairman of the Board in the general meetings prior to the taking of the poll. Poll results are announced and posted on the websites of both the Company and Hong Kong Exchanges and Clearing Limited.

Shareholders' enquiries and proposals

Pursuant to the Article of Association, Shareholders may direct their enquiries about their shareholdings to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, in person or by post. Contact details are set out in the "Information for Stakeholders".

Enquiries and proposals by Shareholders requiring the Board's attention can be sent in writing to the Company Secretary at the Hong Kong head office address of the Company section to this annual report.

REPORT OF DIRECTORS

The Directors have pleasure to present the annual report together with the audited financial statements of Huaxi Holdings Company Limited (the “Company”) and its subsidiaries (the “Group”) for the year ended 31 March 2014.

GROUP REORGANISATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 29 April 2013. In preparing for the listing of the shares of the Company on the Stock Exchange, the Group underwent the corporate reorganisation (the “Corporate Reorganisation”) to rationalise the group structure. The Corporate Reorganisation was completed on 5 September 2013 and the Company became the holding company of the Group. Details of the Corporate Reorganisation are more fully explained in the section headed “History, Reorganisation and Corporate Structure” of the Prospectus. The Group resulting from the Corporate Reorganisation is regarded as a continuing entity.

The Company’s shares were listed on the Stock Exchange on 6 December 2013.

LISTING AND USE OF PROCEEDS

The Company was successfully listed on the Main Board of the Stock Exchange on the Listing Date by way of placing and public offer (the “Public Offer”) (together, the “Share Offer”) of a total of 75,000,000 shares at the offer price of HK$1.35 per share. On 3 January 2014, the sole bookrunner (for itself and on behalf of Underwriter) of the Share Offer fully exercised the over-allotment option and the Company issued an additional 11,250,000 new shares, representing 15% of the shares initially being offered under the initial public offering before any exercise of the over-allotment option, have been allotted and issued by the Company at HK$1.35 per share. The aggregated net proceeds from the initial public offering was approximately HK$71,200,000.

As at 31 March 2014, net proceeds of approximately HK$9,250,000 was applied on expansion of our production capability; products research and development activities; expansion of sales and marketing activities; renovation of our existing production facilities and office building and the remaining of the net proceeds has been deposited into banks which are intended to be applied in accordance with the proposed application set out in the “Reason for the Share Offer and Use of Proceeds” section in the Prospectus.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Company through its subsidiaries are principally engaged in the manufacturing and sales of cigarette-related packaging materials.

RESULTS

The results of the Group for the year ended 31 March 2014 and the state of affairs of the Company and the Group at that date are set out in the consolidated financial statements on pages 25 to 28.

DIVIDENDS

Prior to the completion of the reorganisation, on 24 April 2013, a PRC subsidiary of the Group declared a final dividend of RMB21,872,000 (equivalent to HK$27,655,000) in respect of its profit for the year ended 31 March 2013 to its then shareholder. Such dividend has been paid during the year ended 31 March 2014.

On 10 October 2013 and 11 November 2013, the Company declared special dividends of RMB19,000,000 (equivalent to HK$24,191,000) and RMB9,500,000 (equivalent to HK$12,085,000), respectively, to its then shareholder. Such dividends have been paid in FY2014. No interim dividend was declared for the six-month period ended 30 September 2013.

The Directors have recommended a final dividend of HK7 cents per share amounting to a total sum of approximately HK$21,788,000 (FY2013: Nil), subject to the approval of the Company's shareholders at the forthcoming annual general meeting. Details of the dividend for the year ended 31 March 2014 are set out in note 13 to the financial statements, the final dividend will be payable on or around 11 September 2014 to the Company's Shareholders whose names appear on the register of the members of the Company on 1 September 2014.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 21 August 2014 to 22 August 2014, both days inclusive, for the purpose of identifying Shareholders who are entitled to attend the AGM, during which period no transfer of Shares will be registered. In order to qualify for attending the AGM, all transfers of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on 20 August 2014.

The register of members of the Company will be closed from 29 August 2014 to 1 September 2014, both days inclusive, for the purpose of identifying Shareholders who are entitled to the final dividend, during which period no transfer of Shares will be registered. In order to qualify for the final dividend, all transfers of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on 28 August 2014.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities of the Group for the last four financial years, as extracted from the audited financial statements in the annual report and the Prospectus, is set out in page 70. This summary does not form part of the consolidated financial statements in this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 15 to the financial statements.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 March 2014 are set out in note 14 to the financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in note 23 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

The shares of the Company were listed on the Main Board of the Stock Exchange on 6 December, 2013. As the share of the Company has not yet been listed on the Stock Exchange before the Listing Date, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities before the Listing Date during the financial year.

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities within the period from the Listing Date up to 31 March 2014.

RESERVES

As at 31 March 2014, the Company's reserves available for distribution, calculate in accordance with the Companies Law of the Cayman Islands, amounted to HK$108,472,000. Details of movements in the reserves of the Company and the Group during the financial year are set out in note 24 to the financial statements and in the consolidated statement of changes in equity respectively.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate sales attributable to the Group's five largest customers accounted for approximately 94.5% and the largest customer accounted for approximately 57.8% of the Group's total turnover for the year. The aggregate purchases attributable to the Group's five largest suppliers accounted for approximately 53.0% and the largest suppliers accounted for approximately 15.7% of the Group's total purchases for the year.

At no time during the year have the Directors, their associates or any shareholders of the Company (which to the best knowledge of the Directors own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or five largest suppliers.

CONNECTED AND RELATED PARTY TRANSACTIONS

Details of the material related party transactions for the financial year are set out in note 29 to the financial statements.

CHARITABLE DONATIONS

During the period under review, charitable donation of HK$1,000,000 was made by the Group (FY2013: Nil).

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

DIRECTORS

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

Executive Directors	
Mr. Zheng Andy Yi Sheng *(Chairman)*	(Appointed on 29 April 2013)
Mr. Zheng Minsheng	(Appointed on 24 July 2013)
Independent non-executive Directors	
Mr. Lau Kwok Hung	(Appointed on 24 July 2013)
Mr. Ma Wenming	(Appointed on 24 July 2013)
Mr. Fok Po Tin	(Appointed on 24 July 2013)

Pursuant to Article 108(a) of the Articles of the Association of the Company, at each AGM, one-third of the directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every director shall be subject to retirement at an AGM at least once every three years. A retiring director shall be eligible for re-election. A director appointed to fill a vacancy or as an additional director shall retire at the next following general meeting and shall then be eligible for re-election. In compliance with the provisions of the Articles, Mr. Zheng Andy Yi Sheng, Mr. Zheng Minsheng, Mr. Lau Kwok Hung, Mr. Ma Wenming and Mr. Fok Po Tin shall retire at the forthcoming AGM and being eligible, and will offer themselves for reelection.

Each of the Independent Non-executive Directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all Independent non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and hence are independent.

BIOGRAPHICAL DETAILS OF DIRECTORS

Biographical details of the Directors are set out on pages 8 to 9 of this report.

DIRECTORS' SERVICE CONTRACTS

Each of our executive Directors has entered into a service agreement with our Company for an initial term of three years commencing from the Listing Date subject to the early termination provisions contained therein.

Each of our independent non-executive Directors has signed an appointment letter with our Company for an initial term of three years commencing from the Listing Date subject to the early termination provisions contained therein.

DIRECTORS' INTERESTS IN CONTRACTS

No Director had a significant beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existing during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors or their respective associates had any interest in a business which competes with or may compete with the business of the Group.

DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUAL'S EMOLUMENTS

Particulars of the Directors' remuneration and five highest paid individual's emoluments are set out in note 8 to the consolidated financial statements respectively.

RETIREMENT SCHEME

The Group participates in a state-managed retirement scheme operated by the PRC Government which covers the Group eligible employees in the PRC and a Mandatory Provident Fund under the Hong Kong Mandatory Provident Fund Schemes Ordinance for the employees under the jurisdiction of the Hong Kong Employment Ordnance.

SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 14 November 2013 for the purpose of providing incentives and rewards attracting and retaining the best available personnel, providing additional incentive to employees (full-time and part time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers ("Eligible Participants") of the Group and promoting the Success of the business of the Group and will remain on force for a period of ten years commencing on the adoption date and shall expire at 13 November 2023 subject to early termination provisions contained in the Scheme. The Board may grant options To Eligible Participants to subscribe for shares in the Company subject to the terms of the Scheme.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. However the total maximum number of the shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Scheme and any other share option scheme of the Company must not exceed 30% of the issued share capital of the Company from time to time. Options granted to a substantial shareholder or an independent non-executive Director, or to any of their respective associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares as stated in the daily quotation sheets issued by the Stock Exchange at the date of the grant) in excess of HK$5 million, within any 12-month period up to and including the date of grant, are subject to shareholders approval in advance in a general meeting.

Options granted must be taken up within 7 days inclusive of the day on which offer was made upon payment of HK$1 by the grantee. Options May be exercised at any time for a period determined by its directors which shall not be later than the day immediately preceding the tenth anniversary of the date of grant. The exercise price of the share options shall be a price solely determined by the Board and notified to an Eligible Participant and shall be at least the highest of (i) the closing price of the Company's shares as stated in the daily quotations sheet of the Stock Exchange on the date of the grant of the options; (ii) the average closing price of the Company's shares as stated in the daily quotations sheets of the Stock Exchange for the five trading days immediately preceding the date of the grant of the option; and (ii) the nominal value of a share of the Company on the date of grant.

As at the date of this report, the total number of securities available for issue under the Scheme was 31,125,000 shares, which represented 10% of the issued share capital of the Company. From the adoption date of the Scheme on 24 November 2013 to 31 March 2014, no share option was granted, exercised, cancelled or lapsed, and there was no outstanding option under the Scheme as at 24 November 2013 to 31 March 2014.

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

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 March 2014, the interests and short positions of the Directors and or their associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code for the Securities Transactions by Directors of Listed Companies were as follows:

Long positions of Directors' interests in shares of the Company

Name of Directors	Nature of interest	Number of ordinary shares of the Company held	Approximate percentage of the total issued share capital
Mr. Zheng Andy Yi Sheng	Interests held by a controlled corporation	225,000,000	72.29%

Save as disclosed above, as at 31 March 2014, none of the Directors or chief executives of the Company and their associates had any personal, family, corporate or other interests had registered an interest or short position 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 maintained by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code.

DISCLOSABLE INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURE

At 31 March 2014, so far as it is known to the Directors, the persons (other than the Directors of the Company) with interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register of the Company required to be kept under section 336 of the SFO or who are directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstance at general meetings of any member of the Group were as follows:

Long positions:

Name of shareholder	Capacity and Nature of Interest	Number of ordinary share held	Percentage of the Company's issued share capital
SXD Limited *(Note)*	Beneficially owned	225,000,000	72.29%
Mr. Zheng Andy Yi Sheng *(Note)*	Interests in a controlled corporation	225,000,000	72.29%

Note: SXD Limited is wholly owned by Mr. Zheng Andy Yi Sheng. Therefore, Mr. Zheng is deemed, or taken to be, interest in all Shares held by SXD Limited for the purpose of SFO.

Save as disclosed above, as at 31 March 2014, no other person had any interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to Section 336 of the SFO or, were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote under all circumstances at general meetings of any other member of the Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and as far as the Directors are aware, the Company has maintained at least 25% of public float as at the latest practicable date prior to the issue of this annual report.

CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules throughout the year except under the Code Provision A.2.1 and A.4.1. The full details of corporate governance practices adopted by the Company during the year ended 31 March 2014, or where applicable, up to the date of this report, are set out in pages 10 to 16 of this report.

AUDITOR

The financial statements for the year ended 31 March 2014 were audited by PricewaterhouseCoopers who retire and, being eligible, shall offer themselves for reappointment at the forthcoming annual general meeting.

On Behalf of the Board
Zheng Andy Yi Sheng
Chairman and Executive Director

Hong Kong, 20 June 2014

INDEPENDENT AUDITOR'S REPORT

羅兵咸永道

TO THE SHAREHOLDERS OF HUAXI HOLDINGS COMPANY LIMITED
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Huaxi Holdings Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 25 to 69, which comprise the consolidated and company statements of financial position as at 31 March 2014, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of 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 31 March 2014, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 20 June 2014

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 March 2014 HK$'000	2013 HK$'000
Revenue	*6*	**264,830**	278,983
Cost of sales	*7*	**(156,423)**	(200,439)
Gross profit		**108,407**	78,544
Distribution costs	*7*	**(2,749)**	(3,722)
Administrative expenses	*7*	**(36,787)**	(20,760)
Other gains/(losses) – net	*9*	**502**	(80)
Operating profit		**69,373**	53,982
Finance income	*10*	**2,590**	2,280
Profit before income tax		**71,963**	56,262
Income tax expense	*11*	**(15,384)**	(11,524)
Profit for the year attributable to owners of the Company		**56,579**	44,738
Other comprehensive income			
Item that will not be reclassified to profit or loss:			
Currency translation difference		**2,879**	485
Other comprehensive income for the year		**2,879**	485
Total comprehensive income for the year attributable to owners of the Company		**59,458**	45,223
Earnings per share			
– Basic and diluted	*12*	**HK21.59 cents**	HK18.64 cents
		HK$'000	HK$'000
Dividends	*13*	**58,064**	27,655

The notes on pages 31 to 69 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**31 March 2014 HK$'000**	31 March 2013 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	*15*	**46,784**	45,536
Prepaid operating lease	*16*	**6,944**	6,983
Deferred tax assets	*17*	**686**	601
Prepayments	*20*	**1,606**	–
		56,020	53,120
Current assets			
Inventories	*18*	**30,821**	33,464
Trade receivables	*19*	**81,589**	65,488
Prepayments and other receivables	*20*	**2,441**	875
Amount due from a related party	*29(c)*	**–**	13,195
Financial assets at fair value through profit or loss		**–**	635
Restricted cash at banks	*21*	**52,299**	49,810
Bank deposits with maturity over three months	*22*	**60,450**	–
Cash and cash equivalents	*22*	**53,226**	46,596
		280,826	210,063
Total assets		**336,846**	263,183
EQUITY			
Equity attributable to owners of the Company			
Share capital	*23*	**3,113**	–
Other reserves	*24*	**147,980**	54,830
Retained earnings	*24*		
– Proposed final dividends	*13*	**21,788**	27,655
– Others		**59,841**	67,339
Total equity		**232,722**	149,824

	Note	31 March 2014 HK$'000	31 March 2013 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	*17*	**2,161**	2,328
Current liabilities			
Trade and notes payable	*25*	**73,508**	91,133
Other payables	*26*	**18,456**	10,214
Amounts due to related parties	*29(c)*	**714**	2,139
Current income tax liabilities		**9,285**	7,545
		101,963	111,031
Total liabilities		**104,124**	113,359
Total equity and liabilities		**336,846**	263,183
Net current assets		**178,863**	99,032
Total assets less current liabilities		**234,883**	152,152

The notes on pages 31 to 69 form an integral part of these consolidated financial statements.

The financial statements on pages 25 to 69 were approved by the Board of Directors on 20 June 2014 and were signed on its behalf.

Zheng Andy Yi Sheng
Director

Zheng Minsheng
Director

STATEMENT OF FINANCIAL POSITION

	Note	31 March 2014 HK$'000
ASSETS		
Non-current assets		
Investments in subsidiaries	*14*	**65,632**
Current assets		
Prepayments and other receivables		**254**
Amount due from a subsidiary	*14*	**38,600**
Cash and cash equivalents	*22*	**10,062**
		48,916
Total assets		**114,548**
EQUITY		
Equity attributable to owners of the Company		
Share capital	*23*	**3,113**
Other reserves	*24*	**83,846**
Retained earnings	*24*	
– Proposed final dividends	*13*	**21,788**
– Others		**2,426**
		111,173
LIABILITIES		
Current liabilities		
Other payables	*26*	**2,985**
Amount due to a subsidiary	*14*	**390**
		3,375
Total liabilities		**3,375**
Total equity and liabilities		**114,548**
Net current assets		**45,541**
Total assets less current liabilities		**111,173**

The financial statements on pages 25 to 69 were approved by the Board of Directors on 20 June 2014 and were signed on its behalf.

