SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

Stock code : 252

Annual Report 2013-14

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Chua Nai Tuen
(Chairman and Managing Director)
Mr. Chua Nai King
(Deputy Chairman)
Mr. Nelson Junior Chua
Mr. Gilson Chua

Non-Executive Directors

Mr. Chan Man Hon, Eric
Mr. Jimmy Siy Tiong
Mr. Rene Siy Chua
Mr. Samuel Siy Yap
Mr. Tsai Han Yung
Ms. Vivian Chua

Independent Non-Executive Directors

Mr. Chan Siu Ting
Mr. James L. Kwok
Mr. Wong Shek Keung
Mr. Tsui Ka Wah
Mr. Tsai Sui Cheung, Andrew

AUDIT COMMITTEE

Mr. Chan Siu Ting *(Chairman)*
Mr. Chan Man Hon, Eric
Mr. James L. Kwok
Mr. Tsai Han Yung
Mr. Wong Shek Keung
Mr. Tsui Ka Wah

REMUNERATION COMMITTEE

Mr. Wong Shek Keung *(Chairman)*
Mr. Chua Nai Tuen
Mr. Chan Siu Ting
Mr. Tsai Sui Cheung, Andrew

NOMINATION COMMITTEE

Mr. Chua Nai Tuen *(Chairman)*
Mr. James L. Kwok
Mr. Tsui Ka Wah
Mr. Tsai Sui Cheung, Andrew

PRINCIPAL BANKERS

China Construction Bank (Asia)
Corporation Limited
Hang Seng Bank Limited
Industrial and Commercial
Bank of China (Asia) Limited
Wing Hang Bank, Limited

SOLICITORS

Vincent T. K. Cheung, Yap & Co.

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

COMPANY SECRETARY

Mr. Chan Chi Chung (resigned on 16 May 2014)
Mr. Lau Ka Chung (appointed on 16 May 2014)

REGISTERED OFFICE

Units 407-410, 4th Floor, Tower 2,
Silvercord, No. 30 Canton Road,
Tsimshatsui, Kowloon, Hong Kong.

SHARE REGISTRAR

General Secretarial Services Limited,
20th Floor, Capitol Centre,
5-19 Jardine's Bazaar,
Causeway Bay, Hong Kong.

STOCK CODE

252

INTERNET ADDRESS HOMEPAGE

http://www.seapnf.com.hk

DIRECTORS AND SENIOR MANAGEMENT PROFILE

EXECUTIVE DIRECTORS

Mr. Chua Nai Tuen, aged 62, was appointed as an Executive Director and Managing Director in 1973 and was further appointed Chairman of the Company in 2000. He was appointed as the Chairman of the Nomination Committee on 16 March 2012 and a member of the Remuneration Committee on 25 March 2013 respectively. Mr. Chua is responsible for the formulation and execution of the Group's overall strategic planning, business development and seeking business opportunities for the Group. He is also the Director of other companies in the Group. He has over 35 years' experience in finance, property investment and development, hotel, manufacturing and distribution of plastics packaging materials business.

Mr. Chua Nai King, aged 64, was appointed as an Executive Director in 1972 and was further appointed Deputy Chairman of the Company in 2000. He is also the Director of other companies in the Group. He has over 35 years' experience in finance, property investment, property development and hotel business.

Mr. Nelson Junior Chua, aged 35, was appointed as a Non-executive Director of the Company on 15 April 2008 and was redesignated as an Executive Director on 16 July 2010. He is also the Director of other companies in the Group. Mr. Chua has about 10 years' experience in financial information analysis and research. He graduated from the Queen Mary & Westfield College in United Kingdom and obtained a Bachelor's degree in Molecular Biology.

Mr. Gilson Chua, aged 34, was appointed as an Executive Director of the Company on 15 April 2008. He joined the Group in 2002. He is the Director and Deputy General Manager of Nan Sing Plastics Limited and he is also the Director of other companies in the Group. He graduated from the University of Warwick in United Kingdom and obtained a Bachelor's degree in Computer and Business Studies.

NON-EXECUTIVE DIRECTORS

Mr. Chan Man Hon, Eric, aged 57, was appointed as a Non-executive Director of the Company in 1994 and was further appointed as a member of the Audit Committee and Remuneration Committee in 2001 and 2005 respectively. On 25 March 2013, Mr. Chan relinquished as the member of the Remuneration Committee but remains as a member of the Audit Committee. Mr. Chan is a practising solicitor in Hong Kong. He obtained a Bachelor of Laws degree from the University of Hong Kong and was admitted as a solicitor in Hong Kong in 1981. He was further admitted as a solicitor in England and Australia in 1984 and 1985 respectively. He is a consultant of Vincent T. K. Cheung, Yap & Co. Currently, Mr. Chan is an independent non-executive director of Global Bio-Chem Technology Group Company Limited, the shares of this company are listed on the Stock Exchange of Hong Kong.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

NON-EXECUTIVE DIRECTORS (Cont'd)

Mr. Jimmy Siy Tiong, aged 78, was appointed as a Non-executive Director of the Company in 1978. Mr. Siy was the former President of Sanyo Philippines Inc., a company incorporated in the Philippines.

Mr. Rene Siy Chua, aged 56, was appointed as a Non-executive Director of the Company in 2000. Mr. Chua is the General Manager of Mindanao Textile Corporation, a company incorporated in the Philippines.

Mr. Samuel Siy Yap, aged 55, was appointed as a Non-executive Director of the Company on 30 September 2008. Mr. Siy Yap is a businessman with over 30 years of experience in manufacturing and product distribution. He graduated from Ateneo De Manila University in the Philippines and obtained a Bachelor's degree of Science in Management Engineering.

Mr. Tsai Han Yung, aged 48, was appointed as a Non-executive Director of the Company in 2000 and was further appointed as a member of the Audit Committee in 2001. Mr. Tsai holds management positions in certain companies in Taiwan.

Ms. Vivian Chua, aged 34, was appointed as a Non-executive Director of the Company on 15 April 2008. Ms. Chua joined the Group in 2005. She is a Marketing and Planning Analyst of Nan Sing Plastics Limited and Assistant Manager responsible for the Group's property management. She graduated from The University of British Columbia in Canada and obtained a Bachelor's degree in Commerce.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Siu Ting, aged 62, was appointed as an Independent Non-executive Director of the Company and Chairman of the Audit Committee in 2006 and a member of the Nomination Committee in 2012 respectively. On 25 March 2013, Mr. Chan was appointed as a member of the Remuneration Committee and relinquished as the member of the Nomination Committee. Mr. Chan has been practising as a Certified Public Accountant in Hong Kong for over 10 years. He is a fellow member of The Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants and a member of The Institute of Chartered Accountants in England and Wales. He is currently a Director of Wong Chan Lau C.P.A. Company Limited, Certified Public Accountants (Practising).

DIRECTORS AND SENIOR MANAGEMENT PROFILE

INDEPENDENT NON-EXECUTIVE DIRECTORS (Cont'd)

Mr. James L. Kwok, aged 62, was appointed as an Independent Non-executive Director of the Company in 1994 and was further appointed as a member of the Audit Committee in 2001. He was also appointed as a member of the Nomination Committee on 16 March 2012. Before relinquishing as the member of the Remuneration Committee on 25 March 2013, he was appointed the Chairman of the Committee in 2005 and remained as a member of the Committee in 2010. Mr. Kwok obtained a MBA degree from the Wharton School, University of Pennsylvania. He started his career in banking and had held the position of manager of the Asian portfolios of a major American bank in Hong Kong. For the past two decades, he held a management position in a group of private companies in Hong Kong and North America which were involved in general trading, property investment and garment business.

Mr. Wong Shek Keung, aged 71, was appointed as an Independent Non-executive Director of the Company and a member of the Audit Committee and Remuneration Committee in 2005. On 25 November 2010, Mr. Wong was appointed as Chairman of the Remuneration Committee. Mr. Wong has over 30 years' extensive experience in banking, finance and administration. He had held a senior position of a reputable French bank's Hong Kong Branch and had been an advisor to the Chairman of a down manufacturing company in Mainland China.

Mr. Tsui Ka Wah, aged 61, was appointed as an Independent Non-executive Director of the Company on 21 September 2012 and a member of the Audit Committee and the Nomination Committee on 25 March 2013. Mr. Tsui has 28 years of banking experience with US-based and local banks, and has held various managerial positions in corporate, retail and private banking. He was the President of the Greater China Region of a US-based bank, overseeing operations in Taiwan, PRC and Hong Kong. Mr. Tsui holds a Bachelor of Arts degree and a Master of Business Administration from the Chinese University of Hong Kong. Currently, Mr. Tsui is an Independent Non-executive Director of Multifield International Holdings Limited and Oriental Explorer Holdings Limited, the shares of both companies are listed on the Stock Exchange of Hong Kong. Mr. Tsui is presently the CEO of SME Credit Company Ltd.

Mr. Tsai Sui Cheung, Andrew, aged 58, was appointed as an Independent Non-executive Director of the Company on 30 November 2012 and a member of the Remuneration Committee and the Nomination Committee on 25 March 2013. Mr. Tsai has over 25 years of working experience in banking industry primarily in sales and trading area and held the position of Managing Director of a respectable U.S. Investment Bank. He graduated from The University of Calgary in Canada and obtained a Bachelor's degree in Commerce.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

SENIOR MANAGEMENT

Mr. Choy Tin Woo, Johnnie, aged 59, is the Executive Director and Responsible Officer of Stockwell Securities Limited and Stockwell Commodities Limited. He is also the Director of other companies in the Group. Mr. Choy joined the Group in 1976 and is responsible for the Group's securities and commodities dealings.

Mr. Fu Ka Tsang, aged 56, is the General Manager of the Company and he is also a Director of other companies in the Group. Mr. Fu joined the Group in 1995 and is responsible for the Group's manufacturing, property investment and development business.

Mr. Lau Ka Chung, aged 38, is the Group Financial Controller and Company Secretary of the Company. Mr. Lau joined the Group in April 2014 and is primarily responsible for all accounting and finance operations of the Group. Mr. Lau graduated from The Hong Kong University of Science and Technology with a Bachelor's degree in Business majoring in Accounting. Mr. Lau is a fellow member of The Association of Chartered Certified Accountants. Over the course of his career, Mr. Lau has accumulated over ten years of extensive experience in auditing and accounting field. Prior to joining the Group, Mr. Lau spent over seven years in PricewaterhouseCoopers and was involved in numerous auditing projects and involving listed companies on the Stock Exchange.

Messrs. Chua Nai Tuen, Chua Nai King, Jimmy Siy Tiong, Rene Siy Chua and Tsai Han Yung are brothers. Both Mr. Nelson Junior Chua and Mr. Gilson Chua are the sons of Mr. Chua Nai Tuen and Ms. Vivian Chua is the daughter of Mr. Chua Nai King. Mr. Samuel Siy Yap is the nephew of Messrs. Chua Nai Tuen, Chua Nai King, Jimmy Siy Tiong, Rene Siy Chua and Tsai Han Yung and he is the cousin of Mr. Nelson Junior Chua, Mr. Gilson Chua and Ms. Vivian Chua. Save as disclosed, the directors and senior management do not have any relationships as set out in Rule 12 of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to submit to the Shareholders the Annual Report of the Group for the year ended 31 March 2014.

RESULTS

During the year, turnover was HK$430.6 million (2012/2013: HK$392.9 million), the profit attributable to owners of the Company was HK$95.9 million (2012/2013: HK$145.3 million) and earnings per share was HK44.1 cents (2012/2013: HK66.8 cents).

During the year, the Group's profit before tax was HK$103.5 million (2012/2013: HK$149.1 million). Given below is an analysis of the profit from operations of the Group's principal activities:

	2014 **HK$'000**	2013 HK$'000
Property investments and development/hotel	**26,883**	20,969
Manufacturing and distribution of plastics packaging materials	**6,108**	(22,401)
Stock broking, futures and finance	**6,883**	1,654
Gain arising on change in fair value of investment properties	**68,625**	154,458
Profit from operations	**108,499**	154,680
Finance costs	**(8,072)**	(8,165)
Share of results of associates	**3,078**	2,615
Profit before tax	**103,505**	149,130

DIVIDENDS

No interim dividend was paid during the year (2012/2013: Nil). The Directors recommend the payment of a final dividend of HK3 cents per ordinary share (2012/2013: HK3 cents per ordinary share) in respect of the year ended 31 March 2014 to all shareholders of the Company whose name appear on the register of members of the Company on 29 August 2014 at the forthcoming annual general meeting ("AGM").

CHAIRMAN'S STATEMENT

DISCUSSION AND ANALYSIS OF THE GROUP'S PERFORMANCE

Business Review

Property Investment and Development/Hotel

Property investment and development/hotel segment includes property investment and development business and provision of hotel services in Hong Kong and China. Turnover of the business increased 6.0% to HK$49.4 million (2012/2013: HK$46.6 million). Including the gain arising on change in fair value of investment properties, segment's operating profit was HK$95.5 million in current year (2012/13: HK$175.4 million).

(i) Property Investment and Development

The Group's investment properties, namely, the shops on the Ground Floor of Hotel Benito, the office unit in Silvercord at Tsimshatsui, the residential property at Essex Crescent, Kowloon Tong, the whole block of Nan Sing Industrial Building and the office/warehouse units in Kwai Tak Industrial Centre at Kwai Chung, together with the office units in Chao Shan Building and the residential property in Ming Yue Hua Yuan at Shenzhen, were all leased out and generated steady rental income for the Group during the year. The Group's rental income amounted to HK$21.3 million (2012/2013: HK$20.4 million), representing an increase of 4.4% over last year.

Despite the slowdown of Hong Kong property market after the execution of Special Stamp Duty ("SSD"), Buyer's Stamp Duty ("BSD") and Double Stamp Duty ("DSD") by the government, the low interest rate environment continues to support the property market. During the year, the Group recorded a gain arising on change in fair value of investment properties amounted to HK$68.6 million (2012/2013: HK$154.5 million).

(ii) Hotel

Benefited from the continuous increase of visitor arrivals in 2013, in particular, the significant growth of Mainland China Market, the hotel business continued to achieve steady performance which is in line with the industry average. Despite the keen competition from the increasing accommodation supply, the hotel was able to maintain an average room rate of HK$1,145 (2012/2103: HK$1,144) with an increase in occupancy from 85% (2012/2013) to 90%. The total room revenue generated amounted to HK$28.1 million, representing a growth of 6.8% compared to last year.

DISCUSSION AND ANALYSIS OF THE GROUP'S PERFORMANCE (Cont'd)

Business Review (Cont'd)

Manufacturing and Distribution of Plastic Packaging Materials

This segment recorded a turnover of HK$359.8 million (2012/2013: HK$327.3 million) representing an increase of 9.9% over previous financial year. The increase in turnover was mainly due to an increase in sales volume and the price of the products.

Our manufacturing business did well to weather such adverse business environment as our business is strategically positioned with a balance customer base around the globe and has the capacity to manufacture a variety of products for a diversified market. With such solid foundation to build on, we refurbished and rearranged our production facilities to streamline our workflow and tightened our operating expenses. Furthermore, we have raised our overall prices and enhanced the ratio of higher value added product in our sales portfolio allowing us to record a profit of HK$6.1 million (2012/2013: a loss of HK$22.4 million). Deducting the effect of the change in export tax policy in adopting a plan allocation rate based on a weighted average annual rate when calculating the "exemption, credit and rebate" amount coupled with the need to account for education supplementary tax and city maintenance and construction tax in previous financial years, the segment should record a profit of HK$11.2 million.

We have revamped our Nan Sing product brand identity with a "Live with more" tagline to condense our pledge to offer products of the best quality and go that extra mile to provide customers with that extra bit more. A unified brand image provided us a solid platform for future marketing campaigns to promote sales of our products and reinforce our brand in the household goods market.

Stock Broking, Futures and Finance

At the end of the financial year, Hang Seng Index only dropped by 50 points as compared to the beginning of the period. However, it hovered sharply with high/low of 4,700 points during the period, as market was influenced by both positive and negative news.

After reaching the highest point of 24,112 in February 2014, market started to worry about the tightening measures of money supply in China and the currency devaluation of Renminbi. Moreover, in March 2014, the political struggle in Ukraine would bring about systematic risks to investment market. The good news was US continues to maintain bond purchase and exits the Quantitative Easing program orderly which was out of expectation of the market. Investors shuttled among the unrest situation, the average daily turnover of the Hong Kong stock market maintained at a low level of around HK$50 billion to HK$60 billion.

CHAIRMAN'S STATEMENT

DISCUSSION AND ANALYSIS OF THE GROUP'S PERFORMANCE (Cont'd)

Business Review (Cont'd)

Stock Broking, Futures and Finance (Cont'd)

With rising turnover contributed from increase in number of account executives in the stock broking business, brokerage commission received increased by 12.5% to HK$19.8 million in current year (2012/2013: HK$17.6 million). Interest earned from margin clients recorded an increase of 67% to HK$13.1 million (2012/2013: HK$7.8 million) which was attributed to clients who inclined to hold stock and made use of our lending facilities, As a result, the operating profit was HK$6.9 million (2012/2013: HK$1.7 million), representing an increase of 306% over last year.

Liquidity and Financial Resources

The Group takes a consistent capital management strategy, providing adequate liquidity to meet the requirement of the Group's developments and operations and monitors its capital on the basis of net debt to equity ratio.

As at 31 March 2014, cash and bank balances were HK$32.8 million (31 March 2013: HK$25.1 million) with trade and other receivables at HK$255.8 million (31 March 2013: HK$202.1 million). Trade and other payables were HK$138.9 million (31 March 2013: HK$130.8 million). The increase in cash and bank balances and trade and other payables were mainly attributed to the increase in secured margin client balances.

At the reporting date, the Group's bank borrowings increased from HK$313.7 million of the last year end date to HK$385.8 million of this year, in which the short term borrowings amounted to HK$240.0 million (31 March 2013: HK$153.3 million) and long term borrowings amounted to HK$145.8 million (31 March 2013: HK$160.4 million). The Group's current year net debt to equity ratio was 35% (31 March 2013: 31%), calculated on the basis of the Group's interest bearing debts less bank balances and cash together with time deposits and divided by shareholders' equity. The increases in bank borrowings and the net debt to equity ratio during the year were mainly due to the increase in margin clients receivable.

DISCUSSION AND ANALYSIS OF THE GROUP'S PERFORMANCE (Cont'd)

Foreign Exchange Exposure

To minimise exposure on foreign exchange fluctuations, the Group's borrowings are primarily denominated in Hong Kong dollar and United States dollar. Foreign currency risk exposure on other foreign currencies is normally covered by forward exchange contracts. The Group has no significant exposure to foreign exchange rate fluctuations.

Capital Structure

As at 31 March 2014, the total equity attributable to owners of the Company amounted to HK$1,017.8 million (31 March 2013: HK$927.3 million). The Group's consolidated net assets per share as at the reporting date was HK$4.75 (31 March 2013: HK$4.32).

Pledge of Assets

Details of pledge of assets are set out in note 45 to the consolidated financial statements.

