Poly Capital Holdings Limited
保興資本控股有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 1141)

* For identification purpose only

Annual Report 2014

Contents

Abbreviations

In this annual report, the following abbreviations have the following meanings unless otherwise specified:

"Board"	the Board of Directors of the Company
"Company"	Poly Capital Holdings Limited
"Directors"	the directors of the Company
"Group"	the Company and its subsidiaries
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"HK$" and "cents"	Hong Kong dollars and cents
"US dollars"	United States dollars
"%"	per cent.

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Suen Cho Hung, Paul *(Chairman)*
Mr. Sue Ka Lok *(Chief Executive Officer)*
Ms. Lee Chun Yeung, Catherine
Mr. Suen Yick Lun Philip
(appointed on 2 July 2014)

Independent Non-executive Directors

Mr. Wong Kwok Tai
Mr. Weng Yixiang
Mr. Huang Zhencheng

AUDIT COMMITTEE

Mr. Wong Kwok Tai *(Chairman)*
Mr. Weng Yixiang
Mr. Huang Zhencheng

REMUNERATION COMMITTEE

Mr. Weng Yixiang *(Chairman)*
Mr. Wong Kwok Tai
Mr. Huang Zhencheng
Mr. Sue Ka Lok

NOMINATION COMMITTEE

Mr. Huang Zhencheng *(Chairman)*
Mr. Wong Kwok Tai
Mr. Weng Yixiang
Mr. Sue Ka Lok

COMPANY SECRETARY

Mr. Suen Yick Lun Philip
(appointed on 2 July 2014)
Ms. Chan Yuk Yee
(resigned on 2 July 2014)

TRADING OF SHARES

The Stock Exchange of Hong Kong Limited
(Stock Code: 1141)

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Suite 1501, 15th Floor
Great Eagle Centre
23 Harbour Road
Wanchai, Hong Kong

PRINCIPAL BANKERS

Bank of Communications Co., Ltd., Hong Kong Branch
Bank of China (Hong Kong) Limited
BNP Paribas Hong Kong Branch

LEGAL ADVISERS

Reed Smith Richards Butler
Troutman Sanders

AUDITOR

HLB Hodgson Impey Cheng Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
26 Burnaby Street
Hamilton HM11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

WEBSITE

www.polycapital.com.hk

* *The above information is updated to 21 July 2014, the latest practicable date before printing of this annual report.*

Chairman's Statement

BUSINESS REVIEW

I am pleased to report to shareholders that the Group registered a significant turnaround of its results by reporting a profit attributable to owners of the Company of HK$417,083,000 for the year ended 31 March 2014 (2013: loss of HK$60,928,000) and basic earnings per share of HK13.85 cents (2013: basic loss per share of HK2.05 cents). The profitable results were mainly attributed to the substantial net gain on securities investments recorded by the Group and the improved results delivered by the Group's supply and procurement division and the financing division. For the year under review, the Group reported revenue of HK$1,369,188,000, significantly increased by 81% over last year (2013: HK$757,600,000), and gross profit of HK$39,690,000, rose by 39% compared to the previous year (2013: HK$28,477,000). The surge of the Group's revenue was mainly due to the increase in volume of metal minerals traded by the supply and procurement division, whereas the increase of the Group's gross profit was the combined effect of the additional profit contributed by the supply and procurement division owing to its increased trade volume and the additional operating profit generated by the financing division. The Group recorded total comprehensive income attributable to owners of the Company of HK$417,083,000 for the year under review (2013: total comprehensive expense of HK$60,925,000). During the year ended 31 March 2013, the Group recorded a profit of HK$7,930,000 from the discontinued pharmaceutical operation, the operation was disposed of at a consideration of HK$100,000,000 in November 2012.

PROSPECTS

The sentiments of the business environments in which the Group is operating have improved during the current year mainly because of the market perceptions that the economic recovery of the United States and the economic growth of Mainland China are sustainable. Against this backdrop, the Group will continue its existing businesses and will seize new investment and business opportunities with good potentials, though in a prudent and cautious manner, which are expected to bring significant value to the Group.

APPRECIATION

The Group has achieved encouraging results for the year under review. I would like to take this opportunity to thank all our shareholders, investors, bankers, business associates and customers for their continuing support to the Group, and to my fellow directors and all staff members for their hard work during the past year.

Suen Cho Hung, Paul
Chairman

Hong Kong, 26 June 2014

OPERATIONS REVIEW

For the year ended 31 March 2014, the Group continued to engage in the businesses of supply and procurement of commodities, provision of finance and securities investment.

Continuing Operations

During the year under review, the Group's supply and procurement division continued to focus on the sourcing, transporting and supplying of metal minerals, recyclable metal materials and timber logs. When comparing with last year, the division posted an 82% jump in revenue to HK$1,352,328,000 (2013: HK$741,974,000) and a 60% increase in segment profit to HK$23,584,000 (2013: HK$14,703,000). The growth in the division's revenue and profit were principally attributed to the increased volume of metal minerals transacted, which was a result of the management's successful efforts in expanding the division's supplier and customer base and enhancing its market position as well as price negotiation power.

The financing division continued to provide a stable income source to the Group for the current year. Interest income generated by the financing division amounting to HK$11,493,000, increased by 14% over the prior year (2013: HK$10,105,000) and was mainly due to the higher average amount of loans advanced to customers than last year. The division's segment results turnaround from loss of HK$59,000 in the previous year to profit of HK$11,109,000 in the current year and was mainly a result of the absence of an impairment loss of HK$10,449,000 recognised against a bad debt in last year. The loan portfolio held by the Group amounted to HK$42,233,000 (2013: HK$72,233,000) at the year end.

The Group's securities investment division recorded revenue of HK$5,367,000 (2013: HK$5,521,000) representing dividend from listed equity securities, and interest income from convertible bonds and interest bearing notes. As a whole, the division's results registered a significant turnaround from a loss of HK$62,309,000 in last year to a profit of HK$417,282,000 in the current year. The division's profitable results comprised mainly net unrealised gain of HK$392,960,000 (2013: net unrealised loss of HK$69,251,000) from holdings of listed equity securities, convertible bonds and interest bearing notes measured at fair values at the year end; the net realised gain of HK$18,955,000 (2013: HK$1,427,000) from divesting part of its listed equity securities portfolio; as well as dividend and interest income from convertible bonds and interest bearing notes totaling HK$5,367,000 (2013: HK$5,521,000). During the year under review, the investment sentiments in Hong Kong stock market have improved mainly because of the market perceptions that the economic recovery of the United States and the economic growth of Mainland China are sustainable, as a result, the financial performance of the division improved significantly. At the year end, the Group's securities portfolio comprised mainly listed equity securities in conglomerate company, banking company, infrastructure company, construction company, property company, mining and resources company, industrial materials company, consumer electronics company, healthcare services company, agricultural machinery company, apparels and accessories company, automobile retailing company, financial services company and movies and entertainment company. At the year end, the Group's securities, convertible bonds and interest bearing notes portfolio was valued at HK$1,301,924,000 (2013: HK$891,366,000).

Discontinued Operation

In September 2012, the Group entered into a conditional sale and purchase agreement to dispose of its pharmaceutical operation at a consideration of HK$100,000,000. The transaction was approved by shareholders in the Company's special general meeting in October 2012 and the disposal was completed in November 2012. Accordingly, the results of the pharmaceutical division were accounted for as discontinued operation in the consolidated statement of profit or loss and other comprehensive income in the prior year.

Overall Results

For the year ended 31 March 2014, the Group recorded profit attributable to owners of the Company of HK$417,083,000 (2013: loss of HK$60,928,000, including discontinued operation) and basic earnings per share of HK13.85 cents (2013: basic loss per share of HK2.05 cents). The turnaround of the Group's results was mainly due to the substantial segment profit posted by the securities investment division of HK$417,282,000 (2013: loss of HK$62,309,000), and the profitable segment results contributed by the supply and procurement division of HK$23,584,000 (2013: HK$14,703,000) and the financing division of HK$11,109,000 (2013: loss of HK$59,000).

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

At 31 March 2014, the Group had current assets of HK$1,864,970,000 (2013: HK$1,286,389,000) and liquid assets comprising cash and short-term securities investments totaling HK$1,615,490,000 (2013: HK$1,079,363,000) (excluding pledged bank deposits for trade facilities granted by banks). The Group's current ratio, calculated based on current assets of HK$1,864,970,000 (2013: HK$1,286,389,000) over current liabilities of HK$145,290,000 (2013: HK$80,998,000), was at a strong ratio of about 12.84 at the year end (2013: 15.88). The Group's bills receivable amounted to HK$125,548,000, increased by 114% over last year (2013: HK$58,635,000) primarily due to the increased trade volume of the Group's supply and procurement business.

The Group's finance cost for the current year represented the effective interest on notes payable to investors. During the year, the Company had issued new notes in the aggregate principal amount of HK$50,000,000 to investors. At 31 March 2014, the Company had notes payable in the aggregate principal amount of HK$150,000,000.

At the year end, equity attributable to owners of the Company amounting to HK$1,593,425,000 (2013: HK$1,130,637,000) and is equivalent to an attributable amount of approximately HK$0.47 (2013: HK$0.38) per share of the Company. The increase in equity attributable to owners of the Company was mainly due to the profit earned by the Group and net proceeds of HK$45,705,000 raised by the Company through issuing approximately 457,046,000 new shares as a result of exercise of warrants.

At 31 March 2014, the Group's indebtedness comprised notes payable and bank advances for discounted bills totaling HK$265,072,000 (2013: HK$147,615,000). The bank advances for discounted bills were denominated in US dollars, due within one year, and bore interests at floating rates. The notes payable were denominated in Hong Kong dollars, due on the seventh anniversary from the respective issue dates of the notes, and bore interests at 5% fixed rate. The Group's gearing ratio, calculated on the basis of total indebtedness divided by the sum of total indebtedness and equity attributable to the Company's owners, was at a low ratio of about 14% (2013: 12%).

With the amount of liquid assets on hand as well as credit facilities granted by banks, the management is of the view that the Group has sufficient financial resources to meet its ongoing operational requirements.

Foreign Currency Management

The monetary assets and liabilities and business transactions of the Group are mainly carried and conducted in Hong Kong dollars and US dollars. The Group maintains a prudent strategy in its foreign currency risk management, to a large extent, foreign exchange risks are minimised via balancing the foreign currency monetary assets versus the corresponding currency liabilities, and the foreign currency revenues versus the corresponding currency expenditures. In light of the above, it is considered that the Group's exposure to foreign exchange risks is not significant and no hedging measure has been undertaken by the Group.

Pledge of Assets

At 31 March 2014, bank deposits of HK$21,116,000 (2013: HK$24,981,000) were pledged to secure trade credit facilities granted to the Group.

At 31 March 2014, bills receivable of HK$119,818,000 (2013: HK$53,158,000) were pledged to secure bank advances for discounted bills of HK$119,355,000 (2013: HK$52,518,000) granted to the Group.

Contingent Liability

At 31 March 2014, the Group had no significant contingent liability (2013: nil).

Capital Commitment

At 31 March 2014, the Group had no significant capital commitment (2013: nil).

HUMAN RESOURCES AND REMUNERATION POLICY

At 31 March 2014, the Group's continuing operations had about 35 (2013: 30) employees including directors. For the year under review, total staff costs of the continuing operations, including directors' remuneration, was HK$19,997,000 (2013: HK$10,412,000). Total staff costs increased by 92% was mainly due to the payment of discretionary bonus to employees and directors in light of the profitable results achieved by the Group. Remuneration packages for employees and directors are structured by reference to market terms and individual competence, performance and experience. Benefits plans maintained by the Group include provident fund scheme, medical insurance, subsidised training programme, share option scheme and discretionary bonuses.

Biographical Details of Directors and Senior Management

The biographical details of Directors and senior management as at 26 June 2014, the date of this annual report, are set out below:

EXECUTIVE DIRECTORS

Mr. Suen Cho Hung, Paul, *Chairman*

Aged 53, joined the Company as an Executive Director and the Chairman of the Company in November 2007. Mr. Suen is also a director of various members of the Group. He holds a Master of Business Administration degree from the University of South Australia. Mr. Suen has extensive experience in managing metal, minerals and raw materials, electrical and electronic consumer products, energy and property business ventures as well as in strategic planning and corporate management of business enterprises in Hong Kong and the PRC. Mr. Suen is a substantial shareholder of the Company as disclosed in the section headed "Interests and Short Positions of Shareholders Discloseable Under the SFO" in the Report of the Directors. He is also an executive director and the chairman of New Island Development Holdings Limited (formerly known as New Island Printing Holdings Limited) (stock code: 377) ("New Island Development"), a non-executive director of BEP International Holdings Limited (stock code: 2326) ("BEP International"), and was a non-executive director of Sunlink International Holdings Limited (stock code: 2336) ("Sunlink International") until 3 June 2014. All of the above companies are listed in Hong Kong.

Mr. Sue Ka Lok, *Chief Executive Officer and member of the Remuneration Committee and the Nomination Committee*

Aged 49, joined the Company as an Executive Director in November 2007 and was appointed the Chief Executive Officer of the Company in November 2009. Mr. Sue is also a director of various members of the Group. He holds a Bachelor of Economics degree from the University of Sydney in Australia and a Master of Science in Finance degree from the City University of Hong Kong. Mr. Sue is a fellow member of the Hong Kong Institute of Certified Public Accountants, a certified practising accountant of the CPA Australia, a fellow member of both the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators and an ordinary member of the Hong Kong Securities and Investment Institute. He has extensive experience in corporate management, finance, accounting and company secretarial practice. Mr. Sue is also an executive director of BEP International, a non-executive director and the chairman of China Tycoon Beverage Holdings Limited (stock code: 209) ("China Tycoon"), and was an executive director and the chairman of Sunlink International until 3 June 2014. All of the above companies are listed in Hong Kong.