Zheng Andy Yi Sheng	**Zheng Minsheng**
Director	*Director*

The notes on pages 31 to 69 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company			
	Share capital HK$'000 *(Note 23)*	**Other reserves** HK$'000 *(Note 24)*	**Retained earnings** HK$'000 *(Note 24)*	**Total** HK$'000
Year ended 31 March 2013				
Balance at 1 April 2012	–	49,083	55,518	104,601
Comprehensive income				
– Profit for the year	–	–	44,738	44,738
– Other comprehensive income	–	485	–	485
Total comprehensive income	–	485	44,738	45,223
Transfer to statutory reserves	–	5,262	(5,262)	–
Balance at 31 March 2013	–	54,830	94,994	149,824
Year ended 31 March 2014				
Balance at 1 April 2013	**–**	**54,830**	**94,994**	**149,824**
Comprehensive income				
– Profit for the year	**–**	**–**	**56,579**	**56,579**
– Other comprehensive income	**–**	**2,879**	**–**	**2,879**
Total comprehensive income	**–**	**2,879**	**56,579**	**59,458**
Transactions with owners				
– Issuance of share *(Note 23(i))*	**–**	**–**	**–**	**–**
– Capitalisation issue	**2,400**	**(2,400)**	**–**	**–**
– Shares issued pursuant to the initial public offering ("IPO") and over-allotment option	**713**	**95,475**	**–**	**96,188**
– Share issuance expenses	**–**	**(8,817)**	**–**	**(8,817)**
– Dividends *(Note 13)*	**–**	**–**	**(63,931)**	**(63,931)**
Total transactions with owners	**3,113**	**84,258**	**(63,931)**	**23,440**
Transfer to statutory reserves	**–**	**6,013**	**(6,013)**	**–**
Balance at 31 March 2014	**3,113**	**147,980**	**81,629**	**232,722**

The notes on pages 31 to 69 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

		Year ended 31 March	
		2014	2013
	Note	**HK$'000**	HK$'000
Cash flows from operating activities			
Cash generated from operations	*27*	**48,954**	47,920
PRC enterprise income tax paid		**(14,022)**	(9,333)
Net cash generated from operating activities		**34,932**	38,587
Cash flows from investing activities			
Purchases of property, plant and equipment		**(6,710)**	(8,694)
(Increase)/decrease in restricted cash at banks		**(2,489)**	2,457
Increase in bank deposits with maturity over three months		**(60,450)**	–
Disposal of other financial assets		**–**	6,292
Decrease/(increase) in amount due from a related party		**13,195**	(11,686)
Disposal of financial assets at fair value through profit or loss		**660**	289
Purchase of financial assets at fair value through profit or loss		**–**	(949)
Interest income		**2,424**	2,280
Net cash generated used in investing activities		**(53,370)**	(10,011)
Cash flows from financing activities			
Proceed from IPO and over-allotment		**96,188**	–
Professional expenses paid in connection with IPO		**(8,285)**	–
Decrease in amounts due to related parties		**(1,425)**	(9,252)
Dividends paid	*13*	**(63,931)**	–
Net cash generated from/(used in) financing activities		**22,547**	(9,252)
Net increase in cash and cash equivalents		**4,109**	19,324
Cash and cash equivalents at beginning of the year		**46,596**	27,001
Effect of change in exchange rate		**2,521**	271
Cash and cash equivalents at end of the year	*22*	**53,226**	46,596

The notes on pages 31 to 69 form an integral part of these consolidated financial statements.

1 GENERAL INFORMATION

Huaxi Holdings Company Limited was incorporated in the Cayman Islands on 29 April 2013 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is at the Clifton House, P.O. Box 1350, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands. The Company is an investment holding company. The Company and its subsidiaries (together, the "Group") are principally engaged in manufacturing and sales of cigarette packing materials (the "Listing Business") in the People's Republic of China (the "PRC"). The ultimate controlling shareholder of the Group is Mr. Zheng Andy Yi Sheng.

The Company has its primary listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 6 December 2013 ("the Listing").

These consolidated financial statements are presented in thousands of Hong Kong dollar ("HK$"), unless otherwise stated. These financial statements have been approved by the Board of Directors ("the Board") of the Company for issue on 20 June 2014.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

Upon the completion of a group reorganisation in the preparation for the Listing, which was completed on 5 September 2013 ("the Reorganisation"), the Company became the holding company of the subsidiaries now comprising the Group.

Immediately prior to and after the Reorganisation, the Listing Business is controlled by Mr. Zheng Andy Yi Sheng. The Company and intermediate holding entities do not have any other business at the time of the Reorganisation and the Reorganisation is merely a reorganisation of the Listing Business with no change in management and the controlling shareholder. Accordingly, the consolidated financial statements of the Group for the two years presented herein has been prepared on a consolidation basis and is presented using the carrying values of the Listing Business under the Group.

These consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, which are carried at fair value.

The preparation of these consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to these consolidated financial statements are disclosed in Note 4.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

(a) New and amended standards and interpretations that are relevant to the Group:

HKAS 27 (revised 2011)	Separate financial statements
Amendment to HKAS 1	Financial statements presentation regarding other comprehensive income
Amendment to HKFRS 7	Financial instruments: Disclosures' on asset and liability offsetting
HKFRS 10	Consolidated financial statements
HKFRS 13	Fair value measurement
Amendment to HKFRS 10, 11 and 12	Transition guidance
Annual improvements 2011	Annual improvements 2009-2011 cycle

The adoption of the above amended standards did not have any material impact on the consolidated financial statements except for certain additional disclosures.

(b) The following new and amended standards and interpretations have been issued but are not effective for the financial year beginning 1 April 2013 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
Amendments to HKAS 32	Financial instruments: Presentation – Offsetting financial assets and financial liabilities	1 January 2014
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (revised 2011)	Investment entities	1 January 2014
Amendment to HKAS 36	Impairment of assets on recoverable amount disclosures	1 January 2014
Amendment to HKAS 39	Financial Instruments: Recognition and Measurement – Novation of derivatives	1 January 2014
HK(IFRIC) – Int 21	Levies	1 January 2014
Amendment to HKAS 19	Defined Benefit Plans: Employee Contributions	1 July 2014
Annual improvements 2012	Annual improvements 2010-2012 cycle	1 July 2014
Annual improvements 2013	Annual improvements 2011-2013 cycle	1 July 2014
HKFRS 14	Regulatory deferral accounts	1 January 2016
HKFRS 9	Financial instruments	To be determined

Management has preliminarily assessed the impact of the above new and amended standards and interpretations and considered that there will not be any substantial changes to the Group's significant accounting policies and presentation of the financial statements in the next year.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, 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. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) *Business combinations*

The Group applies the acquisition method to account for business combinations, except for those carried out under common control which are accounted for using the principles of merger accounting. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Subsidiaries *(continued)*

2.2.1 Consolidation *(continued)*

(b) *Changes in ownership interests in subsidiaries without change of control*

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) *Disposal of subsidiaries*

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the group entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). These financial statements is presented in HK$, which is the Group's and the Company's presentation currency. The functional currency of the group entities is Renminbi ("RMB").

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation when items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income within "other gains/(losses) – net".

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at closing rate. Exchange differences arising are recognised in other comprehensive income.

2.5 Prepaid operating lease

Prepaid operating lease is stated at cost less accumulated amortisation. Cost mainly represents consideration paid for the rights to use the land from the date the respective rights were granted. Amortisation of prepaid operating lease is calculated on a straight-line over the period of the rights of 50 years.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.7).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the periods in which they are incurred. Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- Plant and buildings — 3-20 years
- Machinery — 5-10 years
- Office equipment — 3-5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.7).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other gains/(losses) – net" in consolidated statement of comprehensive income.

Assets under construction represent buildings under construction, and are stated at cost. Costs include construction and acquisition costs. No provision for depreciation is made on assets under construction until such time as the relevant assets are completed and ready for intended use. When the assets concerned are brought into use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated above.

2.7 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.8 Financial assets

2.8.1 Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if it is acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(b) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets.

