UKF (HOLDINGS) LIMITED
英裘（控股）有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1468

UKF

Annual Report 2015

Contents

CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. Wong Chun Chau *(Chairman)*
Ms. Kwok Yin Ning *(Chief Executive Officer)*

Independent Non-executive Directors

Mr. Lau Siu Ki *(appointed on 16 March 2015)*
Mr. Jean-pierre Philippe
Mr. Tang Tat Chi
Mr. Ang Wing Fung *(resigned on 16 March 2015)*

Company Secretary

Mr. Chung Man Wai, Stephen

Audit Committee

Mr. Lau Siu Ki *(Chairman) (appointed on 16 March 2015)*
Mr. Ang Wing Fung *(Chairman)*
(resigned on 16 March 2015)
Mr. Jean-pierre Philippe
Mr. Tang Tat Chi

Remuneration Committee

Mr. Jean-pierre Philippe *(Chairman)*
Mr. Lau Siu Ki *(appointed on 16 March 2015)*
Mr. Ang Wing Fung *(resigned on 16 March 2015)*
Mr. Tang Tat Chi

Nomination Committee

Mr. Tang Tat Chi *(Chairman)*
Mr. Lau Siu Ki *(appointed on 16 March 2015)*
Mr. Ang Wing Fung *(resigned on 16 March 2015)*
Mr. Jean-pierre Philippe
Mr. Wong Chun Chau

Authorised Representatives

Mr. Wong Chun Chau
Ms. Kwok Yin Ning

Compliance Adviser

VC Capital Limited

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited
CTBC Bank Co. Limited
Nanyang Commercial Bank, Limited
DBS Bank (Hong Kong) Limited

Auditor

HLM CPA Limited

Registered Office

Cricket Square
Hutchins Drive
P. O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Headquarters and Principal Place of Business in Hong Kong

902, Harbour Centre, Tower 2,
8 Hok Cheung Street, Hunghom,
Kowloon, Hong Kong

Hong Kong Branch Share Registrar and Transfer Office

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

Principal Share Registrar and Transfer Office In the Cayman Islands

Codan Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive,
PO Box 2681, Grand Cayman
KY1-1111, Cayman Islands

Corporate Website

http://www.ukf.com.hk

Stock Code

1468

Listing Dates

24 August 2012 (Growth Enterprise Market)
20 March 2015 (Main Board)

CHAIRMAN'S STATEMENT

Results

The consolidated audited turnover of UKF (Holdings) Limited (the "Company") for the year ended 31 March 2015 amounted to approximately HK$301.6 million, representing a slight decrease of approximately HK$0.04 million or approximately 0.01% as compared to approximately HK$301.6 million for the year ended 31 March 2014.

Profit for the year and attributable to shareholders of the Company ("Shareholders") amounted to approximately HK$36.7 million for the year ended 31 March 2015 which represented an increase of approximately HK$0.8 million or approximately 2.2% as compared to approximately HK$35.8 million for the year ended 31 March 2014.

Basic earnings per share for the year ended 31 March 2015 was approximately HK1.84 cents compared to approximately HK1.90 cents for the year ended 31 March 2014.

Diluted earnings per share for the year ended 31 March 2015 was approximately HK1.78 cents compared to approximately HK1.86 cents for the year ended 31 March 2014.

Dividends

The board of directors of the Company (the "Board") has proposed a final dividend, for the year ended 31 March 2015, of HK0.12 cent in cash per share. Interim dividend of HK0.26 cent in cash per share was paid during the year.

In respect of the preceding year, a final dividend of HK0.3 cent in cash per share was paid and no interim dividend was declared.

Subject to approval at the forthcoming annual general meeting to be held on 24 July 2015, Friday (the "AGM"), the said final dividend will be payable on or about 10 August 2015, Monday to Shareholders whose names appear on the register of members of the Company on 31 July 2015, Friday.

Issue of Bonus Shares

The Board has also proposed a bonus issue (the "Bonus Issue") of one new share of the Company ("Bonus Share") credited as fully paid for every five shares held by Shareholders whose names appear on the register of members on 31 July 2015, Friday. Subject to (i) the relevant resolution proposed at the forthcoming AGM being passed and (ii) the Listing Committee of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting the approval of listing of and permission to deal in such new shares, share certificates of the Bonus Shares are expected to be posted on 10 August 2015, Monday.

Business Review

Fur remains to be the staple of fashion as the Company and its subsidiaries (together the "Group") has observed that legendary luxury fashion brands like Fendi and Hermes have inspired many young designers across the globe to incorporate fur into their brand collections.

These new brands are bringing fresh ideas in terms of patterns, combination of colours and are revitalising the fur industry by attracting younger generation which considers fur as a fashion item. During the summer of 2014, the North American Fur Auction (NAFA) held fur fashion design workshops in Hong Kong and Shanghai for local designers.

The winter season arrived early in November 2014 as the first snow fell in northern China. The early winter extended the cold season and provided a longer selling period for fur fashion. In addition to the early snow, the Chinese New Year in late February 2015 further extended the selling season. While average prices for mink and fox skins in the above period were lower than those of the previous year, the trading volumes and the number of new international buyers at the auctions grew. As regards the Russian market, the demand for good quality fur skins was not affected by the depression due to currency devaluation. The addition of new customers brought about good returns for UKF's brokerage and trading business.

Further growth is expected in the farming business of the Group as UKF (Denmark) A/S ("UKF Denmark"), our Danish subsidiary, continues to expand their existing farms and invest in the enhancement of quality of their breeders. As at 31 March 2015, the Group owned five (5) mink farms across Denmark and continues to seek for good acquisition opportunities to further expand its portfolio.

Supported by the cold weather, growing economy and the successful transfer of listing from the Growth Enterprise Market ("GEM") to the Main Board of the Stock Exchange, we are looking forward to a successful year ahead.

Fur Trading

As the new mink prices gradually went up during the summer of 2014 up to March 2015, the profit margin of the Group is expected to increase. The inventory purchased by the Group in June 2014 has increased in value by 26% as at 31 March 2015. The increase in market value of fur skins is expected to give the Group a solid return upon realising the value of the inventory by selling at favourable market prices.

Fur Skins Brokerage and Financing

During the year under review, the level of new mink prices was lower than that in financial year 2014. In view of the drop in mink prices, a lot of new designers from shop owners and fur garment dealers tapped into the fur market to incorporate elements of fur into their fashion collections. This provided our wholly-owned subsidiary, Loyal Speed Limited ("Loyal Speed"), with an enormous chance to solicit new customers from our big agents.

Even though the raw fur prices have come down, the substantial increase in number of fur skins we have purchased for our clients made up for the profit difference earned by the Group for the year ended 31 March 2015 and for the year ended 31 March 2014.

In addition, Loyal Speed has started to obtain its own credit line from financial institutions so as to finance part of our clients' purchases in order to generate a healthy interest income.

Mink Farming

As at 31 March 2015, the Group owned and operated a total of five (5) mink farms located in Denmark. A lot of focus and investments had been injected into the farms to facilitate the expansion of our top quality breeding farms.

CHAIRMAN'S STATEMENT

Transfer of Listing

On 20 March 2015 the listing of the shares of UKF was transferred from the GEM to the Main Board of the Stock Exchange ("Transfer"). We expect the Transfer to open up more doors for cooperation with investment fund houses and financial institutions in the business and capital markets. More importantly, the Group expects our three business segments to have a steady and profitable year ahead provided that the exchange rate of Danish Kroner ("DKK") to United States dollars ("US$") becomes stable for the current financial year.

Prospect

Since nearly all top-tier famous fashion brands have included fur into their fall and winter lines for 2015, fur has become a popular item like never before. As young designers are eager to incorporate fur into their trimming and collections, we are seeing a new wave of interested buyers. Further, given the support from the auction houses by way of provision of trainings and workshops to educate designers on the use of different materials and assist them in the development of technical skills, we are seeing an increasing trend in the number of designers working with fur.

Popular materials like mink and fox skins are available at a much more affordable price in the reporting year compared to the preceding year and we have observed more buyers entering the market. Coupled with the high demand of fur skins from the fashion industry, it is expected that our fur skin trading business will continue to perform steadily with our old and new customers.

The global demand for Chinese mink skins plummeted as farmers have cut down their production by more than half. Further, the relatively poor quality of Chinese mink skins has not been well received in today's high fashion market thus auction houses have benefited from the lack of competition.

With the Group's solid reputation in the market, new clients are approaching us to represent them to bid for and finance their purchases at the auctions. The number of fur skins bought by us through the auction at Kopenhagen Fur this season is expected to increase accordingly and hence bringing us good commission and financial interest income.

As disclosed in the announcements of the Company dated 20 April 2015 and 2 June 2015, UKF Denmark has acquired the other three mink farms which topped up our aggregate breeder quantity to over 30,000 across our farms. The Company is excited to have reached this milestone and will be working closely with partner consultants to continue to expand this segment of our business.

With eight (8) farms in our portfolio, the Company will also continue to provide funds to support the improvement in the quality of our breeders. Benefited from the implementation of its breeding program across all farms and the hard work from our farm managers, UKF Denmark is expected to continue its expansion.

Wong Chun Chau
Chairman
Hong Kong, 16 June 2015

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Turnover

The consolidated audited turnover of the Group for the year ended 31 March 2015 was approximately HK$301.6 million, representing a slight decrease of approximately 0.01% from approximately HK$301.6 million for the year ended 31 March 2014. The slight decrease in the turnover was mainly attributable to the decrease in the turnover in fur skin trading due to decrease in average prices of fur skins during the year, which outweighed the increase in the turnover in (i) fur skin brokerage and relevant financing services and (ii) mink farming.

Cost of sales

The cost of sales of the Group amounted to approximately HK$218.0 million for the year ended 31 March 2015, representing a decrease of approximately 9.9% from approximately HK$242.0 million for the year ended 31 March 2014. The decrease in the cost of sales was mainly attributable to the decrease in sales of fur skins for the year ended 31 March 2015 as compared with that for the year ended 31 March 2014.

Gross profit and gross profit margin

The gross profit of the Group was approximately HK$83.6 million for the year ended 31 March 2015, representing an increase of approximately 40.2% from HK$59.6 million for the year ended 31 March 2014. The Group recorded a gross profit margin of approximately 27.7% for the year ended 31 March 2015, which increased from approximately 19.8% for the year ended 31 March 2014. The increase in gross profit and gross profit margin was primarily due to (i) higher gross profit margin generated from bulk purchases of fur skins at lower prices in June 2014 in fur trading segment; (ii) increased revenue in fur skin brokerage and relevant financing services and mink farming.

Administrative expenses

The administrative expenses of the Group significantly increased by approximately 59.5% from approximately HK$34.8 million for the year ended 31 March 2014 to approximately HK$55.5 million for the year ended 31 March 2015. The increase in the administrative expenses was primarily due to the increase in depreciation, net foreign exchange loss, staff salaries and farms operating cost relating to the acquisition of mink farms during the year.

Finance costs

The finance costs of the Group significantly increased by approximately 63.7% from approximately HK$4.5 million for the year ended 31 March 2014 to approximately HK$7.4 million for the year ended 31 March 2015. The increase was primarily due to the increase in trust receipt loan interest, term loan interest and auction interest. As at 31 March 2015, the Group obtained banking facilities of up to HK$181.4 million; therefore, the trust receipt loan interest and term loan interest increased significantly. The increase in auction interest was primarily due to the provision for interest on unpaid inventories as at 31 March 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity, Financial Resources and Capital Structure

The Group generally finances its operations with internally generated cash flow, bank borrowings and corporate bond. The Group maintained bank balances and cash of approximately HK$136.5 million as at 31 March 2015 (2014: approximately HK$60.8 million) in Hong Kong dollars ("HK$") and US$. The net assets of the Group as at 31 March 2015 were approximately HK$300.8 million (2014: approximately HK$271.5 million).

On 8 August 2014, the Company issued unlisted warrants ("Warrants") at HK$0.006 each entitling six subscribers which are independent from the Group and its associates to subscribe for up to 200,000,000 ordinary shares of the Company at HK$0.199 each during the 24-month period from 8 August 2014 to 8 August 2016. The total nominal value of the shares which may be issued upon the exercise of such warrants amounted to HK$2,000,000. The price of the Warrants was HK$0.006 per Warrant (with a net issue price of approximately HK$0.00525 per Warrant). The aggregate price of each Warrant and ordinary share to be allotted and issued upon exercise of such Warrant was HK$0.205, which represents a discount of approximately 9.29% to the closing price of HK$0.226 per share as quoted on the Stock Exchange on 18 July 2014, being the trading date immediately prior to the date of placing agreement for the Warrants. The proceeds of issue of Warrants in the sum of HK$1,200,000 was used for general working capital of the Group. As at 31 March 2015, net proceeds of HK$9,950,000 have been raised from the issue of 50,000,000 shares pursuant to the exercise of subscription rights by a Warrant holder and was used for general working capital for its newly acquired mink farms in Denmark and provision of finance for its fur skin brokerage customers.

As at 31 March 2015, the Group had bank borrowings, which represented trust receipt loans and term loans of approximately HK$101.7 million and approximately HK$43.5 million respectively to finance its purchases of fur skins and general working capital. The Group did not have any fixed interest rate borrowings and all of bank borrowings were held in HK$ and US$. The Group has obtained banking facilities of up to HK$181.4 million with (i) corporate guarantees provided by the Company and (ii) the requirements that the net external gearing ratio shall not be more than 150% and the net assets of the Group shall grow by at least HK$15 million annually. The net external gearing ratio, representing the ratio of total interest bearing borrowings to the net assets of the Group, was about 51.7% as at 31 March 2015 (2014: about 48.8%).

The directors of the Company ("Directors") consider that the Group can meet the conditions of the banking facilities for the year ended 31 March 2015 and in the future.

The Group adopts a conservative approach on foreign exchange exposure management and ensures that its exposure to fluctuations in foreign exchange rates is minimised.

During the year, apart from the foreign currency forward contacts, the Group had not engaged in any financial instruments for hedging or speculative activities.

The Group has certain investments in foreign operations in Denmark, whose net assets are exposed to foreign currency risk. The impact of exchange rate fluctuations on the net assets of the Group's foreign operations is considered to be manageable as such impact will be offset by borrowings denominated in DKK.

Charge of Assets

As at 31 March 2015, the Group charged the key management insurance contract which is classified as an available-for-sale investment of approximately HK$10 million for bank borrowings. (2014: HK$8.5 million cash deposit). In addition, the Group also pledged certain plant and machinery, office equipment, motor vehicle, biological assets and inventories of approximately DKK10 million (equivalent to approximately HK$11.15 million) to secure the cash advance granted to the Group.

Capital Commitments

As at 31 March 2015, the Group did not have any significant capital commitments (2014: Nil).

Contingent Liabilities

As at 31 March 2015, the Group granted corporate guarantees to secure general banking facilities up to HK$181.4 million. (2014: HK$180.8 million).

Material Acquisitions or Disposals and Significant Investments

During the year ended 31 March 2015, the Group had no material acquisitions or disposals of subsidiaries or associated companies and significant investments.

Future Plans for Material Investments or Capital Assets and Expected Sources of Funding

Save as disclosed under "Comparison of Future Plans and Prospects with Actual Business Progress" in this report, the Group did not have any specific plan for material investment or capital assets as at 31 March 2015.

Employee Information

As at 31 March 2015, the Group had a total of 28 staff members including Directors (2014: 28). Staff costs including Director's remuneration amounted to approximately HK$14.6 million for the year ended 31 March 2015 (2014: approximately HK$13.4 million). Remuneration is determined based on the individual's qualification, experience, position, job responsibility and market conditions. Salary adjustments and staff promotion are based on evaluation of staff performance by way of annual review, and discretionary bonuses would be paid to staff with reference to the financial performance of the Group of the preceding financial year. Other benefits include contributions to statutory mandatory provident fund scheme to its employees in Hong Kong, and options that were granted or may be granted under the Pre-IPO Share Option Scheme ("Pre-IPO Share Option Scheme") and the share option scheme of the Company (the "Share Option Scheme", together with the Pre-IPO Share Option Scheme, the "Share Option Schemes") both of which were approved by the then Shareholder on 1 August 2012.

Risk Management

Credit Risk

Credit risk exposure represents trade receivables and loan receivables from customers which principally arise from our business activities. The Group has a credit policy in place and the credit risk is monitored on an on-going basis.

In order to minimise the credit risk, management of the Group reviews the recoverable amount of each individual trade debt at each reporting date to ensure that appropriate and speedy follow up actions are taken on overdue balances. In this regard, the Board considers that the Group's credit risk is significantly reduced.

Liquidity risk

The Group monitors its current and expected liquidity requirements regularly and ensures sufficient liquid cash and adequate committed lines of funding from reputable financial institutions are available to meet the Group's liquidity requirements in the short and long terms.

Foreign currency risk

The Group carries out its business in Hong Kong and worldwide and most of the transactions are denominated in US$ and DKK. The sales and purchases transactions of the Group are exposed to the foreign currency risk.

To mitigate the impact of exchange rate fluctuations, the Group continually assesses and monitors the exposure of foreign currency risk. During the year under review, the Group entered into foreign currency forward contracts to mitigate the exposure to foreign currency risk due to the operation of the overseas subsidiary in Denmark. Apart from the foreign currency forward contracts, the management of the Group did not consider it necessary to use foreign currency hedging policy as the Group's assets and liabilities denominated in currencies other than the functional currency of the entity to which they related are short term foreign currency cash flows. As the HK$ is pegged to the US$, the Group considers the risk of movements in exchange rates between the HK$ and the US$ to be insignificant.

During the year under review, the Group has certain investments in foreign operations in Denmark, whose net assets are exposed to foreign currency risk. The impact of exchange rate fluctuations on the net assets of the Group's foreign operations is considered to be manageable as such impact will be offset by borrowings denominated in DKK.

Comparison of Future Plans and Prospects with Actual Business Progress

An analysis comparing the future plans and prospects as contained in the prospectus of the Company dated 15 August 2012 ("Prospectus") with the Group's actual business progress for the period from 6 August 2012, being the latest practicable date as defined in the Prospectus, to 31 March 2015 (the "Relevant Period") is set out below:

	Future plans and prospects	**Actual business progress during the Relevant Period**
Expand customer network	Participate in the fur exhibitions and fairs to be held in Beijing and Hong Kong. Place advertisements on fur magazine to promote the business of the Group	The Group has participated in the fur exhibitions and fairs held in Hong Kong in February 2013 and 2014. It has also placed advertisements on fur magazine to promote the business of the Group
Enhance ability to purchase more fur skins from the Kophenhagen Fur ("KF") and Saga Furs Oyj ("Saga")	Deploy more resources in sourcing fur skins in KF and Saga	The Group sourced more fur skins at favourable prices in KF and Saga in September and December 2012 and February 2013 respectively
Strengthen the source of procurement by purchasing fur skins from two additional auction houses in Canada and the United States	Participate in the auctions to held by North American Fur Auction ("NAFA") in Canada and American Legend Cooperative ("ALC") in the United States	The Group has commenced to purchase fur skins in NAFA, Canada since September 2012
Enhance the technical skills of the staff	Arrange staff members to enroll and attend the course on selecting sorting and distinguishing fur skins offered by Saga	The Group has arranged staff members to attend courses offered by Saga and KF
Expand the business of the Group through acquisition or cooperation	Acquire or cooperate with other fur companies to further expand the business of the Group	The Group has applied HK$7.1 million from the placing of 240,000,000 Shares on 24 August 2012 ("IPO Placing") to partly settle the total consideration of HK$91.0 million for acquisition of the entire issue capital of Loyal Speed

The net proceeds from the IPO Placing were approximately HK$47.4 million, which was based on the final placing price of HK$0.26 per share and the actual expenses related to the listing. Accordingly, the Group adjusts the use of proceeds in the same manner and proportion as shown in the Prospectus.

