



SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

Stock code : 252




# 2014-15

Annual Report

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## 2 CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Chua Nai Tuen  
*(Chairman and Managing Director)*

Mr. Chua Nai King  
*(Deputy Chairman)*

Mr. Nelson Junior Chua  
Mr. Gilson Chua

#### Non-Executive Directors

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

#### Independent Non-Executive Directors

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

### AUDIT COMMITTEE

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

### REMUNERATION COMMITTEE

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

### NOMINATION COMMITTEE

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

### PRINCIPAL BANKERS

China Construction Bank (Asia)  
Corporation Limited  
DBS Bank (Hong Kong) Limited  
Hang Seng Bank Limited  
Industrial and Commercial  
Bank of China (Asia) Limited  
OCBC Wing Hang Bank Limited

### SOLICITORS

Vincent T. K. Cheung, Yap & Co.

### AUDITORS

HLB Hodgson Impey Cheng Limited  
Certified Public Accountants

### COMPANY SECRETARY

Mr. Lau Ka Chung

### REGISTERED OFFICE

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

### SHARE REGISTRAR

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

### STOCK CODE

252

### INTERNET ADDRESS HOMEPAGE

<http://www.seapnf.com.hk>

## DIRECTORS AND SENIOR MANAGEMENT PROFILE

### EXECUTIVE DIRECTORS

**Mr. Chua Nai Tuen**, aged 63, was appointed as an Executive Director and Managing Director in 1973 and was further appointed Chairman of the Company in 2000. He was appointed as the Chairman of the Nomination Committee on 16 March 2012 and a member of the Remuneration Committee on 25 March 2013 respectively. Mr. Chua is responsible for the formulation and execution of the Group's overall strategic planning, business development and seeking business opportunities for the Group. He is also the Director of other companies in the Group. He has over 35 years' experience in finance, property investment and development, hotel, manufacturing and distribution of plastics packaging materials business.

**Mr. Chua Nai King**, aged 65, was appointed as an Executive Director in 1972 and was further appointed Deputy Chairman of the Company in 2000. He is also the Director of other companies in the Group. He has over 35 years' experience in finance, property investment, property development and hotel business.

**Mr. Nelson Junior Chua**, aged 36, was appointed as a Non-executive Director of the Company on 15 April 2008 and was redesignated as an Executive Director on 16 July 2010. He is also the Director of other companies in the Group. Mr. Chua has about 10 years' experience in financial information analysis and research. He graduated from the Queen Mary & Westfield College in United Kingdom and obtained a Bachelor's degree in Molecular Biology.

**Mr. Gilson Chua**, aged 35, was appointed as an Executive Director of the Company on 15 April 2008. He joined the Group in 2002. He is the Director and Deputy General Manager of Nan Sing Plastics Limited and he is also the Director of other companies in the Group. He graduated from the University of Warwick in United Kingdom and obtained a Bachelor's degree in Computer and Business Studies.

### NON-EXECUTIVE DIRECTORS

**Mr. Chan Man Hon, Eric**, aged 58, was appointed as a Non-executive Director of the Company in 1994 and was further appointed as a member of the Audit Committee and Remuneration Committee in 2001 and 2005 respectively. Mr. Chan is a practising solicitor in Hong Kong. He obtained a Bachelor of Laws degree from the University of Hong Kong and was admitted as a solicitor in Hong Kong in 1981. He was further admitted as a solicitor in England and Australia in 1984 and 1985 respectively. He is a consultant of Vincent T. K. Cheung, Yap & Co.

## 4 DIRECTORS AND SENIOR MANAGEMENT PROFILE

### NON-EXECUTIVE DIRECTORS (Cont'd)

**Mr. Jimmy Siy Tiong**, aged 79, was appointed as a Non-executive Director of the Company in 1978. Mr. Siy was the former President of Sanyo Philippines Inc., a company incorporated in the Philippines.

**Mr. Rene Siy Chua**, aged 57, was appointed as a Non-executive Director of the Company in 2000. Mr. Chua is the General Manager of Mindanao Textile Corporation, a company incorporated in the Philippines.