The Group's loans and receivables comprise "trade receivables", "prepayments and other receivables", "amount due from a related party", "restricted cash at banks", "bank deposits with maturity over three months" and "cash and cash equivalents" (Note 2.13) in the consolidated statement of financial position.

2.8.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the income statement within "Other gains/(losses) – net" in the period in which they arise.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.10 Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of fair value of an instrument using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor’s credit rating), the reversal of the previously recognised impairment loss is recognised in the profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable distribution costs.

2.12 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.13 Cash and cash equivalents

In the consolidated statements of cash flows, cash and cash equivalents includes cash in hand and deposits held at call with banks. Bank deposits which are restricted to use are included in "restricted cash at banks". Restricted cash at banks are excluded from cash and cash equivalents in the consolidated statements of cash flows.

2.14 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.15 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.16 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group entities operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax liability is provided on temporary differences arising on investment in a subsidiary, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investment in a subsidiary, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.17 Retirement benefits

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the PRC government.

The Group also participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance ("MPF Scheme"), which is a defined contribution retirement scheme for all employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income. The assets of this pension scheme are held separately from those of the Group in independently administered funds.

The Group's contributions to the defined contribution retirement schemes are expensed as incurred.

2.18 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

(a) Sales of goods

Sales of goods are recognised when a group entity has delivered products to the customer; the customer has accepted the products and collectability of the related receivables is reasonably assured.

(b) Income from processing services

Income from processing services is recognised when the services are rendered.

(c) Interest income

Interest income is recognised using the effective interest method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.19 Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

- it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life.

2.20 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Receipts or payments made under operating leases (net of any incentives received from the lessor) are recognised as income or expenses in consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

2.21 Dividend distribution

Dividend distribution to the owner of the companies comprising the Group is recognised in Group' and the Company's financial statements in the period in which the dividends are approved by Company's shareholder or directors, where appropriate.

2.22 Dividend income

Dividend income is recognised when the right to receive payment is established.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the financial department under policies approved by the Board.

3.1.1 Market risk

(a) *Foreign exchange risk*

The Group's operates in the PRC with most transactions being settled in RMB, which is the functional currency of the group companies. Certain transactions are settled in HK$. The Group currently does not have a foreign currency hedging policy, and manages its foreign currency risk by closely monitor the movement of the foreign currency rates.

The carrying amount of the Group's and the Company's foreign currency denominated monetary assets and liabilities are as follows:

	Group 31 March		**Company 31 March**
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**
Denominated in HK dollar			
– Cash and cash equivalents	**35,679**	158	**10,062**
– Bank deposits with maturity over three months	**60,450**	–	**–**
– Trade receivables	**953**	1,247	**–**
– Other receivables	**489**	–	**–**
– Other payables	**(4,245)**	(590)	**(2,985)**
	93,326	815	**7,077**
Denominated in US$			
– Cash and cash equivalents	**334**	336	**–**

As at 31 March 2014, if RMB had strengthened/depreciated by 2% against the relevant foreign currencies with all other variables held constant, post-tax profit for the year of the Group would have been HK$1,809,000 (2013: HK$19,000) lower/higher.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

3.1.1 Market risk *(continued)*

(b) *Cash flow and fair value interest rate risk*

Other than deposits held in banks and certain other receivables which are interest bearing, the Group does not have other significant interest bearing assets and liabilities.

The annual interest rates of the Group's deposits held in banks throughout the year ranged from 0.35% to 3.91% (2013: 0.35% to 2.8%). As at 31 March 2014, if the market interest rates had been 50 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been HK$706,000 (2013: HK$409,000) higher/lower, mainly as a result of higher/lower interest income on bank deposits.

(c) *Price risk*

The Group is not exposed to significant commodity price risk. Also, the Group has not entered into any long term contracts with suppliers and the Group can usually pass on any material fluctuations in the raw materials prices to its customers.

3.1.2 Credit risk

The Group's maximum exposure to credit risk in relation to financial assets is the carrying amounts of cash and cash equivalents, bank deposits with maturity over three months, restricted cash at banks, trade receivables and other receivables, and amount due from a related party.

As at 31 March 2014, substantially all the Group's bank deposits are deposited with major financial institutions incorporated in the PRC and Hong Kong, which management believes are of high credit quality without significant credit risk (2013: same).

As at 31 March 2014, approximately 92.2% (2013: 90.9%) of the Group's trade receivables were due from the top five largest customers, while approximately 68.7% (2013: 67.4%) of the Group's trade receivables were due from the largest customer.

All of the Group's trade receivables and other receivables have no collateral. However, the Group has policies in place to ensure that sales are made to customers with appropriate credit history and the Group performs periodic credit evaluations of its customers. The Group assesses the credit quality of each customer by taking into account its financial position, past experience and other factors. Credit limit are reviewed on periodic basis, and the finance department is responsible for such monitoring procedures. In determining whether provision for impairment of receivables is required, the Group takes into consideration the future cash flows, ageing status and the likelihood of collection. In this regards, the directors of the Company are satisfied that the risks are minimal and adequate provision, if any, has been made in the consolidated financial statements after assessing the collectability of individual debts. Further quantitative disclosures in respect of trade receivables and other receivables and amount due from a related party are set out in Note 19 and 20.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

3.1.3 Liquidity risk

To manage the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents and bank deposits with maturity over three months deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group expects to fund its future cash flow needs through internally generated cash flows from operations.

The table below sets out the Group's financial liabilities by relevant maturity grouping at each balance sheet date. Trade and notes payable and other payables due within 12 months equal their carrying balances, as the impact of discounting is not significant. The amounts disclosed in the table are the contractual undiscounted cash flows.

	31 March 2014 HK$'000	31 March 2013 HK$'000
Less than one year:		
Trade and notes payable	**73,508**	91,133
Other payables	**8,862**	7,206
Amounts due to related parties	**714**	2,139
	83,084	100,478

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net borrowings divided by total capital. Net borrowings are calculated as borrowings less cash and cash equivalents. Total capital is calculated as "total equity" as shown in the financial statements plus net borrowings.

No gearing ratio is presented as the Group has net cash surplus after borrowings as at 31 March 2014 (2013: same).

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments used in preparing these financial statements are evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Income taxes and deferred taxation

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

(b) Estimated impairment of property, plant and equipment

The Group tests annually whether property, plant and equipment with an indication of impairment have suffered any impairment. It is reasonably possible that outcomes based on current experience within the next financial year would be significantly different, which will result in a significant impact on the carrying amount of property, plant and equipment.

(c) Estimated impairment of inventories

The Group estimates the net realisable value of inventories. Net realisable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs to completion and estimated costs necessary to make the sale and related taxes. Even if the Group has made stock provision for the expected impairment at its best estimate, there is a possibility that changes in market conditions will alter the result.

(d) Estimated impairment of receivables

The Group records impairment of receivables based on an assessment made by management on the recoverability of trade and other receivables. Provisions are applied where events or changes in circumstances indicate that the balances may not be collectible. Impairment assessment requires the use of judgment and estimates. Where the expectation is different from the original estimate, such difference will impact both the carrying value of trade and other receivables and the impairment charge in the period in which such estimate has been changed.

5 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company.

The Group is principally engaged in the manufacture and sales of packaging materials for cigarette in the PRC. Management reviews the operating results of the business as one segment to make decisions about resources to be allocated. Therefore, the directors consider that there is only one segment being used to make strategic decisions.

For the year ended 31 March 2014, the major operating entity of the Group is domiciled in the PRC and accordingly, majority of the Group's revenue were derived in the PRC (2013: same).

As at 31 March 2014, all of the non-current assets were located in the PRC (2013: same).

6 REVENUE

	Year ended 31 March	
	2014	2013
	HK$'000	HK$'000
Sales of cigarette packaging and other products	**264,830**	278,728
Income from processing services	**–**	255
	264,830	278,983

Except for the two customers below, no other customers individually accounted for more than 10% of the Group's revenue for the year ended 31 March 2014 (2013: same):

	Year ended 31 March	
	2014	2013
	HK$'000	HK$'000
Customer A	**57.8%**	57.0%
Customer B	**23.3%**	21.3%
	81.1%	78.3%

All of the Group's sales are carried out by its subsidiary in the PRC.