During the period from the date of listing (i.e. 24 August 2012) to 31 March 2015, the net proceeds from the IPO Placing had been applied as follows:

	Adjusted use of proceeds in the same manner and proportion as shown in the Prospectus during the Relevant Period HK$ million	Actual use of proceeds during the Relevant Period HK$ million
Expand customer network	0.9	0.9
Enhance ability to purchase more fur skins from the Auction Houses	27.9	27.9
Strengthen the source of procurement by purchasing fur skins from two addition auction houses in Canada and the United States	8.0	8.0
Enhance the technical skills of the staff	0.4	0.4
Expand the business of the Group through acquisition or cooperation	7.1	7.1
General working capital	3.1	3.1
	47.4	47.4

Advances to the entities

Pursuant to the Rules 13.13 and 13.15 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), a disclosure obligation arises where the relevant advance to the entities from the Group exceeds 8% under the assets ratio as defined under Rule 14.07(1) of the Listing Rules. As at 31 March 2015, Loyal Speed, an indirect wholly owned subsidiary of the Company, has advanced to two fur brokerage customers, namely Fur Supply (China) Limited (the "FSC Loans") and Modern Fur Company Limited (the "MF Loans") to finance their purchase of fur skins from the auction houses and the amounts due to the Group from the above customers exceeded 8% of the total assets of the Group (approximately HK$521.9 million).

The table below sets out the details of the FSC Loans and MF Loans as at 31 March 2015:

	FSC Loans	MF Loans
Amount due to the Group	HK$79,798,895	HK$9,698,088
Credit Term	180 days	180 days
Interest Rate	1.2% per month if the repayment is made within the first 90 days of the credit period;	12% per annum if the repayment is made within the first 120 days of the credit period;
	1.5% per month if the repayment is made after the first 90 days of the credit period	14.4% per annum if the repayment is made after the first 120 days of the credit period
Collateral	The fur skins purchased with the relevant part of the FSC Loan	The fur skins purchased with the relevant part of the MF Loan

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. WONG Chun Chau (黃振宙), aged 58, was appointed as an executive Director on 31 March 2011 and was designated as the chairman of the Company on 1 August 2012 and a member of the nomination committee of the Company.

Mr. Wong has also been a director of U.K. Fur Limited since 2009, Trade Region Limited since 2011, UKF Finance Limited since 2012, Loyal Speed and UKF Denmark since 2013. Mr. Wong has more than 29 years' experience in the field of fur skin trading and management. Mr. Wong graduated with high honour from Clemson University, South Carolina, U.S.A. in 1977 with a Bachelor of Science degree in Chemical Engineering. He also attended a special training course in Copenhagen, Denmark, in 1981 about fur sorting and auction procedure, and acquired in-depth knowledge and skills on sorting raw fur materials, inspection of show-lots and compilation of catalogues, sales procedures and invoicing, etc. He is responsible for formulating and monitoring the Group's overall strategic plan and development.

Mr. Wong was a director of the Hong Kong Fur Federation from 1987 to 2006 and served as a director in its Skin Dealers' Committee from 1993 to 2000 and from 2003 to 2006, Overseas Affairs Committee from 1993 to 2006 and China & Local Promotion Committee from 2001 to 2006 whereas he was the director-in-charge of the Skin Dealers' Committee from 1995 to 1998.

Ms. KWOK Yin Ning (郭燕寧), aged 59, was appointed as an executive Director on 31 March 2011 and was designated as the Chief Executive Officer of the Company on 1 August 2012. She has been working in the fur industry for more than 30 years and has 18 years of managerial experience. She is responsible for the Group's corporate management and strategic planning.

Ms. Kwok attained a diploma on Management Studies in 1995 which was jointly awarded by the Hong Kong Polytechnic University and the Hong Kong Management Association.

Independent Non-Executive Directors

Mr. LAU Siu Ki (劉紹基), aged 56, was appointed as an independent non-executive Director on 16 March 2015. He is also the chairman of the audit committee and a member of the remuneration committee and the nomination committee of the Company. Mr. Lau is a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants (the "ACCA"). He was a member of the ACCA worldwide Council from May 2002 to September 2011, and was the Chairman of the Hong Kong branch of ACCA in 2000/2001. Mr. Lau has over 30 years' experience in corporate finance, financial advisory and management, accounting and auditing and had worked for Ernst & Young for over 15 years. He is also a consultant in the financial advisory field.

Mr. Lau is currently an independent non-executive director of TCL Communication Technology Holdings Limited (Stock Code: 02618), COL Capital Limited (Stock Code: 00383), Comba Telecom Systems Holdings Limited (Stock Code: 02342), FIH Mobile Limited (Stock Code: 02038), Samson Holding Limited (Stock Code: 00531), Embry Holdings Limited (Stock Code: 01388) and Binhai Investment Company Limited (Stock Code: 02886), all being companies whose shares are listed on the Main Board. Apart from the above office, Mr. Lau is also an independent supervisor of Beijing Capital International Airport Company Limited (Stock Code: 00694), the company secretary of Yeebo (International Holdings) Limited (Stock Code: 00259) and Hung Fook Tong Group Holdings Limited (Stock Code: 01446), all of which are companies whose shares are listed on the Main Board. Mr. Lau graduated from The Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) in 1981.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. TANG Tat Chi (鄧達智), aged 60, became an independent non-executive Director on 1 August 2012. He is also the chairman of the nomination committee of the Company and a member of the audit committee and the remuneration committee of the Company. Mr. Tang is the founder and a director of W. Tang Company Limited, a company established in 1984 and engaged in the business of fashion design. Before starting his own company, he had worked as a fashion designer at YGM Apparel Limited from September 1981 to April 1984.

Mr. Tang obtained a Bachelor of Arts degree in 1978 from the University of Guelph, Ontario, Canada. He also served on the Committee on the Promotion of Civic Education, which is a non-statutory committee in Hong Kong tasked with the promotion of civic education outside schools from 2003 to 2005. Mr. Tang has more than 20 years of experience in the field of fashion design.

Mr. Jean-pierre PHILIPPE, aged 55, became an independent non-executive Director on 1 August 2012. He is also the chairman of the remuneration committee of the Company and a member of the audit committee and the nomination committee of the Company. Mr. Philippe held the position as chief executive officer in Uniglory Industrial Limited from 1989 to 1997. Uniglory Industrial Limited is a company incorporated in Hong Kong which is engaged in a business of manufacturing consumer electronic products in China for distribution in Europe.

Senior Management

Mr. John EGGERT, aged 62, joined the Group in July 2013 as the area general manager of the mink farms and is currently is a director of UKF (Denmark) A/S, wholly owned subsidiary of the Company. Mr. Eggert holds a degree in Farm Management from Nordic Agricultural University, Denmark. He has more than 37 years of experience in farm management and operations in Denmark, Canada, Egypt, South Africa, China, Romania, Bosnia, Ukraine and Russia. He is responsible for the Group's mink farming management and operation in Denmark.

Mr. CHUNG Man Wai Stephen (鍾文偉), aged 36, joined the Group in January 2011 and is the finance manager and company secretary of the Company. Mr. Chung is responsible for the Group's accounting and corporate finance matters. Mr. Chung holds a Bachelor's degree of Science in Applied Accountancy in 2005 from Oxford Brookes University in United Kingdom. He is a member of HKICPA. Prior to joining the Group, he had worked in the professional field of accounting and audit for more than 8 years.

CORPORATE GOVERNANCE REPORT

The Company endeavours in maintaining high standard of corporate governance for the enhancement of shareholders' value and provide transparency, accountability and independence. Save as disclosed in this annual report, the Company has fully complied with the required code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "Code") contained in Appendix 14 of the Listing Rules for the year ended 31 March 2015.

Compliance with the Model Code for Securities Transactions by Directors

During the year, the Group adopted the code of conduct for securities transactions by Directors ("Securities Dealings Code") on terms no less exacting than that set out in Appendix 10 of the Listing Rules. Upon the Group's specific enquiry, all Directors confirmed that during the year ended 31 March 2015, they had fully complied with the Securities Dealings Code.

Board of Directors

The composition of the Board reflects the necessary balance of skills and experience desirable for effective leadership of the Company and independence in decision making.

The Board comprises two executive Directors and three independent non-executive Directors and is accountable to Shareholders. The powers and duties of management and control of the business of the Company are generally vested in its Board. It is the duty of the Board to enhance value of the Company to the Shareholders. The composition of the Board and biographies of the Directors are set out on pages 12 to 13 of this annual report.

The two executive Directors are responsible for the leadership and control of the Company, oversee the Group's businesses, strategic decisions and performances and are collectively responsible for promoting the success of the Company by directing and supervising its affairs.

The three independent non-executive Directors are responsible for ensuring a high standard of financial and other mandatory reporting of the Board as well as providing adequate checks and balances in the Board in order to protect Shareholders' interest and overall interest of the Group.

Each independent non-executive Director has given the Company an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all the independent non-executive Directors are independent and meet the independent guidelines set out in Rule 3.13 of the Listing Rules.

Roles of Chairman and Chief Executive Officer

The position of the Chairman and the chief executive officer are held by Mr. Wong Chun Chau and Ms. Kwok Yin Ning respectively. This ensures a clear distinction between the Chairman's duty to manage the Board and the chief executive officer's duty to oversee the overall internal operation of the Group.

Division of Responsibilities of the Board and Management

The following types of matters are reserved for the Board's approval:

(a) corporate and capital structure;

(b) corporate strategy;

(c) policies (including but not limited to those relating to corporate governance);

(d) business and management;

(e) key financial matters;

(f) appointment of Board members, senior management and auditor;

(g) remuneration of directors and senior management; and

(h) communication with Shareholders and the Stock Exchange.

The matters delegated by the Board to the management's decision include:

(a) approval of extension of the Group's activities not in a material manner into a new geographical location or a new business;

(b) approval and assessment of the performance of all business units;

(c) approval of expenses up to a certain limit;

(d) approval of connected transactions not requiring disclosure under the Listing Rules;

(e) approval of the nomination and appointment of personnels other than the members of the Board and senior management;

(f) approval of press release concerning matters decided by the Board;

(g) approval of any matters related to routine matters or day-to-day operation of the Group; and

(h) matters further delegated by the Board from time to time.

Appointment, Re-election and Removal

Under article 84 of the Company's Article of Association, at each annual general meeting, not less than one third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not to offer himself for re-election. Any further Directors who have been longest in office since their last re-election or appointment shall also retire by rotation.

Under code provision A.4.1 of the Code, non-executive Directors should be appointed for a specific term, subject to re-election. The term of appointment for each of the independent non-executive Directors appointed by the Company is 3 years commencing from 16 March 2015 for Mr. Lau Siu Ki and 16 June 2015 for Mr. Tang Tat Chi and Mr. Jean-pierre Philippe, subject to re-election and other requirements under the Company's Articles of Association, the Code and the respective letter of appointment.

Number of Meetings and Directors' Attendance

Regular Board meetings should be held at least four times a year at approximately quarterly intervals for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company.

The shares of the Company were listed on the GEM on 24 August 2012 and were transferred for listing on the Main Board of the Stock Exchange on 20 March 2015. During the year ended 31 March 2015, the Board held 4 regular Board meetings and 11 additional meetings. The Company held the annual general meeting on 18 July 2014 during the year ended 31 March 2015. The table below sets out the individual attendance record of each Director at the Board meetings and general meeting during the year:

	Attendance/Number of meetings		
Name of Directors	**Regular Board meetings**	**Additional Board meetings**	**General meetings**
Executive Directors			
Mr. Wong Chun Chau *(Chairman)*	4/4	11/11	1/1
Ms. Kwok Yin Ning	4/4	11/11	1/1
*Independent Non-executive Directors**			
Mr. Ang Wing Fung — resigned on 16 March 2015	4/4	7/11	0/1
Mr. Lau Siu Ki — appointed on 16 March 2015	0/4	0/11	0/1
Mr. Tang Tat Chi	0/4	8/11	1/1
Mr. Jean-pierre Philippe	4/4	8/11	0/1

The company secretary attended all the scheduled Board meetings to report matters relating to corporate governance, risk management, statutory compliance, accounting and finance.

* No Board meeting or general meeting was held since the appointment of Mr. Lau Siu Ki on 16 March 2015.

Under code provision A.6.7 of the Code, independent non-executive Directors and other non-executive Directors should attend general meetings and develop a balanced understanding of the views of the Shareholders.

Due to other pre-arranged commitments which must be attended to by them, Mr. Ang Wing Fung and Mr. Jean-pierre Philippe, being independent non-executive Directors, were not present at the annual general meeting of the Company held on 18 July 2014.

Practice and Conduct of Meetings

Schedules and draft agenda of each meeting are normally made available to Directors in advance.

Code provision A.1.3 stipulates that at least 14 days' notice should be given for a regular Board meeting. For other Board and committee meetings, reasonable notices are generally given.

Board papers together with all appropriate, complete and reliable information are sent to all Directors at least 3 days before each Board meeting or audit committee meeting to keep the Directors abreast of the latest developments and financial position of the Company and to enable them to make informed decisions. All Directors are given an opportunity to include matters in the agenda for regular Board meetings. The Board and each Director also have separate and independent access to the senior management whenever necessary. With the support of the senior management, the chairman is responsible for ensuring that the Directors receive adequate, complete and reliable information in a timely manner and appropriate briefing on issues arising at Board meetings.

Minutes of all Board meetings recording sufficient details of matters considered and decisions reached are duly kept by the company secretary of the meetings and opened for inspection by the Directors.

Article 100 of the Company's articles of association requires Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

Training and continuing development of Directors

Each Director should participate in continuous professional development to develop and refresh their skills to ensure that he has appropriate understanding of the business and operations of the Group and that he is sufficiently aware of his responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

The existing Directors are continually updated with legal and regulatory developments, and the business and market changes to facilitate the discharge of their responsibilities. Continuing briefings and professional development for Directors will be arranged where necessary.

The Company has also from time to time provided the Directors with continuous update on the latest development regarding the Listing Rules and other regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices.

The individual training record of each Director received during the year is summarised below:

Name of Directors	Read materials	Attend seminar(s) and briefings
Executive Directors		
Mr. Wong Chun Chau	✓	✓
Ms. Kwok Yin Ning	✓	✓
Independent Non-executive Directors		
Mr. Ang Wing Fung — resigned on 16 March 2015	✓	✓
Mr. Lau Siu Ki — appointed on 16 March 2015	✓	✓
Mr. Tang Tat Chi	✓	✓
Mr. Jean-pierre Philippe	✓	✓

Board Committees

The Board has set up 3 Board committees, namely the audit committee, the remuneration committee and the nomination committee to oversee particular aspects of the Group's affairs.

The committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances at the Company's expenses.

Audit Committee

The Company established an audit committee (the "Audit Committee") on 1 August 2012 which comprises all 3 independent non-executive Directors. The current members are Mr. Lau Siu Ki, Mr. Tang Tat Chi and Mr. Jean-pierre Philippe. Mr. Lau Siu Ki is the chairman of the committee.

The Audit Committee has adopted the written terms of reference in compliance with paragraph C.3.3 of the Code. Among other things, the primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group. During the year, the committee met its responsibilities in reviewing the annual results for the year ended 31 March 2014 and the first quarter results, interim results and third quarter results for the year ended 31 March 2015 with the assistance of the senior management and the professional accounting firm engaged by the Group, which conducted regular internal audits and report to the committee.

During the year, 4 Audit Committee meetings were held. The attendance records of each member of the audit committee at the committee meetings are set out below:

Name of Directors	Attendance/ Number of Meetings
Mr. Ang Wing Fung *(Chairman)* — resigned on 16 March 2015	4/4
Mr. Lau Siu Ki *(Chairman)* — appointed on 16 March 2015	0/4
Mr. Tang Tat Chi	0/4
Mr. Jean-pierre Philippe	4/4

Remuneration Committee

The Company established a remuneration committee (the "Remuneration Committee") on 1 August 2012 which comprises 3 independent non-executive Directors. The current members are Mr. Jean-pierre Philippe, Mr. Lau Siu Ki and Mr. Tang Tat Chi. Mr. Jean-pierre Philippe is the chairman of the committee.

The Remuneration Committee has adopted written terms of reference in compliance with paragraph B.1.2 of the Code. The primary duties of the Remuneration Committee include the following:

(a) evaluating the performance and making recommendations on the remuneration package of the Directors and senior management;

(b) making recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

(c) reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives.

During the year ended 31 March 2015, the Remuneration Committee met once with presence of all the eligible members for the time being (i.e. Mr. Jean-pierre Philippe, Mr. Ang Wing Fung and Mr. Tang Tat Chi) and reviewed and made recommendation on the remuneration package of Directors of the Group.

Nomination Committee

The Company established a nomination committee (the "Nomination Committee") on 1 August 2012 which comprises all 3 independent non-executive Directors and 1 executive Director. The current member are Mr. Jean-pierre Philippe, Mr. Lau Siu Ki, Mr. Tang Tat Chi and Mr. Wong Chun Chau. Mr. Tang Tat Chi is the chairman of the committee.

The Nomination Committee has adopted written terms of reference in compliance with paragraph A.4.5 of the Code as set out in Appendix 14 to the Listing Rules. The primary duties of the Nomination Committee include:

(a) reviewing the structure, size and composition of the Board at least annually and making recommendations on any proposed changes to the Board to complement the issuer's corporate strategy;

(b) nominating potential candidates for directorship;

(c) reviewing the nomination of directors and making recommendations to the Board on terms of such appointment;

(d) assessing the independence of independent non-executive Directors.

During the year ended 31 March 2015, the Nomination Committee met once with the presence of all members for the time being (i.e. Mr. Tang Tat Chi, Mr. Jean-pierre Philippe, Mr. Ang Wing Fung and Mr. Wong Chun Chau) and (i) reviewed and discussed the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements for the business of the Group and (ii) recommendation on the re-election of the retiring Directors.

Company Secretary

Mr. Chung Man Wai, Stephen joined the Group in 2011 and has been the company secretary of the Company since 2012. He is an employee of a fellow subsidiary of the Company and has day-to-day knowledge of the Company's affairs. As the company secretary, Mr. Chung supports the Board by ensuring Board procedures and all applicable law, rules and regulations are followed. He is responsible for advising the Board on corporate governance matters and facilitates induction and professional development of the Directors. The selection, appointment and dismissal of the company secretary are subject to the Board's approval in accordance with the Articles. Whilst the company secretary reports to the chief executive officer on the Group's company secretarial and corporate governance matters, all Directors have access to the advice and services of the company secretary. Pursuant to Rule 3.29 of the Listing Rules, the company secretary has taken no less than 15 hours of relevant professional training during the year under review.

Directors and Officers Insurance

Appropriate insurance covers on directors' and officers' liabilities have been in force to protect the Directors and officers of the Group from their risk exposure arising from the business of the Group.

Directors' and Auditor's Responsibilities in Respect of the Consolidated Financial Statements

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and half-year reports, other inside information announcements and other financial disclosures required under the Listing Rules and other statutory requirements.

The Directors acknowledge their responsibilities for the preparation of the accounts which give a true and fair view of the state of affairs of the Group and of the results and cash flows for the year ended 31 March 2015.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern, therefore the Directors continue to adopt the going concern approach in preparing the consolidated financial statements.

The statement by the auditor of the Company regarding its reporting responsibilities on the financial statements of the group is set out in the Independent Auditor's Report on page 35 and 36.