Contingent Liabilities

Details of contingent liabilities are set out in note 46 to the consolidated financial statements.

Employees and Remuneration Policies

The Group had 495 employees as at 31 March 2014. Employees were remunerated according to nature of the job and market trend.

Retirement Benefit Schemes

The Group had joined a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong to conform with the requirements as stipulated in the Mandatory Provident Schemes Ordinance. The employees of the Group's subsidiaries located in PRC are members of stated-managed retirement benefit schemes operated by the government of the PRC. Details of the scheme are set out in note 42 to the consolidated financial statements.

CHAIRMAN'S STATEMENT

STRATEGIES AND PROSPECTS

As global economic condition remains unstable, our businesses will undoubtedly be affected. To cope with the uncertainties, we will cautiously review and adjust our business strategies from time to time.

Property Investment and Development

In Hong Kong, the low interest rate environment will continue to benefit the local property market. Rental income from the Group's investment properties is expected to remain stable while certain rental leases have been adjusted during contract renewal according to market conditions. Besides, we shall seize opportunities to rearrange our investment properties portfolio as we hold a positive view towards the prospects of real estate market in Hong Kong.

Subsequent to the reporting period, by consolidating the investment properties portfolio with higher quality properties and investment potential, the Group disposed of its industrial building located at Kwai Chung with expected gain of approximately HK$107 million and acquired a bare site located at King's Road, North Point.

Hotel

With the projection of marginal increase in Hong Kong Tourism, the continued increase of accommodation supply, coupled with the political uncertainty, 2014-15 is forecasted to be a challenging year. However, with the perfect ideal location in Tsimshatsui, the hotel will continue to attract leisure FIT business. Efforts will be geared at expanding the growing South East Asia markets as well as the upcoming new markets such as India. To counter the increased aggressive competition from the hotels nearby, Hotel Benito will also continue emphasis on service and value for money and maintain the highest possible physical condition of the hotel.

Manufacturing and Distribution of Plastic Packaging Materials

Operating environment in Mainland China remained difficult with numerous burdensome taxes and administrative fees coupled with fast-inflating labor costs and shortage of workers. Furthermore, Japan has raised its sales tax from 5% to 8% in April 2014 and Hong Kong has passed an amendment to extend 50 HK cents plastic bag levy to all shops from April 1 next year will undoubtedly have an impact towards our business.

In order to face with the challenges ahead amid intense competition, the Group will focus on product quality and promote higher value added products. We will embrace technological innovation as its core competence, focus on customers' needs when planning development direction and improve our operational efficiency and effectiveness to drive profitable growth.

STRATEGIES AND PROSPECTS (Cont'd)

Manufacturing and Distribution of Plastics Packaging Materials (Cont'd)

A comprehensive "Live with more" marketing campaign is underway to promote our brand and increase sales of our products. We will formulate expansion strategies to deepen our penetration in existing channels and widening our territorial foothold to other provinces and regions and broaden our household goods portfolio.

Stock Broking, Futures and Finance

We foresee that 2014-2015 is still a challenging year. Subsequent to the acceleration to exit the Quantitative Easing program by most of the countries, the developing countries including China will face great selling pressure when hot money withdraws. Response from market should not be underestimated. Moreover, China enters into a crucial point in its economic reform and may suffer from temporary stagnation. Hindered by such unfavorable factors, the Hong Kong stock market is still not optimistic in the coming year. Our business performance is highly correlated with the market sentiment.

Our internet trading platform has been upgraded and the improved version will be launched in June 2014.

APPRECIATION

Finally, I would like to thank the Board and all the staff for their diligence and dedication in the past year.

Chua Nai Tuen
Chairman

Hong Kong, 27 June 2014

CORPORATE GOVERNANCE REPORT

(A) CORPORATE GOVERNANCE PRACTICES

During the financial year ended 31 March 2014, all those principles as set out in the Code on Corporate Governance Practices in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") of The Stock Exchange of Hong Kong Limited (the "Code") were applied by the Company, and the relevant Code provisions were met by the Company, with the exception of three deviations as set out under sections (D), (E) and (F) below. The application of the relevant principles and the reasons for the abovementioned deviations from the Code provisions are stated in the following sections.

(B) DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules (the "Model Code"). Having made specific enquiry of all Directors of the Company, they have confirmed that they have complied with the Mode Code during the year.

(C) BOARD OF DIRECTORS

(i) Composition of the Board, number of Board meetings and Directors' attendance

The Board comprises fifteen Directors as at the date of this report. Biographical details of Directors, relationship among Directors are disclosed in "Directors and Senior Management Profile" of the Annual Report. The Company's Board has a balance of skills and experience and a balanced composition of executive and non–executive directors. Four full board meetings were held during the year. Senior management executives may, from time to time, be invited to attend the board meetings for making presentation and/or answering any queries that may be raised by the Board. All Directors have access to the advice and services of the Company Secretary and independent professional advice may be sought by the Directors if required.

Each Director of the Company has been appointed on the strength of his/her calibre, experience and his/her potential to contribute to the proper guidance of the Group and its businesses. Apart from formal meetings, matters requiring board approval were arranged by means of circulation of written resolutions.

The Board has set up three committees, namely the audit committee, the remuneration committee and the nomination committee to oversee particular aspects of the Group's affairs. The committees are provided with sufficient resources to discharge their duties and are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

(C) BOARD OF DIRECTORS (Cont'd)

(i) Composition of the Board, number of Board meetings and Directors' attendance (Cont'd)

The attendance of individual Directors at Board Meetings (BM), Audit Committee Meetings (ACM), Remuneration Committee Meetings (RCM), Nomination Committee Meeting (NCM) and Annual General Meeting (AGM) during the financial year is set out below:

	BM	ACM	RCM	NCM	AGM
Chua Nai Tuen	4/4	–	1/1	1/1	1/1
Chua Nai King	4/4	–	–	–	1/1
Nelson Junior Chua	4/4	–	–	–	1/1
Gilson Chua	3/4	–	–	–	1/1
Chan Man Hon, Eric	4/4	5/5	–	–	1/1
Jimmy Siy Tiong	0/4	–	–	–	0/1
Rene Siy Chua	1/4	–	–	–	0/1
Samuel Siy Yap	4/4	–	–	–	1/1
Tsai Han Yung	4/4	4/5	–	–	1/1
Vivian Chua	4/4	–	–	–	1/1
Chan Siu Ting	4/4	5/5	1/1	–	1/1
James L. Kwok	4/4	5/5	–	1/1	1/1
Wong Shek Keung	4/4	5/5	1/1	–	1/1
Tsui Ka Wah	4/4	5/5	–	1/1	1/1
Tsai Sui Cheung, Andrew	4/4	–	1/1	1/1	1/1

(C) BOARD OF DIRECTORS (Cont'd)

(ii) Operation of the Board

The Company is headed by an effective Board which takes decisions objectively in the interests of the Company. The Company's management has closely monitored changes to regulations that affect its corporate affairs and businesses and changes to accounting standards, and adopted an appropriate reporting format in its interim report, annual report and other documents to present a balanced, clear and comprehensible assessment of the Group's performance, position and prospects. Where these changes are pertinent to the Company or Directors' disclosure obligations, the Directors are briefed during Board Meetings to keep them abreast of their responsibilities and of the conduct, business activities and development of the Group. Newly appointed Directors receive information on their legal and other responsibilities as a Director and the role of the Board. The Company has also provided appropriate information in a timely manner to the Directors to enable them to make an informed decision and to discharge their duties and responsibilities as Directors of the Company. Decisions on important matters, including those affecting the Group's strategic policies, major investments and funding decisions are specifically reserved to the Board whereas decisions on the Group's general operations are delegated to the management.

Moreover, the Company has maintained a procedure for its directors to seek independent professional advice, in appropriate circumstances, at the Company's expense in discharging their duties to the Company.

(C) BOARD OF DIRECTORS (Cont'd)

(iii) Directors' and Officers' Liability

Appropriate insurance cover on directors' and officers' liabilities has been in force to protect the Directors and Officers of the Group from their risk exposure arising from the businesses of the Group.

(iv) Directors' Continuous Training and Development

The Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. The Directors are regularly briefed on the latest changes and development of the Listing Rules, corporate governance practices and other regulatory regime with written materials. All Directors have provided record of training and the Company will continue to arrange the training in accordance with paragraph A.6.5 of the Code Provisions.

(D) CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Chua Nai Tuen serves as the Chairman and also the Chief Executive Officer of the Company. This is a deviation from the Code Provision A.2.1 with respect to the roles of Chairman and Chief Executive Officer to be performed by different individuals.

After reviewing the management structure, the Board is of the opinion that Board decisions are collective decisions of all Directors made by way of voting and not decisions of the Chairman of the Board alone. Further, there is a clear division of responsibilities with independent operations between the Board members and the management of the day-to-day business of the Company.

As such, the power of management of the Company is not concentrated in any one individual. The Board considers that the present structure will not impair the balance of power and authority between the Board and the management of the Group.

(E) NON-EXECUTIVE DIRECTORS

Pursuant to the Code Provision A.4.1, non-executive directors should be appointed for a specific term. Currently, non-executive directors are not appointed for a specific term but they are subject to retirement by rotation under the articles of association of the Company. The deviation is deemed appropriate as the retirement by rotation has given the Company's Shareholders the right to approve or disapprove the continuation of the service of non–executive directors.

(F) ANNUAL GENERAL MEETING

Pursuant to Code Provision A.6.7, independent non-executive directors and non-executive directors, as equal board members, should attend general meeting of the Company. During the year, certain non-executive directors were unable to attend the annual general meeting of the Company held on 23 August 2013 as they had other business engagements.

(G) REMUNERATION OF DIRECTORS

The Company has set up a Remuneration Committee consisting of three independent non-executive directors and one executive director. Mr. Wong Shek Keung is currently the Chairman of the Remuneration Committee.

The terms of reference of the Remuneration Committee are aligned with the provisions set out in the Code. Given below are the main duties of the Remuneration Committee:

(i) to make recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management;

(ii) to have the delegated responsibility to determine the specific remuneration packages of all executive directors and senior management;

(iii) to review and approve the remuneration by reference to corporate goals and objectives resolved by the Board from time to time;

(iv) to review and approve the compensation payable to executive directors and senior management in connection with any loss or termination of their office or appointment;

(G) REMUNERATION OF DIRECTORS (Cont'd)

(v) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct; and

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

The work performed by the Remuneration Committee during the year is summarised below:

(i) review of the Company's policy and structure of all remuneration of Directors and senior management;

(ii) consideration of the emoluments for all Directors and senior management; and

(iii) review of the level of Directors' fees.

The basis of determining the emoluments payable to its Directors and senior management by the Company ties with their duties and responsibilities within the Group. The Directors' fees are from time to time approved by the Shareholders of the Company and they are regularly reviewed and compared with other listed companies in Hong Kong.

(H) NOMINATION OF DIRECTORS

The Company has established the Nomination Committee in compliance with the Listing Rules. The Nomination Committee currently comprises one executive Director and three independent non-executive Directors. Mr. Chua Nai Tuen is currently the Chairman of the Nomination Committee.

The Nomination Committee is primarily responsible for considering and nominating suitable candidates to become members of the Board. Criteria adopted by the Nomination Committee in considering the suitability of a candidate for directorship includes his/her qualifications, experience, expertise and knowledge as well as the requirements under the Listing Rules.

During the year ended 31 March 2014, the Nomination Committee had convened one meeting during which it had reviewed the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements of the business of the Company and assessed the independence of all the independent non-executive directors of the Company.

(H) NOMINATION OF DIRECTORS (Cont'd)

Pursuant to code provision A.5.6 of the CG Code, the Board has adopted a board diversity policy and the Nomination Committee is responsible for monitoring the achievement of the measureable objectives set out in the policy.

The Company recognises and seizes the benefits of having a diverse Board to enhance the quality of its performance. With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development.

In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. All Board appointments will be based on merit, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

(I) AUDITORS' REMUNERATION

The fees in relation to the audit services provided by external auditors of the Company for the financial year ended 31 March 2014 amounted to HK$792,969.

(J) AUDIT COMMITTEE

The Audit Committee currently consists of four independent non-executive directors and two non-executive directors.

All Members have sufficient experience in reviewing audited consolidated financial statements as aided by the external auditor of the Group whenever required. In addition, Mr. Chan Siu Ting has the appropriate professional qualifications and experience in financial matters.

The terms of reference of the Audit Committee are aligned with the recommendations set out in "A Guide for Effective Audit Committees" issued by the Hong Kong Institute of Certified Public Accountants. Given below are the main duties of the Audit Committee:

(i) to make recommendations to the Board on the appointment, reappointment and removal of the external auditors, and to approve the remuneration and terms of engagement of the external auditors, and any questions of resignation or dismissal of those auditors;

(J) AUDIT COMMITTEE (Cont'd)

(ii) to review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee should discuss with the external auditors the nature and scope of the audit and reporting obligations before the audit commences;

(iii) to review the Company's annual report and accounts, half-year report and quarterly reports before submission to the Board, the Audit Committee should focus particularly on:

(a) any changes in accounting policies and practices;
(b) major judgmental areas;
(c) significant adjustments resulting from audit;
(d) the going concern assumptions and any qualifications;
(e) compliance with accounting standards; and
(f) compliance with the Listing Rules and other legal requirements in relation to financial reporting;

(iv) to discuss problems and reservations arising from the audits, and any matters the external auditors may wish to discuss; and

(v) to review the audit programme, and ensure co-ordination with external auditors, of the internal audit function.

The work performed by the Audit Committee during the year is summarised below:

(i) review of the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

(ii) review of half-year and annual consolidated financial statements before submission to the Board, with particular consideration of the points mentioned in paragraph (iii) above regarding the duties of the Audit Committee;

(iii) discussion with the external auditors, the nature and scope of the audit; and

(iv) review of the Group's internal control systems.

(J) AUDIT COMMITTEE (Cont'd)

The Company's annual report for the year ended 31 March 2014 has been reviewed by the audit committee. The accounts for the year were audited by HLB Hodgson Impey Cheng Limited whose term of office will expire upon the forthcoming annual general meeting. The audit committee has recommended to the Board that HLB Hodgson Impey Cheng Limited be nominated for re-appointment as the auditors of the Company at the forthcoming annual general meeting.

(K) DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the consolidated financial statements for the year ended 31 March 2014, which give a true and fair view in accordance with Hong Kong Financial Reporting Standard, Hong Kong Companies Ordinance and the applicable disclosure provisions of the Listing Rules, and for such internal control as the Directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

(L) REVIEW OF INTERNAL CONTROL

The Directors are ultimately responsible for the internal control system of the Group and, through the Audit Committee, have reviewed the effectiveness of the system.

A review of the effectiveness of the Group's internal control system and procedures covering all controls, including financial, operational and compliance and risk management, was conducted by the Audit Committee and subsequently reported to the Board during the year. Based on the result of the review, in respect of the year ended 31 March 2014, the Directors considered that the internal control system and procedures of the Group were effective and adequate.

(M) COMPANY SECRETARY

Company Secretary is to ensure there is a good information flow within the Board and between the Board and senior management, provides advice to the Board in relation to directors' obligations under the Listing Rules and applicable laws and regulations and assists the Board in implementing the corporate governance practices. Company Secretary has provided his training records to the Company indicating his compliance with the training requirement under Rule 3.29 of the Listing Rules.

(N) SHAREHOLDERS' RIGHTS

Under the Articles of Association of the Company and Hong Kong Companies Ordinance, shareholders holding not less than 5% of the paid up capital of the Company ("5% Shareholder") may convene an extraordinary general meeting by requisition stating the objects of the meeting, and deposit the signed requisition at the Company's registered office (Units 407-10, Tower 2, Silvercord, No. 30 Canton Road, Tsimshatsui, Kowloon, Hong Kong. Attention: The Company Secretary). Any 5% Shareholder may also requisition for the circulation of resolutions to be moved at a general meeting; and circulation of statements regarding resolution proposed. The special documents should be deposited at the Company's registered address as detailed above.

(O) SHAREHOLDERS COMMUNICATION POLICY

To enhance transparency, the Company endeavours to maintain an on-going dialogue with shareholders through a variety of communication channels.

The annual general meeting is used as an opportunity to communicate with all shareholders. The Company is also committed to providing clear and full performance information in its annual report, interim report and press releases. The Company also maintains a website at http://www.seapnf.com.hk, where detailed information of the Company's business developments, operations, financial and other information are posted.

Chua Nai Tuen
Chairman and Managing Director

Hong Kong, 27 June 2014

REPORT OF THE DIRECTORS

The Directors submit their report and the audited consolidated financial statements for the year ended 31 March 2014.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and property investment and those of its subsidiaries are shown in note 50 to the consolidated financial statements.

Further information on the segmental details is provided in note 6 to the consolidated financial statements.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 March 2014 are set out in note 50 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2014 and the state of affairs of the Company and the Group as at that date are set out in the consolidated financial statements on pages 34 to 148.

DIVIDENDS

No interim dividend was paid during the year. The Directors recommend the payment of a final dividend of HK3 cents per ordinary share of the Company in respect of the year ended 31 March 2014 to all shareholders of the Company whose names appear on the register of members of the Company on 29 August 2014, which is subject to be approval of the shareholders at the forthcoming annual general meeting.

FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the last five financial years is set out on page 152.

SHARE CAPITAL

There were no movements in either the Company's maximum number of shares can be issued or issued and fully paid share capital during the year. Details of the Company's share capital is set out in note 38 to the consolidated financial statements.

RESERVES

Movements in reserves during the year are set out in the consolidated statement of changes in equity on page 40.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Movements in property, plant and equipment during the year are set out in note 17 to the consolidated financial statements. Further details of the investment properties are set out in note 16 to the consolidated financial statements.

LEASEHOLD LAND AND LAND USE RIGHT

Movements in leasehold land and land use right during the year are set out in note 18 to the consolidated financial statements.

BANK LOANS AND OVERDRAFTS

Particulars of all bank loans and overdrafts of the Group at 31 March 2014 repayable on demand or within a period not exceeding one year and those which fall due for repayment after a period of one year are set out in note 35 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of the Group's purchases and sales for the year attributable to the major suppliers and customers respectively were as follows:

Percentage of purchases attributable to the Group's largest supplier	41%
Percentage of purchases attributable to the Group's five largest suppliers	70%
Percentage of sales attributable to the Group's largest customer	16%
Percentage of sales attributable to the Group's five largest customers	35%

None of the Directors or their associates, nor does any Shareholder owning (to the knowledge of the Directors) more than 5% of the Company's issued share capital hold, any interest in the share capital of the suppliers and customers noted above.