7 EXPENSES BY NATURE

	Year ended 31 March	
	2014	2013
	HK$'000	HK$'000
Cost of inventories sold	**153,566**	191,690
Staff costs (including directors' emoluments) *(Note 8)*	**13,172**	11,943
Expenses related to the Listing	**9,863**	4,653
Depreciation *(Note 15)*	**5,344**	4,910
Utilities	**3,442**	4,171
Business tax and other taxes	**2,021**	2,166
Transportation	**2,180**	3,166
Auditors' remuneration	**1,758**	42
Donation	**1,000**	–
Office expenses	**733**	457
Travelling expenses	**713**	823
Entertainment expenses	**450**	353
Legal and professional fees	**424**	–
Amortisation of prepaid operating lease *(Note 16)*	**168**	167
Reversal of provision for impairment of inventories *(Note 18)*	**(283)**	(198)
Operating lease rentals in respect of rented premises	**332**	–
Other expenses	**1,076**	578
Total cost of sales, distribution costs and administrative expenses	**195,959**	224,921

8 STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	Year ended 31 March	
	2014	2013
	HK$'000	HK$'000
Salaries, wages, bonuses, welfare and other benefits	**12,043**	10,665
Contributions to pension plans *(Note (c))*	**1,129**	1,278
	13,172	11,943

8 STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS) *(continued)*

(a) Directors' emoluments

The remuneration of each director of the Company for the year ended 31 March 2014 is set out below:

	Fees HK$'000	Salaries and allowances HK$'000	Discretionary bonus HK$'000	Pension HK$'000	Total HK$'000
Mr. Zheng Andy Yi Sheng	**125**	**115**	**–**	**12**	**252**
Mr. Zheng Minsheng	**100**	**115**	**–**	**12**	**227**
Mr. Lau Kwok Hung	**69**	**–**	**–**	**–**	**69**
Mr. Ma Wenming	**69**	**–**	**–**	**–**	**69**
Mr. Fok Po Tin	**69**	**–**	**–**	**–**	**69**
	432	**230**	**–**	**24**	**686**

The remuneration of each director of the Company for the year ended 31 March 2013 is set out below:

	Fees HK$'000	Salaries and allowances HK$'000	Discretionary bonus HK$'000	Pension HK$'000	Total HK$'000
Mr. Zheng Andy Yi Sheng	–	98	–	7	105
Mr. Zheng Minsheng	–	98	–	7	105
Mr. Lau Kwok Hung	–	–	–	–	–
Mr. Ma Wenming	–	–	–	–	–
Mr. Fok Po Tin	–	–	–	–	–
	–	196	–	14	210

Mr. Zheng Andy Yi Sheng and Mr. Zheng Minsheng were appointed as executive directors of the Company on 29 April 2013 and 24 July 2013, respectively. Mr. Lau Kwok Hung, Mr. Ma Wenming and Mr. Fok Po Tin were appointed as independent non-executive directors of the Company on 24 July 2013.

8 STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS) *(continued)*

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the years included two directors, whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three individuals during the years are as follows:

	Year ended 31 March	
	2014	2013
	HK$'000	HK$'000
Salaries, wages, bonuses, welfare and other benefits	**532**	217
Contributions to pension plans *(Note(c))*	**16**	20
	548	237

The emoluments of these remaining individuals of the Group fell within the following bands:

	Year ended 31 March	
	2014	2013
Emolument bands		
Nil to HK$1,000,000	**3**	3

During the year, no emolument was paid by the Group to any of the above directors or the five highest paid individuals as an inducement to join, upon joining the Group, leave the Group or as compensation for loss of office.

(c) Contributions to pension plans

Employees in the Group's PRC subsidiary are required to participate in a defined contribution retirement scheme which is administrated and operated by the local municipal government. The Group's PRC subsidiary contributes funds which are calculated at 15% of the average employee salary, as agreed by local municipal government to the scheme as retirement benefits of the employees for the years.

The Group also participates in a pension scheme under the rules and regulations of the MPF Scheme for all employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income, with a maximum cap per employee per month.

(d) Senior management's emoluments by band

The senior management's (excluding executive directors) emoluments fell within the following bands:

	Year ended 31 March	
	2014	2013
Emolument bands		
Nil to HK$1,000,000	**7**	4

9 OTHER GAINS/(LOSSES) – NET

	Year ended 31 March	
	2014	2013
	HK$'000	HK$'000
Foreign exchange gains/(losses)	**477**	(55)
Gains/(losses) of financial assets at fair value through profit or loss	**25**	(25)
	502	(80)

10 FINANCE INCOME

	Year ended 31 March	
	2014	2013
	HK$'000	HK$'000
Interest income derived from bank deposits	**2,590**	1,746
Interest income derived from other financial assets	**–**	534
	2,590	2,280

11 INCOME TAX EXPENSE

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and accordingly, is exempted from Cayman Islands income tax. The Company's direct subsidiary in the British Virgin Islands was incorporated under the International Business Companies Act of the British Virgin Islands and, accordingly, is exempted from British Virgin Islands income tax.

No provision for Hong Kong profits tax was provided as the Company and the Group did not have assessable profit in Hong Kong for the year. The profit of the group entity in Hong Kong is mainly derived from dividend income from subsidiary, which is not subject to Hong Kong profits tax.

Pursuant to the Enterprise Income Tax Law of the PRC (the "EIT Law") and the Implementation Rules of the EIT Law, the EIT is unified at 25% for all types of entities, effective from 1 January 2008.

On 17 November 2011, the Group's subsidiary in the PRC was awarded High and New Technology Enterprise Certificate ("Certificate") which is effective for three years commencing on 1 January 2011. The applicable income tax rate is 15% for the year ended 31 December 2013 (for the year ended 31 December 2012: 15%). Such preferential tax treatment expired on 31 December 2013 and the subsidiary is in the process of renewing the Certificate with the local authority. Assuming that there is no change to the relevant laws and regulations, the directors consider that the Group will continue to be granted the preferential tax treatment for the calendar years of 2014 to 2016 and accordingly, tax rate of 15% has been applied for the three months ended 31 March 2014.

11 INCOME TAX EXPENSE *(continued)*

According to the EIT Law and Implementation Rules, starting from 1 January 2008, a withholding tax of 10% will be levied on the immediate holding companies outside the PRC when their PRC subsidiaries declare dividend out of profits earned after 1 January 2008. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong and fulfil requirements under the tax treaty agreements between the relevant authorities of the PRC and the Hong Kong.

	Year ended 31 March	
	2014	2013
	HK$'000	HK$'000
Current income tax		
– PRC corporate income tax	**12,269**	8,965
Deferred income tax		
– PRC corporate income tax	**(74)**	231
– Withholding income tax for profit to be distributed from the PRC	**3,189**	2,328
	15,384	11,524

No income tax charged relating to components of other comprehensive income existed for the year ended 31 March 2014 (2013: nil).

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profit/loss of the consolidated entities as follows:

	Year ended 31 March	
	2014	2013
	HK$'000	HK$'000
Profit before income tax	**71,963**	56,262
Calculated at applicable corporate income tax rate	**10,794**	8,371
Effect of expenses not deductible for income tax	**1,495**	825
Income not subject to tax	**(94)**	–
	12,195	9,196
Withholding income tax for profit to be distributed from the subsidiary in the PRC	**3,189**	2,328
	15,384	11,524

12 EARNINGS PER SHARE

(a) Basic

Basic earnings per share are calculated by dividing the profit attributable to owners of the Company by the weighted average numbers of ordinary shares in issue during the year.

	Year ended 31 March	
	2014	2013
Profit attributable to owners of the Company (HK$'000)	**56,579**	44,738
Weighted average numbers of ordinary shares in issue	**262,104,000**	240,000,000
Basic earnings per share	**HK21.59 cents**	HK18.64 cents

In determining the numbers of ordinary shares in issue for the year ended 31 March 2013, a total of 240,000,000 ordinary shares were deemed to be in issue since 1 April 2012 (see Note 23).

(b) Diluted

There were no dilutive potential ordinary shares outstanding during the year ended 31 March 2014 and hence the diluted earnings per share are the same as basic earnings per share (2013: same).