Auditor's Remuneration

The remuneration paid/payable to the auditor of the Group for the year ended 31 March 2015 is set out as follows:

Services rendered	Paid/payable HK$'000
Statutory audit services	762
Non-statutory audit services:	
Adjustments on share options	50
Reporting accountant in relation to transfer of listing	180
	992

Internal Controls and Corporate Governance Policies

The Board has overall responsibility for monitoring the internal control system and corporate governance of the Company. The Board has developed its systems of internal control and risk management and is also responsible for reviewing and maintaining an adequate internal control system and developed and reviewed the corporate governance policies at least once a year to safeguard the interests of the Shareholders and the assets of the Company and ensure compliance with legal and regulatory requirements by the Group. During the year, the Board has conducted a review of the effectiveness of the internal control system of the Company and reviewed the corporate governance policy documents and terms of reference of Board Committees of the Company and the compliance with the legal and regulatory requirements, including the Code.

Communication with Shareholders

The Company endeavours to maintain an on-going dialogue with the Shareholders and in particular, through annual general meetings or other general meetings to communicate with the Shareholders and encourage their participation.

The Company will ensure that there are separate resolutions for separate issues proposed at the general meetings.

The Company will continue to maintain an open and effective investor communication policy and to update investors on relevant information on the Group's business in a timely manner, subject to relevant regulatory requirements.

Shareholders' Rights

Convening an extraordinary general meeting

Pursuant to article 58 of the Articles of Association, extraordinary general meetings of the Company (the "EGM") shall be convened on the requisition of any one or more 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. Such Shareholders shall have the right, by written requisition to the Board or the company secretary of the Company, to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and the EGM 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 requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting enquiries to the Board

To ensure effective communication between the Board and the Shareholders, the Company has adopted a shareholders' communication policy (the "Policy"). Under the Policy, the Company's information shall be communicated to the Shareholders mainly through general meetings, including annual general meetings, the Company's financial reports (annual, interim and (if any) quarterly reports), and its corporate communications and other corporate publications on the Company's website and the Stock Exchange's website. Shareholders may at any time make a request for the Company's information to the extent that such information is publicly available. Any such questions shall be first directed to Mr. Wong Chun Chau, the chairman of the Board at the Company's principal place of business in Hong Kong by post at 902, 9th Floor, Harbour Centre, Tower 2, 8 Hok Cheung Street, Hunghom, Kowloon, Hong Kong or by email to admin@ukf.com.hk. Shareholders may also directly raise questions during the Shareholders' meetings.

Putting forward proposals at Shareholders' meeting

The number of Shareholders necessary for putting forward a proposal at a Shareholders' meeting shall be any number of Shareholders representing not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings at the date of the request. The request to put forward a proposal must be made within 30 days from the date of the relevant Shareholders' meeting.

Investor Relations

The Company believes that maintaining a high level of transparency is a key to enhance investor relations. It is committed to a policy of open and timely disclosure of corporate information to its Shareholders and investment public. The Company updates its Shareholders on its latest business developments and financial performance through its annual, interim and (if any) quarterly reports. The corporate website of the Company (http://www.ukf.com.hk) has provided an effective communication platform to the public and the Shareholders.

During the year, there had been no significant change in the Company's constitutional documents.

REPORT OF THE DIRECTORS

The Board is pleased to present their annual report together with the consolidated financial statements of the Company for the year ended 31 March 2015.

Principal Activities

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in Note 42 to the consolidated financial statements. The Group is principally engaged in the trading of fur skins, fur skins brokerage and mink farming. There is no significant change in the nature of the Group's principal activities during the year.

Segmental Information

The Group's segment information and revenue for the year ended 31 March 2015 are set out in Note 6 to the consolidated financial statements respectively.

Results and Dividends

The results of the Group for the year ended 31 March 2015 and the state of affairs of the Company and of the Group as at that date are set out in the consolidated financial statements on pages 37 to 122.

The Directors recommend the payment of a final dividend, for the year ended 31 March 2015, of HK$0.12 cents per ordinary share in cash. Subject to the approval of the Shareholders at the forthcoming AGM, the said final dividend will be payable on or about Monday, 10 August 2015 to Shareholders whose names appear on the register of members of the Company on Friday, 31July 2015. Details of dividends paid during the year ended 31 March 2015 are set out in Note 12 to the consolidated financial statements.

The Directors has also proposed the Bonus Issue of 1 new share credited as fully paid for every 5 existing shares held by the Shareholders whose names appear on the register of members on 31 July 2015, Friday. Further details of the Bonus Issue are set out in the separate circular of the Company dated 22 June 2015.

Summary of Financial Information

A summary of the published results and assets and liabilities of the Group for the five financial years ended 31 March 2015, as extracted from the consolidated financial statements in the Prospectus and the previous and current annual reports of the Company, is set out on page 123 of this annual report. This summary does not form part of the consolidated financial statements.

Reserves

Details of movements in the reserves of the Company and the Group during the year are set out in Note 43 to the consolidated financial statements and in the consolidated statement of changes in equity respectively.

Distributable Reserves

As at 31 March 2015, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to HK$180.0 million, of which HK$2.4 million has been proposed as a final dividend for the year. In addition, the Company's share premium amounted to HK$180.0 million may be distributed in the form of fully paid Bonus Shares which has been proposed by the Board.

Placing and Issue of Warrants

On 8 August 2014, the Company issued unlisted warrants ("Warrants") at HK$0.006 each entitling six subscribers which are independent from the Group and its associates to subscribe for up to 200,000,000 ordinary shares of the Company at HK$0.199 each during the 24-month period from 8 August 2014 to 8 August 2016. The total nominal value of the shares which may be issued upon the exercise of such warrants amounted to HK$2,000,000. The price of the Warrants was HK$0.006 per Warrant (with a net issue price of approximately HK$0.00525 per Warrant). The aggregate price of each warrant and ordinary share to be allotted and issued upon exercise of such Warrant was HK$0.205, which represents a discount of approximately 9.29% to the closing price of HK$0.226 per share as quoted on the Stock Exchange on 18 July 2014, being the trading date immediately prior to the date of placing agreement for the Warrants. The proceeds of issue of Warrants in the sum of HK$1,200,000 was used for general working capital of the Group. As at 31 March 2015, net proceeds of HK$9,950,000 have been raised from the issue of 50,000,000 shares pursuant to the exercise of subscription rights by a Warrant holder and was used for general working capital for its newly acquired mink farms in Denmark and provision of finance for its fur skin brokerage customers.

Property, Plant and Equipment and Investment Properties

Details of the movements in property, plant and equipment and investment properties of the Group during the year are set out in Notes 14 and 15 to the consolidated financial statements respectively.

Share Capital and Share Options

Details of the Company's share capital and share options movements during the year, together with reasons for the movements, are set out in Notes 31 and 35 to the consolidated financial statements respectively.

Pre-emptive Rights

There is no provision for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

Purchase, Redemption or Sale of Listed Securities of the Company

During the year ended 31 March 2015, the Company repurchased and cancelled a total of 28,970,000 shares on the Stock Exchange at an aggregate consideration of HK$9,479,502 (2014: Nil). Save as disclosed above, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 March 2015.

REPORT OF THE DIRECTORS

Major Customers and Suppliers

The percentages of purchases and sales for the year ended 31 March 2015 attributable to the Group's major suppliers and customers are as follows:

	Approximate % to total turnover for the year ended 31 March 2015
Purchases	
— the largest supplier	88.7%
— the five largest suppliers combined	100.0%
Sales	
— the largest customer	27.8%
— the five largest customers combined	92.6%

None of the Directors, their associates or (to the best knowledge of the Directors) Shareholders holding more than 5% of the Company's issued share capital had any beneficial interest in the Group's five largest customers or five largest suppliers.

Charitable Contribution

During the year, the Group made charitable contribution totalling HK$1,266,000 (2014: HK$519,000).

Directors

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

Executive Directors

Mr. Wong Chun Chau *(Chairman)*
Ms. Kwok Yin Ning *(Chief Executive Officer)*

Independent Non-executive Directors

Mr. Ang Wing Fung — resigned on 16 March 2015
Mr. Lau Siu Ki — appointed on 16 March 2015
Mr. Tang Tat Chi
Mr. Jean-pierre Philippe

Pursuant to Aritcle 83(3) of the Company's articles of association, Mr. Lau Siu Ki shall hold office until the forthcoming AGM and shall then be eligible for re-election at the AGM. For the purpose of rotation at the forthcoming AGM, Mr. Lau Siu Ki is not taken into account. Pursuant to Article 84(1) of the Company's articles of association and the Corporate Governance Code of the Company, Mr. Wong Chun Chau and Mr. Tang Tat Chi will retire by rotation at the forthcoming AGM. All of them, being eligible, will offer themselves for re-election at the AGM.

REPORT OF THE DIRECTORS

Directors' Biographies

Biographies details of the Directors of the Group are set out on pages 12 to 13 of this annual report.

Directors' Service Contracts

Each of the executive Directors has entered into a service contract with the Company. Each of the independent non-executive Directors has signed an appointment letter with the Company for a period of three years commencing from 16 June 2015, save and except that Mr. Lau Siu Ki's three-year term of appointment commenced from 16 March 2015. The appointment of all Directors are subject to (i) the termination pursuant to the terms of their respective service contract or appointment letter and (ii) the rotation, removal, vacation or termination of their offices as Directors or the disqualification to act as Directors as set out in the Company's articles of association, the applicable laws and the Listing Rules.

Other than those disclosed above, no Director proposed for re-election at the forthcoming AGM has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

Independence Confirmation

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 that all independent non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and hence are independent.

Emoluments of Directors and Five Highest Paid Individuals

Details of the emoluments of the Directors and the five highest paid individuals of the Group during the financial year are set out in Note 10 to the consolidated financial statements.

Pension Schemes

Particulars of the Group's pension schemes are set out in Note 10 to the consolidated financial statements.

Management Contracts

As at 31 March 2015, the Company did not enter into or have any management and administration contracts in respect of the whole or any principal business of the Company.

Emolument Policy

In order to attract and retain high quality staff and to enable smooth operation within the Group, the Group offered competitive remuneration packages (with reference to market conditions and individual qualifications and experience) and various in-house training courses. The remuneration packages are subject to review on a regular basis.

The emoluments of the Directors are decided by the remuneration committee of the Company, having regard to the Company's operating results, market competitiveness, individual performance and achievement.

REPORT OF THE DIRECTORS

Directors' Interests in Contract

No contract of significance to the business of the Group to which the Company, or any of its holding companies, subsidiaries or fellow subsidiaries was a party, and in which a Director or his/her associates had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 March 2015.

Directors' Interests in Competing Business

As far as the Directors are aware of, none of the Directors or the controlling shareholders of the Company has any interest in a business which competes or may compete with the business of the Group or has any other conflict of interest with the Group during the year ended 31 March 2015.

Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures

As at 31 March 2015, the following Directors or the chief executive of the Company had interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) ("SFO")) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) were recorded in the register required to be kept under section 352 of the SFO; or (iii) had to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code").

(A) Interests in the Company — Long position in shares of the Company

Name	Nature of Interest	Number of Shares	Approximate percentage of shareholding in the Company
Mr. WONG, Chun Chau (Note 1)	Interest of controlled corporation	1,044,360,000	52.05%
	Beneficial owner	23,616,000	1.18%
Ms. KWOK, Yin Ning	Beneficial owner	15,552,000	0.78%
Mr. Jean-pierre PHILIPPE (Note 2)	Interest of controlled corporation	1,944,000	0.10%
	Beneficial owner	1,600,000	0.08%
	Interest held jointly with another person	900,000	0.04%

Note 1: Under the SFO, Mr. Wong is deemed to be interested in 1,044,360,000 Shares which are held by Trader Global Investments Limited, a company wholly owned by Mr. Wong.

Note 2: Under the SFO, Mr. Philippe is deemed to be interested in 1,944,000 Shares which are held by Aglades Investment Pte Limited, a company wholly owned Mr. Philippe.

(B) Interests in the Company — Long position in underlying shares or equity derivatives of the Company

Name	Nature of Interest	Share Options	Approximate percentage of shareholding in the Company	Approximate percentage of shareholding in the Company assuming all the options granted under the Share Option Schemes were exercised
Mr. WONG, Chun Chau	Beneficial owner	49,615,200	2.47%	2.35%
Ms. KWOK, Yin Ning	Beneficial owner	32,008,000	1.60%	1.52%

(C) Interests in the Associated Corporation — Long position in shares of Trader Global Investments Limited (Note 1)

Name	Nature of Interest	Number of Share(s)	Approximate percentage of shareholding in the Associated Corporation
Mr. WONG, Chun Chau	Beneficial owner	1	100%

Note:

1. Trader Global Investments Limited is the ultimate holding company of the Company and was incorporated in the British Virgin Islands.

Save as disclosed above, as at 31 March 2015, neither of the Directors nor the chief executives of the Company had interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) were recorded in the register required to be kept under section 352 of the SFO; or (iii) had to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

As at 31 March 2015, the following parties (in addition to the Directors and chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which were recorded in the register of interests required to be kept by the Company under section 336 of the SFO:

Long position in shares of the Company

Name	Nature of Interest	Name of Shares	Approximate percentage of shareholding in the Company
Trader Global Investment Limited (Notes 1, 2)	Beneficial owner	1,044,360,000	52.05%
Carafe Investment Company Limited (Note 3)	Beneficial owner	139,597,834	6.96%

Notes:

1 Mr. Wong Chun Chau was deemed to be interested in 1,044,360,000 shares held by Trader Global Investments Limited, a company which is wholly and beneficially owned by him, for the purpose of the SFO.

2. Mr. Wong Chun Chau is also the sole director of Trader Global Investments Limited.

3. Mr. Merzbacher Werner was deemed to be interested in 139,597,834 shares held by Carafe Investment Company Limited, a company which is wholly and beneficially owned by him, for the purpose of the SFO.

Save as disclosed above, as at 31 March 2015, the Directors are not aware of any persons (other than the Directors or chief executive of the Company) have interests or short positions in the shares or underlying shares of the Company which were recorded in the register of interests required to be kept by the Company under section 336 of the SFO.

Directors' Rights to Acquire Shares or Debentures

Other than as disclosed under the sections "Share Option Schemes" and "Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares or Debentures" above, at no time during the year ended 31 March 2015 was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executive of the Company or their respective associates (as defined in the Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO, or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate granted to any Director or his/her spouse or children under 18 years or age, or were any such rights exercised by them.

Share Option Schemes

The Company has adopted, on 1 August 2012, two share option schemes namely, the Pre-IPO Share Option Scheme and the Share Option Scheme for the purpose of providing incentives to eligible employees (including Directors) and any advisers or consultants who contributes to the success of the Group.

The Directors have estimated the values of the share options granted, calculated using the binomial option pricing model as at the date of grant of the options. The values of share options calculated using the binomial model are subject to certain fundamental limitations, due to the subjective nature of and uncertainty relating to a number of assumptions of the expected future performance input to the model, and certain inherent limitations of the model itself.

The value of an option varies with different variables of certain subjective assumptions. Any changes to the variables used may materially affect the estimation of the fair value of an option.

The following table sets out the change of number of share options outstanding under the Pre-IPO Share Option Scheme during the year ended 31 March 2015:

Name or category of participant	As at 1 April 2014	Granted during the year	Exercised during the year	Lapsed during the year	Adjusted due to bonus issue (Note 1)	As at 31 March 2015	Date of grant of share options	Exercise price of share options (Note 1) HK$	Exercise period of share options
	Number of share options								
Directors									
Mr. WONG Chun Chau	24,096,000	–	–	–	4,819,200	28,915,200	1 August 2012	0.144	Note 2
Ms. KWOK Yin Ning	15,840,000	–	–	–	3,168,000	19,008,000	1 August 2012	0.144	Note 2
Consultant	11,520,000	–	–	–	2,304,000	13,824,000	1 August 2012	0.181	Note 3
Employees	6,336,000	–	(2,960,800)	–	1,267,200	4,642,400	1 August 2012	0.181	Note 4
	57,792,000	–	(2,960,800)	–	11,558,400	66,389,600			

Notes:

1. The number and the exercise price of the share options were adjusted as a result of the issue of one bonus share for every five then existing shares held by qualifying Shareholders whose name appeared on the register of members of the Company on 25 July 2014.

2. (i) Half of such share options are exercisable after the expiry of 6 months from the date of grant; (ii) outstanding share options up to all such share options are exercisable after the expiry of 18 months from the date of grant. In any event, no option can be exercised after the expiry of 120 months from the date of grant.

3. All such share options are exercisable after the expiry of 9 months from the date of grant but not later than the end of 120 months from the date of grant.

4. (i) One-third of such share options are exercisable after the expiry of 8 months from the date of grant; (ii) outstanding share options up to two-third of all such share options are exercisable after the expiry of 20 months from the date of grant; and (iii) outstanding share options up to all such share options are exercisable after the expiry of 32 months from the date of grant. In any event, no option can be exercised after the expiry of 120 months from the date of grant.

The following table sets out the change of number of shares underlying share options outstanding under the Share Option Scheme during the year ended 31 March 2015:

Name or category of participant	As at 1 April 2014	Granted during the year	Exercised during the year	Lapsed during the year	Adjusted due to bonus issue (Note 1)	As at 31 March 2015	Date of grant of share options	Exercise price of share options HK$	Exercise period of share options
	Number of shares to be allotted and issue upon exercise of share options								
Directors									
Mr. WONG Chun Chau	12,250,000	–	–	–	2,450,000	14,700,000	13 August 2013	0.34 (Note 1)	Note 2
	–	6,000,000	–	–	–	6,000,000	14 August 2014	0.218	Note 2
Ms. KWOK Ying Ning	–	13,000,000	–	–	–	13,000,000	13 August 2014	0.226	Note 2
An employee	–	480,000	–	–	–	480,000	13 August 2014	0.226	Note 2
	12,250,000	19,480,000	–	–	2,450,000	34,180,000			

Notes:

1. The number and the exercise price of the share options were adjusted as a result of the issue of one bonus share for every five then existing shares held by qualifying Shareholders whose names appeared on the register of members of the Company on 25 July 2014.

2. The above share options are exercisable within 24 months after the date of grant.

Compliance Adviser's Interest in the Company

As at 31 March 2015, as notified by the Company's compliance adviser, VC Capital Limited (the "Compliance Adviser"), except for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 13 August 2012, neither the Compliance Adviser nor its directors, employees or associates had any interests in relation to the Company which is required to be notified to the Group pursuant to Rule 6A.32 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange.

Connected Transactions and Continuing Connected Transactions

During the year, the Company had not entered into any connected transactions or continuing connected transactions which are required to be disclosed under Chapter 14A of Listing Rules.

Related Party Transactions

During the year ended 31 March 2015, the Group entered into certain related party transactions, details of which are set out in Note 39 to the consolidated financial statements of the Company. Notwithstanding that these transactions constitute connected transactions under Chapter 14A of the Listing Rules, the Company is not required to make disclosure by virtue of Rule 14A.76 of the Listing Rules.

Corporate Governance

The major corporate governance practices as adopted by the Company are set out in the Corporate Governance Report section set out on pages 14 to 22.

Controlling Shareholders' Non-Competition Undertaking

As disclosed in the section headed "RELATIONSHIP WITH CONTROLLING SHAREHOLDERS — NON-COMPETITION UNDERTAKING" in the Company's prospectus dated 15 August 2012, the controlling shareholders of the Company executed a deed of non-competition on 1 August 2012 (the "Non-Competition Undertaking") in favour of the Company. Each controlling shareholder of the Company is required to provide the Company with a written confirmation each year in respect of their compliance with the Non-Competition Undertaking. Such confirmations were and will be considered and acknowledged by the Directors at relevant meetings of the Board. The Directors are of the view that these procedures are adequate to ensure and monitor the controlling shareholders' compliance with the Non-Competition Undertakings.

The Company has received the said written confirmation for the year ended 31 March 2015 from each controlling shareholder and the Directors are of the view that the controlling shareholders have been in compliance with the Non-Competition Undertaking for the year under review.