REPORT OF THE DIRECTORS

DIRECTORS

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

Executive Directors:

Mr. Chua Nai Tuen *(Chairman and Managing Director)*
Mr. Chua Nai King *(Deputy Chairman)*
Mr. Nelson Junior Chua
Mr. Gilson Chua

Non-executive Directors:

Mr. Chan Man Hon, Eric
Mr. Jimmy Siy Tiong
Mr. Rene Siy Chua
Mr. Samuel Siy Yap
Mr. Tsai Han Yung
Ms. Vivian Chua

Independent Non-executive Directors:

Mr. Chan Siu Ting
Mr. James L. Kwok
Mr. Wong Shek Keung
Mr. Tsui Ka Wah
Mr. Tsai Sui Cheung, Andrew

In accordance with Article 107(A) of the Company's Articles of Association, Messrs. Chua Nai Tuen, Nelson Junior Chua, Chan Man Hon, Eric, Jimmy Siy Tiong and Chan Siu Ting, shall retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

The Company confirms that it has received written confirmation from each of the independent non-executive directors confirming their independence pursuant to Rule 3.13 of the Listing Rules, and the Company still considers the independent non-executive directors to be independent.

None of the Directors has a service contract with the Company or its subsidiaries, which is not determinable by the employer within one year without payment of compensation.

DIRECTORS' INTERESTS IN SHARE CAPITAL

As at 31 March 2014, the Directors of the Company had the following beneficial interests, all being long positions, in the share capitals of the Company, the subsidiaries and associates of the Company:

		Number of shares held				
		Personal Interests	Family Interests	Corporate Interests	Other Interests	% of the Issued Share Capital
(a)	**The Company**					
	(Ordinary shares of HK$1.00 per share)					
	Chua Nai Tuen	2,402,158	–	84,884,445 *(Note 1)*	–	40.15
	Chua Nai King	2,716,046	–	2,814,365 *(Note 1)*	16,910,355 *(Note 2)*	10.32
	Nelson Junior Chua	1,173,800	–	–	–	0.54
	Gilson Chua	1,239,031	–	–	–	0.57
	Jimmy Siy Tiong	7,029,875	–	–	–	3.23
	Rene Siy Chua	9,566,429	2,200	–	–	4.40
	Samuel Siy Yap	1,410,678	–	–	–	0.65
	Tsai Han Yung	4,976,029	–	–	–	2.29
	Vivian Chua	1,000,000	–	–	–	0.46
(b)	**Nan Sing Plastics Limited**					
	(Ordinary shares of HK$100.00 per share)					
	Chua Nai Tuen	–	6,965	–	–	4.64
(c)	**Titan Dragon Properties Corporation**					
	(Capital stock of Peso1,000.00 per share)					
	Chua Nai Tuen	7,200	13,600	4,000 *(Note 1)*	–	31.00
	Jimmy Siy Tiong	1,600	–	–	–	2.00
	Rene Siy Chua	6,400	–	–	–	8.00

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN SHARE CAPITAL (Cont'd)

Note 1: The shares regarding 'Corporate interests' in which Messrs. Chua Nai Tuen and Chua Nai King were taken to be interested as stated above were the interests of corporations in general meetings of which they were either entitled to exercise (or were taken under Part XV of the Securities and Futures Ordinance (the "SFO") to be able to exercise) or control the exercise of one-third or more of the voting power in general meetings of such corporations.

Note 2: The shares regarding 'Other Interests' against the name of Mr. Chua Nai King represented an interest comprised in trust properties in which Mr. Chua was taken, under provisions in Part XV of the SFO which are applicable to a director or chief executive of a listed company, to be interested.

Except as disclosed above, as recorded in the register kept by the Company under section 352 of the SFO in respect of information required to be notified to the Company and the Stock Exchange pursuant to the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers:

(a) there were no interests, both long and short positions, held as at 31 March 2014 by any of the Directors or Chief Executive of the Company in shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), and

(b) there existed during the financial year no rights to subscribe for shares, underlying shares or debentures of the Company which were held by any of the Directors or Chief Executive of the Company or any of their spouses or children under 18 years of age nor had there been any exercises during the financial year of any such rights by any of them.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

Given below are the names of all parties, other than persons who are Directors of the Company, which were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital of the Company and the respective relevant numbers of shares in which they were, and/or were deemed to be, interested as at 31 March 2014 as recorded in the register kept by the Company under section 336 of the SFO:

	No. of Ordinary Shares held	**% of the Issued Share Capital**
J & N International Limited ("J & N")	53,136,808	24.44
Sonliet Investment Company Limited ("Sonliet")	31,747,637	14.60
HSBC International Trustee Limited ("HSBC")	16,910,355	7.77

SUBSTANTIAL SHAREHOLDERS' INTERESTS (Cont'd)

For the avoidance of doubts and double counting, it should be noted that J & N's and Sonliet's interests are entirely duplicated with Mr. Chua Nai Tuen's interests and HSBC's interests are entirely duplicated with Mr. Chua Nai King's interests as recorded in the preceding note.

All the interests stated above represented long positions and as at 31 March 2014, there were no short positions recorded in the said register.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

RELATED PARTY TRANSACTIONS

The Group entered into certain transactions with parties regarded as "Related Parties" under applicable accounting principles. These mainly relate to transactions entered into by the Group in the ordinary course of business and on an arm's length basis. Details are set out in note 49 to the consolidated financial statements.

DIRECTORS' INTERESTS IN CONTRACTS

During the year, consultancy fees of HK$756,000 and HK$984,000 were paid by the Group to Sonliet Investment Company Limited ("Sonliet") and Tonwell Investment Company (Hong Kong) Limited ("Tonwell") of which Mr. Chua Nai Tuen is the director of Sonliet and Mr. Chua Nai King is the director of Tonwell, respectively. The consultancy fees are part of the aforesaid directors' remuneration and have been disclosed in note 12 to the consolidated financial statements.

A tenancy agreement was made on arm's length basis during the year in connection with the leasing of a premises owned by a company controlled by Mr. Chua Nai Tuen to a subsidiary of the Group and the total amount of rental paid by the Group during the year was HK$926,076. Furthermore, there were unsecured financial assistances made by a company which Mr. Chua Nai Tuen had controlling interest to this company on an arm's length basis. Details of which are set out in note 34 to the consolidated financial statements.

DIRECTORS' INTERESTS IN CONTRACTS (Cont'd)

Apart from the foregoing, no contracts of significance to which the Company, or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year. The above transactions also fall within the continuing connected transactions under the Rule 14A.33 of the Listing Rules and were exempted from the reporting, announcement and independent shareholders' approval requirements.

MANAGEMENT CONTRACTS

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

PURCHASE, SALE OR REDEMPTION OF SHARES

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

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors as at the date of this report, the Company has maintained the prescribed public float under the Listing Rules throughout the year ended 31 March 2014.

AUDITORS

The consolidated financial statements of the Company have been audited by HLB Hodgson Impey Cheng Limited who retire and, being eligible, offer themselves for re-appointment as auditors of the Company at the forthcoming annual general meeting. A resolution for the appointment of HLB Hodgson Impey Cheng Limited as the auditors of the Company for the subsequent year is to be proposed at the forthcoming annual general meeting.

On behalf of the Board
Chua Nai Tuen
Managing Director

Hong Kong, 27 June 2014

INDEPENDENT AUDITORS' REPORT

HLB 國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

TO THE SHAREHOLDERS OF
SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED
(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Southeast Asia Properties & Finance Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 34 to 148, which comprise the consolidated and the Company statements of financial position at 31 March 2014, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the 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 Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 80 of Schedule 11 of the Hong Kong Companies Ordinance, 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.

AUDITORS' RESPONSIBILITY (Cont'd)

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 auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, 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 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 Hong Kong Companies Ordinance.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Yu Chi Fat
Practising Certificate Number: P05467

Hong Kong, 27 June 2014

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2014 (in Hong Kong Dollar)

	Notes	**2014**	2013
Turnover	7	**430,592,612**	392,889,485
Cost of sales		**(336,101,606)**	(296,227,215)
Gross profit		**94,491,006**	96,662,270
Other revenue and other income	8	**19,714,745**	11,289,863
Gain arising on change in fair value of investment properties		**68,625,415**	154,457,587
(Loss) gain arising on change in fair value of financial assets at fair value through profit or loss		**(1,051,510)**	497,503
Impairment loss recognised in respect of property, plant and equipment		**–**	(37,012,183)
Selling and distribution expenses		**(10,220,583)**	(12,946,584)
Administrative expenses		**(61,621,157)**	(58,035,302)
Other operating expenses		**(1,438,291)**	(232,769)
Profit from operations	9	**108,499,625**	154,680,385
Finance costs	10	**(8,072,340)**	(8,165,254)
Share of results of associates		**3,078,110**	2,615,343
Profit before tax		**103,505,395**	149,130,474
Income tax expense	11	**(4,786,919)**	(2,155,058)
Profit for the year		**98,718,476**	146,975,416
Profit attributable to:			
Owners of the Company		**95,930,602**	145,312,570
Non-controlling interests		**2,787,874**	1,662,846
		98,718,476	146,975,416
Earnings per share			
Basic and diluted (HK cents)	15	**44.1**	66.8

The accompanying notes form an integral part of the consolidated financial statements. Details of dividend are set out in note 14 to the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2014 (in Hong Kong Dollar)

	2014	2013
Profit for the year	**98,718,476**	146,975,416
Other comprehensive income		
Items that may be reclassified subsequently to the consolidated income statement:		
Available-for-sale financial assets:		
(Loss) gain arising on change in fair value	**(1,388,160)**	5,022,520
Reclassification adjustments relating to available-for-sale financial assets disposed of during the year	**–**	(117,489)
Exchange differences on translation of foreign operations:		
Exchange differences arising during the year	**2,494,023**	454,905
Reclassification adjustments relating to foreign operations disposed of during the year	**–**	(374,800)
Share of exchange reserve of associates	**–**	(628)
Total comprehensive income for the year	**99,824,339**	151,959,924
Total comprehensive income attributable to:		
Owners of the Company	**97,019,585**	150,293,387
Non-controlling interests	**2,804,754**	1,666,537
	99,824,339	151,959,924

The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2014 (in Hong Kong Dollar)

	Notes	**2014**	2013
Non-current assets			
Investment properties	16	**767,557,960**	698,932,545
Property, plant and equipment	17	**164,493,520**	168,547,740
Leasehold land and land use right	18	**13,040,817**	13,202,763
Interests in associates	21	**74,777,899**	72,142,198
Available-for-sale financial assets	22	**30,780,068**	31,607,766
Intangible assets	23	**3,702,706**	3,702,706
Other assets	24	**3,727,845**	3,836,217
		1,058,080,815	991,971,935
Current assets			
Inventories	25	**104,009,346**	80,863,250
Trade and other receivables	26	**255,754,378**	202,146,440
Financial assets at fair value through profit or loss	27	**7,678,285**	8,729,795
Loan receivable	28	**19,000,000**	–
Deposits and prepayments		**8,709,303**	5,159,529
Amount due from a related company	29	**–**	2,891
Tax prepaid		**654,413**	432,917
Time deposits	30	**4,100,000**	4,100,000
Trust accounts of shares dealing clients	31	**76,183,226**	72,436,280
Cash and bank balances	32	**32,796,109**	25,071,820
		508,885,060	398,942,922
Current liabilities			
Amount due to an associate	21	**721,707**	394,619
Trade and other payables	33	**138,942,254**	130,838,382
Amount due to a related company	34	**–**	23,473
Bank loans and overdrafts	35	**240,033,945**	153,290,043
Taxation		**3,449,728**	1,656,786
		383,147,634	286,203,303
Net current assets		**125,737,426**	112,739,619
Total assets less current liabilities		**1,183,818,241**	1,104,711,554

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2014 (in Hong Kong Dollar)

	Notes	**2014**	2013
Non-current liabilities			
Bank loans	35	**145,791,515**	160,417,428
Amounts due to non-controlling interests	36	**2,935,000**	2,835,000
Deferred tax liabilities	37	**2,328,903**	1,998,077
		151,055,418	165,250,505
Net assets		**1,032,762,823**	939,461,049
Capital and reserves			
Share capital	38	**217,418,850**	217,418,850
Reserves		**800,332,137**	709,835,117
Total equity attributable to owners of the Company		**1,017,750,987**	927,253,967
Non-controlling interests		**15,011,836**	12,207,082
Total equity		**1,032,762,823**	939,461,049

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 27 June 2014 and are signed on its behalf by:

Chua Nai Tuen
Director

Chua Nai King
Director

The accompanying notes form an integral part of the consolidated financial statements.

STATEMENT OF FINANCIAL POSITION

At 31 March 2014 (in Hong Kong Dollar)

	Notes	**2014**	2013
Non-current assets			
Investment property	16	**1,932,265**	1,901,875
Property, plant and equipment	17	**8,451**	60,157
Interests in subsidiaries	20	**164,699,527**	218,285,197
Interest in an associate	21	**28,952,210**	28,789,810
Available-for-sale financial assets	22	**810,000**	810,000
		196,402,453	249,847,039
Current assets			
Amount due from a subsidiary	20	**88,249,931**	53,863,194
Trade and other receivables	26	**463,847**	87,918
Loan receivable	28	**19,000,000**	–
Deposits and prepayments		**496,849**	499,349
Amount due from a related company	29	**–**	2,891
Cash and bank balances	32	**1,426,726**	1,308,496
		109,637,353	55,761,848
Current liabilities			
Other payables		**2,415,044**	2,371,096
Amounts due to subsidiaries	20	**25,493,112**	20,078,661
Amount due to an associate	21	**721,707**	394,619
Bank loan	35	**10,000,000**	10,000,000
		38,629,863	32,844,376
Net current assets		**71,007,490**	22,917,472
Total assets less current liabilities		**267,409,943**	272,764,511

STATEMENT OF FINANCIAL POSITION

At 31 March 2014 (in Hong Kong Dollar)

	Notes	**2014**	2013
Non-current liability			
Amount due to a subsidiary	20	**29,999,930**	29,999,930
Net assets		**237,410,013**	242,764,581
Capital and reserves			
Share capital	38	**217,418,850**	217,418,850
Retained earnings	39	**19,991,163**	25,345,731
Total equity		**237,410,013**	242,764,581

The financial statements were approved and authorised for issue by the Board of Directors on 27 June 2014 and are signed on its behalf by:

Chua Nai Tuen
Director

Chua Nai King
Director

The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2014 (in Hong Kong Dollar)

	Attributable to owners of the Company							
	Share capital HK$	Property revaluation reserve HK$ *(Note a)*	Exchange reserve HK$ *(Note b)*	Available-for-sale financial assets revaluation reserve HK$ *(Note c)*	Retained earnings HK$	Subtotal HK$	Non-controlling interests HK$	Total HK$
At 1 April 2012	217,418,850	3,178,526	49,754,668	(9,350,206)	522,481,307	783,483,145	10,540,545	794,023,690
Profit for the year	–	–	–	–	145,312,570	145,312,570	1,662,846	146,975,416
Other comprehensive income for the year	–	–	75,786	4,905,031	–	4,980,817	3,691	4,984,508
Total comprehensive income for the year	–	–	75,786	4,905,031	145,312,570	150,293,387	1,666,537	151,959,924
Dividend paid	–	–	–	–	(6,522,565)	(6,522,565)	–	(6,522,565)
At 31 March 2013 and at 1 April 2013	217,418,850	3,178,526	49,830,454	(4,445,175)	661,271,312	927,253,967	12,207,082	939,461,049
Profit for the year	–	–	–	–	95,930,602	95,930,602	2,787,874	98,718,476
Other comprehensive income for the year	–	–	2,477,143	(1,388,160)	–	1,088,983	16,880	1,105,863
Total comprehensive income for the year	–	–	2,477,143	(1,388,160)	95,930,602	97,019,585	2,804,754	99,824,339
Dividend paid	–	–	–	–	(6,522,565)	(6,522,565)	–	(6,522,565)
At 31 March 2014	**217,418,850**	**3,178,526**	**52,307,597**	**(5,833,335)**	**750,679,349**	**1,017,750,987**	**15,011,836**	**1,032,762,823**

Notes:

(a) Property revaluation reserve to relates the property reclassified from owner-occupied to investment properties. For such reclassifications, the accumulative increase in fair value at the date of reclassification in excess of any previous impairment losses is included in the property revaluation reserve, and will be transferred to retained earnings upon the retirement or disposal of the relevant property.

(b) Exchange reserve represents exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Hong Kong dollar) are recognised directly in other comprehensive income and accumulated in the exchange reserve. Such exchange differences accumulated in the exchange reserve are reclassified to retained earnings on the disposal of the foreign operations.

(c) Available-for-sale financial assets revaluation reserve represents accumulated gains and losses arising on the revaluation of available-for-sale financial assets that have been recognised in other comprehensive income, net of amounts reclassified to the consolidated income statement when those investments have been disposed of or are determined to be impaired.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2014 (in Hong Kong Dollar)

	Notes	2014	2013
Cash used in operations	41	**(37,187,138)**	(57,475,616)
Profit tax paid		**(2,884,647)**	(2,197,783)
Net cash used in operating activities		**(40,071,785)**	(59,673,399)
Cash flows from investing activities			
Interest received		**14,123,260**	7,990,535
Dividend received from listed equity securities		**959,947**	1,274,982
Dividend received from unlisted equity security		**6,800**	–
Refund of (additional) contribution to the compensation fund with the Stock Exchange		**732,626**	(784,039)
Loan granted to a third party		**(19,000,000)**	–
Repayment from (advance to) associates		**442,409**	(1,319,725)
Additional contribution paid to admission fee and guarantee fund to Hong Kong Securities Clearing Company Limited		**(624,254)**	–
Purchase of available-for-sale financial assets		**–**	(741,315)
Purchase of financial assets at fair value through profit or loss		**–**	(923,726)
Purchase of property, plant and equipment	17	**(6,881,058)**	(3,833,443)
Proceeds from disposal of available-for-sale financial assets		**–**	245,000
Proceeds from disposal of financial assets at fair value through profit or loss		**–**	935,522
Proceeds from disposal of property, plant and equipment		**287,712**	108,404
Net cash (used in) generated from investing activities		**(9,952,558)**	2,952,195
Cash flows from financing activities			
Dividend paid		**(6,522,565)**	(6,522,565)
Interest paid		**(7,494,146)**	(7,225,667)
Other finance costs paid		**(554,109)**	(956,761)
New bank loans raised		**755,675,807**	580,719,219
Repayment of bank loans		**(685,723,685)**	(554,604,370)
Advance from non-controlling interests		**100,000**	170,500
Net cash generated from financing activities		**55,481,302**	11,580,356

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2014 (in Hong Kong Dollar)

	Notes	**2014**	2013
Net increase (decrease) in cash and cash equivalents		**5,456,959**	(45,140,848)
Cash and cash equivalents at the beginning of the reporting period		**16,140,266**	60,940,600
Effect of foreign exchange rate changes		**101,463**	340,514
Cash and cash equivalents at the end of the reporting period		**21,698,688**	16,140,266
Analysis of balances of cash and cash equivalents			
Cash and bank balances	32	**32,796,109**	25,071,820
Bank overdrafts	35	**(11,097,421)**	(8,931,554)
		21,698,688	16,140,266

The accompanying notes form an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014 (in Hong Kong Dollar)

1. GENERAL INFORMATION

The Company is a public limited liability company incorporated in Hong Kong and its shares are listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of the Company are located at Units 407-410, 4th Floor, Tower 2 Silvercord, 30 Canton Road, Tsimshatsui, Kowloon, Hong Kong.