**Mr. Samuel Siy Yap**, aged 56, was appointed as a Non-executive Director of the Company on 30 September 2008. Mr. Siy Yap is a businessman with over 30 years of experience in manufacturing and product distribution. He graduated from Ateneo De Manila University in the Philippines and obtained a Bachelor's degree of Science in Management Engineering.

**Mr. Tsai Han Yung**, aged 49, was appointed as a Non-executive Director of the Company in 2000 and was further appointed as a member of the Audit Committee in 2001. Mr. Tsai holds management positions in certain companies in Taiwan.

**Ms. Vivian Chua**, aged 35, was appointed as a Non-executive Director of the Company on 15 April 2008. Ms. Chua joined the Group in 2005. She is a Marketing and Planning Analyst of Nan Sing Plastics Limited and Assistant Manager responsible for the Group's property management. She graduated from The University of British Columbia in Canada and obtained a Bachelor's degree in Commerce.

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Chan Siu Ting**, aged 63, was appointed as an Independent Non-executive Director of the Company and Chairman of the Audit Committee in 2006 and a member of the Nomination Committee in 2012 respectively. Mr. Chan has been practising as a Certified Public Accountant in Hong Kong for over 10 years. He is a fellow member of The Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants and a member of The Institute of Chartered Accountants in England and Wales. He is currently a Director of Wong Chan Lau C.P.A. Company Limited, Certified Public Accountants (Practising).

## DIRECTORS AND SENIOR MANAGEMENT PROFILE


### INDEPENDENT NON-EXECUTIVE DIRECTORS (Cont'd)

**Mr. James L. Kwok**, aged 63, was appointed as an Independent Non-executive Director of the Company in 1994 and was further appointed as a member of the Audit Committee in 2001. He was also appointed as a member of the Nomination Committee on 16 March 2012. Mr. Kwok obtained a MBA degree from the Wharton School, University of Pennsylvania. He started his career in banking and had held the position of manager of the Asian portfolios of a major American bank in Hong Kong. For the past two decades, he held a management position in a group of private companies in Hong Kong and North America which were involved in general trading, property investment and garment business.

**Mr. Wong Shek Keung**, aged 72, was appointed as an Independent Non-executive Director of the Company and a member of the Audit Committee and Remuneration Committee in 2005. On 25 November 2010, Mr. Wong was appointed as Chairman of the Remuneration Committee. Mr. Wong has over 30 years' extensive experience in banking, finance and administration. He had held a senior position of a reputable French bank's Hong Kong Branch and had been an advisor to the Chairman of a down manufacturing company in Mainland China.

**Mr. Tsui Ka Wah**, aged 62, was appointed as an Independent Non-executive Director of the Company on 21 September 2012 and a member of the Audit Committee and the Nomination Committee on 25 March 2013. Mr. Tsui has extensive experience in banking industry with US-based and local banks, and has held various managerial positions in corporate, retail and private banking. He was the President of the Greater China Region of a US-based bank, overseeing operations in Taiwan, PRC and Hong Kong. Mr. Tsui holds a Bachelor of Arts degree and a Master of Business Administration from the Chinese University of Hong Kong. Currently, Mr. Tsui is an Independent Non-executive Director of Multifield International Holdings Limited and Oriental Explorer Holdings Limited, the shares of both companies are listed on the Stock Exchange of Hong Kong. Mr. Tsui is presently the CEO of SME Credit Company Ltd.

**Mr. Tsai Sui Cheung, Andrew**, aged 59, was appointed as an Independent Non-executive Director of the Company on 30 November 2012 and a member of the Remuneration Committee and the Nomination Committee on 25 March 2013. Mr. Tsai has over 25 years of working experience in banking industry primarily in sales and trading area and held the position of Managing Director of a respectable U.S. Investment Bank. He graduated from The University of Calgary in Canada and obtained a Bachelor's degree in Commerce.



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### SENIOR MANAGEMENT

**Mr. Choy Tin Woo, Johnnie**, aged 60, is the Executive Director and Responsible Officer of Stockwell Securities Limited and Stockwell Commodities Limited. He is also the Director of other companies in the Group. Mr. Choy joined the Group in 1976 and is responsible for the Group's securities and commodities dealings.