Events after the Reporting Period

Details of the events after the reporting period for the year are set out in Note 38 to the consolidated financial statements in this annual report.

Sufficiency of Public Float

Throughout the year ended 31 March 2015 and as at the date of this annual report, based on information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the Company maintained a sufficient prescribed public float of more than 25% of the Company's issued shares as required under the Listing Rules.

REPORT OF THE DIRECTORS

Review of Annual Results by Audit Committee

The Company has established the Audit Committee which comprises all 3 independent non-executive Directors. The current members are Mr. Lau Siu Ki, Mr. Jean-pierre Philippe and Mr. Tang Tat Chi. Mr. Lau Siu Ki is the chairman of the committee. The Group's annual results for the year ended 31 March 2015 have been reviewed by the Audit Committee. The Audit Committee is of opinion that the preparation of such financial information complied with the applicable accounting standards, the requirements under the Listing Rules and any other applicable legal requirements, and that adequate disclosures have been made.

Auditor

The consolidated financial statements of the Group for the year ended 31 March 2015 have been audited by HLM CPA Limited who will retire and a resolution to re-appoint HLM CPA Limited as auditor of the Company will be proposed at the AGM. HLM CPA Limited replaced HLM & Co. as auditor of the Company with effect from 24 January 2013.

On behalf of the Board
UKF (Holdings) Limited

Wong Chun Chau
Chairman and Executive Director

恒健會計師行有限公司
HLM CPA LIMITED
Certified Public Accountants

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TO THE MEMBERS OF UKF (HOLDINGS) LIMITED
英裘(控股)有限公司
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of UKF (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 37 to 122, which comprise the consolidated statement of financial position as at 31 March 2015, 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 the 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 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. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

INDEPENDENT AUDITOR'S REPORT

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2015 and of its profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

HLM CPA Limited
Certified Public Accountants

Chan Lap Chi
Practising Certificate Number: P04084

Hong Kong, 16 June 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2015

	Notes	**2015 HK$**	2014 HK$
Turnover	5 & 6	**301,596,169**	301,637,189
Cost of sales		**(217,994,664)**	(241,992,045)
Gross profits		**83,601,505**	59,645,144
Other income	7	**1,365,789**	4,195,654
Change in fair value less costs to sell of biological assets	17	**16,024,927**	15,491,335
Administrative expenses		**(55,507,940)**	(34,810,946)
Finance costs	8	**(7,411,648)**	(4,528,491)
Profit before tax	9	**38,072,633**	39,992,696
Income tax expense	11	**(1,433,480)**	(4,151,429)
Profit for the year and attributable to shareholders of the Company		**36,639,153**	35,841,267
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of overseas operation		**1,775,374**	(105,530)
Change in fair value of available-for-sale investment		**(1,746,797)**	—
Other comprehensive income (expense) for the year, net of tax		**28,577**	(105,530)
Total comprehensive income for the year attributable to shareholders of the Company		**36,667,730**	35,735,737
Earnings per share	13		
Basic		**1.84 cents**	1.90 cents
Diluted		**1.78 cents**	1.86 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2015

	Notes	2015 HK$	2014 HK$
Non-current assets			
Property, plant and equipment	14	**35,874,450**	40,007,400
Investment properties	15	**1,125,559**	1,473,621
Deferred tax asset	30	**1,241,921**	—
Available-for-sale investment	18	**10,122,640**	—
Goodwill	16	**75,433,142**	75,433,142
		123,797,712	116,914,163
Current assets			
Biological assets	17	**18,509,725**	14,009,767
Inventories	19	**80,577,472**	55,325,234
Trade and other receivables	20	**66,751,283**	104,980,483
Loan receivables	21	**94,251,770**	106,742,130
Derivative financial instruments	23	**149,143**	—
Tax recoverable		**1,242,606**	—
Pledged bank deposits	22	**—**	8,528,800
Bank balances and cash	24	**136,655,316**	60,756,260
		398,137,315	350,342,674
Current liabilities			
Trade and other payables	25	**59,859,109**	55,204,135
Derivative financial instruments	23	**150,258**	—
Tax payables		**5,540,168**	8,108,216
Bank borrowings	26	**145,130,478**	103,373,132
Obligations under finance lease	27	**194,897**	186,580
Bank overdraft		**171,850**	—
		211,046,760	166,872,063
Net current assets		**187,090,555**	183,470,611
Total assets less current liabilities		**310,888,267**	300,384,774
Non-current liabilities			
Obligations under finance lease	27	**16,628**	211,525
Corporate bond	28	**10,000,000**	10,000,000
Promissory note	29	**—**	18,574,714
Deferred tax liability	30	**115,019**	127,081
		10,131,647	28,913,320
Net assets		**300,756,620**	271,471,454
Capital and reserve			
Share capital	31	**20,063,020**	16,517,760
Reserves		**280,693,600**	254,953,694
		300,756,620	271,471,454

The consolidated financial statements on pages 37 to 122 were approved and authorised for issue by the Board of Directors on 16 June 2015 and are signed on its behalf by:

WONG CHUN CHAU
DIRECTOR

KWOK YIN NING
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2015

	Share capital HK$	Share premium HK$	Merger reserve HK$	Share option reserve HK$	Warrants reserve HK$	Investments revaluation reserve HK$	Translations reserve HK$	Retained profits HK$	Total HK$
At 1 April 2013	11,520,000	114,649,721	(7,122,000)	4,561,909	–	–	(7,722)	47,423,191	171,025,099
Profit for the year	–	–	–	–	–	–	–	35,841,267	35,841,267
Other comprehensive expense for the year									
Exchange difference on translation of overseas operation	–	–	–	–	–	–	(105,530)	–	(105,530)
Total comprehensive (expense) income for the year	–	–	–	–	–	–	(105,530)	35,841,267	35,735,737
Issue of shares upon bonus issue	2,359,360	(2,384,360)	–	–	–	–	–	–	(25,000)
Exercise of pre-IPO share options	334,400	9,501,025	–	(2,803,105)	–	–	–	–	7,032,320
Issue of shares by placing for cash	2,304,000	60,401,208	–	–	–	–	–	–	62,705,208
Share options granted	–	–	–	3,052,670	–	–	–	–	3,052,670
Dividend paid	–	–	–	–	–	–	–	(8,257,760)	(8,257,760)
Issue of warrants	–	–	–	–	203,180	–	–	–	203,180
At 31 March 2014 and 1 April 2014	16,517,760	182,167,594	(7,122,000)	4,811,474	203,180	–	(113,252)	75,006,698	271,471,454
Profit for the year	–	–	–	–	–	–	–	36,639,153	36,639,153
Other comprehensive (expense) income for the year									
Exchange difference on translation of overseas operation	–	–	–	–	–	–	1,775,374	–	1,775,374
Change in fair value of available-for-sale investment	–	–	–	–	–	(1,746,797)	–	–	(1,746,797)
Total comprehensive (expense) income for the year	–	–	–	–	–	(1,746,797)	1,775,374	36,639,153	36,667,730
Issue of shares upon bonus issue	3,303,552	(3,340,452)	–	–	–	–	–	–	(36,900)
Exercise of pre-IPO share options	29,608	674,906	–	(168,609)	–	–	–	–	535,905
Share options granted	–	–	–	935,304	–	–	–	–	935,304
Dividend paid	–	–	–	–	–	–	–	(10,212,871)	(10,212,871)
Issue of warrants	–	–	–	–	925,500	–	–	–	925,500
Issue of shares upon exercise of warrants	500,000	9,681,375	–	–	(231,375)	–	–	–	9,950,000
Warrants lapsed	–	–	–	–	(203,180)	–	–	203,180	–
Shares buy-back	(287,900)	(9,191,602)	–	–	–	–	–	–	(9,479,502)
At 31 March 2015	20,063,020	179,991,821	(7,122,000)	5,578,169	694,125	(1,746,797)	1,662,122	101,636,160	300,756,620

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2015

	2015 HK$	2014 HK$
Operating activities		
Profit before tax	**38,072,633**	39,992,696
Adjustments for:		
Depreciation	**4,188,400**	2,983,370
Loss on disposal of property, plant and equipment	**36,059**	764,877
Interest income	**(4,689)**	(158,381)
Interest expenses	**7,411,648**	4,528,491
Bank interest income	**(93,467)**	(29,394)
Net change in fair value of derivative financial instruments	**1,115**	—
Loss on early redemption of promissory note	**763,407**	—
Adjustment for amortisation of prepaid premium	**81,175**	—
Written down of inventories	**—**	1,453,427
Net change in fair value less costs to sell of biological assets	**(16,024,927)**	(15,491,335)
Share-based payment expenses	**935,304**	3,052,670
Operating cash flows before movements in working capital	**35,366,658**	37,096,421
Decrease in inventories	**5,152,906**	54,142,885
Decrease (increase) in trade and other receivables	**38,905,649**	(41,472,062)
Decrease (increase) in loan receivables	**12,490,360**	(69,821,110)
Increase (decrease) in trade and other payables	**4,628,940**	(53,549,108)
Increase in biological assets	**(23,360,982)**	(13,954,682)
Cash generated from (used in) operating activities	**73,183,531**	(87,557,656)
Hong Kong Profits tax paid, net	**(6,498,117)**	(8,145,217)
Net cash generated from (used in) operating activities	**66,685,414**	(95,702,873)
Investing activities		
Bank interest received	**93,467**	29,394
Interest received	**4,689**	158,381
Purchase of available-for-sale investment	**(12,627,061)**	—
Purchase of an investment property	**—**	(702,264)
Purchase of property, plant and equipment	**(9,594,990)**	(27,270,979)
Proceeds from disposal of property, plant and equipment	**455,400**	694,953
Net cash flow from acquisition of a subsidiary	**—**	(62,068,998)
Net cash used in investing activities	**(21,668,495)**	(89,159,513)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2015

	2015 HK$	2014 HK$
Financing activities		
Dividend paid	**(10,212,871)**	(8,257,760)
Net proceeds from issue of warrants	**925,500**	203,180
Repayment of promissory note	**(20,000,000)**	—
Net proceeds from issue of new shares	**—**	62,705,208
Proceeds from share options exercised	**535,905**	7,032,320
New bank borrowings	**295,376,429**	233,833,989
Repayments of bank borrowings	**(253,619,083)**	(162,116,756)
Issuance expense for bonus issue	**(36,900)**	(25,000)
Repurchase of ordinary shares	**(9,479,502)**	—
Proceeds from issue of shares upon exercise of warrants	**9,950,000**	—
New auction loans raised	**—**	54,864,258
Repayments of auction loans	**—**	(63,570,972)
Inception of obligations under finance lease	**—**	570,000
Repayment of obligations under finance lease	**(186,580)**	(171,895)
Placement of pledged bank deposits	**—**	(12,528,800)
Withdrawal of pledged bank deposits	**8,528,800**	4,000,000
Interest paid	**(6,723,735)**	(3,344,758)
Net cash generated from financing activities	**15,057,963**	113,193,014
Net increase (decrease) in cash and cash equivalents	**60,074,882**	(71,669,372)
Cash and cash equivalents at beginning of the year	**60,756,260**	134,468,472
Effect of foreign exchange rate changes, net	**15,652,324**	(2,042,840)
Cash and cash equivalents at the end of the year	**136,483,466**	60,756,260
Cash and cash equivalents represented by:		
Bank balances and cash	**136,655,316**	60,756,260
Bank overdraft	**(171,850)**	—
	136,483,466	60,756,260

1. General

The Company is a public limited company incorporated in Cayman Islands as an exempted company with limited liability and its shares having been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 20 March 2015. The address of the registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business is Unit 902, Harbour Centre, Tower 2, 8 Hok Cheung Street, Kowloon, Hong Kong.

The principal activities of the Group are trading of fur skins, mink farming in Denmark and fur skins brokerage.

The consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

2. Application Of New And Revised Hong Kong Financial Reporting Standards ("HKFRSs")

New and revised HKFRSs applied with no material effects on the consolidated financial statements

The accounting policies and methods of computation used in these financial statements are the same as those followed in the preparation of the Group's financial statements for the year ended 31 March 2014, except for the following amendments to HKFRSs that the Group has applied for the first time in the current year. The application of these new and revised HKFRSs has had no material impact on the Group's financial performance and positions for the current and prior years but may affect the accounting for future transactions or arrangements.

HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) — Int 21	Levies
Amendment to HKFRS 2 included in Annual Improvements 2010-2012 Cycle	Definition of Vesting Condition[1]
Amendment to HKFRS 3 included in Annual Improvements 2010-2012 Cycle	Accounting for Contingent Consideration in a Business Combination[1]
Amendment to HKFRS 13 included in Annual Improvements 2010-2012 Cycle	Short-term Receivables and Payables
Amendment to HKFRS 1 included in Annual Improvements 2011-2013 Cycle	Meaning of Effective HKFRSs

[1] Effective from 1 July 2014

2. Application Of New And Revised Hong Kong Financial Reporting Standards ("HKFRSs") *(Continued)*

New and revised HKFRSs applied with no material effects on the consolidated financial statements *(Continued)*

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities

The Group has applied the amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities for the first time in the current year. The amendments to HKFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with investment management services;
- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to HKFRS 12 and HKAS 27 to introduce new disclosure requirements for investment entities.

As the Company is not an investment entity (assessed based on the criteria set out in HKFRS 10 as at 1 April 2014), the application of the amendments has had no impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to HKAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The Group has assessed whether certain of its financial assets and financial liabilities qualify for offset based on the criteria set out in the amendments and concluded that the application of the amendments has had no impact on the amounts recognised in the Group's consolidated financial statements.

2. Application Of New And Revised Hong Kong Financial Reporting Standards ("HKFRSs") *(Continued)*

New and revised HKFRSs applied with no material effects on the consolidated financial statements *(Continued)*

Amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The Group has applied the amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets for the first time in the current year. The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by HKFRS 13 Fair Value Measurements.

The application of these amendments has had no material impact on the disclosures in the Group's consolidated financial statements.

Amendments to HKAS 39 Novation of Derivatives and Continuation of Hedge Accounting

The Group has applied the amendments to HKAS 39 Novation of Derivatives and Continuation of Hedge Accounting for the first time in the current year. The amendments to HKAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness.

The amendments have been applied retrospectively. As the Group does not have any derivatives that are subject to novation, the application of these amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

HK(IFRIC) — Int 21 Levies

The Group has applied HK(IFRIC) — Int 21 Levies for the first time in the current year. HK(IFRIC) — Int 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

HK(IFRIC) — Int 21 has been applied retrospectively. The application of this Interpretation has had no material impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

2. Application Of New And Revised Hong Kong Financial Reporting Standards ("HKFRSs") *(Continued)*

New and revised HKFRSs in issue but not yet effective

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

HKFRS 9	Financial Instruments[4]
HKFRS 14	Regulatory Deferral Accounts[5]
HKFRS 15	Revenue from Contracts with Customers[3]
HKAS 1 (Amendments)	Disclosure Initiative[2]
HKFRS 10 and HKAS 28 (2011) (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [2]
HKFRS 11(Amendments)	Accounting for Acquisitions of Interests in Joint Operations[2]
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants[2]
HKAS 19 (Amendments)	Defined Benefit Plans: Employee Contributions[1]
HKAS 27 (2011) (Amendments)	Equity Method in Separate Financial Statements[2]
HKFRS 10, HKFRS 12 and HKAS 28 (2011) (Amendments)	Investment Entities: Applying the Consolidation Exception[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle[6]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[2]

1 Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
3 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
4 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
5 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group as the Group is not a first-time adopter of HKFRSs.
6 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

2. Application Of New And Revised Hong Kong Financial Reporting Standards ("HKFRSs") *(Continued)*

New and revised HKFRSs in issue but not yet effective *(Continued)*

HKFRS 9 Financial Instruments *(Continued)*

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

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

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

2. Application Of New And Revised Hong Kong Financial Reporting Standards ("HKFRSs") *(Continued)*

New and revised HKFRSs in issue but not yet effective *(Continued)*

HKFRS 9 Financial Instruments *(Continued)*

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

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

HKFRS 15 Revenue from Contracts with Customers

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to HKAS use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

2. Application Of New And Revised Hong Kong Financial Reporting Standards ("HKFRSs") *(Continued)*

New and revised HKFRSs in issue but not yet effective *(Continued)*

HKFRS 15 Revenue from Contracts with Customers *(Continued)*

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Amendments to HKFRS 11 Accounting for Acquisitions of Interests in Joint Operations

The amendments to HKFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in HKFRS 3 Business Combinations. Specifically, the amendments state that the relevant principles on accounting for business combinations in HKFRS 3 and other standards (e.g. HKAS 36 Impairment of Assets regarding impairment testing of a cash generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by HKFRS 3 and other standards for business combinations.

The amendments to HKFRS 11 apply prospectively for annual periods beginning on or after 1 January 2016. The directors of the Company do not anticipate that the application of these amendments to HKFRS 11 will have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 16 and HKAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

a) when the intangible asset is expressed as a measure of revenue; or

b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

2. Application Of New And Revised Hong Kong Financial Reporting Standards ("HKFRSs") *(Continued)*

New and revised HKFRSs in issue but not yet effective *(Continued)*

Amendments to HKAS 16 and HKAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation *(Continued)*

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Group uses the straight-line method for depreciation and amortisation for its property, plant and equipment, and intangible assets respectively. The directors of the Company believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the directors of the Company do not anticipate that the application of these amendments to HKAS 16 and HKAS 38 will have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 16 and HKAS 41 Agriculture: Bearer Plants

The amendments to HKAS 16 and HKAS 41 define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with HKAS 16, instead of HKAS 41. The produce growing on bearer plants continues to be accounted for in accordance with HKAS 41.

The directors of the Company do not anticipate that the application of these amendments to HKAS 16 and HKAS 41 will have a material impact on the Group's consolidated financial statements as the Group's biological assets are animals and have been explicitly excluded from the amendments.

Amendments to HKAS 19 Defined Benefit Plans: Employee Contributions

The amendments to HKAS 19 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognise the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

The directors of the Company do not anticipate that the application of these amendments to HKAS 19 will have a significant impact on the Group's consolidated financial statements as the Group does not have any defined benefit plans.

2. Application Of New And Revised Hong Kong Financial Reporting Standards ("HKFRSs") *(Continued)*

New and revised HKFRSs in issue but not yet effective *(Continued)*

Amendments to HKAS 27 Equity Method in Separate Financial Statements

The amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements:

- At cost
- In accordance with HKFRS 9 Financial Instruments (or HKAS 39 Financial Instruments: Recognition and Measurement for entities that have not yet adopted HKFRS 9), or
- Using the equity method as described in HKAS 28 Investments in Associates and Joint Ventures.

The accounting option must be applied by category of investments.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred.

In addition to the amendments to HKAS 27, there are consequential amendments to HKAS 28 to avoid a potential conflict with HKFRS 10 Consolidated Financial Statements and to HKFRS 1 First time Adoption of Hong Kong Financial Reporting Standards.

The directors of the Company do not anticipate that the application of these amendments to HKAS 27 will have a material impact on the Group's consolidated financial statements.

Amendments to HKFRS 10 and HKAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to HKAS 28:

- The requirements on gains and losses resulting from transactions between an entity and its associate or joint venture have been amended to relate only to assets that do not constitute a business.
- A new requirement has been introduced that gains or losses from downstream transactions involving assets that constitute a business between an entity and its associate or joint venture must be recognised in full in the investor's financial statements.
- A requirement has been added that an entity needs to consider whether assets that are sold or contributed in separate transactions constitute a business and should be accounted for as a single transaction.

2. Application Of New And Revised Hong Kong Financial Reporting Standards ("HKFRSs") *(Continued)*

New and revised HKFRSs in issue but not yet effective *(Continued)*

Amendments to HKFRS 10 and HKAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture *(Continued)*

Amendments to HKFRS 10:

- An exception from the general requirement of full gain or loss recognition has been introduced into HKFRS 10 for the loss control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method.

