



NEW ISLAND DEVELOPMENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 377)

新洲發展控股有限公司*

(於百慕達註冊成立之有限公司)

(股份代號：377)

2014 / 2015 INTERIM REPORT

二零一四 / 二零一五年度中期報告

* For identification purposes only

* 僅供識別

NEW ISLAND DEVELOPMENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 377)

INTERIM REPORT 2014/2015

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Meng Guang Bao (*Chairman*)*
Mr. Wu Jiwei (*Chief Executive Officer*)*
Mr. Guo Song (*Deputy Chief Executive Officer*)*
Mr. Suen Cho Hung, Paul**
Mr. Lo Ming Chi, Charles**
Ms. Chan Yuk Yee**

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Zheng Bailin*
Mr. Shen Ruolei*
Mr. Pun Chi Ping
Dr. Wong Yun Kuen**
Mr. Ip Man Tin, David**

COMPANY SECRETARY

Mr. Sinn Wai Kin, Derek

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

Mr. Zheng Bailin, *Chairman****
Mr. Shen Ruolei***
Mr. Pun Chi Ping
Mr. Wu Jiwei***
Dr. Wong Yun Kuen**
Mr. Ip Man Tin, David**
Mr. Lo Ming Chi, Charles**

NOMINATION COMMITTEE

Mr. Shen Ruolei, *Chairman****
Mr. Zheng Bailin***
Mr. Pun Chi Ping
Mr. Wu Jiwei***
Dr. Wong Yun Kuen**
Mr. Ip Man Tin, David**
Mr. Lo Ming Chi, Charles**

SOLICITORS

D.S. Cheung & Co., Solicitors

AUDITOR

Deloitte Touche Tohmatsu

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
DBS Bank (Hong Kong) Limited
Industrial and Commercial Bank of China (Asia) Limited
The Hongkong and Shanghai Banking
Corporation Limited
Wing Hang Bank Limited

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE

25th Floor
Excel Centre
483A Castle Peak Road
Cheung Sha Wan
Kowloon
Hong Kong

HONG KONG SHARE REGISTRAR

Union Registrars Limited
A18th Floor
Asia Orient Tower
Town Place
33 Lockhart Road
Wanchai
Hong Kong

STOCK CODE

377

WEBSITE

<http://www.newisland.com>

* appointed on 4 September 2014

** resigned on 25 September 2014

*** appointed on 25 September 2014

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2014

		Six months ended	
		30 September	
		2014	2013
		(Unaudited)	(Unaudited
	<i>NOTES</i>	<i>HK\$'000</i>	and restated)
			<i>HK\$'000</i>
Continuing operations			
Revenue	3	410,181	380,394
Cost of sales		(332,784)	(308,768)
<hr/>			
Gross profit		77,397	71,626
Other income		3,052	1,564
Other gains and losses	4	9,461	7,314
Distribution and selling expenses		(24,266)	(22,947)
Administrative expenses		(43,947)	(43,001)
Finance costs		(1,486)	(1,485)
<hr/>			
Profit before tax		20,211	13,071
Income tax expenses	5	(5,210)	(2,027)
<hr/>			
Profit for the period from continuing operations	6	15,001	11,044
Discontinued operation			
Profit for the period from discontinued operation	7	35	1,530
<hr/>			
Profit for the period		15,036	12,574
<hr/>			
Attributable to:			
Equity shareholders of the Company		15,067	12,518
Non-controlling interests		(31)	56
<hr/>			
		15,036	12,574
<hr/>			
Basic earnings per share	8		
From continuing and discontinued operations (HK cent)		0.57	0.47
<hr/>			
From continuing operations (HK cent)		0.57	0.43
<hr/>			

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the six months ended 30 September 2014

	Six months ended 30 September	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit for the period	15,036	12,574
Other comprehensive (expenses) income		
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	(4,755)	3,014
Total comprehensive income for the period	10,281	15,588
Total comprehensive income attributable to:		
Equity shareholders of the Company	10,312	15,532
Non-controlling interests	(31)	56
	10,281	15,588

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 September 2014

	<i>NOTES</i>	30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment	<i>10</i>	305,974	314,133
Prepaid lease payments		17,287	17,823
Investment properties		27,900	27,900
Deferred tax assets		2,616	2,499
Deposit paid for the acquisition of machineries		30,149	10,986
		383,926	373,341
Current assets			
Inventories		94,764	99,095
Trade and other receivables	<i>11</i>	172,192	126,271
Tax recoverable		—	216
Trading securities	<i>12</i>	—	183,838
Bank balances and cash		845,932	99,444
		1,112,888	508,864
Assets classified as held for sale	<i>7</i>	—	94,405
		1,112,888	603,269
Current liabilities			
Trade and other payables	<i>13</i>	150,044	146,206
Shareholder's loan	<i>14</i>	585,960	—
Bills payable		25,642	22,315
Tax payable		4,588	2,243
Bank borrowings	<i>15</i>	102,261	104,688
		868,495	275,452
Liabilities associated with assets classified as held for sales	<i>7</i>	—	45,809
		868,495	321,261
Net current assets		244,393	282,008
Total assets less current liabilities		628,319	655,349