Ms. Lee Chun Yeung, Catherine

Aged 46, joined the Group in February 2009 and was appointed an Executive Director in October 2010. Ms. Lee is also a director of various members of the Group. She holds a Bachelor of Arts degree from Guangdong University of Foreign Studies (formerly known as Guangzhou Institute of Foreign Languages) and a Master of Business Administration degree from the University of South Australia. Ms. Lee has extensive experience in international trading of metal minerals and commodities. Prior to joining the Group, she worked as an economist in a major commercial bank and a senior executive in a state-owned trading group in the PRC.

Biographical Details of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wong Kwok Tai, *Chairman of the Audit Committee and member of the Remuneration Committee and the Nomination Committee*

Aged 75, joined the Company as an Independent Non-executive Director in August 2001. Mr. Wong graduated from the Deakin University in Geelong, Australia and holds a Diploma of Commerce. He is a Practising Certified Public Accountant and a fellow member of the CPA Australia and the Hong Kong Institute of Certified Public Accountants. Mr. Wong is the director of W. Wong CPA Limited and has more than 48 years of financial experience. He is also an independent non-executive director of China Power New Energy Development Company Limited (stock code: 735), China Tycoon and Takson Holdings Limited (stock code: 918), and was an independent non-executive director of New Century Group Hong Kong Limited (stock code: 234) until 4 September 2012. All of the above companies are listed in Hong Kong.

Mr. Weng Yixiang, *Chairman of the Remuneration Committee and member of the Audit Committee and the Nomination Committee*

Aged 55, joined the Company as an Independent Non-executive Director in October 2007. Mr. Weng graduated from China Central Radio and TV University specialising in law and is also qualified as a senior economist in the PRC. He has over 20 years of experience in banking, investment and finance and had served as senior executive in government authorities and financial institutions in the PRC. Mr. Weng is the general manager of an investment management and consulting company in the PRC.

Mr. Huang Zhencheng, *Chairman of the Nomination Committee and member of the Audit Committee and the Remuneration Committee*

Aged 61, joined the Company as an Independent Non-executive Director in January 2014. Mr. Huang graduated from East China Normal University specialising in Chinese language & literature and completed a postgraduate degree at Research Institute of Yangtze River Development of East China Normal University specialising in regional economics. He also holds a Master of Business Administration degree from Asia International Open University (Macau) (now known as City University of Macau). Mr. Huang is also qualified as a senior economist in the PRC. Mr. Huang has extensive experience in the operation and management of retail business in the PRC. Mr. Huang was a director of Shanghai Friendship Group Incorporated Company (a company listed on the Shanghai Stock Exchange) from June 2010 to October 2011. He is currently an independent director of Bright Dairy & Food Co., Ltd. (a company listed on the Shanghai Stock Exchange).

SENIOR MANAGEMENT

Ms. Chan Yuk Yee, *Company Secretary*

Aged 46, joined the Company as Company Secretary in November 2008. Ms. Chan is also a director of a subsidiary of the Group. She holds a Master of Business Law degree from Monash University in Australia and is an associate member of both the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators. Ms. Chan has over 10 years of experience in company secretarial practice. She is also an executive director and the company secretary of China Tycoon, an executive director of New Island Development, and the company secretary of Sunlink International. All of the above companies are listed in Hong Kong.

The Directors hereby present their report and the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 March 2014.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holdings and securities investment. Details of the principal activities of the principal subsidiaries are set out in note 20 to the consolidated financial statements.

RESULTS

The results of the Group for the year ended 31 March 2014 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 30 to 31.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2014 (2013: nil).

FIVE-YEAR FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements of the Company, is set out on page 114. This summary does not form part of the audited consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company and of the Group during the year are set out in note 17 to the consolidated financial statements.

SHARE CAPITAL, WARRANTS AND SHARE OPTIONS

Details of movements in the Company's share capital and warrants, and share options during the year are set out in notes 31 and 32 to the consolidated financial statements, respectively.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws or the Companies Act 1981 of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

RESERVES

Details of movements in the reserves of the Company and of the Group during the year are set out in note 33(b) to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 March 2014, the Company had no reserve available for distribution and/or distribution in specie as computed in accordance with the Companies Act 1981 of Bermuda. The Company's share premium account, in the amount of HK$1,522,928,000 may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

During the year under review, sales to the Group's five largest customers accounted for approximately 41% of the total sales for the year and sales to the largest customer accounted for approximately 26%. Purchases from the Group's five largest suppliers accounted for approximately 68% of the total purchases for the year and purchases from the largest supplier accounted for approximately 20%.

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

DIRECTORS

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

Executive Directors:

Mr. Suen Cho Hung, Paul
Mr. Sue Ka Lok
Ms. Lee Chun Yeung, Catherine
Mr. Bai Jianjiang (retired on 13 September 2013)

Independent Non-executive Directors:

Mr. Wong Kwok Tai
Mr. Weng Yixiang
Mr. Huang Zhencheng (appointed on 2 January 2014)
Mr. Lu Xinsheng (resigned on 2 January 2014)

In accordance with bye-law 86(2) of the Company's Bye-laws, Mr. Huang Zhencheng will hold office until the forthcoming annual general meeting (the "AGM") and, being eligible, offer himself for re-election at the forthcoming AGM.

In accordance with bye-law 87 of the Company's Bye-laws, Mr. Suen Cho Hung, Paul and Mr. Weng Yixiang will retire by rotation at the forthcoming AGM and, being eligible, offer themselves for re-election at the forthcoming AGM.

DIRECTORS' SERVICE CONTRACTS

None of the directors being proposed for re-election at the forthcoming AGM has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

Details of the directors' remuneration are set out in note 10 to the consolidated financial statements.

UPDATES ON DIRECTORS' INFORMATION

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

1. Mr. Suen Cho Hung, Paul stepped down from his position as the chairman of BEP International Holdings Limited (stock code: 2326) ("BEP International"), a listed company in Hong Kong and has been re-designated as a non-executive director of BEP International with effect from 28 January 2014;

2. Mr. Suen Cho Hung, Paul resigned as a non-executive director of Sunlink International Holdings Limited (stock code: 2336) ("Sunlink International"), a listed company in Hong Kong, with effect from 3 June 2014;

3. Mr. Sue Ka Lok stepped down from his position as the chief executive officer of BEP International with effect from 10 January 2014;

4. Mr. Sue Ka Lok resigned as an executive director and the chairman of Sunlink International with effect from 3 June 2014;

5. Mr. Suen Cho Hung, Paul, Mr. Sue Ka Lok and Ms. Lee Chun Yeung, Catherine received a discretionary bonus in the amount of HK$2,000,000, HK$1,500,000 and HK$1,320,000 respectively in May 2014, which were approved by the Remuneration Committee of the Company;

6. The director's remuneration of Mr. Suen Cho Hung, Paul has been increased to HK$2,106,000 per annum under his service contract with a subsidiary of the Company with effect from 1 May 2014. The revised remuneration has been approved by the Remuneration Committee of the Company;

7. The director's remuneration of Mr. Sue Ka Lok has been increased to HK$780,000 per annum under his service contract with a subsidiary of the Company with effect from 1 May 2014. The revised remuneration has been approved by the Remuneration Committee of the Company; and

8. The director's remuneration of Ms. Lee Chun Yeung, Catherine has been increased to HK$1,014,000 per annum under her service contract with a subsidiary of the Company with effect from 1 May 2014. The revised remuneration has been approved by the Remuneration Committee of the Company.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "Connected Transactions" in this Report of the Directors and in note 37 to the consolidated financial statements, no contract 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.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2014, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules, were as follows:

Long positions in the shares of the Company:

Name of Director	Capacity and nature of interest	Number of shares held	Total interests	Approximate percentage of the Company's issued share capital
Mr. Suen Cho Hung, Paul ("Mr. Suen")	Interests of controlled corporation	1,008,700,000 *(Note)*	–	–
	Beneficial owner	7,000,000	1,015,700,000	29.68%

Note: These interests were held by Global Wealthy Limited ("Global Wealthy"), which was a wholly-owned subsidiary of Excelsior Kingdom Limited ("Excelsior Kingdom") which in turn was wholly owned by Mr. Suen. Mr. Suen is the sole director of Global Wealthy and Excelsior Kingdom. Accordingly, Mr. Suen was deemed to be interested in 1,008,700,000 shares of the Company under the SFO.

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" above and in the "Share Option Scheme" disclosure in note 32 to the consolidated financial statements, 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, and none of the directors of the Company or their spouse or minor children had any rights to subscribe for the securities of the Company, or had exercised any such rights during the year.

SHARE OPTION SCHEME

Details of the share option scheme of the Company are set out in note 32 to the consolidated financial statements.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 31 March 2014, the following interests of more than 5% of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

Long positions in the shares of the Company:

Name of shareholder	Capacity and nature of interest	Number of shares held	Total interests	Approximate percentage of the Company's issued share capital
Mr. Suen	Interest of controlled corporation	1,008,700,000 *(Note 1)*	–	–
	Beneficial owner	7,000,000	1,015,700,000	29.68%
Excelsior Kingdom	Interest of controlled corporation	1,008,700,000 *(Note 1)*	1,008,700,000	29.47%
Global Wealthy	Beneficial owner	1,008,700,000 *(Note 1)*	1,008,700,000	29.47%
HEC Capital Limited ("HEC Capital")	Interest of controlled corporation	191,328,800 *(Note 2)*	191,328,800	5.59%

Notes:

1. These interests were held by Global Wealthy, which was a wholly-owned subsidiary of Excelsior Kingdom which in turn was wholly owned by Mr. Suen. Mr. Suen is the sole director of Global Wealthy and Excelsior Kingdom. Accordingly, Mr. Suen and Excelsior Kingdom were deemed to be interested in 1,008,700,000 shares of the Company under the SFO.

2. These interests were held by Murtsa Capital Management Limited ("Murtsa Capital"), which was a wholly-owned subsidiary of HEC Development Limited which in turn was wholly owned by HEC Capital. Accordingly, HEC Capital was deemed to be interested in 191,328,800 shares of the Company under the SFO.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO (continued)

The interests of Mr. Suen, Excelsior Kingdom and Global Wealthy in 1,008,700,000 shares of the Company referred to in note 1 above related to the same parcel of shares.

Save as disclosed above, the Company had not been notified of any other relevant interests or short positions in the shares and underlying shares of the Company as at 31 March 2014 as required pursuant to section 336 of the SFO.

CONNECTED TRANSACTIONS

The related party transactions as disclosed in note 37 to the consolidated financial statements fall under the scope of "Connected Transactions" or "Continuing Connected Transactions" under Chapter 14A of the Listing Rules but are exempted from reporting, annual review, announcement or independent shareholders' approval requirements.

REMUNERATION POLICY

The Group remunerates its employees based on their competence, performance, experience and prevailing market terms. Other employee benefits included provident fund scheme, medical insurance, subsidised training programme, share option scheme as well as discretionary bonuses.

The determination of directors' remuneration has taken into consideration of their respective responsibilities and contributions to the Company and with reference to market terms.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the Company's total issued share capital is held by the public as at the date of this report.

AUDIT COMMITTEE

The audited consolidated financial statements of the Company for the year ended 31 March 2014 have been reviewed by the Audit Committee of the Company before they are duly approved by the Board under the recommendation of the Audit Committee.

AUDITOR

The consolidated financial statements of the Company for the year ended 31 March 2014 have been audited by HLB Hodgson Impey Cheng Limited.

A resolution will be proposed at the forthcoming AGM to re-appoint HLB Hodgson Impey Cheng Limited as auditor of the Company.

The consolidated financial statements of the Company for the year ended 31 March 2012 were audited by HLB Hodgson Impey Cheng. In March 2012, the practice of HLB Hodgson Impey Cheng was reorganised as HLB Hodgson Impey Cheng Limited. Save for the above, there has been no other change of the auditor of the Company in the preceding three years.

On behalf of the Board

Suen Cho Hung, Paul
Chairman

Hong Kong, 26 June 2014

The Board is committed to maintaining high standards of corporate governance practices at all times. The Board believes that good corporate governance helps the Company to safeguard the interests of its shareholders and to enhance the performance of the Group.

CORPORATE GOVERNANCE

The Company has complied with all the applicable provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules for the year ended 31 March 2014, except for the following deviations with reasons as explained:

Code Provision A.4.1

Code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

Deviation

Prior to 2 January 2014, the independent non-executive directors of the Company are not appointed for a specific term but shall retire from office by rotation at least once every three years as referred to in the bye-law 87 of the Company's Bye-laws which provides that at each annual general meeting one-third of the directors of the Company for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. However, the aforesaid deviation was rectified and code provision A.4.1 has been complied with commencing from 2 January 2014 as the Company has fixed the term of service of each independent non-executive director in their respective appointment letter entered into with the Company. Commencing from 2 January 2014, according to the appointment letter entered into with each of the independent non-executive director, their respective term of service is fixed at a term of twelve-month period which automatically renews for successive twelve-month periods unless terminated by either party in writing prior to the expiry of the term.

Code Provision E.1.2

Code provision E.1.2 of the CG Code stipulates that the chairman of the board should attend the annual general meeting.

Deviation

The Chairman of the Board, Mr. Suen Cho Hung, Paul, was unable to attend the annual general meeting of the Company held on 13 September 2013 (the "2013 AGM") as he had other important business engagement. However, Mr. Sue Ka Lok, an Executive Director and the Chief Executive Officer of the Company, had chaired the meeting in accordance with bye-law 63 of the Company's Bye-laws.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by directors of the Company. Having made specific enquiry with the Directors, all of them confirmed that they have complied with the required standards set out in the Model Code during the year ended 31 March 2014.

BOARD OF DIRECTORS

The Board is responsible for the leadership and control of the Company. The Board reviews and approves the objectives, strategies, direction and policies of the Group, the annual budget, annual and interim results, the management structure of the Company as well as other significant policy and financial matters. The Board has delegated the responsibility of day-to-day operations of the Group to the management of the Company.