**Mr. Fu Ka Tsang**, aged 57, is the General Manager of the Company and he is also a Director of other companies in the Group. Mr. Fu joined the Group in 1995 and is responsible for the Group's manufacturing and property investment and development business.

**Mr. Lau Ka Chung**, aged 39, is the Group Financial Controller and Company Secretary of the Company. Mr. Lau joined the Group in 2014 and is primarily responsible for all accounting and finance operations of the Group. Mr. Lau graduated from The Hong Kong University of Science and Technology with a Bachelor's degree in Business majoring in Accounting. Mr. Lau is a fellow member of The Association of Chartered Certified Accountants. Over the course of his career, Mr. Lau has accumulated over fifteen years of extensive experience in auditing and accounting field.

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

# CHAIRMAN'S STATEMENT

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On behalf of the Board of Directors, I am pleased to submit to the Shareholders the Annual Report of the Group for the year ended 31 March 2015.

## RESULTS

During the year, turnover was HK\$507.8 million (2013/2014: HK\$430.6 million), the profit attributable to owners of the Company was HK\$161.3 million (2013/2014: HK\$95.9 million) and earnings per share was HK\$74.2 cents (2013/2014: HK\$44.1 cents).

During the year, the Group's profit before tax was HK\$171.7 million (2013/2014: HK\$103.5 million). Given below is an analysis of the profit from operations of the Group's principal activities:

	2015 HK\$'000	2014 HK\$'000
Property investments and development/hotel	21,575	26,883
Manufacturing and distribution of plastics packaging materials	6,215	6,108
Stock broking, futures and finance	6,232	6,883
Gain on disposal of investment property	107,714	–
Gain arising on change in fair value of investment properties	44,358	68,625
Profit from operations	<b>186,094</b>	108,499
Impairment loss recognised on available-for-sale financial assets	<b>(10,321)</b>	–
Finance costs	<b>(5,891)</b>	(8,072)
Share of results of associates	<b>1,770</b>	3,078
Profit before tax	<b>171,652</b>	103,505

## DIVIDENDS

A special dividend of HK\$0.25 of per ordinary share was paid on 23 January 2015 (2013/2014: Nil). The Board of Directors has recommended the payment of a final dividend of HK3 cents per ordinary share (2013/2014: HK3 cents per ordinary share) in respect of the year ended 31 March 2015 to all shareholders of the Company whose name appear on the register of members of the Company on 28 August 2015. Subject to the approval of the shareholders at the forthcoming Annual General Meeting ("AGM"), the payment of the final dividend will be made on or about 30 September 2015.



## 8 CHAIRMAN'S STATEMENT

### DISCUSSION AND ANALYSIS OF THE GROUP'S PERFORMANCE

#### Business Review

##### *Property Investment and Development/Hotel*

Property investment and development/hotel segment comprises property investment and development business in Hong Kong and China and provision of hotel services in Hong Kong. The segment recorded 8.2% decrease in revenue to HK\$45.3 million and 19.1% decrease in segment profit to HK\$21.6 million for the year ended 31 March 2015 as compared to the corresponding period in 2014. Including the gain on disposal of investment property of HK\$107.7 million and the gain arising on change in fair value of investment properties of HK\$44.4 million, the operating profit was HK\$173.6 million for the year ended 31 March 2015 (year ended 31 March 2014: HK\$95.5 million).

##### *(i) Property Investment and Development*

During the year, by consolidating the investment properties portfolio with higher quality properties and investment potential, the Group disposed of the whole block of Nan Sing Industrial Building located at Kwai Chung with the gain of HK\$107.7 million while acquired a bare site at King's Road, North Point at the consideration of HK\$71.8 million plus the acquisition-related costs of HK\$7.0 million and currently is leased for parking place. All of the Group's investment properties were leased out to generate steady rental income for the Group. For the year ended 31 March 2015, the Group's rental income amounted HK\$19.6 million (year ended 31 March 2014: HK\$21.3 million), a decrease by 7.9% as compared with the corresponding period in 2014. The decrease of rental income was attributed by net effect of the reduction of rental income due to the disposal of whole block of Nan Sing Industrial Building and increase of rental income from newly acquired bare site as mentioned above.