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in investment holding, property investment and development, hotel ownership and management, manufacturing and trading of plastics packaging materials, stock broking, futures and finance during the year.

The consolidated financial statements are presented in Hong Kong dollar ("HK$"), which is also the functional currency of the Company.

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

In the current year, the Group has applied, for the first time, the following new and revised standards and interpretations (collectively referred to as the "new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning from 1 April 2013. A summary of the new and revised HKFRSs adopted by the Group is set out as follows:

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

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

The Group has early adopted HKAS 36 (Amendments) *Recoverable Amount Disclosures for Non-Financial Assets*, which is effective for annual periods beginning on or after 1 January 2014.

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

The adoption of the new and revised HKFRSs in the current year has no material impact on the Group's financial performance and financial position for the current and prior years.

Except for the adoption of HKAS 1 (Amendment), HKFRS 12 and HKFRS 13 which affected the Group's presentation and required additional disclosures, the Group has assessed the impact of the adoption of these new/amended HKFRS and considered that there was no significant impact on the Group's financial performance and financial position.

HKFRS 12 Disclosure of Interests in Other Entities

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

HKFRS 13 Fair Value Measurement

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

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

HKFRS 13 Fair Value Measurement (Cont'd)

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

HKFRS 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the standard in comparative information provided for periods before the initial application of the standard. In accordance with these transitional provisions, the Group has not made any new disclosures required by HKFRS 13 for the 2013 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The Group has applied the amendments to HKAS 1 *Presentation of items of Other Comprehensive Income*. The amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on the consolidated income statement and the consolidated statement of comprehensive income.

For the year ended 31 March 2014 (in Hong Kong Dollar)

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

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

HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation[4]
HKAS 19 (Amendments)	Defined Benefits Plans: Employee Contributions[2]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[1]
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting[1]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010-2012 Cycle Issued in January 2014[3]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011-2013 Cycle Issued in January 2014[2]
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[5]
HKFRS 9	Financial Instruments[5]
HKFRS 9, HKFRS 7 and HKAS 39 (Amendments)	Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39[5]
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities[1]
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations[4]
HKFRS 14	Regulatory Deferral Accounts[4]
HK(IFRIC) – Int 21	Levies[1]

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

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

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

4 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

5 Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.

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

HKFRS 9 Financial Instruments

HKFRS 9 *Financial Instruments* issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in the consolidated income statement.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in the consolidated income statement. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to the consolidated income statement. Under HKAS 39, the entire amount of the change in the fair value of the financial liabilities designated as fair value through profit or loss was presented in the consolidated income statement.

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

HKFRS 9 Financial Instruments (Cont'd)

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

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

Except as described above, the directors of the Company anticipate that the application of other new and revised HKFRSs issued but not yet effect will have no significant impact on the Group's financial performance and financial position for the future and/or the disclosure set out in the consolidated financial statements of the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, which is a collective term that includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations ("Ints") issued by the HKICPA and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange. The consolidated financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance which concern the preparation of the consolidated financial statements, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), *Accounts and Audit*, which are set out in sections 76 to 87 of Schedule 11 to that Ordinance.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.2 Basis of preparation

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

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

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

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.3 Basis of consolidation (Cont'd)

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

Profit or loss and each item of other comprehensive income are attributed to owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

Changes in the Group's ownership interest in existing subsidiaries

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.3 Basis of consolidation (Cont'd)

Changes in the Group's ownership interest in existing subsidiaries (Cont'd)

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

3.4 Business combinations

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

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.4 Business combinations (Cont'd)

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date; and

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.4 Business combinations (Cont'd)

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39 *Financial Instruments: Recognition and Measurement*, or HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in the consolidated income statement.

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.5 Interests in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with HKFRS 5. Under the equity method, an investment in an associate recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in the consolidated income statement in the period in which the investment is acquired.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.5 Interests in associates (Cont'd)

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment (or a portion thereof) is classified as held for sale. When the Group retains an interest in the former associate or and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with HKAS 39. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to the consolidated income statement on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to accumulated losses (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to the consolidated income statement the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to the consolidated income statement on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.6 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment, if any and is presented separately in the consolidated statement of the financial position.

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

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

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the consolidated income statement on disposal.

3.7 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value. Gain arising from changes in the fair value of investment properties are included in the consolidated income statement for the period in which they arise.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.7 Investment properties (Cont'd)

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

3.8 Property, plant and equipment

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

The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance and overhaul costs, is normally charge to the consolidated income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the property, plant and equipment, the expenditure is capitalised as an additional cost of that asset.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.8 Property, plant and equipment (Cont'd)

Depreciation is recognised so as to write off the cost of items of property, plant and equipment (other than properties under construction) less their residual values over their estimated useful lives. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The details of depreciation using over the following rates per annum and depreciation method are as follows:

Buildings	Over the shorter of its estimated useful life or unexpired period of the lease of land
Plant and machinery	10%
Furniture, fixtures and equipment	10% – 25%
Motor vehicle	20%

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

3.9 Leasehold land and land use rights

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.9 Leasehold land and land use rights (Cont'd)

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "leasehold land and land use right" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

3.10 Intangible assets

Intangible assets acquired separately

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses, if any.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses, if any.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.10 Intangible assets (Cont'd)

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated income statement when the asset is derecognised.

3.11 Impairment of tangible and intangible assets

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

Intangible assets with indefinite useful lives for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.11 Impairment of tangible and intangible assets (Cont'd)

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or the CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated income statement.

When an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised immediately in the consolidated income statement.

3.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as cost of sales in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as cost of sales in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is offset against the cost of sales in the period in which the reversal occurs.

3.13 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.14 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediate in the consolidated income statement.

Financial assets

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

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.14 Financial instruments (Cont'd)

Financial assets (Cont'd)

Financial assets at FVTPL

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

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

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

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives and HKAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.14 Financial instruments (Cont'd)

Financial assets (Cont'd)

Financial assets at FVTPL (Cont'd)

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in the consolidated income statement. The net gain or loss recognised in the consolidated income statement incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in note 4 to the consolidated financial statements.

AFS financial assets

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL.

Equity and debt securities held by the Group that are classified as AFS financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of AFS monetary financial assets relating to interest income calculated using the effective interest method and dividend on AFS equity investments are recognised in the consolidated income statement. Other changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated under the heading of "available-for-sale financial assets revaluation reserve". When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously under the heading of "available-for-sale financial assets revaluation reserve" is reclassified to profit or loss.

Dividend on AFS equity investments are recognised in the consolidated income statement when the Group has the right to receive the dividend.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.14 Financial instruments (Cont'd)

Financial assets (Cont'd)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including amounts due from associates, trade and other receivables, loan receivable, deposits paid, time deposits, trust accounts of shares dealing clients and cash and bank balances) are measured at amortised cost using the effective interest method, less identified impairment losses, if any.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.14 Financial instruments (Cont'd)

Financial assets (Cont'd)

Impairment of financial assets (Cont'd)

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.14 Financial instruments (Cont'd)

Financial assets (Cont'd)

Impairment of financial assets (Cont'd)

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

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

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.14 Financial instruments (Cont'd)

Financial liabilities and equity instruments (Cont'd)

Financial guarantee contracts

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

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amounts of the obligation under the contract, as determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

Other financial liabilities

Other financial liabilities (including amount due to an associate, trade and other payables (excluding receipt in advance), amount due to a related company, bank loans and overdrafts and amounts due to non-controlling interests) are subsequently measured at amortised cost using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.14 Financial instruments (Cont'd)

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in accumulated losses.

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.15 Revenue recognition

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

- Revenue is recognised when goods are delivered at the customers' premises which is taken to be the point in time when the customer has accepted the goods and transfer of the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

- Rental income under operating leases, net of any incentives given to the lessee, is recognised in the consolidated income statement in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset.

- Revenue from hotel accommodation is recognised upon the provision of the accommodation services has been rendered.

- Brokerage commission is recognised when the relevant contract note is made and properly executed.

- Dividend income is recognised when the shareholder's right to receive payment is established.

- Interest income from financial asset is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.16 Income tax

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

Current tax

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

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with interests in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.16 Income tax (Cont'd)

Deferred tax (Cont'd)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

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

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment properties is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment property is measured in accordance with the above general principles set out in HKAS 12 *Deferred Tax: Recovery of Underlying Assets* (i.e. based on the expected manner as to how property will be recovered).

Current and deferred tax for the year

Current and deferred tax are recognised in the consolidated income statement, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.17 Leasing

Leases are classified as finance leases whenever the terms of the leases transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

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

The Group as lessee

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

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.18 Foreign currency

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.18 Foreign currency (Cont'd)

Exchange differences on monetary items are recognised in the consolidated income statement in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on translations entered into in order to hedge certain foreign currency risks; and

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to the consolidated income statement on repayment of the monetary items.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of "exchange reserve" (attributed to non-controlling interests as appropriate).

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.19 Borrowing costs

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

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

All other borrowing costs are recognised in the consolidated income statement in the period in which they are incurred.

3.20 Provisions

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.21 Contingent liabilities and assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

A contingent liability is not recognised but is disclosed in the note 46 to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, the liability will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. When inflow is virtually certain, an asset is recognised.

3.22 Employee benefits

Short term employee benefits and retirement benefits schemes

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.22 Employee benefits (Cont'd)

Termination benefits

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

Retirement benefit obligations

Payments to Mandatory Provident Fund Scheme (the "MPF Scheme") and state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

The Group operates a MPF Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution scheme, the assets of which are held in separate trustee-administered funds.

Under the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, with the employers' contributions subject to a cap of monthly relevant income of HK$25,000. The Group's contributions to the scheme are expensed as incurred are vested in accordance with the scheme's vesting scales. Where employees leave the scheme prior to the full vesting of the employer's contributions, the amount of forfeited contribution is used to reduce the contributions payable by the Group.

The employees employed by the Group's subsidiaries in People's Republic of China (the "PRC") are members of state-managed retirement benefit schemes operated by the government of the PRC. The subsidiaries are required to contribute a specific percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes operated by the government of the PRC is made the specified contributions under the schemes.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.23 Segment reporting

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

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

3.24 Related parties

A party is considered to be related to the Group if:

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

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

   (ii) has significant influence over the Group; or

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.24 Related parties (Cont'd)

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

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

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member);

(iii) both entities are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

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

(vi) the entity is controlled or jointly controlled by a person identified in (a); and

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

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

For the year ended 31 March 2014 (in Hong Kong Dollar)

4. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	The Group		The Company	
	2014	2013	**2014**	2013
Financial assets				
Financial assets at FVTPL classified as held for trading investment	**7,678,285**	8,729,795	**–**	–
Loans and receivables (including time deposits, cash and bank balances)	**417,220,061**	333,541,689	**236,803,424**	236,348,539
AFS financial assets	**30,780,068**	31,607,766	**810,000**	810,000
	455,678,414	373,879,250	**237,613,424**	237,158,539
Financial liabilities				
Amortised cost	**521,215,704**	447,798,945	**68,629,793**	62,844,306

The Group's major financial instruments include financial assets at FVTPL, amounts due from associates, trade and other receivables, loan receivable, deposits paid, amount due from a related company, time deposits, trust accounts of shares dealing clients, cash and bank balances, AFS financial assets, amount due to an associate, trade and other payables (excluding receipt in advance), amount due to a related company, bank loans and overdrafts, and amounts due to non-controlling interests.

The Company's major financial instruments include amounts due from subsidiaries, amount due from an associate, trade and other receivables, loan receivable, deposits paid, amount due from a related company, cash and bank balances, AFS financial assets, other payables, amounts due to subsidiaries, amount due to an associate and bank loan.

4. FINANCIAL INSTRUMENTS (Cont'd)

(a) Categories of financial instruments (Cont'd)

Details of the financial instruments for the Group and the Company are disclosed in respective notes to the consolidated financial statements. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management of the Company manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no change to the types of the Group's and the Company's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

(b) Financial risk management objectives and policies

Market risk

(i) Currency risk

The Group operates in Hong Kong and the PRC and majority of transactions are denominated in HK$, United State Dollar ("USD") and Renminbi ("RMB"). The Company operates in Hong Kong and majority of transactions are denominated in HK$ and RMB. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities, which are denominated in a currency that is not the functional currency of the Group and the Company.

The Group is not exposed to foreign exchange risk in respect of HK$ against the USD as long as USD is pegged.

The transactions and monetary assets and liabilities denominated in RMB outside the PRC is minimal, the Group and the Company consider that there is no significant foreign exchange risk in respect of RMB.

4. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

Market risk (Cont'd)

(i) Currency risk (Cont'd)

The Group and the Company currently do not have a foreign currency hedging policy in respect of assets and liabilities denominated in foreign currency. The Group and the Company will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(ii) Interest rate risk

The Group and the Company are exposed to interest rate risk relates primarily to variable rate on bank loans and overdrafts (see note 35 to the consolidated financial statements). The Group's and the Company income and operating cash flows are substantially independent of changes in market interest rates. The Group and the Company currently do not have an interest rate hedging policy. However, management of the Company monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of each reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 25 basis points (2013: 25 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

4. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

Market risk (Cont'd)

(ii) Interest rate risk (Cont'd)

Sensitivity analysis (Cont'd)

If interest rates had been 25 basis points (2013: 25 basis points) higher/lower and all other variables were held constant, the Group's and the Company's post-tax profit for the year ended 31 March 2014 would decrease/increase by HK$805,411 and HK$20,875 (2013: decrease/increase by HK$654,864 and HK$20,875) respectively. This is mainly attributable to the Group's and the Company's interest rates on its variable rate on bank loans and overdrafts.

(iii) Equity price risk

The Group is exposed to equity price risk arising from equity investments classified as AFS financial assets and financial assets at FVTPL. Management of the Company manages the exposure by maintaining a portfolio of securities with different risk class and monitors the performance regularly. The Group's equity price risk is mainly concentrated on equity securities operating in (i) provision of a comprehensive range of banking related financial services, (ii) provision of mobile telecommunications and related services, (iii) investment holding and the provision of consultancy services, (iv) generation and sale of electric power to the respective regional or provincial grid companies in the PRC, (v) provision of a wide range of financial products and services; and (vi) container transport and logistics. However, management of the Company monitors the equity price risk exposure and will consider hedging significant equity price risk exposure should the need arise.

For the year ended 31 March 2014 (in Hong Kong Dollar)

4. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

Market risk (Cont'd)

(iii) Equity price risk (Cont'd)

Sensitivity analysis

The sensitivity analysis below presents the effects on the Group's post-tax profit for the year and on equity as a result of a change in equity price, assuming the change had occurred at the end of the reporting period and had been applied to the exposure to the equity price for the relevant financial instruments in existence at that date. The changes in equity price represent management's assessment of a reasonably possible change in equity price at that date over the period until the next annual reporting period.

	2014 Effect on post-tax profit for the year	2013 Effect on post-tax profit for the year	**2014 Effect on equity**	2013 Effect on equity
10% increase (decrease) in market price of listed equity securities	**641,137**	728,938	**2,949,897**	3,032,667
	(641,137)	(728,938)	**(2,949,897)**	(3,032,667)

Credit risk

The Group's credit risk is primarily attributable to trade and other receivables, time deposits, trust accounts of shares dealing clients and cash and bank balances and the Company's credit risk is primarily attributable to cash and bank balances. At 31 March 2014, the Group's and the Company's maximum exposure to credit risk which will cause a financial loss to the Group and the Company due to failure to discharge an obligation by the counterparties is arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position and the statement of financial position respectively.

4. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

Credit risk (Cont'd)

Trade and other receivables of the Group consist of large number of customers, spread across diverse industries and geographical areas.

In order to minimise the credit risk, management of the Company has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debtor at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group and the Company deposited its time deposits, trust accounts of shares dealing clients and cash and bank balances with approved and reputable banks. Bankruptcy or insolvency of the banks may cause the Group's and the Company's right with respect to cash and cash equivalents held to be delayed or limited. Management of the Company monitors the credit rating of these banks on an ongoing basis, and considers that the Group's and the Company's exposure to credit risk at 31 March 2014 and 31 March 2013 were minimal.

The Group and the Company do not have any other significant concentrations of credit risk. The exposures to these credit risks are monitored on an ongoing basis.

Liquidity risk

The Group and the Company are exposed to liquidity risk on financial liabilities. Management of the Company adopts a prudent policy to maintain a sufficient level of cash and cash equivalent and financial assets to meet continuous operational need. Various banking facilities and credit lines have also been arranged with different banks in order to fund any liquidity requirements in the short term.

At the end of the reporting period, the Group and the Company had banking facilities amounting to HK$606,601,164 and HK$15,000,000 (2013: HK$667,985,170 and HK$15,000,000) which utilised to the extent of HK$385,825,460 and HK$10,000,000 (2013: HK$313,707,471 and HK$10,000,000) respectively.

For the year ended 31 March 2014 (in Hong Kong Dollar)

4. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

Liquidity risk (Cont'd)

The following table details the Group's and the Company's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

The maturity dates for all non-derivative financial liabilities are based on the agreed repayment dates. The amounts disclosed in the table are based on the contractual undiscounted payments, are as follows:

The Group

	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Over 5 years	Total contractual undiscounted cash flow	Carrying amount at year end
2014						
Amount due to an associate	**721,707**	**–**	**–**	**–**	**721,707**	**721,707**
Trade and other payables	**131,733,537**	**–**	**–**	**–**	**131,733,537**	**131,733,537**
Amounts due to non-controlling interests	**–**	**2,935,000**	**–**	**–**	**2,935,000**	**2,935,000**
Bank loans and overdrafts	**244,673,935**	**14,580,769**	**44,308,674**	**90,549,276**	**394,112,654**	**385,825,460**
	377,129,179	**17,515,769**	**44,308,674**	**90,549,276**	**529,502,898**	**521,215,704**
2013						
Amount due to an associate	394,619	–	–	–	394,619	394,619
Trade and other payables	130,838,382	–	–	–	130,838,382	130,838,382
Amount due to a related company	23,473	–	–	–	23,473	23,473
Amounts due to non-controlling interests	–	2,835,000	–	–	2,835,000	2,835,000
Bank loans and overdrafts	159,296,303	17,559,394	51,997,378	138,297,420	367,150,495	313,707,471
	290,552,777	20,394,394	51,997,378	138,297,420	501,241,969	447,798,945

For the year ended 31 March 2014 (in Hong Kong Dollar)

4. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

Liquidity risk (Cont'd)

The Company

	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Over 5 years	Total contractual undiscounted cash flow	Carrying amount at year end
2014						
Other payables	**2,415,044**	**–**	**–**	**–**	**2,415,044**	**2,415,044**
Amounts due to subsidiaries	**25,496,209**	**29,999,930**	**–**	**–**	**55,496,139**	**55,493,042**
Amount due to an associate	**721,707**	**–**	**–**	**–**	**721,707**	**721,707**
Bank loan	**10,163,000**	**–**	**–**	**–**	**10,163,000**	**10,000,000**
	38,795,960	**29,999,930**	**–**	**–**	**68,795,890**	**68,629,793**
Financial guarantee contracts *(Note)*	**1,935,000**	**–**	**–**	**–**	**1,935,000**	**–**
2013						
Other payables	2,371,096	–	–	–	2,371,096	2,371,096
Amounts due to subsidiaries	20,081,907	29,999,930	–	–	50,081,837	50,078,591
Amount due to an associate	394,619	–	–	–	394,619	394,619
Bank loan	10,180,000	–	–	–	10,180,000	10,000,000
	33,027,622	29,999,930	–	–	63,027,552	62,844,306
Financial guarantee contracts *(Note)*	736,000	–	–	–	736,000	–

Note: At the end of the reporting period, the Company has provided financial guarantees to its subsidiaries. In the event of the failure of those parties to meet their obligations under these facilities, the Company may be required to pay up to the guaranteed amounts upon demand. Management of the Company does not consider that it is probable for banks to claim the Company under the guarantees.