- New guidance has been introduced requiring that gains or losses resulting from those transactions are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement at fair value of investments retained in any former subsidiary that has become an associate or a joint venture that is accounted for using the equity method are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The directors of the Company do not anticipate that the application of these amendments to HKFRS 10 and HKAS 28 will have a material impact on the Group's consolidated financial statements.

3. Significant Accounting Policies

Statement of compliance

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards 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 available-for-sale investment, derivative financial instruments and biological assets 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 assets.

3. Significant Accounting Policies *(Continued)*

Basis of preparation *(Continued)*

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.

The principal accounting policies are set out below.

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.

3. Significant Accounting Policies *(Continued)*

Basis of consolidation *(Continued)*

When the Group has less than a majority of the voting rights of an investee, it may have 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.

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 into line with the Group's accounting policies.

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

Changes in the Group's ownership 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.

3. Significant Accounting Policies *(Continued)*

Basis of consolidation *(Continued)*

Changes in the Group's ownership interests in existing subsidiaries *(Continued)*

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.

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 value, except that:

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

- 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 (see the accounting policy below); 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.

3. Significant Accounting Policies *(Continued)*

Business combinations *(Continued)*

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 value or, when applicable, on the basis specified in another HKFRS.

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

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, 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 interest were disposed of.

3. Significant Accounting Policies *(Continued)*

Business combinations *(Continued)*

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

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.

The Group's policy for goodwill arising on the acquisition of an associate is described below.

Interests in subsidiaries

Interests in subsidiaries are included in the Company's statement of financial position at cost less any identified impairment loss.

Subsidiaries are entitled over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

3. Significant Accounting Policies *(Continued)*

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivables for good sold in the normal course of business.

Revenue from the sale of goods is recognised when the goods are delivered and title has passed, at which time all following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Service income is recognised when services are provided and revenue from the sale of goods is recognised when goods are delivered and legal title is passed.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Management fee income is recognised where services are rendered.

Commission and brokerage income are recognised when the right to receive commission and brokerage has been established.

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.

3. Significant Accounting Policies *(Continued)*

Leasing *(Continued)*

The Group as lessor

Rental income from operating leases is recognised in profit or loss 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

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

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

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

Inventories

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

3. Significant Accounting Policies *(Continued)*

Biological assets

Biological assets comprise minks.

Minks are measured at fair value less cost to sell, based on average market price at auction of skins less incremental costs. Costs to sell include the incremental selling costs, including auctioneers' fees and pelting fee paid to skinners.

Changes in fair value of minks are recognised through profit or loss.

Property, plant and equipment

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

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful life, using the straight-line method, at the following rates per annum:

Buildings	2-5%
Leasehold improvement	20%
Plant and machinery	5-20%
Office equipment	20%
Motor vehicle	20%

Freehold land is not depreciated.

Assets held under finance leases are depreciated over their expected useful life on the same basis as owned assets or, where shorter, the term of the relevant lease.

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

3. Significant Accounting Policies *(Continued)*

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method.

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

Impairment of tangible and intangible assets other than goodwill

At the end of the 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. Where 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. Where 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 indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a 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 a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

3. Significant Accounting Policies *(Continued)*

Impairment of tangible and intangible assets other than goodwill *(Continued)*

When an impairment loss subsequently reverses, the carrying amount of the asset (or a 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 a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Borrowing costs

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

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

All other borrowing costs recognised in profit or loss in the period in which they are incurred.

Foreign currencies

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

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 (see the accounting policies below); and

3. Significant Accounting Policies *(Continued)*

Foreign currencies *(Continued)*

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

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in 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.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on the 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.

3. Significant Accounting Policies *(Continued)*

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 as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

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

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

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. Significant Accounting Policies *(Continued)*

Taxation *(Continued)*

Deferred tax *(Continued)*

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current and deferred tax for the year

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

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit scheme are recognised as an expense when employees have rendered service entitling them to the contribution.

Share-based payment arrangements

Share-based payment transactions of the Company

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 35.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

3. Significant Accounting Policies *(Continued)*

Share-based payment arrangements *(Continued)*

Share-based payment transactions of the Company *(Continued)*

At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the grant date and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained earnings.

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets 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

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

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Effective interest method

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

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

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 future; 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 to be designated as at FVTPL.

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Financial assets at FVTPL *(Continued)*

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 "other gains and losses" line item in the consolidated statement of comprehensive income. Fair value is determined in the manner described in Note 41.

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 or (b) 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 the accounting policy in respect of impairment loss on financial assets below).

Dividends on AFS equity investments are recognised in profit or loss when the Group's right to receive the dividends 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 investments are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment loss on financial assets below).

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

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 trade and other receivables, time deposits, bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

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 investment, 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 assets, such as trade receivables and loan receivables, assets that are assessed not to be impaired individually are in addition, assessed for impairment on a collective basis. Object 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 of 90 days, observable changes in national or local economic conditions that correlate with default on receivables.

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

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 the estimated future cash flows, discounted at the financial asset's original effective interest rate.

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

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

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL on initial recognition.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is a part of a portfolio of an 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 liability other than a financial liability 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 liability 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

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Financial liabilities at FVTPL *(Continued)*

- 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 designed as at FVTPL.

Financial liabilities 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 excludes any interest paid on the financial liability and is included in the 'other gains and losses' line item in the consolidated statement of profit or loss and other comprehensive income. Fair value is determined in the manner described in Note 41.

Other financial liabilities

Other financial liabilities (including borrowings, loan from auction house, trade and other payables, promissory note, corporate bond and obligations under finance lease) 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 other than financial liabilities classified as at FVTPL.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which case the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

3. 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 assets 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 recognised 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 transferred and financial asset, the Group continues to recognise the financial asset and also recognises a collateral 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.

Provisions

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

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

3. Significant Accounting Policies *(Continued)*

Provisions *(Continued)*

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

Related parties

A related party is a person or entity that is related to the Group.

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

1. has control or joint control over the Group;
2. has significant influence over the Group; or
3. is a member of the key management personnel of the Group or the Group's parent.

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

1. 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).
2. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
3. Both entities are joint ventures of the same third party.
4. One entity is a joint venture of a third party and the other entity is an associate of the same third party or vice versa.
5. The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
6. The entity is controlled or jointly-controlled by a person identified in (i).
7. A person identified in (i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

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

Key sources of estimation uncertainty

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

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate present value. When the actual future cash flows are less than expected, a material impairment loss may arise.

The carrying amount of goodwill as at 31 March 2015 was HK$75,433,142 (2014: HK$75,433,142). Details of the value in use calculation are set out in Note 16.

Useful lives and impairment of property, plant and equipment

In applying the accounting policy on property, plant and equipment with respect to depreciation, management estimates the useful lives of various categories of property, plant and equipment according to the Group's experiences over the usage of property, plant and equipment and also by reference to the relevant industrial norm. If the actual useful lives of property, plant and equipment is less than the original estimate useful lives due to changes in commercial and technological environment, such difference will impact the depreciation charge for the remaining useful lives.

Impairment of inventories

The Group records inventories at the lower of cost and net realisable value. Net realisation value is the estimated selling price for inventories, less all the estimated costs of completion and costs necessary to make the sales.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty *(Continued)*

Key sources of estimation uncertainty *(Continued)*

Fair value of other financial instruments

The Directors use their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument.

Fair values of biological assets

The biological assets are values at fair value less costs to sell. The fair value is determined based on either the market-determined prices as at the end of the reporting periods adjusted with reference to the species, age, growing condition and costs incurred to reflect differences in characteristic and/or stages of growth of biological assets. Any change in the estimates may affect the fair value of biological assets significantly.

The valuer and management review the assumptions and estimated periodically to identify any significant change in the fair value of biological assets. Details of the assumptions used are disclosed in Note 17.

Impairment of trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimate of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 March 2015, the carrying amounts of trade receivables are HK$62,029,417 (2014: HK$101,427,009).

Income taxes

The Company is subject to income taxes in Hong Kong. Significant judgement is required in determining the provision for income taxes and the timing of payment of the related tax. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax 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 provision in the period in which such determination is made.

5. Turnover

During the year, the Group's revenue represents the amount received and receivable for trading of fur skins, mink farming and fur skins brokerage, net of discount, are as follows:

	2015 HK$	2014 HK$
Trading of fur skins	**248,356,444**	271,329,589
Mink farming	**20,307,321**	7,507,690
Fur skins brokerage	**32,932,404**	22,799,910
	301,596,169	301,637,189

6. Segment Information

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of good delivered or services delivered or provided. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

Trading of fur skins	—	Trading of fur skins of foxes and minks
Mink farming	—	Provision of breeding, farming and sale of livestocks and pelted skins
Fur skins brokerage	—	Provision of fur brokerage and financing services

6. Segment Information *(Continued)*

The following is an analysis of the Group's revenue and results by reportable segment:

For the year ended 31 March 2015

	Trading of fur skins HK$	Fur skins brokerage HK$	Mink farming HK$	Total HK$
TURNOVER	248,356,444	32,932,404	20,307,321	301,596,169
RESULTS				
Segment results	49,171,105	32,932,404	1,497,996	83,601,505
Other income				1,365,789
Change in fair value less costs to sell of biological assets	–	–	16,024,927	16,024,927
Unallocated corporate expenses				(55,507,940)
Finance costs				(7,411,648)
Profit before tax				38,072,633
Income tax expense				(1,433,480)
Profit for the year				36,639,153

	Trading of fur skins HK$	Fur skins brokerage HK$	Mink farming HK$	Total HK$
ASSETS				
Segment assets	118,166,495	172,653,784	76,981,256	367,801,535
Unallocated corporate assets				154,133,492
Total assets				521,935,027
LIABILITIES				
Segment liabilities	136,570,579	–	21,184,521	157,755,100
Unallocated corporate liabilities				63,423,307
Total liabilities				221,178,407

Other information

	Trading of fur skins HK$	Fur skins brokerage HK$	Mink farming HK$	Total HK$
Additions of property, plant and equipment and investment property	–	3,490	9,591,500	9,594,990
Depreciation and amortisation	640,688	10,340	3,537,372	4,188,400

6. Segment Information *(Continued)*

For the year ended 31 March 2014

	Trading of fur skins HK$	Fur skins brokerage HK$	Mink farming HK$	Total HK$
TURNOVER	271,329,589	22,799,910	7,507,690	301,637,189
RESULTS				
Segment results	39,540,058	22,799,910	(2,694,824)	59,645,144
Other income				4,195,654
Change in fair value less costs to sell of biological assets	—	—	15,491,335	15,491,335
Unallocated corporate expenses				(34,810,946)
Finance costs				(4,528,491)
Profit before tax				39,992,696
Income tax expense				(4,151,429)
Profit for the year				35,841,267

	Trading of fur skins HK$	Fur skins brokerage HK$	Mink farming HK$	Total HK$
ASSETS				
Segment assets	144,437,930	182,197,862	67,782,511	394,418,303
Unallocated corporate assets				72,838,534
Total assets				467,256,837
LIABILITIES				
Segment liabilities	124,041,752	11,401,431	21,845,406	157,288,589
Unallocated corporate liabilities				38,496,794
Total liabilities				195,785,383

Other information

	Trading of fur skins HK$	Fur skins brokerage HK$	Mink farming HK$	Total HK$
Additions of property, plant and equipment and investment property	3,162,193	—	24,811,050	27,973,243
Depreciation and amortisation	477,417	9,464	2,496,489	2,983,370

6. Segment Information *(Continued)*

Segment profit represents the profit earned by each segment without allocation of central administration costs including directors' salaries, investment and other income, finance costs, and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and assessment of segment performance.

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

- all assets other than prepayment and deposit, bank balances and cash, tax recoverable and deferred tax asset are allocated to reportable segments. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segment; and

- all liabilities are allocated to reportable segments other than accrued expenses and other payable, obligations under finance lease, corporate bond, promissory note, tax payables and deferred tax liability. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

Geographical information

The Group's revenue from external customers by geographical market are detailed below:

	2015 **HK$**	2014 HK$
Canada	**–**	2,086,204
The PRC	**248,641,745**	248,029,846
Europe	**33,919,000**	20,376,864
Russia	**–**	14,886,462
Hong Kong	**19,035,424**	16,257,813
	301,596,169	301,637,189

6. Segment Information *(Continued)*

Geographical information *(Continued)*

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment and investment property analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Additions to property, plant and equipment and investment property	
	2015	2014	**2015**	2014
	HK$	HK$	**HK$**	HK$
Hong Kong	**443,546,111**	398,301,682	**3,490**	3,162,193
Denmark	**78,388,916**	68,955,155	**9,591,500**	24,811,050
	521,935,027	467,256,837	**9,594,990**	27,973,243

Information about major customers

For the year ended 31 March 2015, included in revenue arising from trading of fur skins and mink farming of approximately HK$268,664,000 (2014: HK$278,837,000) are revenue of approximately HK$258,792,000 (2014: HK$230,316,000) generated from sales to the Group's top four (2014: Three) customers. Total amount of revenues from each customer for the two financial years ended 31 March 2015 are as follows:

	2015	2014
	HK$	HK$
Customer A (Segment: Trading of fur skins)	**83,756,000**	86,842,000
Customer B (Segment: Trading of fur skins)	**77,081,000**	85,881,000
Customer C (Segment: Trading of fur skins)	**64,036,000**	57,593,000
Customer D (Segment: Trading of fur skins & mink farming)	**33,919,000**	—*
	258,792,000	230,316,000

* This customer contributed less than 10% to the Group's revenue for the year ended 31 March 2014

No other single customer contributed 10% or more to the Group's revenue for both years ended 31 March 2015 and 2014.

7. Other Income

	2015 HK$	2014 HK$
Bank interest income	**93,467**	29,394
Interest income from customers	**4,689**	158,381
Bonus and commission rebate	**516,978**	796,096
Rental income	**173,279**	115,133
Exchange gains	**—**	2,817,861
Surplus distribution from Kopenhagen Fur	**564,386**	—
Others	**12,990**	278,789
	1,365,789	4,195,654

8. Finance Costs

	2015 HK$	2014 HK$
Interest on borrowings wholly repayable within five years:		
Trust receipts loan interest	**2,154,131**	1,714,552
Term loan interest	**1,504,813**	271,077
Overdraft interest	**9,497**	10,715
Imputed interest on promissory note	**661,879**	954,568
Interest on finance lease	**13,688**	11,684
Interest on receipt in advance	**627,574**	338,988
Auction interest (Note 1)	**1,890,066**	25,474
Auction finance interest	**—**	651,433
	6,861,648	3,978,491
Interest on borrowings not wholly repayable within five years:		
Bond interest	**550,000**	550,000
	7,411,648	4,528,491

Note 1: Auction interest is the auction prompt interest paid to auction houses for the overdue payment.

9. Profit Before Tax

Profit before tax has been arrived at after charging (crediting):

	2015	2014
	HK$	HK$
Auditor's remuneration	**761,530**	673,333
Cost of inventories recognised as expenses	**215,568,728**	240,116,928
Depreciation	**4,188,400**	2,983,370
Foreign exchange losses (gains), net	**17,065,038**	(2,817,861)
Staff costs (including directors' emoluments — Note 10)		
—salaries and allowance	**13,157,195**	10,688,321
—retirements benefits scheme contributions	**480,293**	221,423
Gross rental income from investment properties	**(173,279)**	(191,856)
Less:		
Direct operating expenses incurred for investment properties that generated rental income during the year	**—**	76,723
	(173,279)	(115,133)
Impairment loss on other receivables	**—**	8,400
Loss on disposal of property, plant and equipment	**36,059**	764,877
Loss on early redemption of promissory note	**763,407**	—
Operating lease payments	**923,419**	572,529
Share-based payment expenses	**935,304**	3,052,670*
Written down of inventories	**—**	1,453,427
Net change in fair value on derivative financial instruments	**1,115**	—

* Amount of approximately HK$562,000 was the share-based payment expenses for consultant.

10. Directors' Remuneration and Senior Management's Emoluments

(a) Directors' emoluments

The emoluments paid or payable to each of the five directors for the Group in 2015 were as follows:

Emoluments	Fees HK$	Salaries and other benefits HK$	Retirement benefit scheme contributions HK$	Discretionary Bonus HK$	Total HK$
Executive directors					
Mr. Wong Chun Chau	–	1,125,911	17,500	73,300	1,216,711
Ms. Kwok Yin Ning	–	1,268,740	17,500	57,750	1,343,990
Independent non-executive directors					
Mr. Lau Siu Ki (appointed on 16 March 2015)	12,500	–	–	–	12,500
Mr. Ang Wing Fung (resigned on 16 March 2015)	132,000	–	–	–	132,000
Mr. Tang Tat Chi	132,000	–	–	–	132,000
Mr. Jean-pierre Philippe	132,000	–	–	–	132,000
	408,500	2,394,651	35,000	131,050	2,969,201

The emoluments paid or payable to each of the five directors for the Group in 2014 were as follows:

Emoluments	Fees HK$	Salaries and other benefits HK$	Retirement benefit scheme contributions HK$	Discretionary Bonus HK$	Total HK$
Executive directors					
Mr. Wong Chun Chau	–	2,585,441	15,000	146,600	2,747,041
Ms. Kwok Yin Ning	–	1,284,687	15,000	110,000	1,409,687
Independent non-executive directors					
Mr. Ang Wing Fung	132,000	–	–	–	132,000
Mr. Tang Tat Chi	132,000	–	–	–	132,000
Mr. Jean-pierre Philippe	132,000	–	–	–	132,000
	396,000	3,870,128	30,000	256,600	4,552,728

10. Directors' Remuneration and Senior Management's Emoluments *(Continued)*

(a) Directors' emoluments *(Continued)*

During the year, no director received any emoluments from the Group as an inducement to join or leave the Group or compensation for loss of office and, no director waived or has agreed to waive any emoluments.

(b) Employees' emoluments

Of the five individuals with the highest emoluments of the Group, two (2014: two) were directors of the Company whose emoluments are set out in (a) above. The emoluments of the remaining three (2014: three) individuals were as follows:

	2015 HK$	2014 HK$
Salaries and allowances and benefits in kind	**2,171,825**	1,893,395
Discretionary bonuses	**180,400**	187,600
Defined contribution and retirement benefit scheme contributions	**58,080**	18,144
	2,410,305	2,099,139

Their emoluments were within the following bands:

	2015 Number of employees	2014 Number of employees
HK$Nil - HK$1,000,000	**3**	3
HK$1,000,001 - HK$1,500,000	**—**	—
	3	3

During the year, the remaining three (2014: three) individuals have not received any emoluments from the Group as an inducement to join or leave the Group or compensation for loss of office and none of them waived or has agreed to waive any emoluments.

11. Income Tax Expense

	2015 HK$	2014 HK$
Current tax		
Hong Kong Profits Tax	**2,717,463**	3,555,846
Other jurisdictions	**—**	—
	2,717,463	3,555,846
Over provision in prior years		
Hong Kong Profits Tax	**(30,000)**	(22,001)
Other jurisdictions	**—**	—
	(30,000)	(22,001)
Deferred tax (credit) expense		
Current year	**(1,253,983)**	617,584
Total income tax expense for the year	**1,433,480**	4,151,429

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Danish subsidiary is subject to Denmark Corporation Tax of 23.5% for the reporting year (2014: 24.5%).