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION*At 30 September 2014 (Continued)*

		30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
	<i>NOTES</i>		
Non-current liabilities			
Deferred tax liabilities		824	23,664
Net assets		627,495	631,685
Capital and reserves			
Share capital	<i>16</i>	26,653	26,653
Reserves		600,321	590,009
Equity attributable to equity shareholders of the Company		626,974	616,662
Non-controlling interests		521	15,023
Total equity		627,495	631,685

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2014

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Statutory surplus reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Other reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non- controlling interests <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance at 1 April 2013 (Audited)	26,653	131,911	27,747	74,971	4,890	221,507	487,679	14,773	502,452
Changes in equity for the six months ended 30 September 2013:									
Profit for the period	—	—	—	—	—	12,518	12,518	56	12,574
Other comprehensive income for the period	—	—	—	3,014	—	—	3,014	—	3,014
Total comprehensive income for the period	—	—	—	3,014	—	12,518	15,532	56	15,588
Balance at 30 September 2013 (Unaudited)	26,653	131,911	27,747	77,985	4,890	234,025	503,211	14,829	518,040
Balance at 1 April 2014 (Audited)	26,653	131,911	28,857	80,523	4,890	343,828	616,662	15,023	631,685
Changes in equity for the six months ended 30 September 2014:									
Profit for the period	—	—	—	—	—	15,067	15,067	(31)	15,036
Other comprehensive expenses for the period	—	—	—	(4,755)	—	—	(4,755)	—	(4,755)
Total comprehensive income for the period	—	—	—	(4,755)	—	15,067	10,312	(31)	10,281
Disposal of subsidiaries	—	—	—	—	—	—	—	(14,471)	(14,471)
Balance at 30 September 2014 (Unaudited)	26,653	131,911	28,857	75,768	4,890	358,895	626,974	521	627,495

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2014

		Six months ended 30 September	
		2014	2013
		(Unaudited)	(Unaudited and restated)
	<i>NOTE</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
NET CASH GENERATED FROM OPERATING ACTIVITIES		196,853	17,129
INVESTING ACTIVITIES			
Purchase of investment properties		—	(29,333)
Purchase of property, plant and equipment		(33,496)	(11,471)
Proceeds from disposal of property, plant and equipment		67	285
Interest received		615	464
Net proceeds from disposal of subsidiaries	7	1,156	—
NET CASH USED IN INVESTING ACTIVITIES		(31,658)	(40,055)
FINANCING ACTIVITIES			
Proceeds from new bank borrowings		178,286	179,642
Repayment of bank borrowings		(180,712)	(148,461)
Proceeds from new shareholder's loan		585,960	—
Interest paid		(1,486)	(1,494)
NET CASH FROM FINANCING ACTIVITIES		582,048	29,687
NET INCREASE IN CASH AND CASH EQUIVALENTS		747,243	6,761
CASH AND CASH EQUIVALENTS AT 1 APRIL		99,444	87,094
Effect of foreign exchange rate changes		(755)	458
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER, REPRESENTED BY BANK BALANCES AND CASH		845,932	94,313

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2014

1. BASIS OF PREPARATION

The condensed consolidated financial statements of New Island Development Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and trading securities, which are measured at fair values.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2014 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2014.

In the current interim period, the Group has applied, for the first time, a new interpretation and certain amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are mandatorily effective for the current interim period.

The application of the new interpretation and amendments to HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

The Group manages its businesses by divisions, which are organised by different business lines. In a manner consistent with the way in which information is reported internally to the Group’s executive directors, being the chief operating decision maker (“CODM”), for the purposes of resource allocation and performance assessment, the Group has identified the following four operating and reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Printing: Sale and manufacturing of high quality multi-colour packaging products, carton boxes, books, brochures and other paper products in Hong Kong, Dongguan, Shanghai and Hunan
- Provision of financing services: Provision of finance
- Securities investments: Investment activities in equity securities
- Property investment: Property rental services

An operating segment regarding the provision of securities brokerage and margin financing services was discontinued in the current period. The segment information reported in this note has been restated and does not include any amounts from this discontinued operation which is disclosed in more detail in note 7.