As at 26 June 2014, the date of this annual report, the Board comprises six directors, three of which are Executive Directors, namely Mr. Suen Cho Hung, Paul ("Mr. Suen") (Chairman), Mr. Sue Ka Lok ("Mr. Sue") (Chief Executive Officer), Ms. Lee Chun Yeung, Catherine and three are Independent Non-executive Directors, namely Mr. Wong Kwok Tai ("Mr. Wong"), Mr. Weng Yixiang and Mr. Huang Zhencheng. 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 the independent non-executive directors are independent in accordance with the independence guidelines set out in the Listing Rules. Biographical details of the Directors are set out under the section headed "Biographical Details of Directors and Senior Management" on pages 8 to 10 of this annual report.

As disclosed in that section, both Mr. Suen and Ms. Chan Yuk Yee ("Ms. Chan") are executive directors of New Island Development Holdings Limited of which Mr. Suen is the chairman and the controlling shareholder. Mr. Suen is a non-executive director and the controlling shareholder of BEP International Holdings Limited of which Mr. Sue is an executive director. Mr. Suen is also the controlling shareholder of China Tycoon Beverage Holdings Limited of which Mr. Sue is a non-executive director and the chairman, Mr. Wong is an independent non-executive director and Ms. Chan is an executive director and the company secretary. Save for the aforesaid, there is no other financial, business, family or other material/relevant relationship between the Chairman and the Chief Executive Officer (the "CEO") and among senior management and members of the Board.

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

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

BOARD OF DIRECTORS (continued)

During the year ended 31 March 2014, four regular Board meetings and 2013 AGM were held and the attendance of each director is set out as follows:

	Number of attendance	
	Board meetings	2013 AGM
Executive Directors		
Mr. Suen Cho Hung, Paul	4/4	0/1
Mr. Sue Ka Lok	4/4	1/1
Ms. Lee Chun Yeung, Catherine	4/4	1/1
Mr. Bai Jianjiang (retired on 13 September 2013)	4/4	0/1
Independent Non-executive Directors		
Mr. Wong Kwok Tai	4/4	1/1
Mr. Weng Yixiang	4/4	1/1
Mr. Huang Zhencheng (appointed on 2 January 2014)	0/0	0/0
Mr. Lu Xinsheng (resigned on 2 January 2014)	4/4	1/1

CHAIRMAN AND CHIEF EXECUTIVE

The Group adopts a dual leadership structure in which the role of the Chairman is separated from that of the CEO. The Chairman is responsible for overseeing all Board functions, while the executive directors and senior management are under the leadership of the CEO to oversee the day-to-day operations of the Group and implement the strategies and policies approved by the Board.

The position of the Chairman of the Board is currently held by Mr. Suen Cho Hung, Paul and the position of CEO is currently held by Mr. Sue Ka Lok.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the independent non-executive directors of the Company is appointed for a term of twelve-month period which automatically renews for successive twelve-month periods unless terminated by either party in writing prior to the expiry of the term. All the Independent Non-executive Directors are also subject to retirement by rotation and re-election at least once every three years at the annual general meetings of the Company in accordance with the Company's Bye-laws.

REMUNERATION COMMITTEE

The Remuneration Committee has specific written terms of reference as set out in the CG Code. As at the date of this annual report, the Remuneration Committee comprises four members, including three Independent Non-executive Directors, namely Mr. Wong Kwok Tai, Mr. Weng Yixiang and Mr. Huang Zhencheng, and one Executive Director, namely Mr. Sue Ka Lok. Mr. Weng Yixiang is the Chairman of the Remuneration Committee.

The Remuneration Committee is mainly responsible for making recommendations to the Board on the Company's policy and structure for all directors and senior management remuneration; determining the remuneration packages of individual executive directors and senior management and making recommendations to the Board on the remuneration of non-executive directors. The full terms of reference are available on the Company's website and the Stock Exchange's website.

The Remuneration Committee met two times during the year ended 31 March 2014 to review discretionary bonus for executive directors; and review and make recommendations to the Board on the remuneration packages of independent non-executive directors. The attendance of each member is set out as follows:

Members	Number of attendance
Mr. Weng Yixiang	2/2
Mr. Wong Kwok Tai	2/2
Mr. Huang Zhencheng (appointed on 2 January 2014)	0/0
Mr. Sue Ka Lok	2/2
Mr. Lu Xinsheng (resigned on 2 January 2014)	1/1

NOMINATION COMMITTEE

The Nomination Committee has specific written terms of reference as set out in the CG Code. As at the date of this annual report, the Nomination Committee comprises four members, including three Independent Non-executive Directors, namely Mr. Wong Kwok Tai, Mr. Weng Yixiang and Mr. Huang Zhencheng, and one Executive Director, namely Mr. Sue Ka Lok. Mr. Huang Zhencheng is the Chairman of the Nomination Committee.

The Nomination Committee is mainly responsible for making recommendations to the Board on the appointment of directors, evaluation of board composition, assessment of the independence of independent non-executive directors and the management of board succession. The full terms of reference are available on the Company's website and the Stock Exchange's website.

NOMINATION COMMITTEE (continued)

The Nomination Committee met two times during the year ended 31 March 2014 to review the structure, size and composition of the Board; assess the independence of the Independent Non-executive Directors of the Company; review and make recommendations to the Board on the re-election of directors; and review and make recommendations to the Board on the appointment of a director. The attendance of each member is set out as follows:

Members	Number of attendance
Mr. Huang Zhencheng (appointed on 2 January 2014)	0/0
Mr. Wong Kwok Tai	2/2
Mr. Weng Yixiang	2/2
Mr. Sue Ka Lok	2/2
Mr. Lu Xinsheng (resigned on 2 January 2014)	1/1

The Board has adopted a board diversity policy (the "Policy") in September 2013 which sets out the approach to achieve diversity on the Board. All Board appointments shall be based on meritocracy, and candidates will be considered against selection criteria, having regard for the benefits of diversity on the Board. Selection of candidates will be based on range of diversity perspectives, which would include but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Nomination Committee will monitor the implementation of the Policy and will from time to time review the Policy, as appropriate, to ensure the effectiveness of the Policy.

AUDITOR AND AUDITOR'S REMUNERATION

The statement of the external auditor of the Company about their responsibilities on the Company's consolidated financial statements for the year ended 31 March 2014 is set out in the "Independent Auditor's Report" on pages 28 to 29 of this annual report.

For the year ended 31 March 2014, remuneration payable to the Company's auditor, HLB Hodgson Impey Cheng Limited, for the provision of audit services was HK$720,000. During the year, HK$113,000 was paid as remuneration to HLB Hodgson Impey Cheng Limited for the provision of non-audit related services including provision of assistance on interim report review.

AUDIT COMMITTEE

The Audit Committee has specific written terms of reference as set out in the CG Code. As at the date of this annual report, the Audit Committee comprises three Independent Non-executive Directors, namely Mr. Wong Kwok Tai, Mr. Weng Yixiang and Mr. Huang Zhencheng. Mr. Wong Kwok Tai is the Chairman of the Audit Committee.

The Audit Committee is mainly responsible for assisting the Board in applying financial reporting and internal control principles and in maintaining an appropriate relationship with the Company's auditor. The Audit Committee is also delegated the corporate governance function of the Board to monitor, procure and manage corporate governance compliance within the Group. The full terms of reference are available on the Company's website and the Stock Exchange's website.

The Audit Committee met two times during the year ended 31 March 2014 and the attendance of each member is set out as follows:

Members	Number of attendance
Mr. Wong Kwok Tai	2/2
Mr. Weng Yixiang	2/2
Mr. Huang Zhencheng (appointed on 2 January 2014)	0/0
Mr. Lu Xinsheng (resigned on 2 January 2014)	2/2

The following is a summary of work performed by the Audit Committee during the year:

1. reviewed and discussed the audited financial statements of the Group for the year ended 31 March 2013 and recommended to the Board for approval;

2. reviewed the corporate governance compliance with the CG Code and the disclosure requirements for the corporate governance report;

3. reviewed and discussed the unaudited financial statements of the Group for the six months ended 30 September 2013 and recommended to the Board for approval;

4. reviewed and discussed with the management and auditor of the Company the accounting policies and practices which may affect the Group and the scope of the audit;

5. reviewed the effectiveness of the internal control system of the Group; and

6. reviewed and approved the remuneration and the terms of engagement of the Company's auditor; and reviewed and made recommendations to the Board on the re-appointment of the Company's auditor.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price-sensitive announcements and other financial disclosures required under the Listing Rules and other regulatory requirements.

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Company for the year ended 31 March 2014.

CORPORATE GOVERNANCE FUNCTIONS

In order to establish the duties and responsibilities of the Board in performing its corporate governance functions, the Board has delegated certain corporate governance functions to the Audit Committee, which include (i) developing and reviewing policies and practices on corporate governance; (ii) reviewing and monitoring the training and continuous professional development of the directors and senior management; (iii) reviewing and monitoring policies and practices on compliance with legal and regulatory requirements; (iv) developing, reviewing and monitoring the code of conduct and compliance manual applicable to employees and the directors; and (v) reviewing the Company's compliance with the CG Code and disclosure in the corporate governance report.

INTERNAL CONTROL

The Board recognises its responsibilities for maintaining an adequate system of internal control to safeguard the Group's assets and shareholders' interests. An internal control system, including a defined management structure with limits of authority, is designed to help achieving business objectives, safeguarding assets against unauthorised use, and maintaining proper accounting records for the provision of reliable financial information for internal use and for publication. The internal control system is set up to provide reasonable, but not absolute, assurance against material misstatement of financial statements or loss of assets and to manage rather than eliminate risks of failure in operational systems and achievement of the Group's objectives.

For the year ended 31 March 2014, the Board conducted a review of the effectiveness of the internal control system of the Group.

COMPANY SECRETARY

Ms. Chan Yuk Yee was appointed the Company Secretary of the Company on 5 November 2008. The biographical details of Ms. Chan are set out under the section headed "Biographical Details of Directors and Senior Management" on pages 8 to 10 of this annual report. Ms. Chan has taken no less than 15 hours of the relevant professional training during the financial year ended 31 March 2014.

SHAREHOLDERS' RIGHTS

Procedures for shareholders to convene a special general meeting

According to bye-law 58 of the Company's Bye-laws, shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty one days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in accordance with the provisions of Section 74(3) of the Companies Act 1981 of Bermuda (the "Companies Act").

Procedures for shareholders to put forward proposals at general meetings

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

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

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

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

SHAREHOLDERS' RIGHTS (continued)

Procedures for shareholders to propose a person for election as a director of the Company

According to bye-law 88 of the Company's Bye-laws, no person other than a director retiring at the general meeting of the Company shall, unless recommended by the directors for election, be eligible for election as a director at general meeting of the Company unless a notice signed by a shareholder of the Company (other than the person to be proposed) duly qualified to attend and vote at the general meeting of the Company for which such notice is given of his/her intention to propose such person for election and also a notice signed by the person to be proposed of his/her willingness to be elected shall have been lodged at the Company's head office in Hong Kong or at the Company's branch share registrar in Hong Kong, Tricor Tengis Limited provided that the minimum length of the period, during which such notice(s) are given, shall be at least seven days and that (if the notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgement of such notice(s) shall commence on (and including) the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting.

Procedures for directing shareholders' enquiries to the Board

Shareholders may at any time send their enquiries and concerns in writing to the Company Secretary of the Company at the Company's head office in Hong Kong at Suite 1501, 15th Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong.

INVESTOR RELATIONS

The Company has established a range of communication channels between itself and its shareholders, investors and other stakeholders. These include the annual general meeting, the annual and interim reports, notices, announcements and circulars and the Company's website at www.polycapital.com.hk.

Independent Auditor's 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
POLY CAPITAL HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Poly Capital Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 30 to 113, which comprise the consolidated and company statements of financial position as at 31 March 2014, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

AUDITOR'S RESPONSIBILITY (continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

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

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Hon Koon Fai, Alex
Practicing Certificate Number: P05029

Hong Kong, 26 June 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
Continuing operations			
Revenue	7	**1,369,188**	757,600
Cost of sales		**(1,329,498)**	(729,123)
Gross profit		**39,690**	28,477
Net gains/(losses) on investments at fair value through profit or loss	9	**411,915**	(67,824)
Other income and gains	7	**6,798**	6,479
Selling and distribution costs		**(983)**	(891)
Administrative expenses		**(33,622)**	(22,080)
Finance costs	8	**(6,645)**	(1,811)
Impairment loss recognised in respect of loan receivable and other receivable	9	**–**	(10,449)
Profit/(loss) before taxation		**417,153**	(68,099)
Taxation	12	**(70)**	(1,025)
Profit/(loss) for the year from continuing operations	9	**417,083**	(69,124)
Discontinued operation			
Profit for the year from discontinued operation	14	**–**	7,930
Profit/(loss) for the year		**417,083**	(61,194)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**–**	2
Other comprehensive income for the year, net of tax		**–**	2
Total comprehensive income/(expense) for the year		**417,083**	(61,192)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
Profit/(loss) for the year attributable to:			
Owners of the Company		**417,083**	(60,928)
Non-controlling interests		**–**	(266)
		417,083	(61,194)
Total comprehensive income/(expense) for the year attributable to:			
Owners of the Company		**417,083**	(60,925)
Non-controlling interests		**–**	(267)
		417,083	(61,192)
Earnings/(loss) per share attributable to owners of the Company	16		
From continuing and discontinued operations			
Basic (HK cents per share)		**13.85**	(2.05)
Diluted (HK cents per share)		**13.71**	(2.05)
From continuing operations			
Basic (HK cents per share)		**13.85**	(2.33)
Diluted (HK cents per share)		**13.71**	(2.33)

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

Consolidated Statement of Financial Position

As at 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment	17	**2,169**	3,152
Available-for-sale investment	21	**18,000**	18,000
Total non-current assets		**20,169**	21,152
Current assets			
Bills receivable	22	**125,548**	58,635
Prepayments, deposits and other receivables	23	**60,481**	50,571
Loans receivable	24	**42,233**	72,233
Tax recoverable		**102**	606
Investments at fair value through profit or loss	25	**1,301,924**	891,366
Pledged bank deposits	26	**21,116**	24,981
Cash and bank balances	26	**313,566**	187,997
Total current assets		**1,864,970**	1,286,389
Current liabilities			
Bills payable	27	**9,030**	6,469
Other payables and accruals	28	**16,905**	21,782
Tax payable		**–**	229
Bank advances for discounted bills	22	**119,355**	52,518
Total current liabilities		**145,290**	80,998
Net current assets		**1,719,680**	1,205,391
Total assets less current liabilities		**1,739,849**	1,226,543