13 DIVIDENDS

	Year ended 31 March	
	2014 **HK$'000**	2013 HK$'000
Special dividends paid *(Note (a))*	**36,276**	–
Final dividends proposed *(Note (b))*	**21,788**	27,655
	58,064	27,655

(a) Special dividends paid

On 10 October 2013 and 11 November 2013, the Company declared special dividends of RMB19,000,000 (equivalent to HK$24,191,000) and RMB9,500,000 (equivalent to HK$12,085,000), respectively, to its then shareholder. Such dividends have been paid during the year ended 31 March 2014.

(b) Final dividends proposed

Prior to the completion of the Reorganisation, on 24 April 2013, a PRC subsidiary of the Group declared a final dividend of RMB21,872,000 (equivalent to HK$27,655,000) in respect of its profit for the year ended 31 March 2013 to its then shareholder. Such dividend has been paid during the year ended 31 March 2014.

A final dividend of HK7.00 cents per ordinary share in respect of the year ended 31 March 2014, totalling approximately HK$21,788,000, were proposed by the Board. Such final dividends are subject to the approval of the shareholders at the upcoming annual general meeting. The accompanying financial statements have not reflected the declaration of such dividends.

14 INVESTMENTS IN SUBSIDIARIES AND AMOUNTS DUE FROM/(TO) SUBSIDIARIES – COMPANY

	31 March 2014 HK$'000
Non-current portions	
Investment at cost – unlisted shares *(Note (a))*	**390**
Amount due from a subsidiary *(Note (b))*	**65,242**
	65,632
Current portions *(Note (c))*	
Amount due from a subsidiary	**38,600**
Amount due to a subsidiary	**(390)**
	38,210

(a) Investments in subsidiaries are stated at cost, which is the fair value of the consideration paid.

(b) The amount due from a subsidiary included in non-current portions is unsecured, interest-free and not repayable in the foreseeable future.

(c) The amounts due from/(to) a subsidiary included in current portions are unsecured, interest-free and repayable on demand.

Details of the principal subsidiaries of the Company at 31 March 2014 are set out below:

Name	Place and date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Attributable equity interest	Principal activities
Directly held by the Company:				
Xinda Capital Limited	British Virgin Islands 21 May 2013	US$50,000	100%	Investment holding
Indirectly held by the Company:				
Xin Da (Hong Kong) Investment Trading Company Limited	Hong Kong 13 June 2013	HK$1	100%	Investment holding
Shantou Xinda Colour Printing & Packing Material Co., Ltd. *(a)*	PRC 14 May 1992	HK$35,000,000	100%	Design, printing and sale of cigarette packages

(a) Shantou Xinda Colour Printing & Packing Material Co., Ltd. is a wholly foreign owned enterprise established in the PRC to be operated for 30 years up to 13 May 2022.

15 PROPERTY, PLANT AND EQUIPMENT

	Plant and buildings HK$'000	Machinery HK$'000	Office equipment HK$'000	Total HK$'000
At 1 April 2012				
Cost	28,920	33,564	1,652	64,136
Accumulated depreciation	(10,309)	(12,038)	(607)	(22,954)
Net book amount	18,611	21,526	1,045	41,182
Year ended 31 March 2013				
Opening net book amount	18,611	21,526	1,045	41,182
Exchange differences	71	86	4	161
Additions	3,522	5,581	–	9,103
Depreciation	(2,022)	(2,803)	(85)	(4,910)
Closing net book amount	20,182	24,390	964	45,536
At 31 March 2013				
Cost	32,555	39,281	1,658	73,494
Accumulated depreciation	(12,373)	(14,891)	(694)	(27,958)
Net book amount	20,182	24,390	964	45,536
Year ended 31 March 2014				
Opening net book amount	**20,182**	**24,390**	**964**	**45,536**
Exchange differences	**370**	**445**	**17**	**832**
Additions	**5,154**	**18**	**588**	**5,760**
Depreciation	**(2,000)**	**(3,175)**	**(169)**	**(5,344)**
Closing net book amount	**23,706**	**21,678**	**1,400**	**46,784**
At 31 March 2014				
Cost	**38,304**	**40,016**	**2,276**	**80,596**
Accumulated depreciation	**(14,598)**	**(18,338)**	**(876)**	**(33,812)**
Net book amount	**23,706**	**21,678**	**1,400**	**46,784**

During the year ended 31 March 2014, all plant and buildings were located in the PRC (2013: same).

15 PROPERTY, PLANT AND EQUIPMENT *(continued)*

Depreciation of the property, plant and equipment has been charged to profit or loss as follows:

	Year ended 31 March	
	2014	2013
	HK$'000	HK$'000
Cost of sales	**3,293**	3,155
Administrative expenses	**2,051**	1,755
Total	**5,344**	4,910

16 PREPAID OPERATING LEASE

The balance represented prepaid operating lease payments for land located in the PRC for a lease term of 50 years. The movements are as follows:

	Year ended 31 March	
	2014	2013
	HK$'000	HK$'000
At beginning of the year		
Cost	**8,387**	8,357
Accumulated amortisation	**(1,404)**	(1,232)
Net book amount	**6,983**	7,125
For the year		
Opening net book amount	**6,983**	7,125
Exchange differences	**129**	25
Amortisation charges	**(168)**	(167)
Closing net book amount	**6,944**	6,983
At end of the year		
Cost	**8,541**	8,387
Accumulated amortisation	**(1,597)**	(1,404)
Net book amount	**6,944**	6,983
Prepaid operating lease is outside Hong Kong, held on leases:		
– Between 10 to 50 years	**6,944**	6,983

16 PREPAID OPERATING LEASE *(continued)*

Amortisation of the Group's prepaid operating lease has been charged to profit or loss as follows:

	Year ended 31 March	
	2014 HK$'000	2013 HK$'000
Cost of sales	**31**	31
Administrative expenses	**137**	136
Total	**168**	167

17 DEFERRED INCOME TAX

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	31 March 2014 HK$'000	31 March 2013 HK$'000
Deferred income tax assets		
– to be recovered after more than 12 months	**677**	487
– to be recovered within 12 months	**9**	114
	686	601
Deferred tax liabilities:		
– to be recovered within 12 months	**(2,161)**	(2,328)
	(1,475)	(1,727)

The gross movements on the deferred income tax assets/(liabilities) are as follows:

	Year ended 31 March	
	2014 HK$'000	2013 HK$'000
At beginning of the year	**(1,727)**	827
Exchange differences	**11**	5
Tax charged to the consolidated income statement	**(3,115)**	(2,559)
Withholding income tax paid	**3,356**	–
At end of the year	**(1,475)**	(1,727)

17 DEFERRED INCOME TAX *(continued)*

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax assets

	Temporary difference on depreciation HK$'000	**Temporary difference on accrual** HK$'000	**Temporary difference on inventory provision** HK$'000	**Total** HK$'000
At 1 April 2012	608	76	143	827
Exchange differences	2	1	2	5
Tax (charged)/credited to the consolidated income statement	(236)	36	(31)	(231)
At 31 March 2013	374	113	114	601
Exchange differences	7	3	1	11
Tax credited/(charged) to the consolidated income statement	52	66	(44)	74
At 31 March 2014	**433**	**182**	**71**	**686**

Deferred income tax liabilities

	Recognised for the withholding income tax HK$'000
At 1 April 2012	–
Tax charged to the consolidated income statement	2,328
At 31 March 2013	2,328
Tax charged to the consolidated income statement	3,189
Withholding income tax paid	(3,356)
At 31 March 2014	**2,161**

As at 31 March 2014, the Group had unrecognised deferred income tax liabilities of HK$2,918,000, that would otherwise be payable as withholding income tax in respect of the undistributed profits of a PRC subsidiary (2013: HK$2,918,000). No provision has been made in respect of such withholding income tax as the directors have confirmed that such profits will not be distributed out of the PRC in the foreseeable future. Unremitted earnings in this respect amounted to approximately HK$58,351,000 as at 31 March 2014 (2013: HK$58,351,000).