3. SEGMENT INFORMATION (CONTINUED)

Six months ended 30 September 2014

Continuing operations

	Printing (Unaudited) <i>HK\$'000</i>	Provision of financing services (Unaudited) <i>HK\$'000</i>	Securities investments (Unaudited) <i>HK\$'000</i>	Property investment (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>
Segment revenue					
Revenue from external customers	409,856	70	—	255	410,181
Segment results	12,416	90	9,327	150	21,983
Unallocated amounts					
Unallocated expenses					(1,772)
Group's profit before tax					20,211

Six months ended 30 September 2013 (Restated)

Continuing operations

	Printing (Unaudited) <i>HK\$'000</i>	Provision of financing services (Unaudited) <i>HK\$'000</i>	Securities investments (Unaudited) <i>HK\$'000</i>	Property investment (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>
Segment revenue					
Revenue from external customers	379,931	360	—	103	380,394
Segment results	4,642	281	8,798	(79)	13,642
Unallocated amounts					
Unallocated expenses					(571)
Group's profit before tax					13,071

Segment results represent the profit and loss of each segment without allocation of expenses arising from corporate administration expenses and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

3. SEGMENT INFORMATION (CONTINUED)

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

	30 September 2014 HK\$'000	31 March 2014 HK\$'000
Segment assets		
Continuing operations		
Printing	903,745	719,408
Provision of financing services	47,687	4,269
Securities investments	160,719	183,951
Property investment	28,016	27,972
	1,140,167	935,600
Elimination of inter-segment receivables	(232,172)	(89,282)
	907,995	846,318
Unallocated assets	588,819	35,887
Assets classified as held for sales	—	94,405
Consolidated assets	1,496,814	976,610
	30 September 2014 HK\$'000	31 March 2014 HK\$'000
Segment liabilities		
Continuing operations		
Printing	273,851	250,004
Provision of financing services	47,533	4,204
Securities investments	160,719	69,154
Property investment	29,582	29,664
	511,685	353,026
Elimination of inter-segment payables	(232,172)	(88,992)
	279,513	264,034
Unallocated liabilities	589,806	35,082
Liabilities associated with assets classified as held for sales	—	45,809
Consolidated liabilities	869,319	344,925

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

- all assets are allocated to operating segments other than corporate assets; and
- all liabilities are allocated to operating segments other than loan from shareholder and corporate liabilities.

4. OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net exchange losses	(18)	(1,764)
Gain from changes in fair value of trading securities	9,417	9,013
Gain on disposal of property, plant and equipment, net	62	65
	9,461	7,314

5. INCOME TAX EXPENSES

	Six months ended 30 September	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Continuing operations		
Current tax:		
Hong Kong	2,613	96
PRC Enterprise Income Tax ("EIT")	143	1,966
Other jurisdictions	83	83
Underprovision in prior periods:		
PRC EIT	1,289	37
Deferred tax	1,082	(155)
Income tax expenses relating to continuing operations	5,210	2,027

For the six months ended 30 September 2014 and 30 September 2013, provision for Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits.

Under the Law of the People's Republic of China ("PRC") on EIT, the Company's major subsidiaries in the PRC are subject to a tax rate of 25%.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

6. PROFIT FOR THE PERIOD — CONTINUING OPERATIONS

Profit for the period from continuing operations is arrived at after crediting (charging) the following items:

	Six months ended	
	30 September	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Amortisation of prepaid lease payments	(367)	(367)
Depreciation of property, plant and equipment	(19,825)	(19,449)
Cost of inventories sold	(332,784)	(308,768)

7. DISPOSAL OF SUBSIDIARIES (DISCONTINUED OPERATION)

On 28 March 2014, the Group entered into a conditional Sales and Purchase Agreement with Mr. Law Man Lung (“Mr. Law”), who is a 8% shareholder of CEPA Alliance Holdings Limited, to dispose of its entire 70% interest in CEPA Alliance Holdings Limited and its subsidiary, CEPA Alliance Securities Limited (together referred to as the “CEPA Group”) at a total cash consideration of HK\$34,800,000, subject to the approval of Securities and Futures Commission of Hong Kong. A deposit of HK\$17,400,000 was received from Mr. Law as at 31 March 2014. The disposal was completed on 17 July 2014, on which date the Group ceased to control CEPA Group.

The (loss) profit from the discontinued operation for the current and preceding interim periods is analysed as follows:

	Six months ended	
	30 September	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
(Loss) profit for the period	(91)	1,530
Gain on disposal of subsidiaries	126	—

	35	1,530
--	-----------	-------

7. DISPOSAL OF SUBSIDIARIES (DISCONTINUED OPERATION) (CONTINUED)

The results of the discontinued operation for the current and preceding interim periods were as follows. The comparative figures in the condensed consolidated statement of profit or loss have been restated to re-present the operation as a discontinued operation.