Consolidated Statement of Financial Position

As at 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current liabilities			
Notes payable	29	**145,717**	95,097
Deferred tax liabilities	30	**707**	809
Total non-current liabilities		**146,424**	95,906
Net assets		**1,593,425**	1,130,637
Capital and reserves			
Share capital	31	**342,268**	296,563
Reserves	33(a)	**1,251,157**	834,074
Total equity		**1,593,425**	1,130,637

The consolidated financial statements on pages 30 to 113 are approved and authorised for issue by the Board of Directors on 26 June 2014 and are signed on its behalf by:

Suen Cho Hung, Paul
Director

Sue Ka Lok
Director

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

Statement of Financial Position

As at 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment	17	–	6
Investment in subsidiaries	20	–	–
Total non-current assets		–	6
Current assets			
Prepayments, deposits and other receivables	23	451	336
Amounts due from subsidiaries	20	1,676,952	1,179,630
Cash and bank balances	26	71,177	60,527
Total current assets		1,748,580	1,240,493
Current liabilities			
Amount due to subsidiaries	20	16,974	17,139
Other payables and accruals	28	3,412	2,409
Total current liabilities		20,386	19,548
Net current assets		1,728,194	1,220,945
Total assets less current liabilities		1,728,194	1,220,951
Non-current liabilities			
Notes payable	29	145,717	95,097
Deferred tax liabilities	30	707	809
Total non-current liabilities		146,424	95,906
Net assets		1,581,770	1,125,045
Capital and reserves			
Share capital	31	342,268	296,563
Reserves	33(b)	1,239,502	828,482
Total equity		1,581,770	1,125,045

Suen Cho Hung, Paul	**Sue Ka Lok**
Director	*Director*

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2014

		Attributable to owners of the Company									
	Notes	Share capital HK$'000	Share premium *(note 1)* HK$'000	Contributed surplus *(note 2)* HK$'000	Translation reserve *(note 3)* HK$'000	Share option reserve *(note 4)* HK$'000	Other reserve *(note 5)* HK$'000	Accumulated losses HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2012		296,549	1,523,162	3,085	8,081	2,692	(124)	(633,703)	1,199,742	(1,793)	1,197,949
Loss for the year		–	–	–	–	–	–	(60,928)	(60,928)	(266)	(61,194)
Other comprehensive income/ (expense) for the year		–	–	–	3	–	–	–	3	(1)	2
Total comprehensive income/ (expense) for the year		–	–	–	3	–	–	(60,928)	(60,925)	(267)	(61,192)
Transaction costs attributable to issue of shares		–	(234)	–	–	–	–	–	(234)	–	(234)
Exercise of warrants		14	–	–	–	–	–	–	14	–	14
Lapse of share options		–	–	–	–	(2,692)	–	2,692	–	–	–
Disposal of subsidiaries	35	–	–	–	(8,084)	–	124	–	(7,960)	2,060	(5,900)
At 31 March 2013 and 1 April 2013		296,563	1,522,928	3,085	–	–	–	(691,939)	1,130,637	–	1,130,637
Profit for the year and total comprehensive income for the year		–	–	–	–	–	–	417,083	417,083	–	417,083
Exercise of warrants	31	45,705	–	–	–	–	–	–	45,705	–	45,705
At 31 March 2014		**342,268**	**1,522,928**	**3,085**	**–**	**–**	**–**	**(274,856)**	**1,593,425**	**–**	**1,593,425**

Notes:

1. Share premium account is governed by Section 40 of the Companies Act 1981 of Bermuda.

2. Pursuant to the capital reorganisation implemented during the year ended 31 March 2006, the credits arising from the capital reduction and share premium cancellation were transferred to the contributed surplus account of the Group where they had been utilised to eliminate the accumulated losses of the Group.

3. Translation reserve represents exchange difference arising from 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 dollars), which is recognised directly in other comprehensive income and accumulated in the translation reserve. Such exchange difference accumulated in the exchange reserve had been reclassified to profit or loss on the disposal of the foreign operations during the year ended 31 March 2013.

4. Share option reserve represents the fair value of services received in exchange for the grant of the relevant share options, the total of which is based on the fair value of the share options at grant date. At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated losses. Such share option reserve had been transferred to accumulated losses during the year ended 31 March 2013.

5. Other reserve represents the difference between the consideration paid to obtain additional 5% non-controlling interests in Ju Xie Chang (Beijing) Pharmaceutical Company Limited* (聚協昌（北京）藥業有限公司) and its carrying amount of net assets on the date of acquisition. The excess of the fair value of the consideration over the carrying amount of net assets acquired had been debited directly to equity.

* *Literal translation of its Chinese company name*

The accompanying notes form an integral part of these financial statements.

	Notes	2014 HK$'000	2013 HK$'000
Cash flows from operating activities			
Profit/(loss) for the year		**417,083**	(61,194)
Adjustments for:			
Income tax expense recognised in profit or loss	*12 and 14*	**70**	926
Finance costs	*8 and 14*	**6,645**	3,735
Bank interest income	*7 and 14*	**(368)**	(1,005)
Interest income from provision of finance	*7*	**(11,493)**	(10,105)
Dividend income on investment in listed equity securities	*7*	**(4,624)**	(2,325)
Impairment loss recognised in respect of a bill receivable	*9*	**258**	–
Impairment loss recognised in respect of an other receivable	*9*	**2,075**	–
Impairment loss recognised in respect of loan receivable and other receivable	*9*	**–**	10,449
Unrealised (gain)/loss on investments at fair value through profit or loss	*9*	**(392,960)**	69,251
Depreciation of property, plant and equipment	*9 and 14*	**1,027**	3,938
Amortisation of prepaid lease payments	*14*	**–**	463
Gain on disposal of subsidiaries	*35*	**–**	(11,865)
Operating cash flows before movements in working capital		**17,713**	2,268
Decrease in inventories		**–**	1,141
Increase in bills receivable		**(67,171)**	(19,372)
Increase in prepayments, deposits and other receivables		**(11,985)**	(29,928)
Decrease/(increase) in loans receivable		**30,000**	(15,395)
Increase in investments at fair value through profit or loss		**(17,598)**	(245,366)
Decrease in other deposits		**–**	190
Increase/(decrease) in bills payable		**2,561**	(4,866)
(Decrease)/increase in other payables and accruals		**(5,902)**	14,933
Cash used in operations		**(52,382)**	(296,395)
Interest received on loans receivable	*7*	**11,493**	10,105
Dividend received on investment in listed equity securities	*7*	**4,624**	2,325
Interest paid for notes payable		**(5,000)**	–
Hong Kong Profits Tax refunded/(paid)		**103**	(72)
Net cash outflow from operating activities		**(41,162)**	(284,037)

Consolidated Statement of Cash Flows

For the year ended 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
Cash flows from investing activities			
Bank interest received	7 and 14	**368**	1,005
Increase in available-for-sale investment		**–**	(18,000)
Purchases of property, plant and equipment	17	**(44)**	(2,130)
Net cash inflow from disposal of subsidiaries	35	**–**	75,633
Decrease/(increase) in pledged bank deposits	26	**3,865**	(9,973)
Net cash inflow from investing activities		**4,189**	46,535
Cash flows from financing activities			
Proceeds from exercise of warrants	31	**45,705**	14
Transaction costs attributable to issue of shares		**–**	(234)
Increase in bank advances for discounted bills		**66,837**	21,349
Repayment of bank loans		**–**	(5,166)
Net proceeds from issue of notes payable	29	**50,000**	94,900
Net cash inflow from financing activities		**162,542**	110,863
Net increase/(decrease) in cash and cash equivalents		**125,569**	(126,639)
Cash and cash equivalents at beginning of year		**187,997**	314,614
Effect of foreign exchange rate changes, net		**–**	22
Cash and cash equivalents at end of year	26	**313,566**	187,997

The accompany notes from an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

Poly Capital Holdings Limited (the "Company") is a limited liability company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The Company's largest shareholder is Excelsior Kingdom Limited, which is a company incorporated in the British Virgin Islands (the "BVI"). Excelsior Kingdom Limited does not produce financial statements available for public use.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company and all values are rounded to the nearest thousand (HK$'000) except otherwise indicated.

The principal activities of the Company are investment holdings and securities investment. The activities of its principal subsidiaries are set out in note 20 to the consolidated financial statements.

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

In the current year, the Company and its subsidiaries (the "Group") have applied, for the first time, a number of new and revised standards, amendments and interpretations (the "new and revised HKFRSs") (which include all HKFRSs, Hong Kong Accounting Standards ("HKASs") and interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") which are effective for the Group's financial year beginning 1 April 2013. A summary of the new and revised HKFRSs are set out as below:

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

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

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

The Group has applied the amendments to HKAS 1 "Presentation of Items of Other Comprehensive Income". The amendments introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, the 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income' and the 'income statement' is renamed as the 'statement of profit or loss'. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either single statement or in two separate but consecutive statements.

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 have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income of the Group.

HKFRS 10 "Consolidated Financial Statements"

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements and HK(SIC) Int – 12 "Consolidation – Special Purpose Entities". HKFRS 10 changes the definition of control such that an investor has control over an investee when (a) it has power over the investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee. Some guidance included in HKFRS 10 that deals with whether or not an investor that owns less than 50% of the voting rights in an investee has control over the investee is relevant to the Group.

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

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).

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.

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

The Group has not early applied 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[6]
HKAS 19 (Amendments)	Defined Benefit Plans: Employee Contribution[2]
HKAS 32 (Amendments)	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities[1]
HKAS 36 (Amendments)	Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets[1]
HKAS 39 (Amendments)	Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting[1]
HKFRSs (Amendments)	Annual Improvement to HKFRSs 2010 – 2012 Cycle[4]
HKFRSs (Amendments)	Annual Improvement to HKFRSs 2011 – 2013 Cycle[2]
HKFRS 9	Financial Instruments[3]
HKFRS 9 and HKFRS 7 (Amendments)	Mandatory Effective Dates of HKFRS 9 and Transition Disclosures[3]
HKFRS 10, HKFRS 12 and HKAS 27 (As revised in 2011) (Amendments)	Investment Entities[1]
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations[6]
HKFRS 14	Regulatory Deferral Accounts[5]
HK(IFRIC) – Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014.
2 Effective for annual periods beginning on or after 1 July 2014.
3 Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.
4 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.
5 Effective for first annual HKFRS financial statements for periods beginning on or after 1 January 2016.
6 Effective for annual periods beginning on or after 1 January 2016.

The Group is in the process of making an assessment of the impact of the above HKFRSs upon initial application but is not yet in a position to state whether the above HKFRSs would have a significant impact on the Group's results of operations and financial position.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

Basis of preparation

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction 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 (continued)

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.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

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

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

All 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 interests in existing subsidiaries

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations

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

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

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income Taxes" and HKAS 19 "Employee Benefits" respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 "Share-based Payment" at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that standard.

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations (continued)

Where 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, or HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets", as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interests 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, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as at that date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill

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

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

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

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

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its location and working condition for its intended use. Expenses incurred after item of property, plant and equipment have been put into operation, such as repair and maintenance, is normally charged to the consolidated statement of profit or loss and other comprehensive income in the period in which it is incurred. In situation 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 an item of property, plant and equipment and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

Impairment of tangible and intangible assets other than goodwill

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

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

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

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

Financial assets

The Group's financial assets are classified into one of the three categories, including 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 market place. The accounting policies adopted in respect of each category of financial assets are set out below.

Effective interest method

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

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.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the consolidated statement of profit or loss and other comprehensive income.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale 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 dividends on AFS equity investments are recognised in profit or loss.

Other changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss (see accounting policies in respect of impairment loss on financial assets below).

Dividend on AFS equity investments are recognised in profit or loss when the Group's right to receive the dividend is established.

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 instruments are measured at cost less any identified impairment losses at the end of each reporting period (see accounting policy in respect of impairment loss on financial assets below).

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 bills receivable, other receivables, loans receivable, pledged bank deposits, cash and bank balances and amounts due from subsidiaries of the Company) are carried at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

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

For certain categories of financial asset, such as bills receivable, 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

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 (see the accounting policy below).

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of bills receivable, loans receivable and other receivables, where the carrying amount is reduced through the use of an allowance account. When a 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 profit or loss.

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

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

Warrants

Warrants issued by the Company to acquire a fixed number of the Company's own equity instruments for a fixed amount of any currency are equity instruments if the Company offers the warrants pro-rata to all of its existing owners of the same class of its own-derivative equity instruments. When the warrants are exercised, the portion of subscription money with the nominal value of the ordinary shares is recognised to the share capital account while any excess of the subscription money over the nominal value of ordinary shares is taken into the share premium account.

Other financial liabilities

Financial liabilities (including bills payable, other payables, bank advances for discounted bills, notes payable and amount due to subsidiaries of the Company) 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 (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Derecognition

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprises cash in hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the Group's and the Company's statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

Sales of goods are recognised when goods are delivered and titles have passed.

Sale of securities investments are recognised on a trade date basis.

Rental income is recognised on a straight-line basis over the lease terms.

Interest income from a 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 the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income is recognised when the shareholders' right to receive payment has been established.

Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income and 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, 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 are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

The consolidated financial statements are presented in Hong Kong dollars. 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 each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

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

- exchange differences on transactions entered into in order to hedge certain foreign currency risks; 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 profit or loss on repayment of the monetary items.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

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

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

Leasing

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

The Group as lessor

Rental income from operating leases is recognised 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

Rental payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated statement of profit or loss and other comprehensive income as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The contributions are charged to the consolidated statement of profit or loss and other comprehensive income as they become payable in accordance with the rules of the central pension scheme.

Related parties transactions

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;

  (ii) has significant influence over the Group; or

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties transactions (continued)

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

(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. If the Group is itself such a plan, the sponsoring employers are also related to the Group;

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

(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).