The low interest environment has enabled property prices to rise which has benefited the industrial and office building market in Hong Kong. During the year, the Group recorded a gain arising on change in fair value of investment properties amounted to HK\$44.4 million (year ended 31 March 2014: HK\$68.6 million).

# CHAIRMAN'S STATEMENT

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## *(ii) Hotel*

For the year ended 31 March 2015, the hotel business recorded room revenue of HK\$25.7 million, a decrease by 8.2% as compared with the corresponding period in 2014. After witnessing steady revenue growth for the first half of the year, the performance of hotel business was adversely impacted by the “Occupy Central” protests which started in late September 2014 and ended in mid December 2014 and the recent dispute between Hong Kong citizens and Mainland China citizens. Despite the hotel occupancy maintained at 90.11%, a marginal increase of 0.45% as compared with the corresponding period in 2014, the revenue was largely decreased due to the drop in room rate by 8.7% caused by the intense price competition and additional competitive supply.

## ***Manufacturing and Distribution of Plastic Packaging Materials***

This segment recorded a turnover of HK\$442.2 million (year ended 31 March 2014: HK\$359.8 million) and a profit of HK\$6.2 million (year ended 31 March 2014: HK\$6.1 million) over previous financial year.

The second half of the year saw the price of oil slumped after the OPEC oil producers' cartel decided to maintain the production output, which sends the oil price tumbling down to below USD50/barrel and caused havoc in all oil related industries. Resin remains our most significant cost. Managing the risk associated with high and volatile resin prices remain a high priority for us.

Our manufacturing business was generally robust, although strong competition put downward pressure on yield and demand was weak in Japan due to the unprecedented quantitative easing program launched by the Bank of Japan. We continued to modernize our manufacturing facilities and adopted innovative technologies to strengthen our productivity and capability.

Our retail business in Mainland China was under intense market competition with new comers joining the trade with aggressive marketing campaigns and sales promotions. We identified the need to protect our existing channels and expedite our marketing campaigns on both offline and online to build brand awareness and capture market shares. On the plus side, the high quality of our products perceived by the consumers help differentiate us from our competitors.

## 10 CHAIRMAN'S STATEMENT

### *Stock Broking, Futures and Finance*

During the year, Hang Seng Index hovered between 22,292 to 24,902, up 2,610 points.

Worldwide investment atmosphere was hindered by the schedule of the exit of the US “QE” program and the increase in interest rate. However, Hong Kong stock market was stimulated by the subsequent reduction of Reserve Requirement Ratio (RRR) and interest rate in China. Although the utilization of the bilateral quota of the “Shanghai – Hong Kong Stock Connect” was low at the beginning of the launching, this mechanism played an important role when A-Share market leaping in November, 2014. The investors perceived that there was a great discount between A and H shares, and pursued the under-valued H shares. It bloomed the Hong Kong stock market average daily turnover to HK\$160 billion by the end of March 2015.

For the year ended 31 March 2015, our business was running stable with slightly decrease of 8.9% in brokerage commission to HK\$18.1 million (year ended 31 March 2014: HK\$19.8 million) while with moderate increase of 11.4% in interest income from our margin client to HK\$14.6 million (year ended 31 March 2014: HK\$13.1 million) as margin client inclined to hold stock when market atmosphere is optimistic. As a result, the operation profit was HK\$6.2 million represents a decrease of 10% as compared to the corresponding period in 2014 (year ended 31 March 2014: HK\$6.9 million).

### **Liquidity and Financial Resources**

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

As at 31 March 2015, cash and cash equivalent were HK\$101.0 million (31 March 2014: HK\$32.8 million) and trade and other receivables were HK\$387.4 million (31 March 2014: HK\$255.8 million). Trade and other payables were HK\$159.3 million (31 March 2014: HK\$138.9 million). The increase in cash and cash equivalent was primarily attributable to the proceeds received from disposal of investment property. The increase in trade and other receivable and trade and other payables were mainly attributed to the increase in secured margin client balances.