	Six months ended	
	30 September	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue	2,951	5,846
Commission rebate expenses	(442)	(913)
Other income	115	403
Administrative expenses	(2,679)	(4,148)
Finance costs	—	(9)
	<hr/>	<hr/>
(Loss) profit before tax	(55)	1,179
Income tax (expenses) credit	(36)	351
	<hr/>	<hr/>
(Loss) profit for the period	(91)	1,530
	<hr/>	<hr/>
Attributable to:		
Equity shareholders of the Company	(64)	1,071
Non-controlling interests	(27)	459
	<hr/>	<hr/>
	(91)	1,530
	<hr/>	<hr/>

Major classes of assets and liabilities as at 31 March 2014 were as follows:

	<i>HK\$'000</i>
Goodwill	930
Property, plant and equipment	447
Other assets	2,350
Intangible assets	1,260
Deferred tax assets	215
Trade and other receivables	34,214
Cash held on behalf of brokerage clients	39,301
Cash and cash equivalents	15,688
	<hr/>
Total assets classified as held for sale	94,405
	<hr/>
Trade and other payables	45,809
	<hr/>
Total liabilities associated with assets classified as held for sale	45,809
	<hr/>

7. DISPOSAL OF SUBSIDIARIES (DISCONTINUED OPERATION) (CONTINUED)

The net assets of CEPA Group at the date of disposal were as follow:

	<i>HK\$'000</i>	
Net assets disposed of (excluding goodwill)		33,744
Attributable goodwill		930
		<hr/>
		34,674
Gain on disposal of subsidiaries		126
		<hr/>
Total consideration		34,800
		<hr/>
Satisfied by:		
Cash		34,800
		<hr/>
Net cash inflow arising on disposal of subsidiaries:		
Total cash consideration received		34,800
Deposit received during the year ended 31 March 2014		(17,400)
Bank balances and cash disposed of		(16,244)
		<hr/>
		1,156
		<hr/>
	Six months ended	
	30 September	
	2014	2013
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash flows of the discontinued operation:		
Net cash generated from (used in) operating activities	16,768	(3,896)
Net cash used in investing activities	(524)	(5)
Net cash generated from financing activities	—	9
	<hr/>	<hr/>
Net cash flows	16,244	(3,892)
	<hr/>	<hr/>

8. EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of basic earnings per share is based on the profit attributable to the equity shareholders of the Company for the period of HK\$15,067,000 (six months ended 30 September 2013: HK\$12,518,000) and the number of ordinary shares of 2,665,290,000 (six months ended 30 September 2013: 2,665,290,000) during the period.

From continuing operations

The calculation of basic earnings per share from continuing operations attributable to the equity shareholders of the Company is based on the following data:

	Six months ended 30 September	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Earnings:		
Profit for the period attributable to the equity shareholders of the Company	15,067	12,518
Less: (Loss) profit for the period from discontinued operation attributable to the equity shareholders of the Company	(64)	1,071
	<hr/>	<hr/>
Earnings for the purpose of calculating basic earnings per share from continuing operations	15,131	11,447
	<hr/>	<hr/>
Number of shares:		
Number of ordinary shares for the purpose of basic earnings per share	2,665,290,000	2,665,290,000
	<hr/>	<hr/>

From discontinued operation

Basic loss (2013: earnings) per share from discontinued operation is HK0.002 cent per share (2013: HK0.04 cent per share), based on the loss (2013: profit) for the period from discontinued operation attributable to the equity shareholders of the Company of HK\$64,000 (2013: HK\$1,071,000) and the denominators detailed above for both basic earnings per share.

No diluted earnings (loss) per share is presented as there is no potential ordinary shares of the Company outstanding during both periods.

9. DIVIDEND

The directors of the Company have resolved not to declare any interim dividend for the six months ended 30 September 2014 (six months ended 30 September 2013: Nil).

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2014, the Group acquired property, plant and equipment of approximately HK\$14,333,000 (six months ended 30 September 2013: HK\$15,773,000) in the current interim period.

During the six months ended 30 September 2014, the Group disposed of certain machineries with an aggregate carrying amount of HK\$5,000 (six months ended 30 September 2013: HK\$220,000) for cash proceeds of HK\$67,000 (six months ended 30 September 2013: HK\$285,000), resulting in a gain on disposal of HK\$62,000 (six months ended 30 September 2013: HK\$65,000).

11. TRADE AND OTHER RECEIVABLES

The Group normally allows average credit period of 30 to 90 days to its trade customers.

The following is an ageing analysis of trade receivables, presented based on invoice date, which approximates to revenue recognition date, at the end of the reporting period is as follows:

	30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
0 – 30 days	77,816	65,791
31 – 90 days	69,570	49,713
Over 91 days	5,763	3,424
	153,149	118,928

12. TRADING SECURITIES

	30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
Listed investment, at fair value	—	183,838

During the six months ended 30 September 2014, the Group has received a consideration in cash of HK\$160,719,000 for selling all trading securities through disposal of the subsidiary that held the trading securities. The Group sold all trading securities held by that subsidiary and the directors accordingly has regarded this transaction as an operating transaction in the statement of cash flows. The major assets and liabilities of the disposed subsidiary are the trading securities of HK\$184,808,000 and the corresponding deferred tax liability of HK\$24,061,000.