A transaction is considered to be a related party transaction when there is a transfer of resources or, obligations between the Group and a related party, regardless of whether a price is charged.

Discontinued operation

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

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

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

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances.

Critical accounting estimates and assumptions

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

(a) *Income taxes*

The Group is subject to income taxes in various jurisdictions. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues 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 period in which such determination is made.

(b) *Impairment of assets*

The Group tests annually whether the assets have suffered any impairment. The recoverable amount of an asset or a cash generating unit is determined based on value-in-use calculations which require the use of assumptions and estimates.

(c) *Estimate of fair value of financial instruments*

The fair value of financial assets (investments at FVTPL) and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market closing prices; and

- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input.

5. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT

(a) Categories of financial instruments

Group

Financial assets

	2014				2013			
	Loans and receivables HK$'000	Financial assets at FVTPL HK$'000	AFS financial assets HK$'000	Total HK$'000	Loans and receivables HK$'000	Financial assets at FVTPL HK$'000	AFS financial assets HK$'000	Total HK$'000
Available-for-sale investment	–	–	18,000	18,000	–	–	18,000	18,000
Bills receivable	125,548	–	–	125,548	58,635	–	–	58,635
Other receivables	40,029	–	–	40,029	13,024	–	–	13,024
Loans receivable	42,233	–	–	42,233	72,233	–	–	72,233
Investments at fair value through profit or loss								
– Held for trading	–	1,278,554	–	1,278,554	–	811,985	–	811,985
– Designated as at FVTPL	–	23,370	–	23,370	–	79,381	–	79,381
Pledged bank deposits	21,116	–	–	21,116	24,981	–	–	24,981
Cash and bank balances	313,566	–	–	313,566	187,997	–	–	187,997
	542,492	1,301,924	18,000	1,862,416	356,870	891,366	18,000	1,266,236

Financial liabilities

	2014 Financial liabilities at amortised cost HK$'000	2013 Financial liabilities at amortised cost HK$'000
Bills payable	9,030	6,469
Other payables	8,243	6,490
Bank advances for discounted bills	119,355	52,518
Notes payable	145,717	95,097
	282,345	160,574

5. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (continued)

(a) Categories of financial instruments (continued)

Company

Financial assets

	2014				2013			
	Loans and receivables	**Financial assets at FVTPL**	**AFS financial assets**	**Total**	Loans and receivables	Financial assets at FVTPL	AFS financial assets	Total
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Other receivables	**124**	**–**	**–**	**124**	82	–	–	82
Amounts due from subsidiaries	**1,676,952**	**–**	**–**	**1,676,952**	1,179,630	–	–	1,179,630
Cash and bank balances	**71,177**	**–**	**–**	**71,177**	60,527	–	–	60,527
	1,748,253	**–**	**–**	**1,748,253**	1,240,239	–	–	1,240,239

Financial liabilities

	2014 Financial liabilities at amortised cost	2013 Financial liabilities at amortised cost
	HK$'000	*HK$'000*
Other payables	**2,638**	1,614
Amount due to subsidiaries	**16,974**	17,139
Notes payable	**145,717**	95,097
	165,329	113,850

5. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (continued)

(b) Financial risk management objectives and policies

The Group's major financial instruments include AFS investment, bills receivable, other receivables, loans receivable, investments at FVTPL, pledged bank deposits, bank balances, bills payable, other payables, bank advances for discounted bills and notes payable. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

The Group's principal financial assets include AFS investment, bills receivable, other receivables, loans receivable, investments at FVTPL, pledged bank deposits and bank balances. The Group's maximum exposure to credit risk in the event of counterparties' failure to perform their obligations as at 31 March 2014 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position.

The Group has put in place policies to ensure that sales of products are made to customers with an appropriate credit history and the Group performs periodic credit evaluations of its customers. In addition, the Group reviews the recoverable amount of each individual receivable at the end of each 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 credit risk on bank balances is limited because the counterparties are banks with high credit ratings. The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties.

For the other financial assets, the management has closely monitored their status and it believes that the Group's credit risk exposure on them is minimal.

5. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (continued)

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

Market risk

(i) Foreign currency risk

Certain assets and liabilities of the Group are denominated in foreign currencies. The Group currently does not have a foreign currency hedging policy. However, management considers that the foreign exchange exposure is currently relatively insignificant and will consider hedging significant foreign currency exposure should the need arises.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities with significant balances at the end of the reporting period are as follows:

Assets

	2014	2013
	HK$'000	*HK$'000*
US dollars ("US$")	**319,214**	145,296

Liabilities

	2014	2013
	HK$'000	*HK$'000*
US$	**136,413**	25,273

Sensitivity analysis

As HK dollars are pegged to US dollars, it is assumed that there would be no material currency risk exposure between these two currencies and therefore is excluded from the analysis.

5. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (continued)

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

Market risk (continued)

(ii) Price risk

The Group is exposed to equity security price risk through its investment in equity securities listed in Hong Kong. Management manages this exposure by maintaining a portfolio of investments with different risk profiles.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risk at the end of the reporting period.

If equity prices had been 5% higher/lower:

- net profit (2013: net loss) for the year ended 31 March 2014 would increase/decrease by approximately HK$63,928,000 (2013: decrease/increase by HK$40,599,000). This is mainly due to the changes in fair value of investment in listed equity securities; and

- other equity reserves would not increase/decrease.

The Group's sensitivity to equity prices has increased from prior year because the Group's has increased its investment in listed equity securities.

5. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (continued)

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

Market risk (continued)

(iii) Interest rate risk

The Group's exposure to changes in interest rates is mainly attributable to its bank saving balances, bank deposits and bank advances for discounted bills. The Group monitors the interest rate exposure on a continuous basis and adjusts the portfolio of bank saving balances, bank deposits and bank advances for discounted bills where necessary.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for variable rate bank saving balances, bank deposits and bank advances for discounted bills at the end of the reporting period. The analysis is prepared assuming bank balances and the amounts of liability outstanding at the end of the reporting period were held/outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit (2013: loss) for the year ended 31 March 2014 would decrease/increase by HK$339,000 (2013: decrease/increase by HK$409,000). This is mainly attributable to the Group's exposure to interest rates on its bank saving balances, bank deposits and bank advances for discounted bills.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient bank balances and cash and the availability of funding through an adequate amount of committed credit facilities. The Group also aims at maintaining flexibility in funding by arranging and keeping committed banking facilities and other external financing available.

The Group's primary cash requirements have been for operations, capital investments and repayment of related debts. The Group finances its working capital requirements through a combination of funds generated from operations and cash reserve.

5. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (continued)

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

Liquidity risk (continued)

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contracted undiscounted payments, was as follows:

Group

	Weighted average interest rate %	On demand HK$'000	Less than 3 months HK$'000	3 to 12 months HK$'000	Over 1 year HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
As at 31 March 2014							
Bills payable	–	9,030	–	–	–	9,030	9,030
Other payables	–	5,605	–	2,638	–	8,243	8,243
Notes payable	5% – 5.91%	–	–	–	150,000	150,000	145,717
		14,635	–	2,638	150,000	167,273	162,990

	Weighted average interest rate %	On demand HK$'000	Less than 3 months HK$'000	3 to 12 months HK$'000	Over 1 year HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
As at 31 March 2013							
Bills payable	–	4,742	1,727	–	–	6,469	6,469
Other payables	–	4,876	–	1,614	–	6,490	6,490
Notes payable	5.91%	–	–	–	100,000	100,000	95,097
		9,618	1,727	1,614	100,000	112,959	108,056

5. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (continued)

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

Fair value measurement of financial instruments

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

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

- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions; and

- the fair value of derivative instruments are calculated using quoted prices. Where 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.

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.

Financial assets measured at fair value

The following table provides an analysis of the Group's financial instruments that are measured subsequent to initial recognition at fair values, grouped into Levels 1 to 3 based on the degree to which the fair value is observable for the years ended 31 March 2014 and 2013:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

5. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (continued)

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

Financial assets measured at fair value (continued)

	Level 1 *HK$'000*	Level 2 *HK$'000*	Level 3 *HK$'000*	Total *HK$'000*
As at 31 March 2014				
Recurring fair value measurement				
Financial assets:				
Held for trading investments	**1,278,554**	**–**	**–**	**1,278,554**
Investments designated as FVTPL	**–**	**–**	**23,370**	**23,370**
Total	**1,278,554**	**–**	**23,370**	**1,301,924**
As at 31 March 2013				
Recurring fair value measurement				
Financial assets:				
Held for trading investments	811,985	–	–	811,985
Investments designated as FVTPL	–	–	79,381	79,381
Total	811,985	–	79,381	891,366

5. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (continued)

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

Financial assets measured at fair value (continued)

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined.

Financial assets	Fair value		Fair value hierarchy	Valuation techniques	Significant unobservable input
	2014	2013			
	HK$'000	*HK$'000*			
Held for trading investments	**1,278,554**	811,985	Level 1	Quoted market closing prices in an active market	N/A
Investment designated as FVTPL	**23,370**	79,381	Level 3	Binomial Option Pricing model	Volatility of 74.41% (2013: range from 63.47% to 110.46%) *(note)*

Note: If the above unobservable input to the valuation model increased/decreased by 5% while all the other variables were held constant, the carrying amount of investment designated as FVTPL would decrease/increase by HK$37,000 (2013: increase/decrease HK$66,000).

During the year ended 31 March 2014 and 2013, there were no transfers between Level 1 and Level 2. Transfers between Level 1 and Level 3 are addressed in the Level 3 reconciliation below. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of event or change in circumstances that caused the transfer.

5. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (continued)

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

Financial assets measured at fair value (continued)

The movement during the year in the balance of Level 3 fair value measurements is as follows:

	2014 **HK$'000**	2013 HK$'000
At the beginning of the year	**79,381**	76,625
Purchases	**24,250**	8,700
Transfers from Level 3 to Level 1 *(note)*	**(69,219)**	–
Unrealised loss recognised in profit or loss during the year	**(11,042)**	(5,944)
At the end of the year	**23,370**	79,381
Net gain/(loss) for the year included in profit or loss for investments designated as at fair value through profit or loss *(note 9)*	**58,386**	(5,944)
Unrealised loss for the year included in profit or loss for assets held at the end of the reporting period	**(11,042)**	(5,944)

Note: During the year ended 31 March 2014, the Group transferred investments designated as FVTPL from Level 3 into Level 1 due to the exercise of the conversion right embedded in the convertible bonds and resulted in a gain on conversion of HK$69,428,000 (2013: nil) recognised in profit or loss.

The above net gain/(loss) included in the consolidated statement of profit or loss and other comprehensive income for the current year related to investments in financial assets at FVTPL (note 25) held at the end of the reporting period.

The Group has engaged an independent qualified professional valuer to perform valuations for the investment designated as FVTPL. The valuer reports directly to the chief operating decision maker. A valuation report with analysis of changes in fair value measurement is prepared at each interim and annual reporting date, and is reviewed and approved by the chief operating decision maker. Discussion of the valuation process and results with the chief operating decision maker is held twice a year, to coincide with the reporting dates.

5. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (continued)

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

Fair value of financial liabilities carried at amortised cost other than fair value

The carrying amounts of the Group's financial instruments carried at amortised cost are not materially different from their fair values as at 31 March 2014 and 2013.

(c) Capital risk management

The Group's objectives when managing capital is to ensure that entities in the Group will be able to continue as a going concern while maximising the returns to stakeholders through the optimisation of debt and equity balance.

The capital structure of the Group consists of debts, which include notes payable, bank advances for discounted bills and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on an annual basis. As part of this review, the directors of the Company consider the cost of capital and other sources of funds other than issuance of shares, including bank borrowings and issue of notes. Based on the recommendation of the directors of the Company, the Group will balance its overall capital structure through raising or repayment of borrowings.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. The gearing ratio is calculated as total debt divided by capital and total debt. During the years ended 31 March 2014 and 2013, the Group's strategy was to maintain a reasonable gearing ratio. The gearing ratio at 31 March 2014 and 2013 were as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Notes payable	**145,717**	95,097
Bank advances for discounted bills	**119,355**	52,518
Total debt	**265,072**	147,615
Equity attributable to owners of the Company	**1,593,425**	1,130,637
Capital and total debt	**1,858,497**	1,278,252
Gearing ratio	**0.14**	0.12

5. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (continued)

(c) Capital risk management (continued)

The increase in gearing ratio was due to the increase in total debt during the year.

The Group overall strategy remains unchanged during the year.

6. SEGMENT INFORMATION

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

- the supply and procurement segment represents supply and procurement activities in metal minerals, recyclable metal materials and timber logs;
- the provision of finance segment represents provision of short-term loan financing activities; and
- the securities investment segment represents investment activities in equity securities, convertible bonds and interest bearing notes.

During the year ended 31 March 2013, as described in note 35, the Group disposed of its pharmaceutical business which were engaged in production and sale of Chinese medicine. The pharmaceutical business was classified as discontinued operation as described in note 14.