4. FINANCIAL INSTRUMENTS (Cont'd)

(c) Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- the fair values of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined with reference to quoted market bid prices and ask prices respectively;

- the fair values of derivative instruments are calculated using quoted prices. When such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives; and

- the fair values of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate to their fair values.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

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

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

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

For the year ended 31 March 2014 (in Hong Kong Dollar)

4. FINANCIAL INSTRUMENTS (Cont'd)

(c) Fair value of financial instruments (Cont'd)

The Group

	Level 1	Level 2	Level 3	Total
2014				
Financial assets				
Fair value on a recurring basis				
AFS financial assets:				
– Listed equity securities	**29,498,968**	**–**	**–**	**29,498,968**
Financial assets at FVTPL:				
– Held for trading investments	**7,678,285**	**–**	**–**	**7,678,285**
	37,177,253	**–**	**–**	**37,177,253**
2013				
Financial assets				
Fair value on a recurring basis				
AFS financial assets:				
– Listed equity securities	30,326,666	–	–	30,326,666
Financial assets at FVTPL:				
– Held for trading investments	8,729,795	–	–	8,729,795
	39,056,461	–	–	39,056,461

There were no transfers between Level 1, Level 2 and Level 3 in the current year and prior years.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3 to the consolidated financial statements, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations, that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Deferred tax on investment properties

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

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)

Critical judgements in applying accounting policies (Cont'd)

Control over Nice Profit Hong Kong Investment Limited ("Nice Profit")

Nice Profit is a subsidiary of the Group although the Group has only 50% ownership interest and voting rights in this company. The directors of the Company have assessed whether or not the Group has control over Nice Profit based on whether the Group has the ability to direct the relevant activities of Nice Profit unilaterally and concluded that the Group has sufficiently dominant voting interest to direct the relevant activities of Nice Profit and therefore the Group has control over Nice Profit.

Key sources of estimation uncertainty

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

Impairment of intangible assets

Intangible assets are reviewed for impairment at the end of each reporting period or whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of the asset is the greater of the fair value less costs of disposal and value in use. An estimation of the value in use of the asset involves estimating the future cash flows expected to arise from its continuing use and applying the appropriate discount rate that reflects current market assessment of the time value of money and the risk specific to the asset.

Impairment of trade and other receivables

The policy for impairment of trade and other receivables of the Group is based on the evaluation of collectibility and aging analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment loss may be required.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Income tax

The Group is subject to income tax in Hong Kong and PRC. Significant judgement is required in determining provision for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

Assessment of economic useful lives of fixed assets

Fixed assets are depreciated or amortised over their economic useful lives. The assessment of estimated useful lives is a matter of judgement based on the experience of the Group, taking into account factors such as technological progress, changes in market demand, expected usage and physical wear and tear. Useful lives are periodically reviewed for continued appropriateness. Due to long lives of assets, changes to the estimates used can result in variations in their carrying amounts.

Impairment of property, plant and equipment

The Group assesses whether property, plant and equipment suffered any impairment whenever any impairment indication exists. In accordance with accounting policies, an impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. It is reasonably possible, based on existing knowledge, that outcomes within the next financial period that are different from assumptions could require an adjustment to the carrying amount of property, plant and equipment.

Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience on selling goods of similar nature. It could change significantly as a result of change in market condition. The directors of the Company will reassess the estimations at the end of each reporting period.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Valuation of investment properties

Investment properties are stated at fair value based on the valuation performed by an independent surveyor. The surveyor adopted the method of valuation which involves certain assumptions and estimates that reflect, including capitalisation of net rental income after allowance for outgoings and amount has been taken into account of reversion to market value and/or market rent upon expiration of the existent tenancies, vacant possession, and comparable market transactions assuming that the Group sales the properties on the market in their existing state by making reference to comparable sales evidences as available in the relevant market. In relying on the valuation report, directors of the Company have exercised their judgement and is satisfied that the method of valuation is reflective of the current market conditions. Should there be any changes in assumptions due to change of market conditions, the fair value of the investment properties will change in future.

6. SEGMENT INFORMATION

HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker ("CODM") for the purposes of resources allocation and assessment of segment performance between segments and that are used to make strategic decisions.

The CODM has been identified as the directors of the Company. The CODM review the Group's internal reporting for the purposes of resources allocation and assessment of segment performance and have determined the operating segments based on these reports.

The CODM consider the business from both geographic and product perspective. From geographic and product perspective, the CODM assess as the performance of property investments and development/hotel, manufacturing and distribution of plastics packaging materials and stock broking, futures and finance.

For the year ended 31 March 2014 (in Hong Kong Dollar)

6. SEGMENT INFORMATION (Cont'd)

In a manner consistent with the way in which information is reported internally to the CODM for the purposes of resources allocation and assessment of segment performance, the Group is currently organised into the following operating segments:

Property investments and development/hotel	Provision of hotel services and leasing of rental properties in Hong Kong and PRC
Manufacturing and distribution of plastics packaging materials	Production and distribution of plastics bags and plastics packaging materials
Stock broking, futures and finance	Securities investment, futures dealing provision of financial investment services and in trading securities

I) Segment revenues and results

	Property investments and development/hotel		Manufacturing and distribution of plastics packaging materials		Stock broking, futures and finance		Consolidated	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
Segment revenue	**49,380,273**	46,646,399	**359,816,549**	327,289,737	**21,395,790**	18,953,349	**430,592,612**	392,889,485
Segment results	**26,882,687**	24,210,663	**6,108,421**	10,949,872	**6,883,102**	2,074,446	**39,874,210**	37,234,981
Gain arising on change in fair value of investment properties	**68,625,415**	154,457,587	**–**	–	**–**	–	**68,625,415**	154,457,587
Impairment loss recognised in respect of property, plant and equipment	**–**	(3,241,605)	**–**	(33,350,691)	**–**	(419,887)	**–**	(37,012,183)
Profit (loss) from operations	**95,508,102**	175,426,645	**6,108,421**	(22,400,819)	**6,883,102**	1,654,559	**108,499,625**	154,680,385
Unallocated finance costs							**(8,072,340)**	(8,165,254)
Share of results of associates							**3,078,110**	2,615,343
Profit before tax							**103,505,395**	149,130,474
Unallocated income tax expense							**(4,786,919)**	(2,155,058)
Profit for the year							**98,718,476**	146,975,416

For the year ended 31 March 2014 (in Hong Kong Dollar)

6. SEGMENT INFORMATION (Cont'd)

I) Segment revenues and results (Cont'd)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the year ended 31 March 2014 and 31 March 2013.

Segment results represent the profit/(loss) earned/(suffered) by each segment without allocation of finance costs, share of results of associates and income tax expense. This is the measure reported to the CODM for the purposes of resources allocation and assessment of segment performance.

II) Segment assets and liabilities

	Property investments and development/hotel		Manufacturing and distribution of plastic packaging materials		Stock broking, futures and finance		Consolidated	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
Assets								
Reportable segment assets	**851,240,616**	759,812,480	**299,477,089**	277,526,510	**340,815,858**	281,000,752	**1,491,533,563**	1,318,339,742
Unallocated corporate assets							**75,432,312**	72,575,115
Total assets							**1,566,965,875**	1,390,914,857
Liabilities								
Reportable segment liabilities	**12,134,847**	12,028,608	**35,842,310**	30,703,886	**94,621,805**	91,358,980	**142,598,962**	134,091,474
Unallocated corporate liabilities							**391,604,090**	317,362,334
Total liabilities							**534,203,052**	451,453,808

For the purposes of resources allocation and assessment of segment performance between segments:

- all assets are allocated to reportable segments, other than interests in associates and tax prepaid; and
- all liabilities are allocated to reportable segments, other than bank loans and overdrafts, taxation and deferred tax liabilities.

For the year ended 31 March 2014 (in Hong Kong Dollar)

6. SEGMENT INFORMATION (Cont'd)

III) Other segment information

	Property investments and development/hotel		Manufacturing and distribution of plastic packaging materials		Stock broking, futures and finance		Consolidated	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
Amounts included in the measure of segment results or segment assets:								
Additions to non-current assets *(Note)*	**447,825**	82,589	**5,887,748**	3,497,914	**1,169,739**	1,036,979	**7,505,312**	4,617,482
Amortisation of leasehold land and land use right	**23,085**	23,085	**365,727**	357,360	**–**	–	**388,812**	380,445
Depreciation of property, plant and equipment	**4,620,856**	4,359,736	**7,261,349**	8,352,342	**648,319**	625,229	**12,530,524**	13,337,307
Gain arising on change in fair value of investment properties	**68,625,415**	154,457,587	**–**	–	**–**	–	**68,625,415**	154,457,587
Impairment loss recognised in respect of property, plant and equipment	**–**	3,241,605	**–**	33,350,691	**–**	419,887	**–**	37,012,183
Impairment loss recognised in respect of trade receivables	**–**	–	**1,953,861**	82,975	**–**	–	**1,953,861**	82,975
Interest income	**882,443**	1,239	**57,864**	81,145	**13,182,953**	7,907,382	**14,123,260**	7,989,766
Gain (loss) on disposal of property, plant and equipment	**100,000**	(14,692)	**187,712**	83,675	**–**	(49)	**287,712**	68,934
Reversal of impairment loss recognised in respect of trade receivables	**–**	–	**–**	23,139	**–**	–	**–**	23,139
Amounts regularly provided to the CODM but not included in the measure of segment results or segment assets:								
Interests in associates	**–**	–	**–**	–	**–**	–	**74,777,899**	72,142,198
Finance costs	**–**	–	**–**	–	**–**	–	**8,072,340**	8,165,254
Income tax expense	**–**	–	**–**	–	**–**	–	**4,786,919**	2,155,058
Share of results of associates	**–**	–	**–**	–	**–**	–	**3,078,110**	2,615,343

Note: Additions to non-current assets consist of additions to property, plant and equipment and other assets.

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6. SEGMENT INFORMATION (Cont'd)

IV) Geographical segment

The following table sets out information about geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets. The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of non-current assets is based on the physical location of the assets.

	Revenue from external customers	
	2014	2013
Hong Kong	**124,780,829**	114,869,073
North America	**39,589,739**	45,076,590
Oceania	**28,685,747**	29,657,559
Europe	**36,123,951**	28,211,640
PRC	**56,878,130**	66,056,350
Other Asian countries	**144,534,216**	109,018,273
	430,592,612	392,889,485

	Non-current assets *(Note)*	
	2014	2013
Hong Kong	**892,520,724**	829,760,731
PRC	**107,438,747**	102,819,753
	999,959,471	932,580,484

Note: Non-current assets excluded amounts due from associates and available-for-sale financial assets.

For the year ended 31 March 2014 (in Hong Kong Dollar)

6. SEGMENT INFORMATION (Cont'd)

V) Information about major customers

Revenue from customer of the corresponding years contributing 10% or more of turnover of the Group is as follows:

	2014	2013
Manufacturing and distribution of plastic packaging materials		
Customer A	**70,694,160**	75,685,863

Except for the above, no other single customer contributed 10% or more to the Group's revenue in both years.

7. TURNOVER

	2014	2013
Sale of goods	**359,816,549**	327,289,737
Rental income	**21,328,155**	20,385,026
Brokerage commission	**19,846,365**	17,561,191
Hotel accommodation income	**28,052,118**	26,261,373
Dividend income from listed equity securities	**1,542,625**	1,392,158
Dividend income from unlisted equity security	**6,800**	–
	430,592,612	392,889,485

8. OTHER REVENUE AND OTHER INCOME

	2014	2013
Interest income	**14,123,260**	7,989,766
Other income *(Note)*	**5,303,773**	3,208,024
Gain on disposal of property, plant and equipment	**287,712**	68,934
Reversal of impairment loss recognised in respect of trade receivables	**–**	23,139
	19,714,745	11,289,863

Note: Other income mainly consists of handling fee income generated from stock broking, future and finance and sales of scrap materials.

For the year ended 31 March 2014 (in Hong Kong Dollar)

9. PROFIT FROM OPERATIONS

Profit from operations has been arrived at after charging (crediting):

	2014	2013
Amortisation of leasehold land and land use right	**388,812**	380,445
Auditors' remuneration	**792,969**	867,066
Cost of inventories sold	**273,901,635**	234,329,160
Depreciation of property, plant and equipment	**12,530,524**	13,337,307
Exchange loss (gain) (included in other operating expenses)	**1,151,235**	(99,260)
Fair value loss (gain), net		
– Available-for-sale financial assets (transfer from equity on disposal)	**–**	117,489
– Financial assets at fair value through profit or loss	**1,051,510**	(497,503)
Impairment loss recognised in respect of trade receivables	**1,953,861**	82,975
Impairment loss recognised in respect of property, plant and equipment	**–**	37,012,183
Operating lease rental in respect of premises	**4,064,635**	3,821,432
Staff costs (including directors' remuneration):		
– Salaries, wages and allowances	**51,959,341**	51,597,041
– Staff benefits	**2,400,855**	2,392,621
– Defined contribution plans	**894,591**	831,907
	55,254,787	54,821,569
Rental income from investment properties	**(21,328,155)**	(20,385,026)
Less: Direct operating expenses from investment properties that generated rental income during the year	**51,535**	49,654
	(21,276,620)	(20,335,372)

For the year ended 31 March 2014 (in Hong Kong Dollar)

10. FINANCE COSTS

	2014	2013
Interest expenses:		
Bank loans and overdraft wholly repayable:		
– within five years	**2,949,655**	5,148,864
– over five years	**4,147,587**	1,457,096
Amounts due to related companies	**416,193**	597,470
Other borrowings	**4,796**	5,079
Bank charges	**554,109**	956,745
	8,072,340	8,165,254

11. INCOME TAX EXPENSE

	2014	2013
Current tax:		
Hong Kong Profits Tax	**4,456,093**	3,678,086
Under provision:		
Hong Kong Profits Tax	**–**	160,903
	4,456,093	3,838,989
Deferred tax:		
Current year *(note 37)*	**330,826**	(1,683,931)
Total income tax expense for the year	**4,786,919**	2,155,058

For the year ended 31 March 2014 (in Hong Kong Dollar)

11. INCOME TAX EXPENSE (Cont'd)

Hong Kong Profits Tax is calculated at 16.5% (2013: 16.5%) on the estimated assessable profit for the year.

Under the Law of PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% (2013: 25%).

No provision for PRC Enterprise Income Tax has been made for both years as taxable profits were wholly absorbed by estimated tax losses brought forward.

The income tax expense for the year can be reconciled to the profit before tax per the consolidated income statement as follows:

	2014	2013
Profit before tax	**103,505,395**	149,130,474
Tax at Hong Kong Profits Tax rate of 16.5% (2013: 16.5%)	**17,078,390**	24,606,528
Tax effect of:		
Different tax rates of subsidiaries operating in other jurisdictions	**985,128**	514,137
Expenses not deductible for tax purpose	**1,553,858**	6,795,077
Income not taxable for tax purpose	**(13,821,263)**	(29,706,155)
Under provision in respect of prior years	**–**	160,903
Estimated tax losses not recognised	**1,562,661**	2,595,679
Share of results of associates	**(507,888)**	(431,532)
Utilisation of tax losses previously not recognised	**(2,063,967)**	(2,379,579)
Total income tax expense for the year	**4,786,919**	2,155,058

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12. DIRECTORS', CHIEF EXECUTIVE AND EMPLOYEES' REMUNERATION

The remuneration paid or payable to each of the 15 (2013: 15) directors for the year ended 31 March 2014 and 2013.

Directors' remuneration disclosed pursuant to the Listing Rules and section 78 of Schedule 11 of the Hong Kong Companies Ordinance (Cap. 622), which requires compliance with section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), is as follows:

Name of directors	Salary and other benefits	Director fee	MPF contribution	Total
2014				
Executive directors				
Chua Nai Tuen	2,565,980	65,000	13,150	2,644,130
Chua Nai King	984,000	30,000	–	1,014,000
Nelson Junior Chua	522,750	30,000	15,000	567,750
Gilson Chua	653,403	30,000	15,000	698,403
Non-executive directors				
Chan Man Hon, Eric	–	40,000	–	40,000
Jimmy Siy Tiong	–	30,000	–	30,000
Rene Siy Chua	–	30,000	–	30,000
Tsai Han Yung	–	40,000	–	40,000
Samuel Siy Yap	–	30,000	–	30,000
Vivian Chua	430,750	30,000	15,000	475,750
Independent non-executive directors				
Chan Siu Ting	–	55,000	–	55,000
James L. Kwok	–	50,000	–	50,000
Wong Shek Keung	–	55,000	–	55,000
Tsui Ka Wah	–	50,000	–	50,000
Tsai Sui Cheung, Andrew	–	50,000	–	50,000
	5,156,883	615,000	58,150	5,830,033

For the year ended 31 March 2014 (in Hong Kong Dollar)

12. DIRECTORS', CHIEF EXECUTIVE AND EMPLOYEES' REMUNERATION (Cont'd)

Name of directors	Salary and other benefits	Director fee	MPF contribution	Total
2013				
Executive directors				
Chua Nai Tuen	2,555,800	55,000	13,000	2,623,800
Chua Nai King	984,000	30,000	–	1,014,000
Nelson Junior Chua	486,833	30,000	14,500	531,333
Gilson Chua	611,500	30,000	14,500	656,000
Non-executive directors				
Chan Man Hon, Eric	–	50,000	–	50,000
Jimmy Siy Tiong	–	30,000	–	30,000
Luis Siy	–	30,000	–	30,000
Rene Siy Chua	–	30,000	–	30,000
Tsai Han Yung	–	40,000	–	40,000
Samuel Siy Yap	–	30,000	–	30,000
Vivian Chua	379,858	30,000	15,725	425,583
Independent non-executive directors				
Chan Siu Ting	–	55,000	–	55,000
James L. Kwok	–	60,000	–	60,000
Wong Shek Keung	–	55,000	–	55,000
Tsui Ka Wah	–	30,000	–	30,000
Tsai Sui Cheung, Andrew	–	30,000	–	30,000
	5,017,991	615,000	57,725	5,690,716

Mr. Chua Nai Tuen is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive.