13. TRADE AND OTHER PAYABLES

Ageing analysis of trade payables at the end of the reporting period based on purchase invoice date is as follows:

	30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
0 – 30 days	48,610	41,030
31 – 90 days	45,911	27,111
Over 91 days	9,582	10,512
	104,103	78,653

The average credit period on purchases of goods is from 30 to 90 days.

14. SHAREHOLDER'S LOAN

On 29 September 2014, the Company entered into a loan agreement with a controlling shareholder, Huajun International Limited, who lent HK\$585,960,000 to the Company. The loan is unsecured, interest free and repayable on demand.

15. BANK BORROWINGS

	30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
Carrying amount repayable*:		
Within one year	58,668	58,316
More than one year, but not exceeding two years	5,410	5,479
More than two years but not more than five years	13,839	15,031
More than five years	24,344	25,862
	102,261	104,688
Amounts due within one year (shown under current liabilities)	58,668	58,316
Carrying amount of bank loans that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	43,593	46,372
Amounts shown under current liabilities	102,261	104,688

* The amounts due are based on the scheduled repayment dates set out in the loan agreements.

15. BANK BORROWINGS (CONTINUED)

	30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
Secured	40,744	50,193
Unsecured	61,517	54,495
	102,261	104,688

16. SHARE CAPITAL

	Ordinary shares '000	Amount HK\$'000
Authorised		
At 1 April 2013, 30 September 2013, 1 April 2014 and 30 September 2014		
— 40,000,000,000 shares of HK\$0.01 each	40,000,000	400,000
	Number of shares '000	Amount HK\$'000
Issued and fully paid		
At 1 April 2013, 30 September 2013, 1 April 2014 and 30 September 2014		
— 2,665,290,000 shares of HK\$0.01 each	2,665,290	26,653

17. CAPITAL COMMITMENTS

	30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
Commitments in respect of the acquisition of property, plant and equipment — contracted for but not provided for	17,750	10,609

18. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market 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).

Financial assets	31 March 2014 HK\$'000	Fair value hierarchy	Valuation technique(s) and key input(s)
Trading securities	183,838	Level 1	Quoted bid prices in active market

During the six months ended 30 September 2014, there were no transfer between Level 1 and Level 2 or transfers into or out of Level 3 (six months ended 30 September 2013:Nil). The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate to their respective fair values.

19. RELATED PARTY TRANSACTIONS

The Group has entered into the following significant transactions with related parties:

Compensation of key management personnel

The key management of the Group comprises all directors of the Company, details of their emoluments are as follows:

	Six months ended 30 September 2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Short-term employees benefits	3,741	3,658
Post-employment benefits	128	111
	3,869	3,769

20. EVENTS AFTER THE END OF REPORTING PERIOD

On 5 November 2014, Huajun Capital Limited (an indirect wholly-owned subsidiary of the Company) and Sheng Yuan Holdings Limited entered into a subscription agreement, pursuant to which Sheng Yuan Holdings Limited has conditionally agreed to issue, and Huajun Capital Limited has conditionally agreed to subscribe the convertible bond in an aggregate principal amount of HK\$100,000,000. The convertible bond shall bear interest at a rate of 8% per annum. The initial conversion price of the convertible bond is HK\$0.70 per ordinary share of Sheng Yuan Holdings Limited. The subscription of the convertible bond was completed on 19 November 2014.

21. COMPARATIVE FIGURES

Certain comparative figures for the condensed consolidated statement of cash flows have been reclassified to conform with the current period's presentation. Details are set out as follows:

	As previously restated <i>HK\$'000</i>	Reclassification <i>HK\$'000</i>	As reported <i>HK\$'000</i>
Net cash generated from operating activities	20,674	(3,545)	17,129
Net cash used in investing activities	(43,600)	3,545	(40,055)

The effect is from cash outflows of HK\$3,545,000 for trading securities.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**TO THE BOARD OF DIRECTORS OF
NEW ISLAND DEVELOPMENT HOLDINGS LIMITED**

新洲發展控股有限公司

(incorporated in Bermuda with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of New Island Development Holdings Limited (the “Company”) and its subsidiaries set out on page 2 to 20, which comprise the condensed consolidated statement of financial position as of 30 September 2014 and the related condensed consolidated statement of profit or loss, condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed consolidated statement of cash flows for the six months then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “*Interim Financial Reporting*” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

28 November 2014

BUSINESS REVIEW AND OUTLOOK

For the six months ended 30 September 2014 (“Review Period”), the Group discontinued its provision of securities brokerage and margin financing services and continued to engage in the business of (1) sale and manufacturing of high quality multi-colour packaging products, carton boxes, books, brochures and other paper products; (2) provision of financing services; (3) securities investments; and (4) property investment.