# CHAIRMAN'S STATEMENT

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As at 31 March 2015, the Group's bank loans and overdraft decreased from HK\$385.8 million of the last year end date to HK\$288.8 million, in which the short term borrowings amounted to HK\$192.4 million (31 March 2014: HK\$240.0 million) and long term borrowings amounted to HK\$96.4 million (31 March 2014: HK\$145.8 million). The Group's current year net debt to equity ratio was 16% (31 March 2014: 34%), calculated on the basis of the Group's bank loans and overdraft less cash and cash equivalents divided by total equity attributable to owners of the Company. The decrease in the net debt to equity ratio was mainly due to settlement of the Group's bank loans by using the proceeds from disposal of investment property and the increase in balance of total equity attributable to owners of the Company caused by the increase of profit for the year.

## Foreign Exchange Exposure

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

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

To minimise exposure on foreign exchange fluctuations, the Group's borrowings are primarily denominated in HK\$ and US\$. The Group has no significant exposure to foreign exchange rate fluctuations.

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

## Capital Structure

As at 31 March 2015, the total equity attributable to owners of the Company amounted to HK\$1,124.5 million (31 March 2014: HK\$1,017.8 million). The Group's consolidated net assets per share as at the reporting date was HK\$5.25 (31 March 2014: HK\$4.75).

## 12 CHAIRMAN'S STATEMENT

### **Employees and Remuneration Policies**

The Group had 473 employees as at 31 March 2015. Employees were remunerated according to nature of the job and market trend.

The company's policy concerning the remuneration of the directors is that the amount of remuneration is determined by reference to the relevant director's experience, workload and the time devoted to the group.

The group contributes toward retirement income protection for its employees through the provision of retirement benefits schemes. These benefits form an important part of the group's total compensation and benefits program that is designed to attract and retain highly skilled and talented employees.

### **Environmental policies**

The Group considers the importance of environmental protection affairs and believes business growth and environment protection affairs are highly related. The Group has pursued several policies in its offices, hotel and factory to reduce waste and improve efficient use of resources. It includes installing eco-light bulbs, turning off lighting and air-conditioning when the guest room in hotel is not in use, adopting duplex printing, etc..

### **Anti-corruption/Anti-money laundering**

In order to build up an ethical corporate culture and practices, the Group has established policies and procedures for preventing corruption and anti-money laundering. The Group also adopted a whistle-blowing system and reporting procedures for reporting concerns raised in connection with, inter alia, possible criminal offence and misconduct such as corruption and money-laundering or other matters within the Group.

During the Year, no legal case regarding corruption or money laundering was brought against the Group or its employees. As well, no whistle-blowing concerning criminal offence or misconduct was reported.



# CHAIRMAN'S STATEMENT

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## **Compliance with Laws and Regulations**

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations in particular, those have significant impact on the Group. The Board members are responsible to monitor the Group's policies and practices on compliance with legal and regulatory requirements and such policies are regularly reviewed. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time.

## **Strategies and Prospects**

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


## ***Property Investment and Development***

In Hong Kong, the factors of low interest rate environment and limitation of land supply will continue to benefit the local property market. With respect to the newly acquired bare site located at King's Road, it is planned to build a 6-storey commercial building to enhance source of rental income.

Subsequent to the reporting period, the Group entered into a sales and purchases agreement to acquire the entire interest of a company which owns the whole block of Everglory Centre located in Tsim Sha Tsui and this acquisition will enlarge the property portfolio of the Group.

## ***Hotel***

The coming financial year will be characterized by the political environments, the additional competitive room supply, and the weakening of most currencies relative to the US dollars. All of these factors will continue to affect the overall visitor arrivals to Hong Kong. Nevertheless, the hotel business remains cautiously optimistic about the operating performance for the coming year. Apart from enhancing our digital marketing and technology to increase the online reservations, we will focus on expanding on clientele base, driving occupancy growth and managing costs to optimize the operating margin.