6. SEGMENT INFORMATION (continued)

The following is an analysis of the Group's revenue, results, assets and liabilities by reportable segments:

For the year ended 31 March 2014

	Continuing operations			
	Supply and procurement *HK$'000*	Provision of finance *HK$'000*	Securities investment *HK$'000*	Total *HK$'000*
Segment revenue				
Sales to and income from external parties	1,352,328	11,493	5,367	1,369,188
Segment results	23,584	11,109	417,282	451,975
Unallocated other income and gains				1,120
Unallocated expenses				(29,297)
Finance costs				(6,645)
Profit before taxation				417,153
Taxation				(70)
Profit for the year				417,083
Assets and liabilities				
Segment assets	337,449	45,266	1,301,924	1,648,639
Unallocated assets				200,500
Total assets				1,885,139
Segment liabilities	135,347	300	–	135,647
Unallocated liabilities				156,067
Total liabilities				291,714
Other segment information				
Depreciation of property, plant and equipment – unallocated				1,027
Capital expenditure – unallocated				44
Impairment loss recognised in respect of a bill receivable	258	–	–	258
Impairment loss recognised in respect of an other receivable	2,075	–	–	2,075

6. SEGMENT INFORMATION (continued)

For the year ended 31 March 2013

	Continuing operations				Discontinued operation	
	Supply and procurement HK$'000	Provision of finance HK$'000	Securities investment HK$'000	Sub – total HK$'000	Pharmaceutical HK$'000	Total HK$'000
Segment revenue						
Sales to and income from external parties	741,974	10,105	5,521	757,600	17,451	775,051
Segment results	14,703	(59)	(62,309)	(47,665)	(2,110)	(49,775)
Unallocated other income and gains				1,294	–	1,294
Unallocated expenses				(19,917)	–	(19,917)
Finance costs				(1,811)	(1,924)	(3,735)
Loss before taxation				(68,099)	(4,034)	(72,133)
Taxation				(1,025)	99	(926)
Loss after taxation				(69,124)	(3,935)	(73,059)
Gain on disposal of subsidiaries				–	11,865	11,865
(Loss)/profit for the year				(69,124)	7,930	(61,194)
Assets and liabilities						
Segment assets	214,833	78,117	891,368	1,184,318	–	1,184,318
Unallocated assets						123,223
Total assets						1,307,541
Segment liabilities	77,858	529	–	78,387	–	78,387
Unallocated liabilities						98,517
Total liabilities						176,904
Other segment information						
Depreciation of property, plant and equipment and amortisation of prepaid lease payments						
– allocated	–	–	–	–	3,467	3,467
– unallocated						934
						4,401
Capital expenditure						
– allocated	–	–	–	–	570	570
– unallocated						1,560
						2,130
Impairment loss recognised in respect of loan receivable and other receivable	–	10,449	–	10,449	–	10,449
Gain on disposal of subsidiaries	–	–	–	–	(11,865)	(11,865)

6. SEGMENT INFORMATION (continued)

Reportable segment's assets are reconciled to total assets as follows:

	2014 HK$'000	2013 HK$'000
Segment assets for reportable segment	**1,684,639**	1,184,318
Unallocated:		
Property, plant and equipment	**2,169**	3,152
Available-for-sale investment	**18,000**	18,000
Prepayments, deposits and other receivables	**34,872**	10,230
Cash and bank balances	**145,459**	91,841
Total assets	**1,885,139**	1,307,541

Reportable segment's liabilities are reconciled to total liabilities as follows:

	2014 HK$'000	2013 HK$'000
Segment liabilities for reportable segment	**135,647**	78,387
Unallocated:		
Other payables and accruals	**9,643**	2,611
Notes payable	**145,717**	95,097
Deferred tax liabilities	**707**	809
Total liabilities	**291,714**	176,904

6. SEGMENT INFORMATION (continued)

Geographical information

The following table presents segment revenue from continuing operations and non-current assets for the Group's geographical segments for the years ended 31 March 2014 and 2013:

	Hong Kong		The People's Republic of China (the "PRC") (excluding Hong Kong)		Total	
	2014	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue						
Sales to and income from external parties	**16,860**	15,626	**1,352,328**	741,974	**1,369,188**	757,600
Other segment information						
Non-current assets	**20,169**	21,152	**–**	–	**20,169**	21,152

Segment revenue reported above represents revenue generated from external parties. There were no inter-segment sales in the current year (2013: nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment results represent the profit/loss earned by each segment which do not include intercompanies income and expenses, unallocated other income and gains, unallocated expenses, finance costs, gain on disposal of subsidiaries and taxation. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Information about major customers

Revenue from customers contributing over 10% of the total sales of the Group is mainly derived from the supply and procurement segment in both years. For the year ended 31 March 2014, there were three major customers contributing over 10% of the total sales amounting to approximately HK$354,641,000, HK$181,071,000 and HK$171,416,000 respectively. For the year ended 31 March 2013, there were three major customers contributing over 10% of the total sales amounting to approximately HK$205,225,000, HK$79,892,000 and HK$75,812,000 respectively.

7. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts, income from provision of finance, and dividend and interest income from securities investments during the year.

An analysis of revenue, other income and gains is as follows:

	2014 HK$'000	2013 HK$'000
Continuing operations		
Revenue		
Sale of goods	**1,352,328**	741,974
Interest income from provision of finance	**11,493**	10,105
Dividend income on investment in listed equity securities	**4,624**	2,325
Interest income on investment in convertible bonds and interest bearing notes	**743**	3,196
	1,369,188	757,600
Other income and gains		
Bank interest income	**368**	939
Rental income	**780**	488
Compensation received	**4,743**	4,442
Exchange gain	**70**	–
Other income	**837**	610
	6,798	6,479

8. FINANCE COSTS

	2014 HK$'000	2013 HK$'000
Continuing operations		
Interest on:		
Notes payable *(note 29)*	**6,645**	1,811

9. PROFIT/(LOSS) FOR THE YEAR

	2014	2013
	HK$'000	*HK$'000*
Continuing operations		
The Group's profit/(loss) for the year is arrived at after charging and (crediting):		
Staff costs (including directors' remuneration – *note 10*):		
Wages and salaries	**19,085**	9,953
Pension scheme contributions	**912**	459
Total staff costs	**19,997**	10,412
Auditor's remuneration		
Current year	**720**	720
Under/(over) provision in prior year	**41**	(29)
	761	691
Cost of inventories sold	**1,287,852**	718,205
Depreciation of property, plant and equipment	**1,027**	934
Minimum lease payments in respect of land and buildings	**3,344**	2,503
Impairment loss recognised in respect of loan receivable and other receivable *(note 23 and 24)*	**–**	10,449
Impairment loss recognised in respect of a bill receivable *(note 22)*	**258**	–
Impairment loss recognised in respect of an other receivable *(note 23)*	**2,075**	–
Net (gains)/losses on investments at fair value through profit or loss:		
Proceeds on sales of listed equity securities investment	**(312,870)**	(391,808)
Less: cost of sales	**293,915**	390,381
Net realised gain on investment in listed equity securities	**(18,955)**	(1,427)
Unrealised (gain)/loss on investments at fair value through profit or loss		
– Held for trading	**(334,574)**	63,307
– Designated as at FVTPL	**(58,386)**	5,944
	(392,960)	69,251
Net (gains)/losses on investments at fair value through profit or loss	**(411,915)**	67,824

At 31 March 2014, the Group had no forfeited contributions available to reduce its contributions to pension schemes in future years (2013: nil).

10. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	2014	2013
	HK$'000	*HK$'000*
Fees:		
Executive directors	**–**	–
Independent non-executive directors	**270**	240
	270	240
Other emoluments of executive directors:		
Salaries, other allowances and benefits in kind	**3,651**	3,856
Discretionary bonuses	**6,570**	227
Pension scheme contributions	**511**	196
	10,732	4,279
	11,002	4,519

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year is as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Mr. Wong Kwok Tai	**120**	120
Mr. Weng Yixiang	**75**	60
Mr. Lu Xinsheng	**45**	60
Mr. Huang Zhencheng	**30**	–
	270	240

There were no other emoluments payable to the independent non-executive directors during the year (2013: nil).

10. DIRECTORS' REMUNERATION (continued)

(b) Executive directors

	Salaries, other allowances and benefits in kind *HK$'000*	Discretionary bonuses *HK$'000*	Pension scheme contributions *HK$'000*	Total remuneration *HK$'000*
2014				
Mr. Suen Cho Hung, Paul	**1,950**	**2,000**	**198**	**4,148**
Mr. Sue Ka Lok	**715**	**2,300**	**151**	**3,166**
Ms. Lee Chun Yeung, Catherine	**955**	**2,270**	**161**	**3,386**
Mr. Bai Jianjiang	**31**	**–**	**1**	**32**
	3,651	**6,570**	**511**	**10,732**
2013				
Mr. Suen Cho Hung, Paul	1,950	–	98	2,048
Mr. Sue Ka Lok	715	–	36	751
Ms. Lee Chun Yeung, Catherine	955	227	59	1,241
Mr. Bai Jianjiang	236	–	3	239
	3,856	227	196	4,279

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

11. FIVE HIGHEST PAID EMPLOYEES AND SENIOR MANAGEMENT'S REMUNERATION

The five highest paid employees for the year included three (2013: three) directors of the Company, details of whose remuneration are set out in note 10 above. Details of the remuneration of the remaining two (2013: two) non-director, highest paid employees for the year is as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Salaries, other allowances and benefits in kind	**903**	859
Discretionary bonuses	**630**	75
Pension scheme contributions	**76**	47
	1,609	981

The remuneration of the five highest paid employees for the year fell within the following bands:

	Number of individuals	
	2014	2013
Nil to HK$1,000,000	**2**	3
HK$1,000,001 to HK$2,000,000	**–**	1
HK$2,000,001 to HK$3,000,000	**–**	1
HK$3,000,001 to HK$4,000,000	**2**	–
HK$4,000,001 to HK$5,000,000	**1**	–
	5	5

During the year, HK$630,000 were paid to or receivable by two of the five highest paid employees of the Group as discretionary bonuses (2013: HK$75,000). No emoluments were paid by the Group to any of the five highest paid employees as an inducement to join, or upon joining the Group, or as compensation for loss of office (2013: nil).

For the years ended 31 March 2014 and 2013, the remuneration of senior management (as disclosed in the section headed "Biographical Details of Directors and Senior Management") is disclosed by band as follows:

	Number of individual	
	2014	2013
Nil to HK$1,000,000	**1**	1

12. TAXATION

	2014	2013
	HK$'000	*HK$'000*
Continuing operations		
Current – Hong Kong		
Charge for the year	**177**	240
Over provision in prior years	**(5)**	(24)
	172	216
Deferred tax *(note 30)*		
Current year	**(102)**	809
	70	1,025

Hong Kong Profits Tax for the year ended 31 March 2014 was calculated at 16.5% (2013: 16.5%) of the estimated assessable profit for the year.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

12. TAXATION (continued)

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

Group

	2014	2013
	HK$'000	*HK$'000*
Profit/(loss) before taxation	**417,153**	(68,099)
Tax at the domestic income tax rate of 16.5% (2013: 16.5%)	**68,830**	(11,236)
Tax effect of income not taxable for tax purpose	**(824)**	(539)
Tax effect of expenses not deductible for tax purpose	**161**	894
Tax effect of tax losses not recognised	**1,256**	12,172
Over provision in prior years	**(5)**	(24)
Effect of utilisation of tax losses previously not recognised	**(69,245)**	(242)
Others	**(103)**	–
Taxation for the year	**70**	1,025

13. PROFIT/(LOSS) OF THE COMPANY

The net profit for the year dealt with in the financial statements of the Company amounted to HK$411,020,000 (2013: net loss of HK$59,721,000).

14. DISCONTINUED OPERATION

On 7 September 2012, the Group entered into a conditional sale and purchase agreement to dispose of its pharmaceutical business at a consideration of HK$100,000,000. The disposal was approved by shareholders of the Company on 22 October 2012 and completed on 2 November 2012. Details of the disposal are disclosed in note 35.

14. DISCONTINUED OPERATION (continued)

The profit from discontinued operation which has been included in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows are set out below:

	2013 *HK$'000*
Profit for the year from discontinued operation	
Revenue	17,451
Cost of sales	(9,382)
Gross profit	8,069
Other income and gains	66
Selling and distribution costs	(304)
Administrative expenses	(9,941)
Finance costs	(1,924)
Loss before taxation	(4,034)
Taxation	99
Loss after taxation	(3,935)
Gain on disposal of subsidiaries *(note 35)*	11,865
Profit for the year from discontinued operation	7,930
Profit/(loss) for the year attributable to:	
Owners of the Company	8,196
Non-controlling interests	(266)
	7,930

14. DISCONTINUED OPERATION (continued)

	2013 HK$'000
Profit for the year from discontinued operation includes the following:	
Staff costs (including directors' remuneration):	
Wages and salaries	1,005
Pension scheme contributions	322
Total staff costs	1,327
Cost of inventories sold	7,894
Depreciation of property, plant and equipment	3,004
Amortisation of prepaid lease payments	463
Minimum lease payments in respect of land and buildings	1,289
Interest expense on:	
Bank loans and other loan wholly repayable within five years	1,924
Bank interest income	(66)
Gain on disposal of subsidiaries *(note 35)*	(11,865)
Cash flows from discontinued operation	
Net cash used in operating activities	(9,379)
Net cash used in investing activities	(314)
Net cash used in financing activities	(5,161)
Net cash outflows	(14,854)

15. DIVIDEND

The Board of Directors does not recommend the payment of any dividend for the year ended 31 March 2014 (2013: nil).

16. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

From continuing and discontinued operations

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

	2014	2013
	HK$'000	*HK$'000*
Profit/(loss)		
Profit/(loss) attributable to owners of the Company for the purpose of calculating basic and diluted earnings/(loss) per share	**417,083**	(60,928)

	2014	2013
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share	**3,011,648**	2,965,534
Effect of dilutive potential ordinary shares:		
Warrants	**30,197**	–
Weighted average number of ordinary shares for the purpose of calculating diluted earnings/(loss) per share	**3,041,845**	2,965,534

Basic and diluted loss per share from continuing and discontinued operations for the year ended 31 March 2013 were the same because exercise of share options and warrants would decrease the loss per share for the year, therefore, anti-dilutive.

16. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (continued)

From continuing operations

The calculation of basic and diluted earnings/(loss) per share from continuing operations attributable to owners of the Company is based on the following data:

	2014	2013
	HK$'000	*HK$'000*
Profit/(loss)		
Profit/(loss) attributable to owners of the Company for the purpose of calculating basic and diluted earnings/(loss) per share	**417,083**	(69,124)

	2014	2013
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share	**3,011,648**	2,965,534
Effect of dilutive potential ordinary shares:		
Warrants	**30,197**	–
Weighted average number of ordinary shares for the purpose of calculating diluted earnings/(loss) per share	**3,041,845**	2,965,534

Basic and diluted loss per share from the continuing operations for the year ended 31 March 2013 were the same because exercise of share options and warrants would decrease the loss per share for the year, therefore, anti-dilutive.