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

	2015 HK$	2014 HK$
Profit before tax	**38,072,633**	39,992,696
Tax at Hong Kong Profits Tax of 16.5%	**6,281,984**	6,598,795
Tax effect of income not taxable for tax purposes	**(5,979,999)**	(3,811,839)
Tax effect of expenses not deductible for tax purposes	**556,035**	503,748
Tax effect on tax losses not recognised	**919,291**	1,310,714
Over provision in prior years	**(30,000)**	(22,001)
Tax effect of tax relief	**(40,000)**	—
Effect of different tax rates of group entities operating in other jurisdictions	**(273,831)**	(427,988)
Income tax expense for the year	**1,433,480**	4,151,429

12. Dividends

	2015 HK$	2014 HK$
Interim, paid — HK0.26 cent (2014: HK nil cent) per share	**5,257,543**	—
Final dividend paid — HK0.3 cent per share for 2014 (2014: HK0.7 cent per share for 2013)	**4,955,328**	8,257,760
	10,212,871	8,257,760

Subsequent to the end of the reporting period, final dividend in respect of the year ended 31 March 2015 of HK0.12 cent (2014: HK0.3 cent) per share have been proposed by the directors and is subject to approval by the shareholders in the forth coming general meeting.

13. Earnings Per Share

The calculation of the basic and diluted earnings per share attributable to shareholders of the Company is based on the profit attributable to shareholders of the Company for the year ended 31 March 2015 of HK$36,639,153 (2014: HK$35,841,267) and the following data:

	2015	2014
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,993,745,201**	1,882,881,192
Effect of dilutive potential ordinary shares:		
Share options	**32,810,428**	36,575,592
Warrants	**34,217,706**	10,369,164
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,060,773,335**	1,929,825,948

14. Property, Plant and Equipment

	Land HK$	Buildings HK$	Leasehold improvement HK$	Plant and machinery HK$	Office equipment HK$	Motor vehicle HK$	Construction in progress HK$	Total HK$
COST								
At 1 April 2013	6,105,375	4,252,500	–	5,443,875	141,451	–	–	15,943,201
Additions	9,355,749	5,268,614	2,044,567	8,454,572	857,505	1,289,972	–	27,270,979
Disposals	–	–	–	(1,694,000)	(100,200)	–	–	(1,794,200)
Acquisition of a subsidiary	–	–	–	–	51,623	–	–	51,623
Exchange alignment	562,280	364,899	7,504	467,470	–	14,564	–	1,416,717
At 31 March 2014 and 1 April 2014	16,023,404	9,886,013	2,052,071	12,671,917	950,379	1,304,536	–	42,888,320
Additions	–	305,144	–	696,775	3,490	544,613	8,044,968	9,594,990
Disposals	–	–	–	(9,900)	(2,999)	(640,834)	–	(653,733)
Reclassification	(9,868,282)	10,104,701	(357,683)	121,264	–	–	–	–
Exchange alignment	(1,355,849)	(4,450,939)	–	(2,924,752)	–	(137,983)	(1,249,408)	(10,118,931)
At 31 March 2015	4,799,273	15,844,919	1,694,388	10,555,304	950,870	1,070,332	6,795,560	41,710,646
ACCUMULATED DEPRECIATION								
At 1 April 2013	–	12,741	–	88,664	85,660	–	–	187,065
Charge for the year	–	283,080	292,928	2,073,181	151,350	154,556	–	2,955,095
Eliminated on disposals	–	–	–	(249,200)	(85,170)	–	–	(334,370)
Acquisition of a subsidiary	–	–	–	–	19,569	–	–	19,569
Exchange alignment	–	6,821	831	44,340	–	1,569	–	53,561
At 31 March 2014 and 1 April 2014	–	302,642	293,759	1,956,985	171,409	156,125	–	2,880,920
Charge for the year	–	1,016,139	338,877	2,368,428	190,091	247,100	–	4,160,635
Eliminated on disposals	–	–	–	(2,640)	(1,899)	(157,735)	–	(162,274)
Reclassification	–	39,601	(39,601)	–	–	–	–	–
Exchange alignment	–	(233,199)	–	(798,498)	–	(11,388)	–	(1,043,085)
At 31 March 2015	–	1,125,183	593,035	3,524,275	359,601	234,102	–	5,836,196
CARRYING VALUE								
At 31 March 2015	4,799,273	14,719,736	1,101,353	7,031,029	591,269	836,230	6,795,560	35,874,450
At 31 March 2014	16,023,404	9,583,371	1,758,312	10,714,932	778,970	1,148,411	–	40,007,400

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

Buildings	2-5%
Leasehold improvement	20%
Plant and machinery	5-20%
Office equipment	20%
Motor vehicle	20%

Land represents the freehold land situated in Denmark. No depreciation will be provided accordingly. All buildings are located on the freehold land situated in Denmark.

15. Investment Properties

	HK$
COST	
At 1 April 2013	742,500
Additions	702,264
Exchange alignment	59,049
At 31 March 2014 and 1 April 2014	1,503,813
Additions	—
Exchange alignment	(331,260)
At 31 March 2015	1,172,553
ACCUMULATED DEPRECIATION	
At 1 April 2013	1,238
Charge for the year	28,275
Exchange alignment	679
At 31 March 2014 and 1 April 2014	30,192
Charge for the year	27,765
Exchange alignment	(10,963)
At 31 March 2015	46,994
CARRYING VALUE	
At 31 March 2015	1,125,559
At 31 March 2014	1,473,621

The Group adopted the cost model under Hong Kong Accounting Standard 40 to account for the investment properties. Thus, the above investment properties are carried at cost less accumulated depreciation and less impairment losses.

The investment properties are located on freehold land situated in Denmark. The investment properties are held to earn rental under operating leases.

The fair value of the Group's investment properties at 31 March 2015 was HK$2,475,300 (2014: HK$3,174,600). The fair value has been arrived at based on a valuation carried out by Peak Vision Appraisals Limited, independent qualified professional valuers not connected to the Group. Peak Vision Appraisals Limited is a member of the Royal Institute of Chartered Surveyors (MRICS) and of the Hong Kong Institute of Surveyors (MHKIS) and has appropriate qualifications and recent experience in the valuation of properties in relevant locations.

15. Investment Properties *(Continued)*

The fair value was determined based on the direct comparison approach, assuming each of the properties is capable of being sold in the existing state and by making reference to comparable sales evidence as available in the relevant market.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Details of the Group's investment properties and information about the fair value hierarchy as at 31 March 2015 are as follows:

	Level 1 HK$	**Level 2** HK$	**Level 3** HK$	**Total** HK$
Residential properties in Denmark	—	—	1,125,559	1,125,559

The above investment properties are depreciated on a straight-line basis at 2% per annum.

16. Goodwill

	HK$
COST	
At 1 April 2014	75,433,142
Arising on acquisition of a subsidiary during the year	—
At 31 March 2015	75,433,142
IMPAIRMENT LOSS	
At 1 April 2014	—
Impairment loss provided for the year	—
At 31 March 2015	—
CARRYING VALUE	
At 31 March 2015	75,433,142
At 31 March 2014	75,433,142

For the purposes of impairment testing, goodwill has been allocated to one CGU, comprising a subsidiary in the fur skins brokerage segment, Loyal Speed.

16. Goodwill *(Continued)*

The basis of the recoverable amounts of the above CGU and the major underlying assumptions are summarised below:

The recoverable amount of CGU is determined from value in use calculations. That calculation used cash flow projections based on financial budgets approved by management covering a three-year period, and a discount rate of 16.63%.The cash flow of CGU beyond the three-year period is extrapolated using a 3% growth rate. This growth rate is based on the projected inflation rate sourced from the International Monetary Fund.

For the year ended 31 March 2015, the value calculated by using the discount rate is higher than the carrying amount of the CGU; accordingly, the management of the Group determined that there was no provision for impairment loss for goodwill.

17. Biological Assets

Movements of the biological assets are as follows:

	Non-mated females	**Mated females**	**Males for breeding**	**Total**
	HK$	HK$	HK$	HK$
At 1 April 2013	—	5,970,713	19,845	5,990,558
Increase due to purchase	—	4,934,860	177,100	5,111,960
Increase due to raising (Feeding cost and others)	18,198	5,282,304	3,889,561	9,190,063
Change in fair value less costs to sell	39,790	4,548,286	10,903,259	15,491,335
Transferred to inventory	—	(7,012,740)	(14,929,852)	(21,942,592)
Decrease due to sale	—	(347,340)	—	(347,340)
Exchange alignment	1,242	512,507	2,034	515,783
At 31 March 2014 and 1 April 2014	59,230	13,888,590	61,947	14,009,767
Increase due to purchase	—	7,756,980	2,416,313	10,173,293
Increase due to raising (Feeding cost and others)	15,235	8,436,867	4,735,587	13,187,689
Change in fair value less costs to sell	—	4,773,109	11,251,818	16,024,927
Transferred to inventory	(69,909)	(12,211,529)	(18,123,706)	(30,405,144)
Exchange alignment	(4,556)	(4,419,119)	(57,132)	(4,480,807)
At 31 March 2015	—	18,224,898	284,827	18,509,725

17. Biological Assets *(Continued)*

The number of biological assets as at the end of the financial years is as follows:

	2015	2014
Non-mated females	—	109
Mated females	27,242	14,942
Males for breeding	393	114
At the end of the year	27,635	15,165

Analysed for reporting purposes as follows:

	2015 HK$	2014 HK$
Current assets	18,509,725	14,009,767
Non-current assets	—	—
At the end of the year	18,509,725	14,009,767

Mated females represent the female minks which are primarily held for further growth for the production of mink. The non-mated females and males for breeding are selected as breeding stock.

The fair value of the biological assets is measured at the reporting date on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair Value Measurement. The biological assets of the group were classified as level 3 under the fair value hierarchy. The level into which a fair value measurement classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Valuation methodology of biological assets

In the process of valuing the biological assets, the Valuer has taken into consideration the nature and specialty of the biological assets and considered that combination of the market approach and income approach would be appropriate and reasonable in the valuation of the fair value less costs to sell of the biological assets by making reference to the requirement of HKAS 41.

Valuation of mated females

In the valuation of mated females, under the condition of absence of market determined price in the market, the Valuer applied the income approach to determine the present value of expected net cash flows. The cash flows are determined based on the estimated costs for raising kits, unit pelting and the estimated price for skins after pelting.

17. Biological Assets *(Continued)*

Valuation methodology of biological assets *(Continued)*

Valuation of mated males

In the valuation of males for breeding, the Valuer applied the market approach by referring to the average market price of skins less incremental costs for pelting and selling.

Prices and costs of the Biological Assets

Based on the February 2015 auctions of Kopenhagen Fur, the average prices for male, female and total furs were approximately DKK504*, DKK342 and DKK416 per unit respectively. Pelting and sales fee reflect incremental costs to sell for livestocks and are deducted from the assessed fair value. Estimation of costs per unit provided by the Management are presented below:

	Approximate estimated cost
	DKK
Feed	121
Salary	109
Other variable cost (Note 1)	10
Lower value of male breeders (Note 2)	30
Pelting	30
Sales fee	9
Surplus from Kopenhagen Fur (Note 3)	3-5%

Note 1: Other variable cost includes vaccination and veterinary fees.
Note 2: For mated females, using a male mink for breeding lowers the skin value of the males used as breeders.
Note 3: Estimated surplus from Kopenhagen Fur is received by farmers from the auction body.
*: DKK stands for Danish Kroner

Major inputs

The major inputs for the above models are discount rate, average skins price and birth rate. The discount rate applied for the valuation as at the Valuation Date is approximately 13.62%. The average skins price applied for mated females and mated males are approximately DKK381 and DKK670 respectively. The birth rate applied for mated females is 5.

Valuation assumptions

In addition, the following principal assumptions have been adopted by the Valuer:

(a) The expected costs to sell the biological assets reflect the best estimates of the Management and are reasonable, reflecting market conditions and economic fundamentals and will be materialised;

(b) The biological assets are properly managed with necessary care and are receiving proper veterinary care to ensure their normal growth;

(c) There will be no force majeure event, including natural disasters that could adversely impact the condition of the biological assets;

17. Biological Assets *(Continued)*

Valuation assumptions *(Continued)*

(d) The biological assets are free from any diseases which will lead to death or materially impair the expected economic benefit from the disposal of the biological assets;

(e) The biological assets are assumed to be free from any liabilities or encumbrances that would affect their value;

(f) For the business enterprise to continue as a going concern, the business enterprise will successfully carry out all necessary activities for the development of its business;

(g) Market trends and conditions where the business enterprise operates will not deviate significantly from the economic forecasts in general;

(h) The availability of finance will not be a constraint on the forecast growth of the biological assets;

(i) Key management, competent personnel and technical staff will all be retained to support the ongoing operations of the business enterprise;

(j) There will be no material changes in the business enterprise's business strategy and its operating structure;

(k) The business enterprise shall have uninterrupted rights to operate its existing business during the unexpired term of its authorised operating period;

(l) Interest rates and exchange rates in the localities for the operation of the business enterprise will not differ materially from those presently prevailing;

(m) All relevant approvals, business certificates, licences or other legislative or administrative authority from any local, provincial or national government, or private entity or organisation required to operate will be officially obtained and renewable upon expiry unless otherwise stated; and

(n) There will be no major changes in the political, legal, economic or financial conditions and taxation laws in the localities in which the business enterprise operates or intends to operate, which would adversely affect the revenues and profits attributable to the business enterprise upon the disposal of the biological assets.

17. Biological Assets *(Continued)*

Sensitivity analysis

Change in the discount rate applied resulted in significant fluctuations in the changes in fair values of biological assets. The following table illustrates the net change in fair value of biological assets of the Group in case of the discount rate applied by the Valuer for the year ended 31 March 2015 is increased to 18.60% or decreased to 8.60%.

	18.60% DKK	Base case DKK	18.60% HK$	Base case HK$
Net change in fair value less costs to sell	(817,260)	16,600,650	(911,245)	18,509,725

	8.60% DKK	Base case DKK	8.60% HK$	Base case HK$
Net change in fair value less costs to sell	1,089,680	16,600,650	1,214,993	18,509,725

Change in the average skins price applied resulted in significant fluctuations in the changes in fair values of biological assets. The following table illustrates the net change in fair value of biological assets of the Group in case of increase or decrease by 5% in the average skins price applied by the Valuer for the year ended 31 March 2015.

	+/-5% DKK	Base case DKK	+/-5% HK$	Base case HK$
Net change in fair value less costs to sell	+/-3,280,830	16,600,650	+/-3,658,125	18,509,725

Change in the birth rate applied resulted in significant fluctuations in the changes in fair values of biological assets. The following table illustrates the net change in fair value of biological assets of the Group in case of increase to 6 or decrease to 4 in the birth rate applied by the Valuer for the year ended 31 March 2015.

	Increase to 6 DKK	Base case DKK	Increase to 6 HK$	Base case HK$
Net change in fair value less costs to sell	3,813,880	16,600,650	4,252,476	18,509,725

	Decrease to 4 DKK	Base case DKK	Decrease to 4 HK$	Base case HK$
Net change in fair value less costs to sell	(3,813,880)	16,600,650	(4,252,476)	18,509,725

17. Biological Assets *(Continued)*

The qualification of Valuer

The Group's biological assets were independently valued by Peak Vision Appraisals Limited (the "Valuer") as at 31 March 2015 (the "Valuation Date"). The professional valuers in charge of this valuation have appropriate qualifications and relevant experience in various appraisal assignments involving biological assets and agricultural produce. The professional valuers involved in this valuation include a professional member of the Royal Institution of Chartered Surveyors (MRICS) and of the Hong Kong Institute of Surveyors (MHKIS) and have appraisal experience in a broad range of assets such as property assets, industrial assets, biological assets, mining rights and assets, technological assets and financial assets in the PRC, Hong Kong, Europe and abroad. They have previously participated in the valuation of biological assets and agricultural produce such as hogs, vegetables, fruits, grains and landscaping plants.

As stated in the RICS Valuation — Professional Standards January 2014 issued by the Royal Institution of Chartered Surveyors and The Hong Kong Valuation Standards 2012 Edition issued by the Hong Kong Institute of Surveyors, valuations undertaken for inclusion in a financial statement shall be provided to meet the requirements of the Hong Kong Accounting Standards, including HKAS 41 Agriculture.

Based on the above qualification and various experiences of the Valuer and/or its members in providing biological asset valuation services to various companies listed on the Stock Exchange, which are engaged in the husbandry and agriculture industry, our directors are of the view that the Valuer is competent to determine the fair value of our Group's biological assets.

18. Available-For-Sale Investment

	2015 **HK$**	2014 HK$
Unlisted investment at fair value	**10,122,640**	—

The investment referred to the guaranteed return investment issued by a financial institution. The carrying amount of the investment was determined with reference to cash value quoted from the statement issued by the financial institution. The investment has not been past due or impaired at the end of the reporting period.

19. Inventories

	2015 **HK$**	2014 HK$
Trading goods		
— Pelted skins	**23,571,011**	15,039,850
— Raw skins	**57,006,461**	40,285,384
	80,577,472	55,325,234

All of the inventories of the Company were carried at lower of cost or net realisable value at 31 March 2015 and 2014 respectively.

20. Trade and Other Receivables

	2015 HK$	2014 HK$
Trade receivables	**59,075,185**	101,427,009
Commission receivables	**2,954,232**	—
Less: impairment losses on trade receivables	**—**	—
	62,029,417	101,427,009
Other receivables:		
Auction deposit	**2,824,688**	2,312,473
Feed deposit	**333,349**	380,869
Prepayment	**1,341,943**	383,858
Rental deposit	**153,275**	152,631
Utilities deposit	**33,600**	33,600
Others	**35,011**	290,043
	66,751,283	104,980,483

The Group allows a credit period ranging from 0 day to 120 days. The aging analysis of the Group's trade receivables, net of allowance for doubtful debts based on invoice date as at 31 March 2015 and 2014 were as follows:

	2015 HK$	2014 HK$
0 - 60 days	**40,596,172**	75,169,520
61 - 90 days	**19,929,582**	13,339,649
91 - 120 days	**966,598**	12,917,840
Over 120 days	**537,065**	—
	62,029,417	101,427,009

The directors consider that the carrying amounts of trade and other receivables approximate to their fair values.

As at 8 June 2015, approximately HK$26,080,000 of trade receivables had been settled.

Trade receivables disclosed above include amounts which are past due at 31 March 2015 and 2014 for which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right to offset against any amounts owned by the Group to the counterparty.

20. Trade and Other Receivables *(Continued)*

The following is an aging analysis of the Group's trade receivables based on due date that are past due but not impaired at 31 March 2015 and 31 March 2014.

	2015 HK$	2014 HK$
0 - 60 days	**487,045**	381,084
61 - 90 days	**—**	—
91 - 120 days	**—**	—
Over 120 days	**50,020**	—
	537,065	381,084

21. Loan Receivables

	2015 HK$	2014 HK$
Loans to customers	**89,496,983**	96,842,633
Accrued interest receivables	**4,754,787**	9,899,497
	94,251,770	106,742,130
Less: impairment loss on individual assessment	**—**	—
	94,251,770	106,742,130

The Group offered a credit period of 180 days from the advancement to its customers with the range of interest rate from 12% to 18% per annum. The Group maintains strict control over its outstanding loans to minimise credit risk. Overdue balance is reviewed regularly by management.

The following is an aging analysis of the Group's loan receivables by age, presented based on the issue date of loan and net of allowance for doubtful debts at 31 March 2015 and 2014:

	2015 HK$	2014 HK$
0 - 60 days	**45,981,011**	—
61 - 90 days	**—**	—
91 - 180 days	**17,093,367**	21,497,768
Over 180 days	**26,422,605**	75,344,865
	89,496,983	96,842,633

21. Loan Receivables *(Continued)*

The directors consider that the carrying amounts of loans receivables approximate their fair values.

As at 8 June 2015, approximately HK$75,114,000 of loans receivables had been settled.