## 14 CHAIRMAN'S STATEMENT

### *Manufacturing and Distribution of Plastic Packaging Materials*

This segment continued to operate in a challenging environment. The Chinese Government announced plans to increase minimum wage by 15% in Dongguan on 1 May 2015 coupled with quantitative easing by other major nations driving their currencies lower puts pressure on our yield. Volatile resin prices continued to affect results adversely. Furthermore, the plastic shopping bag business remains problematic as Hong Kong has passed an amendment to extend 50 HK cents plastic bag levy to all shops from April 1 2015 that will undoubtedly have a negative impact towards our business.

Despite the current difficult trading conditions, we will maintain the quality of our products and services and to continue with our long term strategic investment in the business. As always, we remained committed to strengthen our foothold in the disposable household goods business in Mainland China and will allocate more resources to conduct promotional activities, grow our product portfolio and expand our distribution network.

### *Stock Broking, Futures and Finance*

“Bull” A share market is ignited by the loosen monetary policy to increase money supply by the China Central Bank. The quota of the “Shanghai – Hong Kong Stock Connect” is under negotiation and expected to be expanded, while another signify issue of “Shenzhen – Hong Kong Stock Connect” will probably be introduced in the second half of 2015. We expect that we will be benefit from the growing market in the coming year as the trading volume of the Hong Kong stock market mostly driven our business performance. Subsequently, we are going to strengthen and enhance the capacity of our trading platform to cope with the increase in trading volume.

We are planning to integrate some of our branches of securities and commodities section to our head office in order to increase efficiency in control and management.



# CHAIRMAN'S STATEMENT

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## APPRECIATION

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

**Chua Nai Tuen**

*Chairman*

Hong Kong, 19 June 2015





# 16 CORPORATE GOVERNANCE REPORT

## CORPORATE GOVERNANCE PRACTICES

The Company is dedicated to attaining and maintaining high standards of corporate governance. The directors of the Company (the “Directors”) recognise that good corporate governance practices and procedures are essential to ensure the Company’s transparency and accountability and to its longterm success as well as to enhance the value of the Shareholders and safeguard their interests. The Company has adopted the code provisions of the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange as its own code of corporate governance.

Throughout the year ended 31 March 2015, the Company has complied with the CG Code save as disclosed in the paragraph headed “Chairman and Chief Executive Officer”, “Non-Executive Directors” and “Annual General Meeting” below.

## DIRECTORS’ SECURITIES TRANSACTIONS

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

## THE BOARD OF DIRECTORS

### (i) **Composition of the Board, number of Board meetings and Directors’ attendance**

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

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

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

# CORPORATE GOVERNANCE REPORT

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

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

## (ii) The Operation of the Board

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

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

## 18 CORPORATE GOVERNANCE REPORT

### (iii) Directors' and Officers' Liability

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

### (iv) Directors' Continuous Training and Development

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

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

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

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

## NON-EXECUTIVE DIRECTORS

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

## ANNUAL GENERAL MEETING

Pursuant to Code Provision A.6.7, independent non-executive directors and non-executive directors, as equal board members, should attend general meeting of the Company. During the year, certain non-executive directors were unable to attend the annual general meeting of the Company held on 22 August 2014 as they had other business engagements.

# CORPORATE GOVERNANCE REPORT

## REMUNERATION OF DIRECTORS

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

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

- (i) to make recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management;
- (ii) to have the delegated responsibility to determine the specific remuneration packages of all executive directors and senior management;
- (iii) to review and approve the remuneration by reference to corporate goals and objectives resolved by the Board from time to time;
- (iv) to review and approve the compensation payable to executive directors and senior management in connection with any loss or termination of their office or appointment;
- (v) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct; and
- (vi) to ensure that no director or any of his associates is involved in deciding his own remuneration.

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

- (i) review of the Company's policy and structure of all remuneration of Directors and senior management;
- (ii) consideration of the emoluments for all Directors and senior management; and
- (iii) review of the level of Directors' fees.

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

## 20 **CORPORATE GOVERNANCE REPORT**

### **NOMINATION OF DIRECTORS**

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

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

During the year ended 31 March 2015, the Nomination Committee had convened one meeting during which it had reviewed the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements of the business of the Company and assessed the independence of all the independent non-executive directors of the Company.

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

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

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

### **AUDITORS' REMUNERATION**

The fees in relation to the audit services provided by external auditors of the Company for the financial year ended 31 March 2015 amounted to HK\$810,870.