During the year, no emoluments were paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company has waived or agreed to waive any emoluments in both years.

For the year ended 31 March 2014 (in Hong Kong Dollar)

12. DIRECTORS', CHIEF EXECUTIVE AND EMPLOYEES' REMUNERATION (Cont'd)

Five highest paid employees

The five highest paid employees of the Group during the year included three (2013: three) directors, details of whose remuneration are disclosed above. The remuneration of the remaining two (2013: two) employees disclosed were as follows:

	2014	2013
Salaries and other allowances	**1,635,577**	1,569,173
MPF contribution	**26,250**	30,000
	1,661,827	1,599,173

The remuneration fell within the following band:

	2014 Number of employees	2013 Number of employees
Nil – HK$1,000,000	**2**	2

During the year, no emoluments were paid by the Group to employees as an inducement to join or upon joining the Group or as compensation for loss of office.

13. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The profit attributable to owners of the Company includes a profit of HK$1,167,997 (2013: loss of HK$7,077,562) which has been dealt with in the financial statements of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014 (in Hong Kong Dollar)

14. DIVIDENDS

	2014	2013
Dividends recognised as distribution during the year:		
2013 final dividend – HK3 cents (2013: 2012 final dividend HK3 cents) per ordinary share	**6,522,565**	6,522,565

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

15. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on profit attributable to owners of the Company of HK$95,930,602 (2013: HK$145,312,570), divided by the weighted average number of 217,418,850 (2013: 217,418,850) ordinary shares outstanding during the year. There was no dilutive potential ordinary share for both years and hence the basic and diluted earnings per share is the same.

16. INVESTMENT PROPERTIES

	The Group	**The Company**
Fair value		
At 1 April 2012	544,474,958	1,872,756
Gain arising on change in fair value	154,457,587	29,119
At 31 March 2013 and at 1 April 2013	698,932,545	1,901,875
Gain arising on change in fair value	68,625,415	30,390
At 31 March 2014	**767,557,960**	**1,932,265**

For the year ended 31 March 2014 (in Hong Kong Dollar)

16. INVESTMENT PROPERTIES (Cont'd)

All of the Group's and the Company's properties held under operating leases to generate rental income are measured using the fair value model and are classified and accounted for as investment properties.

The Group's investment properties with carrying amount of HK$492,750,000 (2013: HK$465,000,000) have been pledged to secure general banking facilities granted to the Group (see note 45 to the consolidated financial statements).

The carrying amounts of investment properties shown above comprises:

	The Group		The Company	
	2014	2013	**2014**	2013
Inside Hong Kong, held under medium-term lease	**762,750,000**	694,740,000	**–**	–
Outside Hong Kong, held under medium-term lease	**4,807,960**	4,192,545	**1,932,265**	1,901,875
	767,557,960	698,932,545	**1,932,265**	1,901,875

For the year ended 31 March 2014 (in Hong Kong Dollar)

17. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings						
	Medium-term and long-term lease in Hong Kong	Medium-term lease in PRC	Construction in progress	Plant and machinery	Furniture, fixtures & equipment	Motor vehicle	Total
Cost							
At 1 April 2012	103,314,554	97,365,170	2,423,937	152,225,005	35,189,406	7,462,773	397,980,845
Additions	–	868,699	–	1,993,072	799,121	172,551	3,833,443
Transfer upon completion	–	403,919	(403,919)	–	–	–	–
Disposals	–	–	–	–	(38,228)	(247,291)	(285,519)
Exchange alignments	–	361,683	9,004	486,188	36,378	17,563	910,816
At 31 March 2013 and at 1 April 2013	103,314,554	98,999,471	2,029,022	154,704,265	35,986,677	7,405,596	402,439,585
Additions	–	1,472,613	–	1,786,538	2,090,310	1,531,597	6,881,058
Disposals and written off	–	–	–	(4,610,500)	(5,156,899)	(2,454,961)	(12,222,360)
Exchange alignments	–	1,836,796	37,749	2,361,893	192,840	86,893	4,516,171
At 31 March 2014	103,314,554	102,308,880	2,066,771	154,242,196	33,112,928	6,569,125	401,614,454
Accumulated depreciation and impairment							
At 1 April 2012	26,033,494	33,151,903	–	96,259,753	21,647,086	6,160,271	183,252,507
Impairment loss recognised	–	–	–	32,041,926	3,909,621	1,060,636	37,012,183
Charge for the year	3,410,302	2,334,160	–	5,110,612	2,253,294	228,939	13,337,307
Written back on disposals	–	–	–	–	(23,487)	(222,562)	(246,049)
Exchange alignments	–	148,986	–	347,345	29,827	9,739	535,897
At 31 March 2013 and at 1 April 2013	29,443,796	35,635,049	–	133,759,636	27,816,341	7,237,023	233,891,845
Charge for the year	3,410,302	2,405,166	–	3,902,460	2,542,359	270,237	12,530,524
Written back on disposals	–	–	–	(4,610,500)	(5,156,899)	(2,454,961)	(12,222,360)
Exchange alignments	–	662,467	–	2,042,564	131,775	84,119	2,920,925
At 31 March 2014	32,854,098	38,702,682	–	135,094,160	25,333,576	5,136,418	237,120,934
Carrying amounts							
At 31 March 2014	**70,460,456**	**63,606,198**	**2,066,771**	**19,148,036**	**7,779,352**	**1,432,707**	**164,493,520**
At 31 March 2013	73,870,758	63,364,422	2,029,022	20,944,629	8,170,336	168,573	168,547,740

For the year ended 31 March 2014 (in Hong Kong Dollar)

17. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

The Company

	Furniture, Fixtures & equipment	Motor vehicle	Total
Cost			
At 1 April 2012, at 31 March 2013, at 1 April 2013	694,214	1,527,926	2,222,140
Disposals	–	(1,527,926)	(1,527,926)
At 31 March 2014	694,214	–	694,214
Accumulated depreciation and impairment			
At 1 April 2012	553,522	943,363	1,496,885
Impairment loss recognised	41,869	518,800	560,669
Charge for the year	38,666	65,763	104,429
At 31 March 2013 and at 1 April 2013	634,057	1,527,926	2,161,983
Charge for the year	51,706	–	51,706
Written back on disposals	–	(1,527,926)	(1,527,926)
At 31 March 2014	685,763	–	685,763
Carrying amounts			
At 31 March 2014	**8,451**	**–**	**8,451**
At 31 March 2013	60,157	–	60,157

Included in buildings shown as medium-term and long-term lease in Hong Kong, carrying amount of HK$11,535,041 (2013: HK$11,842,541) is related to long-term lease.

The Group's buildings with carrying amounts of HK$70,460,456 (2013: HK$73,812,477) have been pledged to secure general banking facilities granted to the Group (see note 45 to the consolidated financial statements).

17. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Impairment of property, plant and equipment

The directors of the Company have assessed whether there is any impairment in respect of property, plant and equipment in accordance with HKAS 36 *Impairment of Assets*.

At 31 March 2014 and 31 March 2013, the directors of the Company have assessed the recoverable amount of property, plant and equipment with reference to fair value less costs of disposal of similar assets in same industry.

During the year ended 31 March 2013, the directors of the Company determined that the Group's plant and machinery, furniture, fixtures and equipment and motor vehicles are impaired by HK$32,041,926, HK$3,909,621 and HK$1,060,636 respectively. Impairment loss recognised was mainly attributable to physical damage and technical obsolescence. During the year ended 31 March 2014, no impairment loss was recognised.

During the year ended 31 March 2013, the directors of the Company determined that the Company's furniture, fixtures and equipment and motor vehicles are impaired by HK$41,869 and HK$518,800 respectively. Impairment loss recognised was mainly attributable to physical damage and technical obsolescence. During the year ended 31 March 2014, no impairment loss was recognised.

For the year ended 31 March 2014 (in Hong Kong Dollar)

18. LEASEHOLD LAND AND LAND USE RIGHT

The Group

Cost	
At 1 April 2012	18,979,990
Exchange alignment	65,240
At 31 March 2013 and at 1 April 2013	19,045,230
Exchange alignment	327,942
At 31 March 2014	19,373,172
Accumulated amortisation	
At 1 April 2012	5,441,001
Charge for the year	380,445
Exchange alignment	21,021
At 31 March 2013 and at 1 April 2013	5,842,467
Charge for the year	388,812
Exchange alignment	101,076
At 31 March 2014	6,332,355
Carrying amounts	
At 31 March 2014	**13,040,817**
At 31 March 2013	13,202,763

	2014	2013
Land outside Hong Kong, held under medium-term lease	**13,040,817**	13,202,763

19. FAIR VALUE MEASUREMENT OF PROPERTIES

(i) Fair value hierarchy

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

- Level 1 valuations: fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2 valuations: fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available; and
- Level 3 valuations: fair value measured using significant unobservable inputs.

The Group

	Level 1	Level 2	Level 3	Total
At 31 March 2014				
Fair value on a recurring basis				
Investment properties:				
– Located in Hong Kong	–	52,150,000	710,600,000	762,750,000
– Located outside Hong Kong	–	–	4,807,960	4,807,960

19. FAIR VALUE MEASUREMENT OF PROPERTIES (Cont'd)

(i) Fair value hierarchy (Cont'd)

The Company

	Level 1	Level 2	Level 3	Total
At 31 March 2014				
Fair value on a recurring basis				
Investment property:				
– Located outside Hong Kong	–	–	1,932,265	1,932,265

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

All of the Group's and the Company's investment properties were revalued at the end of the reporting period. The valuations were carried out by an independent surveyor, K. T. Liu Surveyors Limited, who has among its staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued.

For all investment properties, their current use equates to the highest and best use.

(ii) Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of investment properties located in Hong Kong and outside Hong Kong are determined using market comparison approach by reference to recent sales price of comparable properties on a price per square foot basis using market data which is publicly available.

19. FAIR VALUE MEASUREMENT OF PROPERTIES (Cont'd)

(iii) Information about Level 3 fair value measurements

	Valuation techniques	Unobservable input	Range
Investment properties located outside Hong Kong	Discounted cash flow	Estimated rental value	HK$34 to HK$37 per month per square foot
	Market comparison approach	Discount on quality of the buildings	(15%)
Investment properties located in Hong Kong	Discounted cash flow	Estimated rental value	HK$6 to HK$87 per month per square foot
	Market comparison approach	(Discount) premium on quality of the buildings	(2%) to 6%

Part of the fair value of investment properties located in Hong Kong and outside Hong Kong of the Group and the Company is determined by discounting a projected cash flow series associated with the properties using risk-adjusted discount rates. The valuation takes into account expected market rental growth of the respective properties. The discount rates used have been adjusted for the quality and location of the buildings and the tenant credit quality. The fair value measurement is positively correlated to the expected market rental growth and the occupancy rate, and negatively correlated to the risk-adjusted discount rates.

Part of the fair value of investment properties located in Hong Kong and outside Hong Kong of the Group is determined using market comparison approach by reference to recent sales price of comparable properties on a price per square foot basis, adjusted for a premium or a discount specific to the quality of the Group's properties compared to the recent sales. Higher premium for higher quality buildings will result in a higher fair value measurement.

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19. FAIR VALUE MEASUREMENT OF PROPERTIES (Cont'd)

(iii) Information about Level 3 fair value measurements (Cont'd)

The following table provides a reconciliation of the movement between opening and closing balances of Level 3 properties, measured at fair value using a valuation technique with significant unobservable inputs:

The Group

Investment properties located in Hong Kong:

At 1 April 2013	649,740,000
Fair value adjustment	60,860,000
At 31 March 2014	**710,600,000**

The Group

Investment properties located outside Hong Kong:

At 1 April 2013	4,192,545
Fair value adjustment	615,415
At 31 March 2014	**4,807,960**

The Company

Investment property located outside Hong Kong:

At 1 April 2013	1,901,875
Fair value adjustment	30,390
At 31 March 2014	**1,932,265**

Fair value adjustment of investment properties is recognised in the line item "gain arising on change in fair value of investment properties" on the face of the consolidated income statement.

For the year ended 31 March 2014 (in Hong Kong Dollar)

20. INTERESTS IN SUBSIDIARIES

The Company

	2014	2013
Unlisted shares, at cost	**52,313,709**	52,313,709
Amounts due from subsidiaries	**167,680,994**	221,872,145
	219,994,703	274,185,854
Less: Impairment loss recognised in respect of amounts due from subsidiaries	**(55,295,176)**	(55,900,657)
	164,699,527	218,285,197
Movement of impairment loss:		
Balance at the beginning of the reporting period	**55,900,657**	48,156,613
Impairment loss recognised	**45,290**	7,775,654
Impairment loss reversed	**(650,771)**	(31,610)
Balance at the end of the reporting period	**55,295,176**	55,900,657

Details of the Company's principal subsidiaries at the end of the reporting period are set out in note 50 to the consolidated financial statements.

At 31 March 2014, the directors of the Company assessed the recoverable amounts of amounts due from subsidiaries after considering profitability, cash flow position, financial position, forecast business development and future prospects of the subsidiaries. At 31 March 2014, based on these assessments, the directors of the Company determined that amounts due from subsidiaries were impaired by HK$45,290 (2013: HK$7,775,654).

Amounts due from subsidiaries are unsecured. The non-current portion has no fixed repayment terms and the current portion is repayable on demand. At 31 March 2014, amounts due from subsidiaries amounted to HK$192,678,277 (2013: HK$209,590,849) are interest bearing at Hong Kong dollar prime rate, quoted by a local bank, minus 2% in both years and remaining balance of amounts due from subsidiaries are interest-free.

For the year ended 31 March 2014 (in Hong Kong Dollar)

20. INTERESTS IN SUBSIDIARIES (Cont'd)

Amounts due to subsidiaries are unsecured. The non-current portion has no fixed repayment terms and the current portion is repayable on demand. At 31 March 2014, amounts due to subsidiaries amounted to HK$95,310 (2013: HK$99,877) is interest bearing at Hong Kong dollar prime rate, quoted by a local bank, minus 2% in both years and remaining balance of amounts due to subsidiaries are interest-free.

21. INTERESTS IN ASSOCIATES

The Group

	2014	2013
Cost of investments in associates, unlisted	**44,358,513**	42,118,598
Share of post-acquisition profits and other comprehensive income, net of dividend received	**3,078,110**	2,614,715
Derecognition of investment in an associate	**–**	(374,800)
	47,436,623	44,358,513
Amounts due from associates	**31,675,958**	32,118,367
Less: Impairment loss recognised	**(4,334,682)**	(4,334,682)
	74,777,899	72,142,198

The Company

	2014	2013
Cost of investment in an associate, unlisted	**13,921,154**	13,921,154
Amount due from an associate	**15,031,056**	14,868,656
	28,952,210	28,789,810

For the year ended 31 March 2014 (in Hong Kong Dollar)

21. INTERESTS IN ASSOCIATES (Cont'd)

At 31 March 2014 and 31 March 2013, amounts due from associates are unsecured, interest-free and has no fixed repayment terms.

At 31 March 2014 and 31 March 2013, amount due to an associate is unsecured, interest-free and repayable on demand.

Details of the Group's associates at the end of the reporting period are set out in note 51 to the consolidated financial statements.

Summarised financial information in respect of each of the Group's associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRSs.

All of these associates are accounted for using the equity method in these consolidated financial statements.

Titan Dragon Properties Corporation

	2014	2013
Current assets	**2,287,117**	2,246,408
Non-current assets	**162,862,095**	175,068,313
Current liabilities	**(620,978)**	(272,955)
Non-current liabilities	**(73,044,810)**	(87,689,858)

For the year ended 31 March 2014 (in Hong Kong Dollar)

21. INTERESTS IN ASSOCIATES (Cont'd)

Titan Dragon Properties Corporation (Cont'd)

	2014	2013
Turnover	–	–
Profit for the year	2,131,516	539,271
Other comprehensive income for the year	–	–
Total comprehensive income for the year	2,131,516	539,271

Reconciliation of the above summarised financial information to the carrying amount of the interest in an associate recognised in the consolidated financial statements:

	2014	2013
Net assets of the associate	91,483,424	89,351,908
Proportion of the Group's ownership interest in Titan Dragon Properties Corporation	49%	49%
Carrying amount of the Group's interest in Titan Dragon Properties Corporation	44,826,878	43,782,435

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21. INTERESTS IN ASSOCIATES (Cont'd)

Aggregate information of associates that are not individually material:

	2014	2013
The Group's share of profit	**2,033,667**	2,351,100
The Group's share of other comprehensive income	**–**	(628)
The Group's share of total comprehensive income	**2,033,667**	2,350,472
Aggregate carrying amounts of the Group's interests in these associates	**2,609,745**	576,078

22. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The Group		The Company	
	2014	2013	**2014**	2013
Unlisted investments:				
– Equity securities in Hong Kong	**946,000**	946,000	**810,000**	810,000
– Equity securities outside Hong Kong	**335,100**	335,100	**–**	–
	1,281,100	1,281,100	**810,000**	810,000
Listed investments:				
– Equity securities listed in Hong Kong	**29,498,968**	30,326,666	**–**	–
	30,780,068	31,607,766	**810,000**	810,000

22. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Cont'd)

The unlisted investments are measured at cost less identified impairment loss because they do not have a quoted market price in an active market and hence, in the opinion of the directors of the Company, the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that the fair values cannot be measured.

At 31 March 2014 and 31 March 2013, the directors of the Company assessed the recoverable amount of unlisted equity securities in Hong Kong and outside Hong Kong with the basis of past performance, management expectation for market development and certain key assumption. Based on the above assessment, the directors of the Company considered that there is no indication that material decline or adverse changes in the market in which investees operated occurred and the directors of the Company considered that the cost of investments are still considered to be recoverable, thus no impairment loss was recognised for both years.

Fair values of listed securities are determined with reference to quoted market bid prices at the end of the reporting period.

At 31 March 2014, available-for-sale financial assets with carrying amounts of HK$19,983,528 (2013: HK$20,653,266) have been pledged to secure general banking facilities granted to the Group (see note 45 to the consolidated financial statements).

The market values of the Group's listed securities in Hong Kong at the date of approval of these consolidated financial statements were HK$29,728,220.

For the year ended 31 March 2014 (in Hong Kong Dollar)

23. INTANGIBLE ASSETS

The Group

	Stock Exchange trading right	Futures Exchange trading right	Membership of The Chinese Gold & Silver Exchange Society	Club membership	Total
Cost					
At 1 April 2012, at 31 March 2013, at 1 April 2013 and at 31 March 2014	5,030,001	201,205	1,475,000	981,500	7,687,706
Accumulated impairment losses					
At 1 April 2012, at 31 March 2013, at 1 April 2013 and at 31 March 2014	2,810,000	–	1,175,000	–	3,985,000
Carrying amounts					
At 31 March 2014	**2,220,001**	**201,205**	**300,000**	**981,500**	**3,702,706**
At 31 March 2013	2,220,001	201,205	300,000	981,500	3,702,706

Indefinite useful life

The Group classified the above intangible assets with indefinite life in accordance with HKAS 38 *Intangible Assets*. In the opinion of the directors of the Company, the above intangible assets except club membership are capable of being renewed indefinitely at insignificant cost and therefore are perpetual in duration, and based on future financial performance of the Group, they are expected to generate positive cash flows indefinitely. The club membership is assessed to have indefinited useful lives. Under HKAS 38, the Group reassesses the useful life of the intangible assets at the end of the reporting period to determine whether events or circumstances continue to support the view of the indefinite useful life of the asset.