Loan receivables disclosed above include amounts which are past due at the end of reporting period for which Loyal Speed Limited (the "Loyal Speed") has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable. The repayment of the loan receivables were secured by lien over the fur skins purchased by such loans.

The following is an aging analysis of the Group's loan receivables that are past due but not impaired at 31 March 2015 and 2014.

	2015 **HK$**	2014 HK$
0 - 60 days	**24,664,868**	6,450,195
61 - 90 days	**—**	68,894,670
91 - 180 days	**1,757,737**	—
Over 180 days	**—**	—
	26,422,605	75,344,865

22. Pledged Bank Deposits

The amount represents deposits pledged to banks to secure loan facilities granted to the Group and are therefore classified as current assets.

The deposits carry variable interest rate ranging from 0.6% to 1.2% per annum (2014: 0.8% to 1.1% per annum). The pledged bank deposits have been released during the year.

23. Derivative Financial Instruments

The derivative financial instruments represent certain US$/DKK foreign exchange forward contracts held by the Group. The Group would sell United States dollars ("US$") to the bank in exchange for Danish Kroner ("DKK") at the agreed forward rate.

The fair values of foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates, with the assumptions that there will be no material change in the political, legal, fiscal, technological, market and economic conditions that will materially affect the price of the underlying currencies of the foreign exchange forward contracts and the interest rates and exchange rates will not differ materially from those of present or expected.

The sensitivity analysis on the potential loss resulting from fluctuation of the underlying currencies is set out in Note 41.

	2015 **HK$**	2014 HK$
Financial assets		
Balance at the beginning of the year	**—**	—
Changes in fair value of derivative financial instruments	**149,143**	—
Balance at the end of the year	**149,143**	—
Financial liabilities		
Balance at the beginning of the year	**—**	—
Changes in fair value of derivative financial instruments	**(150,258)**	—
Balance at the end of the year	**(150,258)**	—

24. Bank Balances And Cash

The amounts comprise cash held by the Group and short-term bank deposits at market interest rates ranging from 0.001% to 0.01% with an original maturity of three months or less. The fair value of these assets at 31 March 2015 approximates to the corresponding carrying amounts.

25. Trade and Other Payables

	2015 HK$	2014 HK$
Trade payables	**34,904,254**	32,070,051
Other payables:		
Accruals	**4,684,498**	1,301,211
Accrued audit fee	**700,000**	680,000
Accrued auction interest	**1,890,066**	—
Accrued bond interest	**229,165**	229,165
Accrued rental expenses	**16,050**	25,812
Accrued wages and pension	**595,000**	614,266
Rental deposit	**26,091**	11,400
Receipt in advance	**16,813,985**	20,272,230
	59,859,109	55,204,135

Receipt in advance included approximately HK$16,270,000 was interest bearing. The amounts will be charged at interest rates ranging from 3.16% to 3.49% per annum.

The Group normally settles the outstandings due to trade payables within 21 days credit term. Based on the invoice date, aging analysis of trade payables as at 31 March 2015 and 2014 were as follows.

	2015 HK$	2014 HK$
0 - 60 days	**—**	32,070,051
61 - 90 days	**4,711,246**	—
91 - 120 days	**—**	—
Over 120 days	**30,193,008**	—
	34,904,254	32,070,051

The directors consider that the carrying amounts of trade payables approximate to their fair values.

26. Bank Borrowings

	2015 HK$	2014 HK$
Trust receipt loans	**101,666,325**	84,646,046
Term loan	**43,464,153**	18,727,086
	145,130,478	103,373,132

The trust receipt loans and term loan were secured by corporate guarantee given by the Company. The trust receipt loans will be charged at variable interest rates ranging from about 2.23% to 2.90% (2014: about 2.23% to 2.96%), the term loan will be charged at interest rates of about 2.00% to 3.62% (2014: about 2.46% to 3.50%). The trust receipt loans and term loan of HSBC are pledged by available-for-sale investment as disclosed in Note 18.

The amounts repayable as extracted from agreed repayment schedules from financial institutions were as follows:

	2015 HK$	2014 HK$
On demand or within one year	**117,978,932**	99,359,808
More than one year, but not exceeding two years (Note)	**13,898,853**	3,430,086
More than two years, but not exceeding five years (Note)	**11,629,843**	583,238
More than five years (Note)	**1,622,850**	—
	145,130,478	103,373,132

Note: These bank loans that are not repayable within one year from the end of the reporting period but as these term loans include a clause that gives the lender the unconditional right to call the loans at any time, and according to HK Int 5 which requires the classification of the whole term loans containing the repayment on demand clause as current liabilities, all the term loans were classified by the Group as current liabilities.

27. Obligations Under Finance Lease

The Group leases a motor vehicle under finance lease. The lease term is 32 months . Interest rate underlying all obligations under finance lease is about 1.8% per annum. This lease has no terms of renewal or purchase options and escalation clauses. No arrangements have been entered into for contingent rental payments.

	2015 HK$	2014 HK$
Analysed for reporting purpose as:		
Current liabilities	**194,897**	186,580
Non-current liabilities	**16,628**	211,525
	211,525	398,105

27. Obligations Under Finance Lease *(Continued)*

	Minimum lease payments		Present value of minimum lease payments	
	2015	2014	**2015**	2014
	HK$	HK$	**HK$**	HK$
Amounts payable under finance leases:				
Within one year	**200,268**	200,268	**194,897**	186,580
In more than one year but not more than two years	**16,689**	200,268	**16,628**	194,897
In more than two years but not more than five years	**–**	16,689	**–**	16,628
In more than five years	**–**	–	**–**	–
	216,957	417,225	**211,525**	398,105
Less: Future finance charges	**(5,432)**	(19,120)	**–**	–
Present value of lease obligations	**211,525**	398,105	**211,525**	398,105
Less: Amounts due for settlement within 12 months (shown under current liabilities)			**(194,897)**	(186,580)
Amounts due for settlement after 12 months			**16,628**	211,525

The Group's obligations under finance lease are secured by the charge over the leased motor vehicle.

Finance lease obligations are denominated in Hong Kong dollars, which is also the functional currency of the relevant group entity.

28. Corporate Bond

The Group issued a corporate bond with the principal amount of HK$10,000,000 at the interest rate of 5.5% per annum payable annually for 7 years which is due on 18 November 2019.

29. Promissory Note

	2015 HK$	2014 HK$
Issued during the year at fair value	–	17,620,146
Imputed interest	–	954,568
	–	18,574,714

The promissory note was issued by Trade Region Limited ("Trade Region"), a wholly-owned subsidiary of the Company, in connection with the acquisition of the entire issued share capital of Loyal Speed on 13 May 2013. The promissory note represented part of the consideration for the acquisition of Loyal Speed.

The promissory note is non-interest bearing and payable on maturity of two years. The fair value of the promissory note in principal amount of HK$20,000,000 was approximately HK$17,620,146 as at the issue date (i.e. 13 May 2013), based on the professional valuation performed by Assets Appraisal Limited. The effective interest rate of the promissory note is determined to be 6.54% per annum. The fair value of the promissory note is calculated using cash flows discounted at a rate based on the borrowings rate of 6.54% and are within Level 3 of the fair value hierarchy.

The promissory note with principal amount of HK$20,000,000 was fully repaid on 30 September 2014 and 3 October 2014 respectively. A loss on early redemption of approximately HK$763,407 has been recognised in the consolidated statement of profit or loss and other comprehensive income.

30. Deferred Taxation

The following are the major deferred tax liability and asset recognised by the Group and movements thereon during the current year and prior year:

	Accelerated tax depreciation HK$	Tax losses HK$	Total HK$
At 1 April 2013	7,470	(503,089)	(495,619)
Acquisition of a subsidiary	4,982	—	4,982
Charge to profit or loss for the year	114,629	503,089	617,718
At 31 March 2014 and 1 April 2014	127,081	—	127,081
Charge to profit or loss for the year	(12,062)	(1,241,921)	(1,253,983)
At 31 March 2015	115,019	(1,241,921)	(1,126,902)

At the end of reporting period, the Group has unused tax losses of approximately HK$10,607,000 (2014: approximately HK$6,311,000) available to set off against future profits that may be carried forward indefinitely. A deferred tax asset has been recognised in respect of approximately HK$7,527,000 (2014: Nil) of such losses. No deferred tax has been recognised in respect of the remaining approximately HK$3,080,000 (2014: approximately HK$6,311,000) due to the unpredictability of future profit streams.

31. Share Capital

	Notes	Number of ordinary shares of HK$0.01 each	HK$
Authorised:			
At 1 April 2013, 1 April 2014 and 31 March 2015		2,500,000,000	25,000,000
Issued and fully paid:			
At 1 April 2013		1,152,000,000	11,520,000
Issue of shares upon bonus issue		235,936,000	2,359,360
Exercise of Pre-IPO Share Options		33,440,000	334,400
Issue of shares by placing for cash		230,400,000	2,304,000
At 31 March 2014 and 1 April 2014		1,651,776,000	16,517,760
Issue of shares upon bonus issue	(a)	330,355,200	3,303,552
Exercise of Pre-IPO Share Options	(b)	2,960,800	29,608
Issue of shares upon exercise of warrants	(c)	50,000,000	500,000
Shares buy-back	(d)	(28,790,000)	(287,900)
At 31 March 2015		2,006,302,000	20,063,020

During the year ended 31 March 2015, the movements in the Company's share capital are as follows:

(a) The Board proposed a bonus issue on the basis of one bonus share for every five existing shares held by the members whose names were on the register of members of the Company on 26 July 2014 (the "Bonus Issue"). The proposed Bonus Issue was approved by the members at the annual general meeting of the Company held on 18 July 2014. A total of 330,355,200 bonus shares of HK$0.01 each were issued by way of the Bonus Issue on 26 July 2014.

(b) During the year, 2,960,800 new ordinary shares of HK$0.01 each were issued on exercise of 2,960,800 share options (the "Pre-IPO Share Options") under the pre-IPO share option scheme of the Company (the "Pre-IPO Share Option Scheme") at an aggregate consideration of HK$535,905, of which HK$29,608 was credited to share capital and the remaining balance of HK$506,297 was credited to the share premium account. In addition, an amount attributable to the related Pre-IPO Share Options of HK$168,609 has been transferred from share option reserve to share premium account.

31. Share Capital *(Continued)*

(c) On 8 August 2014, a total number of 200,000,000 unlisted warrants were issued to the warrant holders. During the year, 50,000,000 ordinary shares of HK$0.01 each were allotted and issued on exercise of 50,000,000 warrants at subscription price of HK$0.199 each, and an aggregate consideration HK$9,950,000 was received by the Company. Details of warrants during the year ended 31 March 2015 are set out in Note 33.

(d) Pursuant to the repurchase mandate granted at the Annual General Meeting held on 18 July 2014, the Company may repurchase up to 165,177,600 ordinary shares. During the year, the Company repurchased its own shares through Stock Exchange as follows:

	No. of shares of HK$0.01 each	Price per share Highest	Price per share Lowest	Aggregate consideration paid
		HK$	HK$	HK$
Month of repurchase				
November 2014	8,960,000	0.355	0.335	3,156,494
December 2014	19,830,000	0.350	0.290	6,323,008
	28,790,000			9,479,502

The above shares were cancelled upon repurchase. None of the Company's subsidiaries repurchased, sold or redeemed any of the Company's shares during the year.

32. Pledge of Assets

As at 31 March 2015, the Group pledged plant and machinery, office equipment, motor vehicle, biological assets and inventories of approximately DKK10,000,000 (equivalent to HK$11,150,000) to secure the cash advance granted to the Group.

In addition to the cash advance, the Group was also pledged the available-for-sale investment with carrying amount approximately HK$10,123,000 (2014: approximately HK$8,529,000 bank deposits) to secure a banking facilities granted to the Group.

33. Warrants

On 16 July 2013, the Company issued a total of 114,000,000 unlisted warrants (the "Warrants A") under specific mandate at HK$0.005 per warrant to three independent third parties of the Group. Each warrant A entitled its holder to subscribe for one ordinary share in the Company at HK$0.32 within the period of 12 months from 16 July 2013.

The subscription right under Warrants A lapsed on 16 July 2014 and no shares were allotted and issued during the exercise period of Warrants A.

On 8 August 2014, the Company issued a total of 200,000,000 unlisted warrants (the "Warrants B") under general mandate at HK$0.006 per warrant to six independent third parties of the Group. Each Warrant B entitles its holder to subscribe for one ordinary share in the Company at HK$0.199 within the period of 24 months ending 8 August 2016.

During the year ended 31 March 2015, 50,000,000 ordinary shares were issued for cash at subscription price of HK$0.199 per share. At 31 March 2015, there were 150,000,000 Warrants B outstanding.

34. Operating Lease Commitment

The Company as lessee

	2015 HK$	2014 HK$
Minimum lease payments paid under operating leases during the year		
Rented premises	**898,110**	556,963
Rented equipment	**25,309**	15,566
	923,419	572,529

At 31 March 2015, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	2015 HK$	2014 HK$
Within one year	**675,047**	802,032
In the second to fifth years inclusive	**—**	576,000
Over five years	**—**	—
	675,047	1,378,032

Operating lease payments represent rentals payable by the Group for certain of its office. Leases are negotiated for a term from 1 to 3 years.

The Group as lessor

Property rental income earned during the year was approximately HK$173,279 (2014: approximately HK$191,856). The investment properties are held for rental purposes. It is expected to generate rental yields of 15% (2014: 13%) on an ongoing basis. The investment properties were vacant at the end of reporting period.

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

	2015 HK$	2014 HK$
Within one year	**45,767**	56,280
In the second to fifth years inclusive	**70,852**	1,820
Over five years	**—**	—
	116,619	58,100

35. Share-Based Payment Transactions

The Company has two share option schemes namely, the Pre-IPO Share Option Scheme and the share option scheme ("Share Option Scheme, together with the Pre-IPO Share Option Scheme, the "Share Option Schemes"), both of which were adopted on 1 August 2012.

Pre-IPO Share Option Scheme

Pursuant to a written resolution of the Company passed on 1 August 2012, the Company has conditionally adopted the Pre-IPO Share Option Scheme on 1 August 2012 for the primary purpose of providing incentive to eligible participants. The total number of shares in respect of which share options granted and remained outstanding under the Pre-IPO Share Option Scheme as at 31 March 2015 was 66,389,600 (2014: 57,792,000) which represented approximately 3.3% (2014: 3.5%) of the issued share capital of the Company as at 31 March 2015.

As at 31 March 2015 details of the share options granted under the Pre-IPO Share Option Scheme and the shares underlying such options are as follows:

	Option type	Date of grant	Exercise price HK$	Adjusted exercise price (Note) HK$	Number of shares which may be allotted and issued upon exercise of Share Options as at 1.4.2014	Number of shares which may be allotted and issued upon exercise of Share Options granted during the year	Number of shares allotted and issued upon exercise of Share Options during the year	Number of shares which would not be allotted and issued due to lapse of Share Options during the year	Adjustment for the number of shares due to the issuance of bonus shares during the year (Note)	Number of shares which may be allotted and issued upon exercise of Share Options as at 31.3.2015
Directors	A	1 August 2012	0.208	0.144	39,936,000	–	–	–	7,987,200	47,923,200
Employees	B	1 August 2012	0.260	0.181	6,336,000	–	(2,960,800)	–	1,267,200	4,642,400
Others	C	1 August 2012	0.260	0.181	11,520,000	–	–	–	2,304,000	13,824,000
Total					57,792,000	–	(2,960,800)	–	11,558,400	66,389,600

Note: On 25 July 2014, the Company issued one bonus share for every five then existing shares to shareholders whose names appear on the register of members of the Company on that day. The issued share capital of the Company was therefore increased by 330,355,200 shares of HK$0.01 each accordingly. As a result of the issue of new shares by such bonus issue, the exercise price and the number of the outstanding share options were adjusted in accordance with i) the terms of the Pre-IPO share option scheme adopted by the then sole shareholder of the Company on 1 August 2012; ii) Rule 23.03(13) and Note to Rule 23.03(13) of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules"); and iii) the supplementary guidance issued by the Stock Exchange on 5 September 2005 regarding adjustment of share options under the GEM Listing Rules with effect from 26 July 2014.

35. Share-Based Payment Transactions *(Continued)*

Pre-IPO Share Option Scheme *(Continued)*

As at 31 March 2014 details of the share options granted under the Pre-IPO Share Option Scheme and the shares underlying such options are as follows:

	Option type	Date of grant	Exercise price	Adjusted exercise price	Number of shares which may be allotted and issued upon exercise of Share Options as at 1.4.2013	Number of shares which may be allotted and issued upon exercise of Share Options granted during the year	Number of shares allotted and issued upon exercise of Share Options during the year	Number of shares which would not be allotted and issued due to lapse of Share Options during the year	Adjustment for the number of shares due to the issuance of bonus shares during the year	Number of shares which may be allotted and issued upon exercise of Share Options as at 31.3.2014
				(Note)					(Note)	
			HK$	HK$						
Directors	A	1 August 2012	0.208	0.173	60,480,000	–	(27,200,000)	–	6,656,000	39,936,000
Employees	B	1 August 2012	0.260	0.217	5,760,000	–	(480,000)	–	1,056,000	6,336,000
Others	C	1 August 2012	0.260	0.217	14,400,000	–	(5,760,000)	–	2,880,000	11,520,000
Total					80,640,000	–	(33,440,000)	–	10,592,000	57,792,000

Note: On 15 July 2013, the Company issued one bonus share for every five then existing shares to shareholders whose names appear on the register of member of the Company on 5 July 2013. The issued share capital of the Company was therefore increased by 235,936,000 shares of HK$0.01 each. As a result of the issue of new shares by such bonus issue, the exercise price and the number of the outstanding share options has been adjusted in accordance with i) the terms of the Pre-IPO share option scheme adopted by the then sole shareholder of the Company on 1 August 2012; ii) Rule 23.03(13) and Note to Rule 23.03(13) of the GEM Listing Rules; and iii) the supplementary guidance issued by the Stock Exchange on 5 September 2005 regarding adjustment of share options under the GEM Listing Rules, with effect from 6 July 2013.

Details of specific categories of options are as follows:

Option type	Date of grant	Exercise period	Exercise price
			HK$
A	1 August 2012	1/2 portion: 1 February 2013 to 31 July 2022 1/2 portion: 1 February 2014 to 31 July 2022	0.208
B	1 August 2012	1/3 portion: 1 April 2013 to 31 July 2022 1/3 portion: 1 April 2014 to 31 July 2022 1/3 portion: 1 April 2015 to 31 July 2022	0.260
C	1 August 2012	All portion: 1 May 2013 to 31 July 2022	0.260

35. Share-Based Payment Transactions *(Continued)*

Pre-IPO Share Option Scheme *(Continued)*

The fair value of the granted option amounted for HK$6,923,241, which will be charged to profit or loss through the vesting period. HK$64,978 (2014: HK$2,296,354) has been recognised as share based payments expenses during the year.

Share Option Scheme

The Company adopted the Share Option Scheme on 1 August 2012, the Share Option Scheme is valid and effective for a period of 10 years. It is a share incentive scheme established to recognise and motivate the contribution of the eligible participants and to provide them with a direct economic interest in attaining the long term business objectives of the Company. Pursuant to the Share Option Scheme, the Board may, at its discretion, offer to grant an option to any director, employee and any advisor or consultant who has contributed or is expected to contribute to the Group.

The total number of shares in respect of which share options may be granted under the Share Option Scheme ("Share Options") must not exceed 10% of the total number of issued shares of the Company as at 18 July 2014, the date which the number of shares which may be issued under the Share Option Scheme was refreshed.

The total number of shares issued and which may fall to be issued upon exercise of the Share Option(s) to eligible participants in any 12-month period up to and including the date of grant shall not exceed 1% of the shares in issue as the date of grant. Any grant of Share Option in excess of this 1% limit during the period shall be subjected to the approval of shareholders in a general meeting.