From discontinued operation

For the year ended 31 March 2013, basic loss per share from the discontinued operation was HK0.12 cent per share (excluding gain on disposal of subsidiaries (note 14)), calculated based on the loss attributable to owners of the Company from the discontinued operation of HK$3,669,000 (excluding gain on disposal of subsidiaries of HK$11,865,000 (note 14)) and the weighted average number of ordinary shares of 2,965,534,000.

Basic and diluted loss per share from the discontinued operation for the year ended 31 March 2013 were the same because exercise of share options and warrants would decrease the loss per share for the year, therefore, anti-dilutive.

17. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Buildings HK$'000	Total HK$'000
Cost					
At 1 April 2012	7,325	5,870	3,881	32,325	49,401
Additions	–	588	1,542	–	2,130
Elimination on disposal of subsidiaries *(note 35)*	(6,213)	(6,148)	(447)	(32,325)	(45,133)
At 31 March 2013 and 1 April 2013	1,112	310	4,976	–	6,398
Additions	–	44	–	–	44
At 31 March 2014	**1,112**	**354**	**4,976**	**–**	**6,442**
Accumulated depreciation and impairment					
At 1 April 2012	2,247	2,528	1,093	2,211	8,079
Provided for the year	1,766	694	885	593	3,938
Elimination on disposal of subsidiaries *(note 35)*	(2,915)	(2,996)	(75)	(2,809)	(8,795)
Exchange realignment	14	5	–	5	24
At 31 March 2013 and 1 April 2013	1,112	231	1,903	–	3,246
Provided for the year	–	39	988	–	1,027
At 31 March 2014	**1,112**	**270**	**2,891**	**–**	**4,273**
Carrying value					
At 31 March 2014	**–**	**84**	**2,085**	**–**	**2,169**
At 31 March 2013	–	79	3,073	–	3,152

17. PROPERTY, PLANT AND EQUIPMENT (continued)

Company

	Leasehold improvements *HK$'000*	Furniture, fixtures and equipment *HK$'000*	Total *HK$'000*
Cost			
At 1 April 2012, 31 March 2013, 1 April 2013 and 31 March 2014	**1,112**	**174**	**1,286**
Accumulated depreciation and impairment			
At 1 April 2012	1,106	133	1,239
Provided for the year	6	35	41
At 31 March 2013 and 1 April 2013	1,112	168	1,280
Provided for the year	–	6	6
At 31 March 2014	**1,112**	**174**	**1,286**
Carrying value			
At 31 March 2014	**–**	**–**	**–**
At 31 March 2013	–	6	6

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

Leasehold improvements	20% or over the lease terms, whichever is shorter
Furniture, fixtures and equipment	8% – 20%
Motor vehicles	20%
Buildings	Over the shorter of the term of the lease or 20 – 35 years

18. PREPAID LEASE PAYMENTS

	Group	
	2014	2013
	HK$'000	HK$'000
At the beginning of the year	**–**	33,974
Amortisation for the year	**–**	(463)
Exchange realignment	**–**	(2)
Elimination on disposal of subsidiaries *(note 35)*	**–**	(33,509)
At the end of the year	**–**	–

The prepaid lease payments were paid for the right to use certain lands under medium term leases in the PRC.

19. INTANGIBLE ASSET

	Group
	HK$'000
Cost	
At 1 April 2012	157,440
Elimination on disposal of subsidiaries *(note 35)*	(157,440)
At 31 March 2013, 1 April 2013 and 31 March 2014	–
Impairment	
At 1 April 2012	21,882
Elimination on disposal of subsidiaries *(note 35)*	(21,882)
At 31 March 2013, 1 April 2013 and 31 March 2014	–
Carrying value	
At 31 March 2014	**–**
At 31 March 2013	–

19. INTANGIBLE ASSET (continued)

Notes:

The intangible asset represented an intellectual property relating to the production and sale of 金花清感 (Jinhua Qinggan) which was a prescription drug for clinic use. Jinhua Qinggan was a Chinese medicine aimed at treating patients infected with Influenza A (H1N1) and other types of influenza.

The above intangible asset had definite useful life and was amortised on a straight-line basis over its useful life of 20 years commencing from the date of granting of the new drug certificate.

20. INVESTMENTS IN SUBSIDIARIES AND AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	Company	
	2014	2013
	HK$'000	*HK$'000*
Unlisted shares, at cost	**–**	–
Less: Impairment loss	**–**	–
	–	–
Amounts due from subsidiaries	**1,890,407**	1,811,457
Less: Impairment loss	**(213,455)**	(631,827)
	1,676,952	1,179,630
Amount due to subsidiaries	**(16,974)**	(17,139)
	1,659,978	1,162,491

The amounts due from/(to) subsidiaries are unsecured and have no fixed terms of repayment. Included in the amounts due from subsidiaries, approximately HK$265,755,000 (2013: HK$237,378,000) bear interest at an effective interest rate of prime rate plus 1% (2013: prime rate plus 1%) per annum and the remaining balances are non-interest bearing.

During the year, the directors of the Company reviewed and examined the current operations of the subsidiaries and identified that the present value of estimated net future cash flows from certain subsidiaries are higher (2013: lower) than their carrying amounts. Accordingly, the directors of the Company consider a reversal of impairment loss on amounts due from subsidiaries of approximately HK$418,372,000 (2013: provision of HK$41,153,000) should be made at the end of the reporting period.

20. INVESTMENTS IN SUBSIDIARIES AND AMOUNTS DUE FROM/(TO) SUBSIDIARIES (continued)

Particulars of the Company's principal subsidiaries as at 31 March 2014 are as follows:

Name	Place of incorporation and operations	Nominal value of issued ordinary share capital	Percentage of equity interest and voting power attributable to the Company		Principal activities
			Direct	Indirect	
Poly Forestry International Limited	Hong Kong	Ordinary HK$100	–	100	Supply and procurement of timber logs
Poly Resources (Asia) Limited	Hong Kong	Ordinary HK$7,800,000	–	100	Supply and procurement of metal minerals and recyclable metal materials
Poly Development Group Limited	BVI	Ordinary US$1	100	–	Investment holding
Xin Corporation (HK) Limited	Hong Kong	Ordinary HK$2	–	100	Provision of management service and securities investment
Xin Credit Services Limited	Hong Kong	Ordinary HK$1	–	100	Provision of finance

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

21. AVAILABLE-FOR-SALE INVESTMENT

	Group	
	2014	2013
	HK$'000	*HK$'000*
Unlisted investment:		
Equity securities	**18,000**	18,000
Analysed for reporting purposes as:		
Non-current assets	**18,000**	18,000

On 22 January 2013, the Group entered into a subscription agreement with HEC Capital Limited ("HEC Capital") to subscribe for 3,000,000 shares in HEC Capital, which represented approximately 0.34% of equity interest in HEC Capital at an aggregate consideration of HK$18,000,000. HEC Capital is principally engaged in investment holding. The transaction was completed on 23 January 2013.

The unlisted equity securities are measured at cost less impairment at the end of the reporting period as these securities do not have a quoted market price in an active market.

22. BILLS RECEIVABLE

	Group	
	2014	2013
	HK$'000	*HK$'000*
Bills receivable	**125,548**	58,635

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally for a period of one month, extending up to three to six months for major customers. Each customer has a maximum credit limit. Overdue balances are reviewed regularly by senior management. Bills receivable are non-interest bearing. The carrying amounts of the bills receivable approximate to their fair values.

22. BILLS RECEIVABLE (continued)

An aged analysis of the bills receivable at the end of the reporting periods, based on invoice date, and net of impairment, is as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Within 30 days	**–**	32,560
31 to 60 days	**–**	22,017
61 to 90 days	**77,554**	2,827
91 to 180 days	**47,994**	973
Over 180 days	**–**	258
Total	**125,548**	58,635

A subsidiary of the Group discounted bills receivable amounting to approximately HK$119,355,000 (2013: HK$52,518,000) to banks in exchange for cash as at 31 March 2014.

Movement of impairment loss recognised:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Balance at the beginning of the year	**–**	–
Impairment loss recognised during the year	**258**	–
Amount written off during the year as uncollectible	**(258)**	–
Balance at the end of the year	**–**	–

During the year ended 31 March 2014, the Group recognised an impairment loss for a bill receivable of HK$258,000 (2013: nil) which was individually determined to be impaired. The individually impaired receivable was outstanding for more than one year at the end of the reporting period and was considered as uncollectible.

22. BILLS RECEIVABLE (continued)

The aged analysis of the bills receivable that are not considered to be impaired is as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Neither past due nor impaired	**–**	32,560
Less than 1 month past due	**–**	22,017
1 to 3 months past due	**125,548**	3,800
More than 3 months past due	**–**	258
Total	**125,548**	58,635

Bills receivable that were neither past due nor impaired related to customers for whom there were no recent history of default.

Bills receivable that were past due but not impaired related to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Prepayments and deposits	**20,452**	37,547	**327**	254
Other receivables	**42,553**	13,473	**124**	82
	63,005	51,020	**451**	336
Less: Impairment loss recognised	**(2,524)**	(449)	**–**	–
	60,481	50,571	**451**	336

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

Movement of impairment loss recognised:

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Balance at the beginning of the year	**449**	–	**–**	–
Impairment loss recognised during the year	**2,075**	449	**–**	–
Balance at the end of the year	**2,524**	449	**–**	–

During the year ended 31 March 2014, the Group recognised an impairment loss for an other receivable of HK$2,075,000 (2013: HK$449,000 (note 24)) which was individually determined to be impaired. The individually impaired receivable was outstanding for more than 180 days at the end of the reporting period and was due from a customer with financial difficulties.

24. LOANS RECEIVABLE

	Group	
	2014	2013
	HK$'000	*HK$'000*
Loans receivable	**52,233**	82,233
Less: Impairment loss recognised	**(10,000)**	(10,000)
	42,233	72,233

Movement of impairment loss recognised:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Balance at the beginning of the year	**10,000**	–
Impairment loss recognised during the year	**–**	10,000
Balance at the end of the year	**10,000**	10,000

24. LOANS RECEIVABLE (continued)

The range of effective interest rates (which are equal to contractual interest rates) on the Group's loans receivable is 8% to 36% (2013: 8% to 36%) per annum.

During the year ended 31 March 2013, the Group recognised an impairment loss for loan receivable and other receivable for the outstanding loan principal of HK$10,000,000 and loan interest of HK$449,000 respectively totaling HK$10,449,000 due from one borrower. Such loan principal and loan interest was past due for more than one year. The Group had taken legal action against the borrower for the outstanding amounts, although the court judged that the borrower need to pay for the amounts, however, according to the information collected by the receiver which was appointed by the Group, the borrower would not have sufficient realisable assets to pay for the outstanding amounts. Full amounts of the outstanding loan principal and loan interest had been recognised as an impairment loss during the year ended 31 March 2013.

Except for the loan receivable as described above, all other loans receivable, which are recoverable within one year, are neither past due nor impaired.

25. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2014	2013
	HK$'000	*HK$'000*
Held for trading:		
Equity securities listed in Hong Kong *(note (a))*	**1,278,554**	811,985
Designated as at FVTPL:		
Convertible bonds *(note (b))*	**4,415**	74,183
Interest bearing notes *(note (b))*	**18,955**	5,198
	23,370	79,381
	1,301,924	891,366

25. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Notes:

(a) The listed equity securities investments as at 31 March 2014 and 2013 were classified as held for trading. The fair values of the listed equity securities investments were determined based on the quoted market closing prices available on the Stock Exchange.

As at 31 March 2014, the Group held 59,400,000 ordinary shares in Rising Development Holdings Limited ("Rising Development") which represented approximately 4% of the issued share capital of Rising Development. Rising Development is incorporated in Bermuda and its shares are listed on the Stock Exchange. As at 31 March 2014, the fair value of the Group's investment in shares of Rising Development amounted to HK$255,420,000 (2013: nil) which exceeded 10% of the total assets of the Group.

(b) The fair values of the convertible bonds were estimated by an independent qualified professional valuer which comprised the sum of fair values of the debt elements and the conversion options embedded to the convertible bonds less the fair values of the redemption options as held by the issuers of the convertible bonds. As at 31 March 2014 and 2013, the fair values of the debt elements were equal to the present values of their expected future cash flows discounted at the required yield, which were determined with reference to the credit rating of the issuers of the convertible bonds and the remaining time to maturity. The fair values of the conversion options embedded to the convertible bonds were estimated by the Binomial Option Pricing Model, which incorporated assumptions not entirely supported by observable market prices or rates.

The fair values of the interest bearing notes as at 31 March 2014 and 2013 were estimated by an independent qualified professional valuer which equal to the present values of their expected future cash flows discounted at the required yield, which were determined with reference to the credit rating of the issuers of the interest bearing notes and the remaining time to maturity.

26. PLEDGED BANK DEPOSITS AND CASH AND BANK BALANCES

	Group		**Company**	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Cash and bank balances	**313,566**	187,997	**71,177**	60,527
Pledged bank deposits *(note 34)*	**21,116**	24,981	**–**	–
Total	**334,682**	212,978	**71,177**	60,527

Deposits with banks earn interest at floating rates based on bank deposit and saving rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

27. BILLS PAYABLE

	Group	
	2014	2013
	HK$'000	*HK$'000*
Bills payable	**9,030**	6,469

Bills payable are non-interest bearing and are normally settled on 60 days term. As at 31 March 2014, the Group had bills payable of approximately HK$9,030,000 (2013: HK$6,469,000), which were ranged from within 30 days to over 180 days.