For the year ended 31 March 2014 (in Hong Kong Dollar)

23. INTANGIBLE ASSETS (Cont'd)

Impairment

The Group completes impairment test for the intangible assets by comparing recoverable amounts to the carrying amounts at the end of the reporting period in accordance with HKAS 36 *Impairment of Assets*. The recoverable amounts of the intangible assets are determined based on fair value less costs of disposal. The fair value of intangible assets are determined based on the current market conditions and the directors of the Company consider that no impairment loss was recognised for both years.

24. OTHER ASSETS

	The Group	
	2014	2013
Contribution to the compensation fund with the Stock Exchange	**1,903,591**	2,636,217
Statutory deposits with Hong Kong Securities Clearing Company Limited	**600,000**	600,000
Admission fee and guarantee fund to Hong Kong Securities Clearing Company Limited	**1,224,254**	600,000
	3,727,845	3,836,217

25. INVENTORIES

	The Group	
	2014	2013
Raw material	**72,400,777**	53,754,518
Work in progress	**7,402,145**	6,102,039
Finished goods	**24,206,424**	21,006,693
	104,009,346	80,863,250

Inventories are expected to be recovered within one year.

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26. TRADE AND OTHER RECEIVABLES

The Group's trade receivables arose from (i) property investments and development/hotel, (ii) manufacturing and distribution of plastics packaging materials, and (iii) stock broking, futures and finance for the year.

	The Group	
	2014	2013
Trade receivables from:		
– Clearing house and cash clients	**58,523,303**	30,682,074
– Secured margin clients	**145,363,245**	114,734,749
– Other customers	**41,372,686**	42,374,161
	245,259,234	187,790,984
Less: Allowance for doubtful debts	**(8,265,227)**	(6,311,404)
	236,994,007	181,479,580
Other receivables	**18,760,371**	20,666,860
	255,754,378	202,146,440

Trade receivables from other customers are comprised of sales of goods and rental income.

The Group allows a credit period up to the respective settlement dates for securities transactions (normally two business days after the respective trade date for cash clients). Each secured margin client has a credit limit.

Trade receivables from manufacturing and distribution of plastics packaging materials fall into the general credit term ranged from 0-90 days except for a credit period mutually agreed between the Group and the customers.

Room guests are requested to settle all outstanding balances before they check out. Normally, upon check-in, the Group will request room guest's cash deposit or credit card debit authorisation. Other than that, the Group does not obtain any other collateral from room guests.

For the year ended 31 March 2014 (in Hong Kong Dollar)

26. TRADE AND OTHER RECEIVABLES (Cont'd)

Other receivables are mainly comprised of life insurance plan and receivable from disposal of plant and equipment.

	The Company	
	2014	2013
Trade receivable from property investment	**–**	30,955
Other receivables	**463,847**	56,963
	463,847	87,918

(a) Aging analysis

The following is an aging analysis of trade receivables of the Group arose from clearing house and cash clients and other customers, presented based on the invoice date, which approximates the respective revenue recognition dates and net of allowance for doubtful debts:

	The Group	
	2014	2013
0 – 30 days	**76,898,641**	29,194,331
31 – 60 days	**4,941,257**	25,980,373
Over 60 days	**9,790,864**	11,570,127
	91,630,762	66,744,831

For the year ended 31 March 2014 (in Hong Kong Dollar)

26. TRADE AND OTHER RECEIVABLES (Cont'd)

(a) Aging analysis (Cont'd)

Margin loans due from margin clients are repayable on demand. Margin loans are required to be secured by clients' listed securities held by the Group as collateral and bears interest at 8.25% for the year ended 31 March 2014 (2013: 8.25%). The amount of credit facilities granted to margin clients is determined by the discounted market value of the collateral securities accepted by the Group. At 31 March 2014, the total market value of securities pledged as collateral by the customers in respect of the loans to margin clients was HK$243,328,706 (2013: HK$153,356,936). No aging analysis of secured margin clients is disclosed as in the opinion of the directors of the Company, the aging analysis does not give additional value in view of the nature of business of securities margin financing.

The following is an aging analysis of trade receivables of the Company arose from property investment, presented based on the invoice date, which approximates the respective revenue recognition dates and net of allowance for doubtful debts:

	The Company	
	2014	2013
0 – 30 days	**–**	30,955

For the year ended 31 March 2014 (in Hong Kong Dollar)

26. TRADE AND OTHER RECEIVABLES (Cont'd)

(b) Movement in the allowance for bad and doubtful debts

The movement in the allowance for bad and doubtful debts during the year is as follows:

	The Group	
	2014	2013
At 1 April	**6,311,404**	6,334,543
Impairment loss recognised	**1,953,861**	82,975
Impairment loss reversed	**–**	(23,139)
Amounts written off as uncollectible	**–**	(83,525)
Foreign exchange translation (loss) gain	**(38)**	550
At 31 March	**8,265,227**	6,311,404

At 31 March 2013, included in the allowance for bad and doubtful debts are individually impaired trade receivables with a balance of HK$83,525 which are past due at the end of the reporting period. The allowance for doubtful debts recognised because it was a significant change in credit quality and the amounts are considered irrecoverable.

(c) Aging of trade receivables which are past due but not impaired

Trade receivables disclosed above include amounts (see below for aging analysis) which are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

For the year ended 31 March 2014 (in Hong Kong Dollar)

26. TRADE AND OTHER RECEIVABLES (Cont'd)

(c) Aging of trade receivables which are past due but not impaired (Cont'd)

The following is an aging analysis of trade receivables of the Group which are past due but not impaired:

	The Group	
	2014	2013
Neither past due nor impaired	**40,680,588**	29,103,691
Less than one month past due	**43,648,384**	29,729,133
One to three months past due	**5,055,910**	4,203,949
More than three months past due	**2,245,880**	3,708,058
	91,630,762	66,744,831

The following is an aging analysis of trade receivables of the Company which are past due but not impaired:

	The Company	
	2014	2013
Less than one month past due	**–**	30,955

Receivables that were neither past due nor impaired relate to large number of diversified customers for whom there was no recent history of default.

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

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

For the year ended 31 March 2014 (in Hong Kong Dollar)

27. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	The Group	
	2014	2013
Listed securities:		
– Equity securities listed in Hong Kong, at fair value	**7,678,285**	8,729,795

At the end of the reporting period, financial assets at FVTPL are stated at fair value and classified as held for trading investment. Fair values of listed securities are determined with reference to quoted market bid prices.

At 31 March 2014, financial assets at FVTPL with carrying amounts of HK$2,968,140 (2013: HK$3,216,300) have been pledged to secure general banking facilities granted to the Group (see note 45 to the consolidated financial statements).

The market values of the Group's equity securities listed in Hong Kong at the date of approval of these consolidated financial statements were HK$8,221,800.

28. LOAN RECEIVABLE

The Group and the Company

	2014	2013
Variable-rate loan receivable	**19,000,000**	–

At 31 March 2014, the carrying amount of loan receivable is secured by borrower's two properties and borrower's personal guarantee with unlimited amount as securities.

The loan receivable is interest bearing at Hong Kong dollar prime rate, quoted by a local bank, and the loan interest is repayable by 60 consecutive months during the loan period. Loan receivable will be repaid on or before 29 April 2018 and contains a clause of repayable on demand and thus classified as current assets.

29. AMOUNT DUE FROM A RELATED COMPANY

The Group and the Company

At 31 March 2013, the amount due from a related company is unsecured, repayable on demand and is interest bearing at Hong Kong dollar prime rate quoted by a local bank minus 2%.

30. TIME DEPOSITS

	The Group	
	2014	2013
Short term bank deposits		
– Secured time deposits	**4,100,000**	4,100,000

The effective interest rates on time deposits at 0.30% p.a. (2013: 0.30% p.a.) and mature within 181 days. (2013: 181 days).

At 31 March 2014, time deposits with carrying amount of HK$4,100,000 (2013: HK$4,100,000) have been pledged to secure banking facilities granted to the Group (see note 45 to the consolidated financial statements).

All time deposits are denominated in HK$.

31. TRUST ACCOUNTS OF SHARES DEALING CLIENTS

	The Group	
	2014	2013
Trust accounts	**76,183,226**	72,436,280

From the Group's ordinary business of securities and future dealing, it receives and holds money from clients and other institutions in the course of conducting its regulated activities. These client's monies are maintained in one or more trust accounts. The Group has recognised the corresponding trade payables to respective clients and other institutions.

31. TRUST ACCOUNTS OF SHARES DEALING CLIENTS (Cont'd)

At 31 March 2014, the Group's trust accounts of shares dealing clients denominated in RMB is HK$56,580 (2013: HK$87,248).

RMB is not a freely convertible currency in the PRC and the remittance of funds out of the PRC is subject to the foreign exchange control promulgated imposed by the PRC government. All of the Group's trust accounts of shares dealing clients denominated in RMB are located in Hong Kong which are not subject to foreign exchange control.

Trust accounts earn interests at floating rates based on daily bank deposit rates and is placed with creditworthy banks with no recent history of default.

32. CASH AND BANK BALANCES

	The Group		The Company	
	2014	2013	**2014**	2013
Cash and cash equivalents	**32,796,109**	25,071,820	**1,426,726**	1,308,496

At 31 March 2014, the Group's cash and bank balances denominated in RMB and USD are HK$5,767,289 (2013: HK$3,667,728) and HK$6,791,865 (2013: HK$437,759) respectively.

At 31 March 2014, the Company's cash and bank balances denominated in RMB is HK$111,738 (2013: HK$109,949).

RMB is not a freely convertible currency in the PRC and the remittance of funds out of the PRC is subject to the foreign exchange control promulgated imposed by the PRC government. Majority of the Group's cash and bank balances and all of the Company's cash and bank balances denominated in RMB are located in Hong Kong which are not subject to the foreign exchange control.

Bank balances earn interests at floating rate based on daily bank deposit rates and is placed with creditworthy banks with no recent history of default.

For the year ended 31 March 2014 (in Hong Kong Dollar)

33. TRADE AND OTHER PAYABLES

The Group's trade payables arose from (i) hotel management, (ii) manufacturing and distribution of plastics packaging materials, and (iii) stock broking, futures and finance for the year.

	The Group	
	2014	2013
Trade payables to:		
– Clearing house and cash clients	**64,959,037**	79,408,338
– Secured margin clients	**25,141,544**	8,287,890
– Other creditors	**15,831,923**	16,146,128
	105,932,504	103,842,356
Other payables	**33,009,750**	26,996,026
	138,942,254	130,838,382

Trade payables to other creditors are comprised of purchases of materials and supplies.

The following is an aging analysis of the trade payables at the end of the reporting period:

	The Group	
	2014	2013
0 – 30 days	**102,945,035**	99,850,857
31 – 60 days	**2,437,348**	3,239,550
Over 60 days	**550,121**	751,949
	105,932,504	103,842,356

Included in trade and other payables, amounts of HK$64,959,037 (2013: HK$79,408,338) are payable to clearing house and cash clients which would be due within 30 days.

34. AMOUNT DUE TO A RELATED COMPANY

The Group

At 31 March 2013, amount due to a related company is interest-free, unsecured and repayable on demand.

For the year ended 31 March 2014 (in Hong Kong Dollar)

35. BANK LOANS AND OVERDRAFTS

	The Group		The Company	
	2014	2013	**2014**	2013
Secured bank overdrafts	**11,097,421**	8,931,554	**–**	–
Secured bank loans	**364,728,039**	294,775,917	**–**	–
Unsecured bank loans	**10,000,000**	10,000,000	**10,000,000**	10,000,000
	385,825,460	313,707,471	**10,000,000**	10,000,000

	The Group		The Company	
	2014	2013	**2014**	2013
Carrying amounts repayable:				
Within one year	**240,033,945**	153,290,043	**10,000,000**	10,000,000
More than one year, but not exceeding two years	**14,247,492**	14,655,986	**–**	–
More than two years, but not exceeding five years	**43,299,832**	43,010,109	**–**	–
Over five years	**88,244,191**	102,751,333	**–**	–
	385,825,460	313,707,471	**10,000,000**	10,000,000
Less: Amounts due within one year shown under current liabilities	**(240,033,945)**	(153,290,043)	**(10,000,000)**	(10,000,000)
Amounts shown under non-current liabilities	**145,791,515**	160,417,428	**–**	–

The secured bank loans and bank overdrafts were secured by the Group's assets as described in note 45 to the consolidated financial statements. Bank loans and overdrafts are interest bearing at rates ranging from 1.51% to 5.25% (2013: 1.70% to 5.25%) per annum.

For the year ended 31 March 2014 (in Hong Kong Dollar)

36. AMOUNTS DUE TO NON-CONTROLLING INTERESTS

The Group

At 31 March 2014 and 31 March 2013, amounts due to non-controlling interests are unsecured, interest-free and have no fixed repayment terms.

37. DEFERRED TAX LIABILITIES

The Group

The followings are the deferred tax balances recognised in the consolidated statement of financial position and the movements thereon:

	Accelerated tax depreciation	Revaluation of investment properties	Others	Total
At 1 April 2012	3,037,371	370,849	273,788	3,682,008
(Credit) charge to the consolidated income statement *(note 11)*	(1,813,577)	129,646	–	(1,683,931)
At 31 March 2013 and at 1 April 2013	1,223,794	500,495	273,788	1,998,077
Charge to the consolidated income statement *(note 11)*	176,972	153,854	–	330,826
At 31 March 2014	**1,400,766**	**654,349**	**273,788**	**2,328,903**

At 31 March 2014, the Group had unused tax losses of HK$30,634,809 (2013: HK$33,673,027) available for offset against future taxable profits. No deferred tax asset has been recognised in respect of unused tax losses due to the uncertainty of future taxable profit to be generated. The unused tax losses could be carried forward indefinitely except for the unused tax losses arising in PRC with the amount of HK$17,472,952 (2013: HK$13,963,308) that will expire within five years.

The Company

At 31 March 2014, the Company had unused tax losses of HK$18,854,320 (2013: HK$19,643,401) available for offset against future taxable profits. No deferred tax asset has been recognised in respect of unused tax losses due to the uncertainty of future taxable profit and the unused tax losses could be carried forward indefinitely.

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38. SHARE CAPITAL

	2014 Number of shares	**2014 HK$**	2013 Number of shares	2013 HK$
Maximum number of shares can be issued:				
At the beginning and the end of the reporting period Ordinary shares	**500,000,000**		500,000,000	
Issued and fully paid:				
Voting ordinary shares:				
At the beginning and the end of the reporting period	**217,418,850**	**217,418,850**	217,418,850	217,418,850

Under the Hong Kong Companies Ordinance (Cap. 622), which commenced operation on 3 March 2014, the concept of authorised share capital no longer exists. The authorised share capital of the Company at 31 March 2013 was HK$500,000,000, representing 500,000,000 of ordinary shares, which become the maximum number of shares that can be issued under the new Companies Ordinance (Cap. 622). The limit may be removed by shareholders of the Company passing an ordinary resolution.

In accordance with section 135 of the Hong Kong Companies Ordinance (Cap. 622), the Company's shares no longer have a par or nominal value with effect from 3 March 2014. There is no impact on the number of shares in issue or the relative entitlement of any of the members as a result of this transition.

39. RETAINED EARNINGS

The Company

	Retained earnings
At 1 April 2012	38,945,858
Loss for the year	(7,077,562)
Dividend paid	(6,522,565)
At 31 March 2013 and at 1 April 2013	25,345,731
Profit for the year	1,167,997
Dividend paid	(6,522,565)
At 31 March 2014	**19,991,163**

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40. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to maintain the Group's ability to continue operating as a going concern and to preserve healthy capital structure ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, issue of new shares and repurchase of shares as well as issue of new debt or redemption of existing debt. The Group's overall strategy remains unchanged from prior year.

Consistently, the Group monitors capital on the basis of net debt to equity ratio calculated on the basis of the Group's net debt over equity attributable to owners of the Company. The Group's policy is to keep the net debt to equity ratio at a reasonable level.

The Group is not subject to any external imposed capital requirements.

The net debt to equity ratio at the end of the reporting period was as follows:

	2014	2013
Total debts *(note i)*	**389,482,167**	316,960,563
Less:		
Time deposits	**(4,100,000)**	(4,100,000)
Cash and bank balances	**(32,796,109)**	(25,071,820)
Net debt	**352,586,058**	287,788,743
Equity *(note ii)*	**1,017,750,987**	927,253,967
Net debt to equity ratio	**34.64%**	31.04%

Notes:

(i) Debts comprises amount due to an associate, amount due to a related company, bank loans and overdrafts and amounts due to non-controlling interests as detailed in notes 21, 34, 35 and 36 to the consolidated financial statements respectively.

(ii) Equity attributable to owners of the Company includes share capital and reserves attributable to owners of the Company.

For the year ended 31 March 2014 (in Hong Kong Dollar)

41. RECONCILIATION OF PROFIT BEFORE TAX TO CASH USED IN OPERATIONS

	2014	2013
Profit before tax	**103,505,395**	149,130,474
Adjustment for:		
Gain arising on change in fair value of investment properties	**(68,625,415)**	(154,457,587)
Loss (gain) arising on change in fair value of financial assets at fair value through profit or loss	**1,051,510**	(497,503)
Share of results and other comprehensive income of associates	**(3,078,110)**	(2,614,715)
Dividend income from listed equity securities	**(1,542,625)**	(1,392,158)
Dividend income from unlisted equity security	**(6,800)**	–
Interest income	**(14,123,260)**	(7,989,766)
Exchange gain	**–**	(99,260)
Finance costs	**8,072,340**	8,165,254
Reversal of impairment loss recognised in respect of trade receivables	**–**	(23,139)
Impairment loss recognised in respect of trade receivables	**1,953,861**	82,975
Impairment loss recognised in respect of property, plant and equipment	**–**	37,012,183
Depreciation of property, plant and equipment	**12,530,524**	13,337,307
Amortisation of leasehold land and land use right	**388,812**	380,445
Gain on disposal of property, plant and equipment	**(287,712)**	(68,934)
Fair value loss on available-for-sale financial assets	**–**	117,489
Operating cash flows before movements in working capital	**39,838,520**	41,083,065
(Increase) decrease in inventories	**(22,590,550)**	5,122,324
Increase in trade and other receivables	**(55,081,901)**	(60,601,683)
Increase in deposits and prepayments	**(3,547,870)**	(660)
Decrease (increase) in amount due from a related company	**2,891**	(2,891)
Increase in trust accounts of shares dealing clients	**(3,746,946)**	(18,109,391)
Increase (decrease) in trade and other payables	**7,635,103**	(21,528,422)
Increase (decrease) in amount due to an associate	**327,088**	(971,477)
Decrease in amount due to a related company	**(23,473)**	(2,466,481)
Cash used in operations	**(37,187,138)**	(57,475,616)

42. RETIREMENT BENEFIT SCHEMES

The Group operates a MPF Scheme for all qualifying employees in Hong Kong. The assets of the plans are held separately from those of the Group in funds under the control of trustees.