The subscription price of a share in respect of any particular Share Option shall not be less than the highest of:

(i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheets on the date of grant;

(ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of grant; or

(iii) the nominal value of a share.

35. Share-Based Payment Transactions *(Continued)*

Share Option Scheme *(Continued)*

As at 31 March 2015 details of the Share Options and the shares underlying such options are as follows:

	Date of grant	Exercise price	Adjusted exercise price (Note)	Number of shares which may be allotted and issued upon exercise of Share Options as at 1.4.2014	Number of shares which may be allotted and issued upon exercise of Share Options granted during the year	Number of shares which may be allotted and issued upon exercise of Share Options during the year	Number of shares which would not be allotted and issued due to lapse of Share Options during the year	Adjustment for the number of shares due to the issuance of bonus shares during the year (Note)	Number of shares which may be allotted and issued upon exercise of Share Options as at 31.3.2015
		HK$	HK$						
Director									
Ms. Kwok Yin Ning	13 August 2014	0.226	–	–	13,000,000	–	–	–	13,000,000
Mr. Wong Chun Chau	13 August 2013	0.408	0.340	12,250,000	–	–	–	2,450,000	14,700,000
	14 August 2014	0.218	–	–	6,000,000	–	–	–	6,000,000
Employee	13 August 2014	0.226	–	–	480,000	–	–	–	480,000

Note: On 25 July 2014, the Company issued one bonus share for every five then existing shares to shareholders whose names appear on the register of members of the Company on that day. The issued share capital of the Company was therefore increased by 330,355,200 shares of HK$0.01 each accordingly. As a result of the issue of new shares by such bonus issue, the exercise price and the number of the outstanding share options were adjusted in accordance with i) the terms of the Pre-IPO share option scheme adopted by the then sole shareholder of the Company on 1 August 2012; ii) Rule 23.03(13) and Note to Rule 23.03(13) of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”); and iii) the supplementary guidance issued by the Stock Exchange on 5 September 2005 regarding adjustment of share options under the GEM Listing Rules with effect from 26 July 2014.

Exercise period of the Share Options is 24 months commencing from the date of grant.

The fair value of the Share Options granted was determined by an independent third party, Asset Appraisal Limited, by using Binomial Option Pricing Model, the assumption used to determine the value for the Scheme were as follows:

Share Options granted on 13 August 2014

Vesting period	Underlying share value	Exercise multiple	Risk free rate	Volatility	Employee exit rate post-vesting	Dividend yield
Nil	HK$0.226	1.27-1.47	0.301%	42.245%	Nil	1.33%

35. Share-Based Payment Transactions *(Continued)*

Share Option Scheme *(Continued)*

Share Options granted on 14 August 2014

Vesting period	Underlying share value	Exercise multiple	Risk free rate	Volatility	Employee exit rate post-vesting	Dividend yield
Nil	HK$0.218	1.47	0.272%	42.284%	Nil	1.38%

Note:

(a) the exercise multiple defines the early exercise strategy.

(b) risk free rate represents the yields to maturity of Hong Kong Exchange Fund Note with respective terms to maturity as at the valuation date, 13 August 2014 and 14 August 2014.

(c) dividend yield was calculated based on the closing price as at valuation date and the historical dividends per share.

(d) exit rate-post vesting is the percentage of share option lapsed after the vesting period.

(e) volatility is the annualised standard deviation of daily return of the Company's and comparable companies' share price with reference to Bloomberg.

The fair value of the granted options amounted to approximately HK$870,327, which will be charged to profit or loss upon the date of grant.

As at 31 March 2014 details of the Share Options and the Shares underlying such options are as follows:

	Date of grant	Exercise price HK$	Number of shares which may be allotted and issued upon exercise of Share Options at 1.4.2013	Number of shares which may be allotted and issued upon exercise of Share Options granted during the year	Number of shares which may be allotted and issued upon exercise of Share Options during the year	Number of shares which would not be allotted and issued due to lapse of Share Options during the year	Number of shares which may be allotted and issued upon exercise of Share Options as at 31.3.2014
Director							
Mr. Wong Chun Chau	13 August 2013	0.408	–	12,250,000	–	–	12,250,000

35. Share-Based Payment Transactions *(Continued)*

Share Option Scheme *(Continued)*

Exercise period of the Share Options is 24 months commencing from the date of grant.

The fair value of the Share Option granted was determined by an independent third party, Asset Appraisal Limited, by using Binomial Option Pricing Model, the assumption used to determine the value for the Scheme were as follows:

Vesting period	Underlying share value	Exercise multiple	Risk free rate	Volatility	Employee exit rate post-vesting	Dividend yield
Nil	HK$0.385	2.8	0.28%	35.85%	Nil	1.82%

Note:

(a) the exercise multiple defines the early exercise strategy.

(b) risk free rate represents the yields to maturity of Hong Kong Exchange Fund Note with respective terms to maturity as at the valuation date, 13 August 2013.

(c) dividend yield was calculated based on the closing price as at valuation date and the historical dividends per share.

(d) exit rate-post vesting is the percentage of share option lapsed after the vesting period.

(e) volatility is the annualised standard deviation of daily return of the Company's and comparable companies' share price with reference to Bloomberg.

The fair value of the granted options amounted to approximately HK$756,316, which will be charged to profit or loss upon the date of grant.

36. Retirement Benefit Plans

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") for all its qualifying employees in Hong Kong under the Mandatory Provident Fund Scheme Ordinance. The assets of the MPF Scheme were held separately from those of the Group in funds under the control of an independent trustee. Under the rule of the MPF Scheme, the employer and its employees were each required to make contributions to the scheme at rates specified in the rules. The only obligation of the Group with respect of MPF Scheme was to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in the future years.

The employees of the Group's subsidiary in the Denmark are members of Compulsory occupational pension scheme. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

37. Contingent Liabilities

As at 31 March 2015, the Company has granted a corporate guarantee to secure general banking facilities which is available to U.K. Fur Limited and Loyal Speed. According to the terms of banking facilities, up to HK$178.7 million (2014: HK$173 million) is granted to U.K. Fur Limited while up to HK$2.7 million (2014: HK$8 million) is granted to Loyal Speed.

38. Event After the Reporting Period

Pursuant to the announcements dated 20 April 2015 and 2 June 2015, UKF (Denmark) A/S, an indirect wholly owned subsidiary of the Company, signed two acquisition agreements on 20 April 2015 as purchaser in respect of acquisition of two mink farms located in Denmark by total consideration of DKK21,000,000 (equivalent to about HK$23,520,000) and on 2 June 2015, UKF (Denmark) A/S entered into another acquisition agreement as purchaser to acquire another mink farm located in Denmark by total consideration of DKK10,500,000 (equivalent to about HK$11,865,000).

The Board has proposed to make a bonus issue of one new share credited as fully paid for every five shares held by shareholders whose names appear on the register of members on 31 July 2015. The relevant resolution will be proposed at the forthcoming annual general meeting.

39. Related Party Transactions

(a) During the year, the Group entered into the following transactions with related parties. The transactions were carried out at estimated market prices determined by the directors of the Company.

Name of related party	Nature of transaction	2015 HK$	2014 HK$
Universal Apparel Limited	Rental of premise	**576,000**	300,000
The Unikoi Company Limited	Consultancy fee	**393,600**	164,000
		969,600	464,000

39. Related Party Transactions *(Continued)*

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year were as follow:

	2015 **HK$**	2014 HK$
Short-term benefits	**3,439,366**	3,371,400
Post-employment benefits	**55,351**	47,268
Share-based payments	**857,051**	2,383,832
	4,351,768	5,802,500

The remuneration of directors and key executives is determined by the Board and reviewed by the remuneration committee having regard to the performance of individuals and market trends.

40. Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through optimisation of the debt and equity balance. The Group's overall strategy remained unchanged as compared to that in 2014.

The capital structure of the Group consists of net debts, which included, corporate bond, promissory note, bank borrowings and obligations under finance lease disclosed in notes 28, 29, 26 and 27 respectively, net of cash and cash equivalents and equity attributable to the shareholders of the Company, comprising issued share capital, share premium, reserve and retained profit.

The directors of the Company review the capital structure periodically. The directors of the Company consider the cost of capital and the risks associated with each class of capital will be balanced through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt. No changes were made in the objectives, policies or processes as compared to that in 2014.

40. Capital Risk Management *(Continued)*

The management considers the gearing ratio at the year ended was as follows:

	2015 HK$	2014 HK$
Total borrowings:		
Bank borrowings	**145,130,478**	103,373,132
Corporate bond	**10,000,000**	10,000,000
Promissory note	**—**	18,574,714
Obligations under finance lease	**211,525**	398,105
	155,342,003	132,345,951
Total assets	**521,935,027**	467,256,837
Gearing ratio	**29.76%**	28.32%

41. Financial Risk Management Objectives and Policies

The Group's major financial instruments include trade and other receivables, borrowings, trade and other payables, corporate bond and promissory note. 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. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Liquidity risk

The Group monitors its current and expected liquidity requirements regularly and ensuring sufficient liquid cash and adequate committed lines of funding from reputable financial institutions are available to meet the Group's liquidity requirements in the short and long term.

The Group relies on auction loans and bank borrowings as a significant source of liquidity. At 31 March 2015, the Group has banking facilities with maximum limit of HK$181 million (2014: HK$181 million). Details of the bank borrowings are set out in note 26.

41. Financial Risk Management Objectives and Policies *(Continued)*

Liquidity risk *(Continued)*

The following table set out the details of the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group may be required to pay.

	At 31 March 2015				
	On demand HK$	**Within 1 year HK$**	**2-5 years HK$**	**Over 5 years HK$**	**Total HK$**
Trade and other payables	**59,859,109**	**—**	**—**	**—**	**59,859,109**
Bank borrowings					
— due within one year	**145,130,478**	**—**	**—**	**—**	**145,130,478**
Bank overdraft	**171,850**	**—**	**—**	**—**	**171,850**
Corporate bond	**—**	**—**	**10,000,000**	**—**	**10,000,000**
Obligations under finance lease	**—**	**194,897**	**16,628**	**—**	**211,525**
	205,161,437	**194,897**	**10,016,628**	**—**	**215,372,962**

	At 31 March 2014				
	On demand HK$	Within 1 year HK$	2-5 years HK$	Over 5 years HK$	Total HK$
Trade and other payables	55,204,135	—	—	—	55,204,135
Bank borrowings					
— due within one year	103,373,132	—	—	—	103,373,132
Corporate bond	—	—	—	10,000,000	10,000,000
Promissory note	—	—	18,574,714	—	18,574,714
Obligations under finance lease	—	186,580	211,525	—	398,105
	158,577,267	186,580	18,786,239	10,000,000	187,550,086

41. Financial Risk Management Objectives and Policies *(Continued)*

Liquidity risk *(Continued)*

The following table details the Group's liquidity analysis for its derivative instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows from derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows from those derivatives that require gross settlement.

	Less than 1 month HK$	1-3 months HK$	3 months -1 year HK$	Total undiscounted cash flows HK$
At 31 March 2015				
Derivatives — net settlement				
Foreign currency forward contract — outflow	**23,656,252**	**—**	**—**	**23,656,252**
	23,656,252	**—**	**—**	**23,656,252**
At 31 March 2014				
Derivatives — net settlement				
Foreign currency forward contract — outflow	—	—	—	—
	—	—	—	—

Market risk

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

(a) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances and bank borrowings at 31 March 2015 (see Note 24, 26 for details of these bank balances and bank borrowings.) Management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. Fluctuations of prevailing rate quoted by the bank are the major sources of the Group's cash flows interest rate risk.

41. Financial Risk Management Objectives and Policies *(Continued)*

Market risk *(Continued)*

(a) Interest rate risk *(Continued)*

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate bank borrowings and bank balances. The analysis is prepared assuming the financial instruments outstanding at the end of reporting period were 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 post-tax profit for the year ended 31 March 2015 would decrease/increase by HK$43,235 (2014: decrease/increase by HK$170,440).

(b) Foreign Currency risk

The Group carries out its business in Hong Kong and worldwide and most of the transactions are denominated in United States dollars ("US$") and Danish Kroner ("DKK"). The sales and purchases transactions of the Group have exposed to the foreign currency risk.

To mitigate the impact of exchange rate fluctuations, the Group continually assesses and monitors the exposure of foreign currency risk. During the year under review, the Group entered into foreign currency forward contracts to mitigate the exposure to foreign currency risk due to the operation of the overseas subsidiary in Denmark. Apart from the foreign currency forward contracts, the management of the Group did not consider it necessary to use foreign currency hedging policy as the Group's assets and liabilities denominated in currencies other than the functional currency of the entity to which they related are short term foreign currency cash flows. As the HK$ is pegged to the US$, the Group considers the risk of movements in exchange rates between the HK$ and the US$ to be insignificant.

41. Financial Risk Management Objectives and Policies *(Continued)*

Market risk *(Continued)*

(b) Foreign Currency risk *(Continued)*

During the year under review, the Group has certain investments in foreign operations in Denmark, whose net assets are exposed to foreign currency risk. The impact of exchange rate fluctuations on the net assets of the Group's foreign operations is considered to be manageable as such impact will be offset by borrowings denominated in DKK.

The carrying amounts of the Group's financial assets and financial liabilities denominated in DKK at the respective reporting dates are as follows:

	Assets		Liabilities	
	2015	2014	**2015**	2014
	HK$	HK$	**HK$**	HK$
Danish Kroner	**1,407,660**	998,770	**21,367,880**	21,845,405

The following table demonstrates the sensitivity analysis of the carrying amounts of significant monetary assets and monetary liabilities denominated in DKK at the end of the reporting period if there was a 20% change in the exchange rate of HK$ against DKK, with all other variables held constant, of the Group's profit after tax.

	Impact of DKK 2015 HK$	Impact of DKK 2014 HK$
Increase/decrease in profit for the year	**3,992,044**	4,169,327

The following table demonstrates the sensitivity analysis of the foreign currency forward contracts denominated in US$ at the end of the reporting period if there was 20% change in the exchange rate of the DKK against the US$, with all other variables held constant, of the Group's profit after tax.

	Increase (decrease) in DKK rate	**Increase (decrease) in profit after tax**
	%	HK$
31 March 2015		
If DKK weakens against US$	**(20%)**	**(5,913,784)**
If DKK strengthens against US$	**20%**	**3,942,523**
31 March 2014		
If DKK weakens against US$	(20%)	—
If DKK strengthens against US$	20%	—

41. Financial Risk Management Objectives and Policies *(Continued)*

Credit risk management

At the respective reporting dates, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the combined statement of financial position.

In order to minimise the credit risk, management of the Group reviews the recoverable amount of each individual trade debt at each reporting date to ensure that appropriate and speedy follow up actions are taken on overdue balances. In this regard, the directors of the Company consider that the Group's credit risk is significant reduced.

Fair value

As at 31 March 2015, the carrying amount of cash and cash equivalents, prepayments, deposits and other receivables, accrued liabilities and other payables approximated their fair values due to the short term maturities of these assets and liabilities. The directors consider that financial assets at fair value through profit or loss are included in the statement of financial position at amount approximating to their fair values.

Some of the Group's financial assets and financial liabilities 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 and financial liabilities are determined (in particular, the valuation techniques and inputs used).

	Fair value as at			
	31 March 2015 HK$	**31 March 2014 HK$**	**Fair value hierarchy**	**Valuation techniques and key inputs**
Foreign currency forward contracts classified as derivative financial instruments	Assets 149,143	—	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
	Liabilities 150,258	—		

41. Financial Risk Management Objectives and Policies *(Continued)*

Fair value *(Continued)*

Financial liabilities	Fair value as at 31 March 2015	Fair value as at 31 March 2014	Fair value hierarchy	Valuation technique(s) and key input	Significant unobservable input(s)
Corporate bond	10,000,000	10,000,000	Level 3	Discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow out from the Group, based on an appropriate discount rate	Discount rate of 5.5%

There were no transfers between level 1, 2 and 3 in both years.

42. Particulars of Principal Subsidiaries

Name of subsidiaries	Place of incorporation	Paid up issued/ registered ordinary share capital HK$/US$/DKK	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities and principal country of operation
Loyal Speed Limited	British Virgin Islands	US$100	–	100%	Provision of fur brokerage and financing services/ Hong Kong
Trade Region Limited	British Virgin Islands	US$2	100%	–	Investment holdings/ Hong Kong
UKF (Denmark) A/S	Denmark	DKK500,000	–	100%	Mink farming/Denmark
UKF Finance Limited	Hong Kong	HK$1,000,000	100%	–	Inactive/Hong Kong
U.K. Fur Limited	British Virgin Islands	US$10,000	–	100%	Trading of fur skins/ Hong Kong

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

43. Information About the Statement of Financial Position of the Company

	2015 HK$	2014 HK$
Non-current assets		
Investment in subsidiaries	**8,200,000**	8,200,000
Deferred tax asset	**1,241,921**	—
	9,441,921	8,200,000
Current assets		
Prepayment	**137,164**	139,164
Amounts due from subsidiaries	**142,925,986**	155,660,271
Loan to a subsidiary	**64,470,706**	52,411,406
Bank balances and cash	**189,208**	238,881
Tax recoverable	**559,903**	—
	208,282,967	208,449,722
Current liabilities		
Accruals	**420,865**	322,285
Amounts due to a subsidiary	**994,290**	996,645
Tax payable	**—**	56,814
	1,415,155	1,375,744
Net current assets	**206,867,812**	207,073,978
Total assets less current liabilities	**216,309,733**	215,273,978
Non-current liability		
Corporate bond	**10,000,000**	10,000,000
Net assets	**206,309,733**	205,273,978
Capital and reserve		
Share capital	**20,063,020**	16,517,760
Reserves	**186,246,713**	188,756,218
	206,309,733	205,273,978

Profit of the Company for 2015 amounted to HK$8,418,319 (2014: profit of HK$9,802,793).

FINANCIAL SUMMARY

Results

	For the years ended 31 March				
	2011	2012	2013	2014	**2015**
	HK$	HK$	HK$	HK$	**HK$**
Revenue	109,735,579	214,552,947	297,524,230	301,637,189	**301,596,169**
Profit before tax	17,379,817	19,840,976	26,853,759	39,992,696	**38,072,633**
Income tax credit (expense)	(2,878,351)	(3,284,710)	271,943	(4,151,429)	**(1,433,480)**
Profit attributable to shareholders of the Company	14,501,466	16,556,266	27,125,702	35,841,267	**36,639,153**

Assets And Liabilities

	For the years ended 31 March				
	2011	2012	2013	2014	**2015**
Total assets	63,968,231	84,839,423	299,049,497	467,256,837	**521,935,027**
Total liabilities	(51,869,008)	(56,183,934)	(128,024,398)	(195,785,383)	**(221,178,407)**
Shareholders' equity	12,099,223	28,655,489	171,025,099	271,471,454	**300,756,620**

Note:

(i) The results for the years ended 31 March 2011 and 2012 were extracted from the Prospectus of the Company dated 15 August 2012.

(ii) Total assets and total liabilities of the Group as at 31 March 2011 and 2012 were extracted from the Prospectus of the Company dated 15 August 2012.

PARTICULARS OF MAJOR PROPERTY

Investment properties

Location	Use	Category of lease	Group's interest
Omme Landevej 35 DK - 7200 Grindsted, Denmark	Residential	Freehold	100%
Porsmark 3 Thissinghus 7970 Redsted M, Denmark	Residential	Freehold	100%

General

For the purpose of illustration only and unless otherwise stated, conversion of DKK to HK$ in this annual report is based on the exchange rate of DKK1.00 to HK$1.115. Such conversion should not be construed as a representation than any amount have been, could have been, or may be, exchanged at this or any other rate.