18 INVENTORIES

	31 March 2014 HK$'000	31 March 2013 HK$'000
Raw materials	**14,791**	14,608
Finished goods	**16,505**	19,614
	31,296	34,222
Less: provision for impairment	**(475)**	(758)
	30,821	33,464

Movements in provision for impairment of inventories are as follows:

	Year ended 31 March	
	2014 HK$'000	2013 HK$'000
At beginning of the year	**758**	956
Reversal of provision for impairment of inventories	**(283)**	(198)
At end of the year	**475**	758

19 TRADE RECEIVABLES

	31 March 2014 HK$'000	31 March 2013 HK$'000
Trade receivables	**81,589**	65,488

19 TRADE RECEIVABLES *(continued)*

(a) Ageing analysis of trade receivables at respective balance sheet dates is as follows:

	31 March 2014 HK$'000	31 March 2013 HK$'000
Less than 30 days	**76,886**	40,971
31 days to 60 days	**3,301**	20,470
61 days to 90 days	**750**	2,298
91 days to 180 days	**35**	1,749
Over 180 days	**617**	–
	81,589	65,488

As at 31 March 2014, trade receivables of HK$652,000 (2013: nil) were past due but not impaired. These relate to two independent customers for whom there is no financial difficulty and the executive directors, based on past experience, consider that those amounts can be recovered.

(b) The carrying amounts of the Group's trade receivable are denominated in the following currencies:

	31 March 2014 HK$'000	31 March 2013 HK$'000
Denominated in RMB	**80,636**	64,241
Denominated in HK$	**953**	1,247
	81,589	65,488

As at 31 March 2014, the Group's maximum exposure to credit risk was the carrying value of each class of trade receivables mentioned above. The Group does not hold any collateral as security (2013: same).

20 PREPAYMENTS AND OTHER RECEIVABLES

	31 March 2014 HK$'000	31 March 2013 HK$'000
Advance to suppliers	**1,223**	835
Prepayments for fixed assets	**1,606**	–
Other prepayments	**561**	–
Other receivables	**657**	40
	4,047	875
Less non-current portion: prepayments for fixed assets	**(1,606)**	–
Current portion	**2,441**	875

(a) The carrying amounts of the Group's prepayments and other receivables are denominated in the following currencies:

	31 March 2014 HK$'000	31 March 2013 HK$'000
Denominated in RMB	**3,259**	875
Denominated in HK$	**788**	–
	4,047	875

As at 31 March 2014, the Group's maximum exposure to credit risk was the carrying value of each class of prepayments and other receivables mentioned above. The Group does not hold any collateral as security (2013: nil). All non-current receivables are due within five years from the end of the year.

21 RESTRICTED CASH AT BANKS

	31 March 2014 HK$'000	31 March 2013 HK$'000
Denominated in RMB	**52,299**	49,810

As at 31 March 2014, the Group placed cash deposits of approximately HK$52,299,000 (2013: HK$49,810,000) with designated banks as collateral for the Group's notes payable.

The effective interest rate on restricted cash at banks was 3.06% (2013: 3.06%) per annum. These deposits have an average maturity of 180 days (2013: 180 days).

The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

22 BANK DEPOSITS WITH MATURITY OVER THREE MONTHS AND CASH AND CASH EQUIVALENTS – GROUP AND COMPANY

(a) Bank deposits with maturity over three months

As at 31 March 2014, the Group had bank deposits with maturity over three months and less than one year of HK$60,450,000 (2013: nil). The deposits were denominated in HK$ and bore average interest rate 3.91% (2013: nil) per annum.

(b) Cash and cash equivalents

	Group		Company
	31 March 2014 HK$'000	31 March 2013 HK$'000	**31 March 2014 HK$'000**
Cash at bank and on hand	**28,226**	46,596	**10,062**
Short-term bank deposit	**25,000**	–	**–**
	53,226	46,596	**10,062**

The effective interest rate on short-term bank deposits was 3.08% (2013: nil) per annum. These deposits have an maturity of 90 days (2013: nil).

Cash and cash equivalents were denominated in the following currencies:

	Group		Company
	31 March 2014 HK$'000	31 March 2013 HK$'000	**31 March 2014 HK$'000**
Denominated in RMB	**17,213**	46,102	**–**
Denominated in HK$	**35,679**	158	**10,062**
Denominated in US$	**334**	336	**–**
	53,226	46,596	**10,062**

The Group's cash and bank balances of HK$17,213,000 (2013: HK$46,102,000) denominated in RMB were deposited with banks in the PRC. The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

23 SHARE CAPITAL – GROUP AND COMPANY

Authorised share capital	**Number of ordinary shares**	**Nominal value of ordinary shares**	**Equivalent nominal value of ordinary shares**
		HK$	HK$
At 29 April 2013 (date of incorporation) *(Note (i))*	38,000,000	0.01	380,000
Increase in authorised share capital *(Note (ii))*	1,962,000,000	0.01	19,620,000
At 31 March 2014	2,000,000,000	0.01	20,000,000

Issued share capital	**Number of issued shares**	**Amount**
		HK$
At 1 April 2012 and 2013	–	–
Issue of share *(Note (i))*	1	0.01
Capitalisation of shares *(Note (iii))*	239,999,999	2,399,999.99
Issue of new shares pursuant to the share offer *(Note (iv))*	60,000,000	600,000.00
Issue of the over-allotment shares by the Company *(Note (v))*	11,250,000	112,500.00
At 31 March 2014	311,250,000	3,112,500.00

(i) The Company was incorporated in the Cayman Islands on 29 April 2013 with an authorised share capital of HK$380,000, divided into 38,000,000 shares of HK$0.01 each. Upon incorporation, 1 nil-paid share was issued to SXD Limited, a company owned and controlled by Mr. Zheng Andy Yi Sheng, director and controlling shareholder of the Company.

(ii) Pursuant to the shareholders' resolutions passed on 14 November 2013, the Company's authorised share capital was increased to HK$20,000,000 by creation of additional 1,962,000,000 ordinary shares of HK$0.01 each, ranking pari passu in all respect with the existing shares of the Company.

(iii) Pursuant to the shareholders' resolutions passed on 14 November 2013, an aggregate of 239,999,999 shares of HK$0.01 each would be issued, credited as fully paid at par, by way of capitalisation of the sum of HK$2,399,999.99 from the share premium account, to the then existing shareholder of the Company. On 6 December 2013, 239,999,999 shares were fully paid up.

(iv) In connection with the initial public offering ("IPO") of the shares of the Company, 60,000,000 shares of HK$0.01 each were issued at a price of HK$1.35 per share for a total cash consideration, before share issuance expenses, of HK$81,000,000 on 6 December 2013.

(v) On 27 December 2013, the Company issued an additional 11,250,000 shares of HK$0.01 each at HK$1.35 per shares, pursuant to an over-allotment option granted to the Company's underwriter of its IPO. Total cash consideration before share issuance expenses amounted to HK$15,188,000.

24 RESERVES – GROUP AND COMPANY

The Group

	Share premium HK$'000	Statutory reserves HK$'000 *(Note(a))*	Exchange reserves HK$'000	Capital reserve HK$'000 *(Note(b))*	Other reserves HK$'000	Retained earnings HK$'000	Total reserves HK$'000
Year ended 31 March 2013							
Balance at 1 April 2012	–	3,045	10,764	35,000	274	55,518	104,601
Comprehensive income							
– Profit for the year	–	–	–	–	–	44,738	44,738
– Other comprehensive income	–	–	485	–	–	–	485
Total comprehensive income	–	–	485	–	–	44,738	45,223
Transfer to statutory reserves	–	5,262	–	–	–	(5,262)	–
Balance at 31 March 2013	–	8,307	11,249	35,000	274	94,994	149,824
Year ended 31 March 2014							
Balance at 1 April 2013	**–**	**8,307**	**11,249**	**35,000**	**274**	**94,994**	**149,824**
Comprehensive income							
– Profit for the year	**–**	**–**	**–**	**–**	**–**	**56,579**	**56,579**
– Other comprehensive income	**–**	**–**	**2,879**	**–**	**–**	**–**	**2,879**
Total comprehensive income	**–**	**–**	**2,879**	**–**	**–**	**56,579**	**59,458**
Transactions with owners							
– Capitalisation issue *(Note 23(iii))*	**(2,400)**	**–**	**–**	**–**	**–**	**–**	**(2,400)**
– Shares issued pursuant to the IPO and over-allotment option *(Note 23(iv))*	**95,475**	**–**	**–**	**–**	**–**	**–**	**95,475**
– Share issuance expenses	**(8,817)**	**–**	**–**	**–**	**–**	**–**	**(8,817)**
– Dividends *(Note 13)*	**–**	**–**	**–**	**–**	**–**	**(63,931)**	**(63,931)**
Total transactions with owners	**84,258**	**–**	**–**	**–**	**–**	**(63,931)**	**20,327**
Transfer to statutory reserves	**–**	**6,013**	**–**	**–**	**–**	**(6,013)**	**–**
Balance at 31 March 2014	**84,258**	**14,320**	**14,128**	**35,000**	**274**	**81,629**	**229,609**