The Group operates MPF Scheme under rules and regulations of Mandatory Provident Fund Schemes Ordinance for all its employees in Hong Kong. The Group has chosen to follow the minimum statutory contribution requirement of 5% of eligible employees' monthly relevant income but limited to the mandatory cap of HK$25,000. The contributions are charged to the consolidated income statement as incurred. In respect of those employees who leave the Group prior to completion of qualifying service period, the relevant portion of the employer's voluntary contributions forfeited (represents the assets transferred from the Old Scheme) will be reverted to the Group. The assets of the MPF Scheme are held separately from those of the Group in an independently administrative fund.

The employees of the Group's subsidiaries located in PRC are members of state-managed retirement benefit schemes operated by the government of the PRC. Subsidiaries in PRC are required to contribute a specific percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes operated by the government of the PRC is made the specified contributions under the schemes. The contributions are charged to the consolidated income statement.

During the year ended 31 March 2014, there is no retirement benefits schemes contributions of the Group was forfeited (2013: nil).

43. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 March 2014 and 2013, the Group did not have major non-cash transactions.

For the year ended 31 March 2014 (in Hong Kong Dollar)

44. LEASE COMMITMENTS

The Group as lessee

	The Group	
	2014	2013
Minimum lease payments paid under operating leases during the period:		
Premises	**4,064,635**	3,821,432

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

	The Group	
	2014	2013
Within one year	**2,197,195**	2,240,129
In the second to fifth year inclusive	**310,491**	707,004
	2,507,686	2,947,133

Operating lease payments represent rentals payable by the Group for certain of its premises. Leases are negotiated at terms which range from 1 to 3 years. The Group does not have an option to purchase the leased premises at the expiry of the lease period.

The Group as lessor

Rental income earned during the year was HK$21,328,155 (2013: HK$20,385,026). All of the investment properties held by the Group's and the Company's investment properties are for rental purposes and are expected to generate annual rental yields of 2% to 20% (2013: 2% to 19%) and 20% (2013: 19%) on an ongoing basis respectively. All of the properties held have committed tenants which range from 1 to 3 years.

For the year ended 31 March 2014 (in Hong Kong Dollar)

44. LEASE COMMITMENTS (Cont'd)

The Group as lessor (Cont'd)

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

	The Group		The Company	
	2014	2013	**2014**	2013
Within one year	**19,338,303**	13,318,696	**385,949**	368,276
In the second to fifth year inclusive	**10,369,319**	9,849,355	**482,436**	828,622
	29,707,622	23,168,051	**868,385**	1,196,898

45. PLEDGE OF ASSETS

Assets with the following carrying amounts have been pledged to secure general banking facilities of the Group, set out in note 35 to the consolidated financial statements:

	2014	2013
Investment properties	**492,750,000**	465,000,000
Buildings	**70,460,456**	73,812,477
Available-for-sale financial assets	**19,983,528**	20,653,266
Financial assets at fair value through profit or loss	**2,968,140**	3,216,300
Time deposits	**4,100,000**	4,100,000
	590,262,124	566,782,043

For the year ended 31 March 2014 (in Hong Kong Dollar)

46. CONTINGENT LIABILITIES

(a) During the year ended 31 March 2008, the constructor for the hotel renovation works claimed against the Company and SAP Realty Company Limited ("SAR"), a wholly owned subsidiary of the Group for an overdue balance of HK$5,009,115. On the other hard, SAR has made a counter claim to that constructor for the amount overpaid to him of HK$5,459,314, having taken into account the costs and the expenses incurred by SAR to rectify the defect in the works and the loss and damage caused by the constructor's failure to complete the works on time.

Up to the date of this report, the outcome of the proceedings is still uncertain. As the directors of the Company considered it is premature and not practical to draw a conclusion of the outcome of the claims and that the ultimate liability, if any, will not have a material adverse impact on the Group's financial position, no provision was made at 31 March 2014 and 31 March 2013.

(b) During the year ended 31 March 2010, a constructor of the renovation works of a director's quarter owned by K.W. & Associates Company Limited, a wholly owned subsidiary of the Company, has demanded settlement from the subsidiary of an overdue balance of HK$1,567,380, of which HK$724,600 has been recognised as a liability in the statement of financial position of that subsidiary. However, the subsidiary has counter-claimed for the rectification cost of approximately HK$820,000 caused by the defects in the constructor's works.

Up to the date of this report, the outcome of the claims is still uncertain. As the directors of the Company considered it is premature and not practical to draw a conclusion of the outcome of the claims and that the ultimate liability, if any, will not have a material adverse impact on the Group's financial position, no further provision was made at 31 March 2014 and 31 March 2013.

47. CAPITAL COMMITMENTS

	The Group	
	2014	2013
Authorised and contracted, but not provided for:		
Factory renovation and acquisition of property, plant and equipment	**1,569,909**	391,666

For the year ended 31 March 2014 (in Hong Kong Dollar)

48. FINANCIAL GUARANTEE CONTRACTS

The Company

At 31 March 2014, the Company issued financial guarantee in favour of banks for general banking facilities granted to its subsidiaries to the extent of HK$586,150,000 (2013: HK$622,950,000), of which HK$371,389,144 (2013: HK$309,475,857) was utilised. In the opinion of the directors of the Company, the fair values of the financial guarantee contracts of the Company are insignificant at initial recognition after taking into consideration the possibility of the default of the parties involved. Accordingly, no value has been recognised in the statement of financial position of the Company.

49. MATERIAL RELATED PARTY TRANSACTION

Save as disclosed elsewhere in the consolidated financial statements, the Group entered into the following transactions with related parties on arm's length basis:

		2014	2013
(a)	Payment to a company in which the Chairman of the Group has controlling interest		
	– Rental expenses	**926,076**	850,321
(b)	Interest payment to related companies in which the Chairman of the Group has controlling interest	**416,193**	499,629
(c)	In addition to the directors' remuneration as disclosed in note 12, remuneration of the other key management personnel was disclosed as follows:		
	– Short-term employee benefits	**3,552,033**	3,060,837
	– MPF contribution	**91,517**	86,071
(d)	Remuneration paid to close family members of key management personnel	**817,825**	765,101

The remuneration of directors and key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trends.

Details of the balances with related parties at the end of the reporting period are set out in notes 21, 29, 34 and 36 to the consolidated financial statements respectively.

For the year ended 31 March 2014 (in Hong Kong Dollar)

50. PRINCIPAL SUBSIDIARIES

The following table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results of the year or assets of the Group. To give details of the other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

Name of company	Country/place of incorporation/ operation	Class of share/ registered capital held	Issued and fully paid share capital/ registered capital/ paid up capital	Proportion of ownership interest and voting rights held by the Company 2014 %	2013 %	Principal activities
Always Best Company Limited	British Virgin Islands/PRC	Ordinary	1 share of US$1	**95**	95	Investment holding
Dongguan Nan Sing Plastics Limited[a]	PRC	Registered	HK$160,000,000	**95**	95	Manufacture of plastics products
Dongguan Nanryo Super Plastics Limited[a]	PRC	Registered	HK$20,000,000	**95**	95	Manufacture of plastics products
Fortune State Investments Limited	Hong Kong	Ordinary	2 ordinary shares of HK$1 each	**100**	100	Investment holding
Happy Dragon Investment Limited	Hong Kong	Ordinary	2 ordinary shares of HK$1 each	**100**	100	Investment holding
Hotel Benito Management Limited	Hong Kong	Ordinary	1,000 ordinary shares of HK$1 each	**100**	100	Hotel operation
K.W. & Associates Company Limited	Hong Kong	Ordinary	20,000 ordinary shares of HK$100 each	**100**	100	Property investment
Nan Sing Holdings Limited	Hong Kong	Ordinary	10,000 ordinary shares of HK$1 each	**100**	100	Investment holding
Nan Sing Plastics Limited	Hong Kong	Ordinary	150,000 ordinary shares of HK$100 each	**95**	95	Trading of plastics products
Nanryo Super Plastics (Hong Kong) Limited	Hong Kong	Ordinary	195,000 ordinary shares of HK$100 each	**95**	95	Trading of plastics products
Nice Profit Hong Kong Investment Limited[b]	Hong Kong	Ordinary	100 ordinary shares of HK$1 each	**50**	50	Property investment
SAP Realty Company Limited	Hong Kong	Ordinary	1 ordinary share of HK$100	**100**	100	Property investment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014 (in Hong Kong Dollar)

50. PRINCIPAL SUBSIDIARIES (Cont'd)

Name of company	Country/place of incorporation/ operation	Class of share/ registered capital held	Issued and fully paid share capital/ registered capital/ paid up capital	Proportion of ownership interest and voting rights held by the Company 2014 %	2013 %	Principal activities
Southeast Asia Properties & Finance (China) Limited	Hong Kong/PRC	Ordinary	2 ordinary shares of HK$1 each	**100**	100	Property investment and development
Southeast Asia Properties & Finance (Nominees) Limited	Hong Kong	Ordinary	10,000 ordinary shares of HK$1 each	**100**	100	Nominee
Stockwell Securities Limited	Hong Kong	Ordinary	30,000,000 ordinary shares of HK$1 each	**100**	100	Stock broking
Stockwell Commodities Limited	Hong Kong	Ordinary	10,000,000 ordinary shares of HK$1 each	**100**	100	Commodities dealing
Tanpar Company Limited	Hong Kong	Ordinary	100 ordinary shares of HK$1 each	**95**	95	Trading of plastics products and nominee
Top Epoch Limited	Hong Kong	Ordinary	1 ordinary share of HK$1	**100**	100	Property investment
Tsen Hsin Industrial Company Limited	Hong Kong	Ordinary	4,000 ordinary shares of HK$100 each	**95**	95	Property investment

Notes:

(a) Wholly foreign-owned enterprise

(b) The directors of the Company considered the Group has ability to direct the relevant activities of Nice Profit and concluded that the Group has sufficiently dominant voting interest to direct the relevant activities of Nice Profit. Therefore, Nice Profit is considered as a subsidiary of the Company.

Always Best Company Limited, Dongguan Nan Sing Plastics Limited, Dongguan Nanryo Super Plastics Limited, Nan Sing Plastics Limited, Nanryo Super Plastics (Hong Kong) Limited, Tanpar Company Limited and Tsen Hsin Industrial Company Limited are indirectly held by the Company. All other subsidiaries on the above table are directly held by the Company.

For the year ended 31 March 2014 (in Hong Kong Dollar)

50. PRINCIPAL SUBSIDIARIES (Cont'd)

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

The following table lists out the information relating to Nan Sing Plastics Limited ("Nan Sing Plastics"), a subsidiary of the Group with material non-controlling interests. The summarised financial information presented below represents the amounts before any inter-company elimination.

	2014 **HK$**	2013 HK$
Current assets	**61,503,196**	41,524,715
Non-current assets	**514,798,255**	419,549,508
Current liabilities	**(157,771,102)**	(95,823,567)
Non-current liabilities	**(145,284,177)**	(217,887,800)
Equity attributable to owners of the Company	**261,853,095**	198,805,471
Non-controlling interests	**11,393,077**	8,322,550

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014 (in Hong Kong Dollar)

50. PRINCIPAL SUBSIDIARIES (Cont'd)

	2014 HK$	2013 HK$
Revenue	**522,930,124**	492,680,312
Expenses	**456,811,973**	447,330,192
Profit for the year	**66,118,151**	45,350,120
Profit attributable to owners of the Company	**63,047,624**	43,244,060
Profit attributable to non-controlling interests	**3,070,527**	2,106,060
Profit for the year	**66,118,151**	45,350,120
Total comprehensive income attributable to owners of the Company	**63,047,624**	43,244,060
Total comprehensive income attributable to non-controlling interests	**3,070,527**	2,106,060
Total comprehensive income for the year	**66,118,151**	45,350,120
Dividend paid to non-controlling interests	**–**	–
Net cash generated from operating activities	**7,622,128**	8,512,933
Net cash generated from investing activities	**6,599,931**	11,632,744
Net cash used in financing activities	**(5,863,521)**	(20,533,714)
Net cash inflow (outflow)	**8,358,538**	(388,037)

For the year ended 31 March 2014 (in Hong Kong Dollar)

50. PRINCIPAL SUBSIDIARIES (Cont'd)

Except Nan Sing Plastics, the directors of the Company consider that non-controlling interests of other non-wholly owned subsidiaries during the year ended 31 March 2014 and 31 March 2013 were not significant to the Group and thus are not separately presented in these consolidated financial statements. In addition, no separate financial information of these non-wholly owned subsidiaries are required to be presented.

Significant restrictions

Cash and bank balances of RMB held in PRC are subject to local exchange control regulations. This local exchange control regulations provide for restrictions on exporting capital from the countries, other than through normal dividends.

51. ASSOCIATES

Particulars of the Group's associates at the end of the reporting period are set out below:

Name of associates	Country/place of incorporation/ operation	Issued and fully paid share capital	Class of share held	Proportion of ownership interest and voting rights held by the Group: 2014 %	2013 %	Principal activities
Wisestar Holdings Limited	Hong Kong	2 ordinary shares of HK$1 each	Ordinary	**47.7**	47.7	Trading of plastics products
Ongoing Investments Limited	British Virgin Islands/PRC	100 shares of US$1 each	Ordinary	**20**	20	Property investment
Sequin Developments Limited	British Virgin Islands/PRC	100 shares of US$1 each	Ordinary	**20**	20	Property investment
Titan Dragon Properties Corporation	Philippines	80,000 shares of Peso1,000 each	Ordinary	**49**	49	Property investment

30% equity interests of Titan Dragon Properties Corporation is directly held by the Company and 19% equity interests of Titan Dragon Properties Corporation is indirectly held by the Company. All other equity interests in the associates are indirectly held by the Company.

52. EVENTS AFTER THE REPORTING PERIOD

(a) On 3 June 2014, Nan Sing Plastics Limited, a non-wholly owned subsidiary of the Company (the "Vendor") entered into a conditional sale and purchase agreement with a third party (the "Purchaser"), pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, an investment property owned by Vendor at the consideration of HK$382,000,000. The fair value of this investment property as at 31 March 2014 was HK$270,000,000 according to the valuation report prepared by an independent surveyor. It is expected that the Group will record a gain of approximately HK$107,180,000.

(b) On 12 June 2014, Nan Sing Realty Company Limited (formerly name as Nan Sing Plastic International Limited), a non-wholly owned subsidiary of the Company (the "Purchaser") entered into a provisional agreements with a third party (the "Vendor"), pursuant to which the Vendor has agreed to sell, and the Purchaser agreed to acquire, the property owned by the Vendor at total consideration of HK$71,800,000.

53. APPROVAL AND AUTHORISATION FOR ISSUE OF THE FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 27 June 2014.

GROUP PROPERTIES

For the year ended 31 March 2014 (in Hong Kong Dollar)

I. PROPERTIES HELD FOR INVESTMENT

	Location	Existing Use	Category of lease term
(1)	Shops, G/F, 7-7B Cameron Road Tsimshatsui Kowloon	Commercial	Medium-term lease
(2)	Room 406, 4/F, Tower 2, Slivercord 30 Canton Road Tsimshatsui Kowloon	Commercial	Medium-term lease
(3)	Nan Sing Industrial Building 57-59, Kwok Shui Road Kwai Chung New Territories	Industrial	Medium-term lease
(4)	9/F, Chan Shan Building, Dong Men Nan Road, Shenzhen, PRC	Commercial	Medium-term lease
(5)	Flats C & D, 2/F, Block 2, Kwai Tak Industrial Centre, Kwai Chung, New Territories	Industrial	Medium-term lease
(6)	Flat 15E Tower 1, Ming Yue hua Yuan Yitian Road, Futian, Shenzhen, PRC	Residential	Medium-term lease

GROUP PROPERTIES

For the year ended 31 March 2014 (in Hong Kong Dollar)

2. PROPERTIES UNDER DEVELOPMENT

	Location	Intended use	Approximate site area (square meter)	Group's interest
(1)	Nan Shan Development Zone Zhangmutou Dongguan PRC	Industrial	104,788	95%
(2)	Nan Sing Building Town centre Zhangmutou Dongguan PRC *(see note)*	Residential/ Commercial	1,350	100%

Note: Development plans are pending for approval by relevant authority.

For the year ended 31 March 2014 (in Hong Kong Dollar)

3. PROPERTIES HELD FOR OWN USE

	Location	Usage	Category of lease term	Group's interest
(1)	Residential Block, 7-7B Cameron Road, Tsimshatsui, Kowloon	Hotel operation	Medium-term lease	100%
(2)	Room 407-410,4/F, Tower 2, Slivercord, 30 Canton Road, Tsimshatsui, Kowloon	Commercial	Medium-term lease	100%
(3)	24, Essex Crescent, Kowloon Tong, Kowloon	Residential	Medium-term lease	100%
(4)	Nan Sing Industrial Estate, Nan Shan Development Zone Zhangmutou, Dongguan, PRC	Industrial	Medium-term lease	95%
(5)	Car Park Space No. 20 on G/F., Kwai Tak Industrial Centre, Kwai Chung, N.T.	Carpark	Medium-term lease	95%
(6)	Unit 1902, 19/F., Star House, 3 Salisbury Road, Kowloon	Commercial	Long-term lease	50%

FIVE YEARS FINANCIAL SUMMARY

For the year ended 31 March 2014 (in Hong Kong Dollar)

The consolidated results and assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements are as follows:

	2014	2013	2012	2011	2010
Results					
Turnover	**430,592,612**	392,889,485	399,992,754	349,696,043	308,036,722
Profit for the year attributable to:					
Owners of the Company	**95,930,602**	145,312,570	80,264,886	77,370,847	96,547,619
Non-controlling interests	**2,787,874**	1,662,846	833,890	856,440	252,144
	98,718,476	146,975,416	81,098,776	78,227,287	96,799,763
Assets and liabilities					
Total assets	**1,566,965,875**	1,390,914,857	1,237,168,363	1,150,338,699	1,036,272,501
Total liabilities	**(534,203,052)**	(451,453,808)	(443,144,673)	(433,132,181)	(397,130,343)
	1,032,762,823	939,461,049	794,023,690	717,206,518	639,142,158
Equity attributable to:					
Owners of the Company	**1,017,750,987**	927,253,967	783,483,145	708,641,219	631,087,711
Non-controlling interests	**15,011,836**	12,207,082	10,540,545	8,565,299	8,054,447
	1,032,762,823	939,461,049	794,023,690	717,206,518	639,142,158
EARNINGS PER SHARE					
Basic and diluted	**44.1 cents**	66.8 cents	36.9 cents	35.6 cents	44.4 cents
DIVIDEND PER SHARE	**3.0 cents**	3.0 cents	3.0 cents	3.0 cents	3.0 cents