An aged analysis of the bills payable at the end of the reporting period, based on invoice date, is as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Within 30 days	**–**	1,195
31 to 60 days	**–**	532
61 to 90 days	**5,147**	2,808
91 to 180 days	**2,339**	961
Over 180 days	**1,544**	973
Total	**9,030**	6,469

28. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Other payables	**8,243**	6,490	**2,638**	1,614
Accruals	**8,662**	15,292	**774**	795
Total	**16,905**	21,782	**3,412**	2,409

29. NOTES PAYABLE

On 8 November 2012, the Company entered into a placing agreement with a placing agent (the "Placing Agent"), pursuant to which the Company agreed to place, through the Placing Agent, on a best effort basis, the notes up to an aggregate principal amount of HK$100,000,000 to be issued by the Company in the denomination of HK$10,000,000 each to independent third parties (the "Placing"). Details of the Placing were set out in the Company's announcement dated 8 November 2012. The Placing was completed and the Company had issued placing notes in the aggregate principal amount of HK$100,000,000. The placing notes carry interest at 5% per annum and are to be redeemed on the seventh anniversary from the respective issue dates of the placing notes.

During the year ended 31 March 2014, the Company further issued notes in the aggregate principal amount of HK$50,000,000 to investors. The notes carry interest at 5% per annum and are to be redeemed on the seventh anniversary from the respective issue dates of the notes.

As at 31 March 2014, the aggregate principal amount of the notes payable was HK$150,000,000 (2013: HK$100,000,000).

The movement of the notes payable for the years ended 31 March 2014 and 2013 are set out below:

	Group and Company	
	2014	2013
	HK$'000	*HK$'000*
At the beginning of the year	**95,097**	–
Issue of the notes payable	**50,000**	100,000
Transaction cost directly attributable to the notes payable	**–**	(5,100)
	145,097	94,900
Interest charged at effective interest rate from 5% to 5.91% (2013: 5.91%) per annum *(note 8)*	**6,645**	1,811
Interest payable	**(6,025)**	(1,614)
At the end of the year	**145,717**	95,097

30. DEFERRED TAX

Deferred tax liabilities

The major deferred tax liabilities recognised by the Group and the Company, and movements thereon during the current and prior years are as follows:

	Group			
	Prepaid lease payments	Intangible asset	Notes payable	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2012	7,813	3,140	–	10,953
Exchange realignment	(6)	–	–	(6)
Issue of the notes payable	–	–	842	842
Credited to consolidated statement of profit or loss and other comprehensive income	(99)	–	(33)	(132)
Disposal of subsidiaries *(note 35)*	(7,708)	(3,140)	–	(10,848)
At 31 March 2013 and 1 April 2013	–	–	809	809
Credited to consolidated statement of profit or loss and other comprehensive income	–	–	(102)	(102)
At 31 March 2014	**–**	**–**	**707**	**707**

	Company
	Notes payable
	HK$'000
At 1 April 2012	–
Issue of the notes payable	842
Credited to statement of profit or loss and other comprehensive income	(33)
At 31 March 2013 and 1 April 2013	809
Credited to statement of profit or loss and other comprehensive income	(102)
At 31 March 2014	**707**

30. DEFERRED TAX (continued)

Deferred tax assets

The Group has tax losses arising in Hong Kong of approximately HK$277,210,000 (2013: HK$689,209,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in companies that have been loss-making for some time and future profit stream is unpredictable.

31. SHARE CAPITAL

	Number of shares		Amount	
	2014	2013	**2014**	2013
	'000	*'000*	***HK$'000***	*HK$'000*
Authorised:				
At the beginning and the end of the year, ordinary shares of HK$0.1 each (2013: HK$0.1 each)	**10,000,000**	10,000,000	**1,000,000**	1,000,000
Issued and fully paid:				
At the beginning of the year	**2,965,634**	2,965,488	**296,563**	296,549
Exercise of warrants *(note)*	**457,046**	146	**45,705**	14
At the end of the year	**3,422,680**	2,965,634	**342,268**	296,563

Note:

During the year ended 31 March 2014, approximately 457,046,000 shares (2013: 146,000 shares) were issued as a result of exercise of approximately 457,046,000 units (2013: 146,000 units) of warrants by warrantholders. The net proceeds from the exercise of warrants was approximately HK$45,705,000 (2013: HK$14,000). All outstanding warrants of the Company were expired on 7 March 2014. As at 31 March 2014, the Company had no warrants outstanding.

32. SHARE OPTION SCHEME

The existing share option scheme of the Company (the "Share Option Scheme") was adopted by the Company at the annual general meeting of the Company held on 24 September 2012 and the previous share option scheme of the Company adopted on 30 December 2002 (the "Old Share Option Scheme") was terminated on the same date. Unless otherwise cancelled or amended, the Share Option Scheme will be valid and effective for a period of ten years commencing on the date of adoption. The purpose of the Share Option Scheme is to enable the Group to attract, retain and motivate talented participants to strive for future development and expansion of the Group. The Share Option Scheme shall provide incentive to encourage participants to perform their best in achieving the goals of the Group and allow the participants to enjoy the results of the Company attained through their efforts and contributions. Eligible participants of the Share Option Scheme include any individual being an employee, officer, agent, consultant or representatives of any member of the Group (including any executive or non-executive director of any member of the Group) who, as the Board of Directors may determine in its absolute discretion, has made valuable contribution to the business of the Group based on his/her performance and/or years of service, or is regarded to be a valuable human resource of the Group based on his/her working experience, knowledge in the industry and other relevant factors. The offer of a grant of share options may be accepted within thirty days from the date of grant. The amount payable by each grantee of options to the Company on acceptance of the offer for the grant of options is HK$1.00.

The subscription price for the shares on the exercise of options under the Share Option Scheme shall be a price determined by the Board of Directors and notified to the relevant participant at the time of grant of the options (subject to any adjustments made pursuant to the Share Option Scheme and the relevant provisions of the Listing Rules) is made to (subject to acceptance by) the participant and shall be at least the highest of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date on which the option is granted, which date must be a business day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date on which the option is granted; and (iii) the nominal value of the share. The exercise period of the share options granted is determinable by the directors but in any event, not longer than ten years from the date of grant.

The total number of shares issued and to be issued upon exercise of the options granted to each participant, together with all options granted and to be granted to him/her under any other share option scheme(s) of the Company within the 12-month period immediately preceding the proposed date of grant (including exercised, cancelled and outstanding options) shall not exceed 1% of the total number of the shares in issue as at the proposed date of grant. Any further grant of options to a participant in excess of the 1% limit shall be subject to the shareholders' approval of the Company with such participant and his/her associates abstaining from voting.

32. SHARE OPTION SCHEME (continued)

The limit on the total number of the shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme(s) of the Company (excluding lapsed and cancelled options) must not exceed 30% of the total number of the shares in issue from time to time. In addition, the total number of the shares which may be issued upon exercise of all options to be granted under the Share Option Scheme, together with all options to be granted under any other share option scheme(s) of the Company (excluding lapsed options), must not represent more than 10% of the total number of the shares in issue as at the date of approval of the Share Option Scheme (the "Scheme Mandate Limit") or as at the date of approval of the refreshed Scheme Mandate Limit as the case maybe.

No share options were granted, exercised, cancelled or lapsed under the Share Option Scheme during the year ended 31 March 2014 and no share options were outstanding as at 1 April 2013 and 31 March 2014.

Details of share options granted under the Old Share Option Scheme were as follows:

Date of grant of share options	Exercise period of share options	Exercise price of share options *HK$ per share*
01-09-2009	01-09-2009 to 31-08-2012	1.01 *(note (c))*

The movement of share options under the Old Share Option Scheme during the year ended 31 March 2013 was as follows:

	Number of share options				
Name or category of participant	At 1 April 2012 *'000*	Granted during the year *'000*	Exercised during the year *'000*	Lapsed/ cancelled during the year *'000*	At 31 March 2013 *'000*
Director					
Mr. Suen Cho Hung, Paul	4,312	–	–	(4,312)	–

32. SHARE OPTION SCHEME (continued)

Notes:

(a) The share options were vested upon granted.

(b) The exercise price of the share options was subject to adjustments in the case of capitalisation of profits or reserve, rights or bonus issues, consolidation, subdivision or reduction of the share capital or other changes in the capital structure of the Company.

(c) Upon the completion of the share consolidation and the rights issue during the year ended 31 March 2012, the exercise price of the share options was adjusted from HK$0.272 per share to HK$1.01 per shares.

(d) The closing price per share quoted on the Stock Exchange on the trading date immediate before the date on which the share options were granted was HK$2.08 after adjusted for the effect of the share consolidation during the year ended 31 March 2012.

(e) No share options were granted, exercised, cancelled or lapsed during the year ended 31 March 2013.

33. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the consolidated financial statements.

(b) Company

	Share premium *HK$'000*	Contributed surplus *HK$'000*	Share option reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
At 1 April 2012	1,523,162	3,085	2,692	(640,502)	888,437
Loss for the year and total comprehensive expense for the year	–	–	–	(59,721)	(59,721)
Lapse of share options	–	–	(2,692)	2,692	–
Transaction costs attributable to issue of shares	(234)	–	–	–	(234)
At 31 March 2013 and 1 April 2013	1,522,928	3,085	–	(697,531)	828,482
Profit for the year and total comprehensive income for the year	–	–	–	411,020	411,020
At 31 March 2014	**1,522,928**	**3,085**	**–**	**(286,511)**	**1,239,502**

34. PLEDGE OF ASSETS

At 31 March 2014, bank deposits of approximately HK$21,116,000 (2013: HK$24,981,000) were pledged to a bank to secure trade credit facilities granted to the Group.

At 31 March 2014, bank advances for discounted bills of HK$119,355,000 (2013: HK$52,518,000) were secured by bills receivables of HK$119,818,000 (2013: HK$53,158,000).

35. DISPOSAL OF SUBSIDIARIES

On 7 September 2012, the Group entered into a conditional sale and purchase agreement to dispose of (i) the entire issued share capital of Poly Fortune Enterprises Limited ("Poly Fortune") and (ii) the benefit of and the interest in the loans owed by Poly Fortune and its subsidiaries ("Poly Fortune Group") to the Company and Able Market Profits Limited, a direct wholly-owned subsidiary of the Company for a consideration of HK$100,000,000. Details of the transaction were summarised in the Company's announcement dated 7 September 2012 and the Company's circular dated 28 September 2012. The disposal was approved by shareholders of the Company on 22 October 2012 and completed on 2 November 2012. The disposal of Poly Fortune Group constituted a discontinued operation of the Group's pharmaceutical business as described in note 14.

35. DISPOSAL OF SUBSIDIARIES (continued)

The aggregated net assets of the subsidiaries at the date of disposal were as follows:

	HK$'000
Net assets disposed of:	
Property, plant and equipment	36,338
Prepaid lease payments	33,509
Intangible asset	135,558
Goodwill	9,935
Inventories	5,563
Accounts receivable	18,184
Prepayments, deposits and other receivables	32,011
Cash and cash equivalents	23,575
Accounts payable	(11,255)
Other payables and accruals	(155,742)
Bank loans	(23,585)
Deferred tax liabilities	(10,848)
	93,243
Non-controlling interests	2,060
Realisation of other reserve	124
Realisation of translation reserve	(8,084)
Gain on disposal of subsidiaries *(note 14)*	11,865
Net proceeds received from disposal of subsidiaries	99,208
Satisfied by:	
Cash consideration	100,000
Expenses directly attributable to disposal of subsidiaries	(792)
Net proceeds received from disposal of subsidiaries	99,208
Net cash inflow from disposal of subsidiaries:	
Cash consideration received	100,000
Cash and cash equivalents disposed of	(23,575)
Expenses directly attributable to disposal of subsidiaries	(792)
	75,633

36. OPERATING LEASE ARRANGEMENTS

The Group leases certain of its office properties under operating lease arrangements. Leases for the properties are negotiated for terms from one to two years.

At 31 March 2014 and 2013, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2014	2013
	HK$'000	*HK$'000*
Within one year	**1,521**	3,095
In the second to fifth years, inclusive	**–**	1,323
	1,521	4,418

37. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these financial statements, the Group also had the following related party transactions for the years ended 31 March 2014 and 2013.

(a) Compensation of key management personnel of the Group

	2014	2013
	HK$'000	*HK$'000*
Short term employee benefits	**10,491**	4,323
Post-employment benefits	**511**	196
Total compensation paid to key management personnel	**11,002**	4,519

Further details of the directors' emoluments are included in note 10 to the consolidated financial statements.

(b) Rental income

	2014	2013
	HK$'000	*HK$'000*
Rental income received from a related company in which two directors of the Company have significant influence	**780**	488

37. RELATED PARTY TRANSACTIONS (continued)

(c) Rental expenses

	2014 HK$'000	2013 HK$'000
Rental expenses paid to a related company in which two directors of the Company have significant influence	**192**	–

38. EVENTS AFTER THE REPORTING PERIOD

There was no significant event happened after the end of the reporting period.

39. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements are approved and authorised for issue by the Board of Directors on 26 June 2014.

Five-Year Financial Summary

RESULTS

	Year ended 31 March				
	2014	2013	2012	2011	2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
			(restated)	(restated)	(restated)
Continuing operations					
Revenue	**1,369,188**	757,600	1,080,073	1,862,684	859,491
Profit/(loss) before taxation	**417,153**	(68,099)	(445,042)	(115,139)	(14,745)
Taxation	**(70)**	(1,025)	4,418	1,445	195
Profit/(loss) for the year from continuing operations	**417,083**	(69,124)	(440,624)	(113,694)	(14,550)
Discontinued operation					
Profit/(loss) for the year from discontinued operation	**–**	7,930	(28,246)	(7,476)	(2,197)
Profit/(loss) for the year	**417,083**	(61,194)	(468,870)	(121,170)	(16,747)
Attributable to:					
Owners of the Company	**417,083**	(60,928)	(467,851)	(120,373)	(16,762)
Non-controlling interests	**–**	(266)	(1,019)	(797)	15
	417,083	(61,194)	(468,870)	(121,170)	(16,747)

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 March				
	2014	2013	2012	2011	2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	**1,885,139**	1,307,541	1,450,517	1,877,569	1,362,814
Total liabilities	**(291,714)**	(176,904)	(252,568)	(580,744)	(416,088)
Non-controlling interests	**–**	–	1,793	734	(47)
Equity attributable to owners of the Company	**1,593,425**	1,130,637	1,199,742	1,297,559	946,679

Certain comparative figures have been restated to conform with the current year's presentation.