Continuing operations

The Group reported revenue of HK\$410,181,000 for the Review Period, which comprised of revenue from sales of printing products of HK\$409,856,000, provision of financing services of HK\$70,000 and rental income from property investment of HK\$255,000. Revenue increased by 7.8% amounted to HK\$29,787,000, compared to HK\$380,394,000 for the six months ended 30 September 2013 (“Corresponding Period”). The sale of printing products reported 7.9% rise in revenue compared to the Corresponding Period, which was attributed to strategic efforts made in developing new customers and growth in certain existing clients.

Gross profit margin has slightly risen from 18.8% in the Corresponding Period to 18.9% in the Review Period. Gross profit increased by approximately 8.1% to HK\$77,397,000 for the Review Period which mainly contributed to our rigorous control and improvement of productivity through investment of machineries in automation.

In line with the increase in revenue, distribution and selling expenses during the Review Period increased by 5.7% from HK\$22,947,000 for the Corresponding Period to HK\$24,266,000, standing at 5.9% of total revenue. Notwithstanding the stringent cost control measures adopted by the Group under difficult operating conditions, administrative expenses have slightly increased by 2.2% to HK\$43,947,000 during the Review Period. It was caused by high inflation environment and increase in rental expenses.

Finance costs remained at HK\$1,486,000 for the Review Period compared with HK\$1,485,000 for the Corresponding Period given the stable interest rate and average outstanding bank borrowings during the Review Period.

The gain from changes in fair value of trading securities of HK\$9,417,000 for the Review Period was attributable to the increase in market prices of certain listed securities held by the Group during the Review Period. During the Review Period, the Group has received a consideration in cash of HK\$160,719,000 for selling all trading securities through disposal of the subsidiary that held the trading securities.

As a result of the combined effects of the foregoing, profit before tax for the Review Period amounted to HK\$20,211,000 as compared with HK\$13,071,000 for the Corresponding Period. Income tax expense increased to HK\$5,210,000 during the Review Period, it was mainly caused by the increase in profit before tax, under-provision for tax in prior periods and deferred tax expenses for gain from changes in fair value of trading securities.

Discontinued operation

The provision of securities brokerage and margin financing services recorded revenue of HK\$2,951,000 for the period from 1 April to 17 July 2014. The disposal of CEPA Group was completed whilst the Group has ceased this operation on 17 July 2014. The profit from the discontinued operation for the period was HK\$35,000.

BUSINESS REVIEW AND OUTLOOK (CONTINUED)

As a result, profit attributable to the equity shareholders of the Company was HK\$15,067,000 for the Review Period, representing an increase of HK\$2,549,000 or 20.4% as compared with the Corresponding Period.

The outlook for second half year is challenging in printing industry with the uncertainty in Europe market and comparable slower growth of China economy despite a more stable market in USA. The Group will strengthen our productivity with automation in machine and invest in more advanced machinery.

However, in view of the competitive printing industry, the Group is exploring other investment opportunities and may streamline its existing business in order to improve the performance of the Group and enhance our shareholders' returns to diversify the Group's business. Further to the subscription of the convertible bond (the "Subscription") completed on 19 November 2014, the Board considered that the Subscription would provide the Group with a stable return under the present volatile economic environment.

FINANCIAL AND CAPITAL RESOURCES

During the Review Period, the Group expended HK\$14,333,000 on property, plant and equipment. These investments and the daily operating activities of the Group were funded by retained earnings and bank borrowings and by the cash flows generated from the Group's operations.

As at 30 September 2014, the Group had bank borrowings, which were either denominated in Hong Kong dollars or Chinese Renminbi, totalling HK\$127,903,000 (31 March 2014: HK\$127,003,000), comprising bank loans of HK\$102,261,000 (31 March 2014: HK\$104,688,000) and bills payable of HK\$25,642,000 (31 March 2014: HK\$22,315,000). Of these borrowings, HK\$43,530,000 (31 March 2014: HK\$55,362,000) were secured by property, plant and equipment and an investment property with an aggregate carrying value of HK\$73,010,000 and HK\$27,900,000 on respectively in the Group's consolidated statement of financial position as at 30 September 2014 (31 March 2014: HK\$73,789,000 and HK\$27,900,000). The net debt-to-capital ratio (defined as total interest-bearing borrowings less cash and cash equivalents divided by total equity) of the Group as at 30 September 2014 was Nil (31 March 2014: 4.4%). During the Review Period, the Company entered into a loan agreement with a controlling shareholder, Huajun International Limited, who lent HK\$585,960,000 to the Company. The loan is unsecured, interest free and repayable on demand.