24 RESERVES – GROUP AND COMPANY *(continued)*

The Group *(continued)*

(a) Statutory reserves

In accordance with relevant rules and regulations in the PRC, all the PRC companies that operated exclusively with foreign capitals are required to transfer an amount of not less than 10% of profit after taxation calculated under PRC accounting standards and regulations to the reserve fund, until the accumulated total of the fund reaches 50% of their registered capital. The statutory reserve fund can only be used, upon approval by the relevant authority, to offset previous years' losses or to increase the capital of respective companies. The appropriation to the enterprise expansion fund is solely determined by the board of directors of the PRC companies. The enterprise expansion fund can only be used to increase capital of the respective companies or to expand their production operations upon approval by the relevant authority.

(b) Capital reserve

The Group's capital reserve represents deemed contribution by Mr. Zheng Andy Yi Sheng, the controlling shareholder to a subsidiary of the Group.

The Company

	Share premium HK$'000	**Exchange reserves** HK$'000	**Retained earnings** HK$'000	**Total reserves** HK$'000
Balance as at 29 April 2013 (date of incorporation)	–	–	–	–
Profit for the period	–	–	60,490	60,490
Currency translation differences	–	(412)	–	(412)
Dividends	–	–	(36,276)	(36,276)
Capitalisation issue *(Note 23 (iii))*	(2,400)	–	–	(2,400)
Shares issued pursuant to the IPO and over-allotment option *(Note 23 (iv))*	95,475	–	–	95,475
Share issuance expenses	(8,817)	–	–	(8,817)
	84,258	(412)	24,214	108,060

25 TRADE AND NOTES PAYABLE

	31 March 2014 HK$'000	31 March 2013 HK$'000
Trade payables	**20,927**	40,761
Notes payable – bank acceptance notes	**52,581**	50,372
	73,508	91,133

(a) The ageing analysis of trade payables of the Group is as follows:

	31 March 2014 HK$'000	31 March 2013 HK$'000
Within 90 days	**20,172**	34,393
90 to 180 days	**600**	4,465
Over 180 days	**155**	1,903
	20,927	40,761

(b) The Group's trade payables were interest-free and denominated in RMB.

26 OTHER PAYABLES – GROUP AND COMPANY

The Group

	31 March 2014 HK$'000	31 March 2013 HK$'000
Accrual for staff costs and allowances	**3,100**	4,733
Other tax payables	**9,594**	3,008
Other accruals	**5,762**	2,473
	18,456	10,214

The carrying amounts of the Group's other payables are denominated in the following currencies:

	31 March 2014 HK$'000	31 March 2013 HK$'000
Denominated in RMB	**14,211**	9,624
Denominated in HK$	**4,245**	590
	18,456	10,214

The fair value of these balance approximated their carrying amounts at 31 March 2014 (2013: same).

26 OTHER PAYABLES GROUP AND COMPANY *(continued)*

The Company

Other payables in the Company's statement of financial position mainly comprised professional fees payable related to the Listing and payable for directors' fees.

27 CASH GENERATED FROM OPERATIONS

Reconciliation of profit for the year to net cash generated from operations.

	Year ended 31 March	
	2014	2013
	HK$'000	HK$'000
Profit before income tax	**71,963**	56,262
Adjustments for:		
– Depreciation	**5,344**	4,910
– Reversal of impairment of inventories	**(283)**	(198)
– Amortisation of prepaid operating lease	**168**	167
– Other (gains)/losses	**(502)**	80
– Finance income	**(2,590)**	(2,280)
Changes in working capital:		
– Inventories	**2,926**	(10,221)
– Trade receivables	**(16,101)**	(9,999)
– Prepayments and other receivables	**(1,400)**	(229)
– Trade and notes payable	**(17,625)**	8,161
– Other payables	**7,054**	1,267
Cash generated from operations	**48,954**	47,920

28 COMMITMENTS

(a) Capital commitments

As at 31 March 2014 and 31 March 2013, the Group had the following capital commitments:

	31 March 2014 HK$'000	31 March 2013 HK$'000
Capital expenditure in respect of the acquisition of machinery contracted for but not provided	**3,689**	2,306
Capital expenditure in respect of the acquisition of property authorised but not contracted for	**–**	1,222

28 COMMITMENTS *(continued)*

(b) Operating lease commitments

At 31 March 2014 and 2013, the Group had future aggregate minimum lease payments in respect of rented premises under non-cancellable operating leases as follows:

	31 March 2014 HK$'000	31 March 2013 HK$'000
Not later than one year	**1,264**	–
Later than one year and not later than two years	**843**	–
	2,107	–

29 RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties:

Name	**Relationship**
Mr. Zheng Andy Yi Sheng	Controlling Shareholder
Mr. Zheng Minsheng	Executive director and the deputy general manager of the Group and the younger brother of Mr. Zheng Andy Yi Sheng
Shantou Lejing Trading Investment Co., Ltd.	Controlled by Mr. Zheng Minsheng

(b) Key management compensations

Key management compensations for the years ended 31 March 2013 and 2014 were set out below.

	Year ended 31 March	
	2014 HK$'000	2013 HK$'000
Salaries and other employee benefits	**1,298**	484
Pension costs	**54**	40
	1,352	524

29 RELATED PARTY TRANSACTIONS *(continued)*

(c) Balances with related parties

	31 March 2014 HK$'000	31 March 2013 HK$'000
Amount due from a related party *(Note(i))*:		
– Mr. Zheng Andy Yi Sheng	**–**	13,195
Amounts due to related parties *(Note(i))*:		
– Mr. Zheng Andy Yi Sheng	**714**	–
– Mr. Zheng Minsheng	**–**	247
– Shantou Lejing Trading Investment Co., Ltd	**–**	1,892
	714	2,139
Other payables *(Note(ii))*:		
– Mr. Zheng Andy Yi Sheng	**125**	–
– Mr. Zheng Minsheng	**100**	–
	225	–

(i) The amounts due from/to related parties are unsecured, interest-free and repayable on demand.

(ii) Other payables are directors' fees to be paid.

(d) Particulars of amount due from Mr. Zheng Andy Yi Sheng, who is a director of the Company are as follows:

	Year ended 31 March	
	2014 HK$'000	2013 HK$'000
Maximum amount outstanding during the year	**13,195**	13,195

FOUR YEARS FINANCIAL SUMMARY

	Year ended 31 March			
	2014	2013	2012	2011
	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**264,830**	278,983	265,821	212,143
Costs of sales	**(156,423)**	(200,439)	(215,401)	(184,437)
Gross profit	**108,407**	78,544	50,420	27,706
Distribution costs	**(2,749)**	(3,722)	(3,340)	(2,508)
Administrative expenses	**(36,787)**	(20,760)	(13,623)	(13,021)
Other gains/(losses) - net	**502**	(80)	(65)	(95)
Operating profit	**69,373**	53,982	33,392	12,082
Finance income - net	**2,590**	2,280	1,613	375
Profit before income tax	**71,963**	56,262	35,005	12,457
Income tax expense	**(15,384)**	(11,524)	(5,317)	(2,833)
Profit for the year attributable to owners of the Company	**56,579**	44,738	29,688	9,624
ASSETS AND LIABILITIES				
Total assets	**336,846**	263,183	215,792	209,029
Total liabilities	**(104,124)**	(113,359)	(111,191)	(137,497)
Total equity attributable to owners of the Company	**232,722**	149,824	104,601	71,532