The Group's total cash and bank balances amounted to HK\$845,932,000 as at 30 September 2014 (31 March 2014: HK\$99,444,000). The Directors are of the opinion that the Group will be able to generate adequate cash flow from its operations and to secure necessary facilities from the banks to meet its ongoing obligations and commitments.

SEGMENTAL INFORMATION

Details of segmental information are set out in Note 3 to the condensed consolidated financial statements.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

On 28 March 2014, the Group entered into a conditional sale and purchase agreement with Mr. Law Man Lung, to dispose of its 70% interest in CEPA Alliance Holdings Limited and its subsidiary, CEPA Alliance Securities Limited at a consideration of HK\$34,800,000. The transaction was completed on 17 July 2014.

CONTINGENT LIABILITIES

As at 30 September 2014, the Group has no material contingent liabilities (31 March 2014: Nil).

FOREIGN EXCHANGE RISK MANAGEMENT

The Group is primarily exposed to foreign currency risk on sales and purchases in respect of the printing segment that are denominated in foreign currencies. The Group does not use any derivative financial instruments to manage its exposure to foreign currency risk as the Directors are of the opinion that the net exposure is not significant. The majority of the Group's foreign currency transactions and balances are denominated in US dollars and Euros.

STAFF

As at 30 September 2014, the Group had a total of 2,632 staff (31 March 2014: 2,873) of which 2,554 (31 March 2014: 2,808) were employed in the PRC for the Group's printing business.

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

INTERIM DIVIDEND

The Board resolved not to pay an interim dividend for the six months ended 30 September 2014 (six months ended 30 September 2013: HK\$Nil).

CORPORATE GOVERNANCE

The Company is committed to the establishment of good governance practices and procedures. The Company has complied with the code provisions in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Listing Rules during the six months ended 30 September 2014, except for the deviation of code provisions of the CG Code as disclosed below.

Code Provision E.1.2

The Code Provision E.1.2 of the CG Code stipulates that the chairman of the board should attend the annual general meeting. The Chairman of the Board, Mr. Suen Cho Hung, Paul, was unable to attend the annual general meeting of the Company held on 13 August 2014 (the "2014 AGM") as he had other important business engagement. However, Mr. Lo Ming Chi, Charles an Executive Director and the Chief Executive Officer of the Company had chaired the meeting in accordance with Article 63 of the Company's Articles of Association.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors ("Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code.

CHANGES OF DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the change of information on directors of the Company is as follows:

Name of Director	Details of Changes
Mr. Meng Guang Bao	<ul style="list-style-type: none">— Appointed as an Executive Director on 4 September 2014— Appointed as the Chairman of the Board on 25 September 2014
Mr. Wu Jiwei	<ul style="list-style-type: none">— Appointed as an Executive Director on 4 September 2014— Appointed as the Chief Executive Officer and a member of the Remuneration Committee and the Nomination Committee on 25 September 2014
Mr. Guo Song	<ul style="list-style-type: none">— Appointed as an Executive Director on 4 September 2014— Appointed as the Deputy Chief Executive Officer on 25 September 2014
Mr. Zheng Bailin	<ul style="list-style-type: none">— Appointed as an Independent Non-executive Director on 4 September 2014— Appointed as the Chairman of the Remuneration Committee, a member of the Nomination Committee and the Audit Committee on 25 September 2014
Mr. Shen Ruolei	<ul style="list-style-type: none">— Appointed as an Independent Non-executive Director on 4 September 2014— Appointed as the Chairman of the Nomination Committee, a member of the Remuneration Committee and the Audit Committee on 25 September 2014
Mr. Suen Cho Hung, Paul	<ul style="list-style-type: none">— Stepped down from his position as Chairman of the Board and resigned as an Executive Director on 25 September 2014— Resigned as a non-executive director of Sunlink International Holdings Limited, a company listed on the main board of the Stock Exchange with stock code of 2336, on 3 June 2014
Mr. Lo Ming Chi, Charles	<ul style="list-style-type: none">— Stepped down from his position as Chief Executive Officer and resigned as an Executive Director, a member of the Remuneration Committee and the Nomination Committee on 25 September 2014
Ms. Chan Yuk Yee	<ul style="list-style-type: none">— Resigned as an Executive Director on 25 September 2014
Dr. Wong Yun Kuen	<ul style="list-style-type: none">— Resigned as an Independent Non-executive Director, Chairman of the Nomination Committee, a member of the Remuneration Committee and the Audit Committee on 25 September 2014— Resigned as an independent non-executive director of KuangChi Science Limited, a company listed on the main board of the Stock Exchange with stock code of 439, on 23 August 2014
Mr. Ip Man Tin, David	<ul style="list-style-type: none">— Resigned as an Independent Non-executive Director, Chairman of the Remuneration Committee, a member of the Nomination Committee and the Audit Committee on 25 September 2014

CHANGE OF AUDITORS

Pursuant to an ordinary resolution passed by the shareholders of the Company at a special general meeting held on 10 November 2014, Deloitte Touche Tohmatsu has been appointed as the auditors of the Company to fill the casual vacancy arising from the resignation of Grant Thornton Hong Kong Limited (“GT”), as the Company and GT were unable to agree on the audit fee for the year ended 31 March 2015. Details of the change of auditors are, among other things, set out in the Company’s circular dated 24 October 2014 and the Company’s announcements dated 21 October 2014 and 10 November 2014.

AUDIT COMMITTEE

The audit committee comprises three Independent Non-Executive Directors and reports directly to the Board. The audit committee meets regularly with the Group’s senior management and the Company’s external auditor to review the financial reporting and internal control systems of the Group as well as the financial statements of the Company.

The audit committee has reviewed the interim results of the Group for the six months ended 30 September 2014.

PROPOSED CHANGE OF COMPANY NAME

Pursuant to a special resolution passed by the shareholders of the Company at the special general meeting held on 17 November 2014, the shareholders in general meeting have approved to change the English name of the Company from “New Island Development Holdings Limited” to “Huajun Holdings Limited”, and upon the proposed change of the Company’s English name becoming effective, the adoption of the Chinese name of “華君控股有限公司” in replacement of “新洲發展控股有限公司” for identification purpose only. The change of Company name is subject to approval of the Registrar of Companies in Bermuda. Details of the change of Company name are, among other things, set out in the Company’s circular dated 24 October 2014 and the Company’s announcements dated 22 October 2014 and 17 November 2014.

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

As at 30 September 2014, the following Director and chief executive of the Company had interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)), as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuer set out in Appendix 10 of the Listing Rules.

Name	Capacity/Nature of interest	Long/Short position	Total number of shares held	Approximate % of total issued shares at 30 September 2014
Mr. Meng Guang Bao (“Mr. Meng”)	Interests of controlled corporation	Long position	1,669,061,000 <i>(note)</i>	62.62%

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

Note:

These shares are held by Huajun International Limited (“Huajun International”), which is wholly-owned by Mr. Meng, the sole director of Huajun International and an executive Director and Chairman of the Board. Mr. Meng is taken to be interested in all the shares of the Company in which Huajun International Limited is interested by virtue of the SFO.

Save as disclosed above, as at 30 September 2014, none of the directors or chief executive of the Company had registered an interest or short positions in the shares or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITION OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 30 September 2014, so far as is known to the Directors, the following persons had interests of more than 5% of the issued share capital of the Company according to the register of interests kept by the Company pursuant to section 336 of the SFO:

Name	Capacity/Nature of interest	Long/Short position	Total number of shares held	Approximate % of total issued shares at 30 September 2014
Huajun International	Beneficial owner	Long position	1,669,061,000	62.62%
Mr. Meng	Interests of controlled corporation	Long position	1,669,061,000 ^(note)	62.62%

Note:

These shares are held by Huajun International, which is wholly-owned by Mr. Meng, the sole director of Huajun International and an executive Director and Chairman of the Board. Mr. Meng is taken to be interested in all the shares of the Company in which Huajun International Limited is interested by virtue of the SFO.

Save as disclosed above, no other interest or short position in the shares and underlying shares of the Company were recorded in the register required to be kept under section 336 of the SFO as at 30 September 2014.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the “Scheme”) on 28 September 2007. The purpose of the Scheme is to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to Executive or Non-Executive Directors including Independent Non-Executive Directors or any employees (whether full-time or part-time) of each member of the Group (the “Participants”) and for such other purpose as the Board may approve from time to time. Details of the Scheme are set out in the 2014 annual report of the Company. The Scheme shall remain valid and effective until 27 September 2017.

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

ARRANGEMENT TO PURCHASE SHARES

Apart from the Scheme as disclosed above, at no time during the six months ended 30 September 2014 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors or the chief executive of the Company, or their spouses or children under the age of 18, to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the six months ended 30 September 2014, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares.

COMPOSITION OF BOARD

As at the date of this report, the Board comprises Mr. Meng Guang Bao (Chairman), Mr. Wu Jiwei (Chief Executive Officer) and Mr. Guo Song (Deputy Chief Executive Officer) as Executive Directors and Mr. Zheng Bailin, Mr. Shen Ruolei and Mr. Pun Chi Ping as Independent Non-Executive Directors.

By Order of the Board

WU Jiwei

Executive Director and Chief Executive Officer

Hong Kong, 28 November 2014