### **AUDIT COMMITTEE**

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

# CORPORATE GOVERNANCE REPORT

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

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

- (i) to make recommendations to the Board on the appointment, reappointment and removal of the external auditors, and to approve the remuneration and terms of engagement of the external auditors, and any questions of resignation or dismissal of those auditors;
- (ii) to review and monitor the external auditors’ independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee should discuss with the external auditors the nature and scope of the audit and reporting obligations before the audit commences;
- (iii) to review the Company’s annual report and accounts, half-year report and quarterly reports before submission to the Board, the Audit Committee should focus particularly on:
  - (a) any changes in accounting policies and practices;
  - (b) major judgmental areas;
  - (c) significant adjustments resulting from audit;
  - (d) the going concern assumptions and any qualifications;
  - (e) compliance with accounting standards; and
  - (f) compliance with the Listing Rules and other legal requirements in relation to financial reporting;
- (iv) to discuss problems and reservations arising from the audits, and any matters the external auditors may wish to discuss; and
- (v) to review the audit programme, and ensure co-ordination with external auditors, of the internal audit function.

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

- (i) review of the external auditors’ independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- (ii) review of half-year and annual consolidated financial statements before submission to the Board, with particular consideration of the points mentioned in paragraph (iii) above regarding the duties of the Audit Committee;

## 22 **CORPORATE GOVERNANCE REPORT**

- (iii) discussion with the external auditors, the nature and scope of the audit; and
- (iv) review of the Group's internal control systems.

The Company's annual report for the year ended 31 March 2015 has been reviewed by the audit committee. The accounts for the year were audited by HLB Hodgson Impey Cheng Limited whose term of office will expire upon the forthcoming annual general meeting. The audit committee has recommended to the Board that HLB Hodgson Impey Cheng Limited be nominated for re-appointment as the auditors of the Company at the forthcoming annual general meeting.

### **DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

The Directors are responsible for the preparation of the consolidated financial statements for the year ended 31 March 2015, which give a true and fair view in accordance with Hong Kong Financial Reporting Standard, Hong Kong Companies Ordinance and the applicable disclosure provisions of the Listing Rules, and for such internal control as the Directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **REVIEW OF INTERNAL CONTROL**

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

A review of the effectiveness of the Group's internal control system and procedures covering all controls, including financial, operational and compliance and risk management, was conducted by the Audit Committee and subsequently reported to the Board during the year. Based on the result of the review, in respect of the year ended 31 March 2015, the Directors considered that the internal control system and procedures of the Group were effective and adequate.

### **COMPANY SECRETARY**

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

# CORPORATE GOVERNANCE REPORT

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## SHAREHOLDERS' RIGHTS

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

## SHAREHOLDERS COMMUNICATION POLICY

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

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

**Chua Nai Tuen**

*Chairman and Managing Director*

Hong Kong, 19 June 2015





## 24 **REPORT OF THE DIRECTORS**

The directors submit their report and the audited consolidated financial statements for the year ended 31 March 2015.

### **PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS**

The principal activities of the company are investment holding and property investment. The activities of the subsidiaries are set out in note 45 to the consolidated financial statements.

An analysis of the group's performance for the year by operating segment is set out in note 6 to the consolidated financial statements.

### **RESULTS AND APPROPRIATIONS**

The results of the group for the year ended 31 March 2015 are set out in the consolidated financial statements on pages 35 to 140 of the annual report.

A special dividend of HK\$0.25 per ordinary share was paid on 23 January 2015. The directors have recommended the payment of a final dividend of HK3 cents per ordinary share of the company in respect of the year ended 31 March 2015 to all shareholders of the company whose names appear on the register of members of the company on 28 August 2015. Subject to the approval of the shareholders at the forthcoming annual general meeting, the payment of the final dividend will be made on or about 30 September 2015.

### **BUSINESS REVIEW**

The business review of the group for the year ended 31 March 2015 are provided in the Chairman's Statement of this annual report.

### **FIVE YEARS FINANCIAL SUMMARY**

A summary of the results and assets and liabilities of the group for the last five financial years is set out on page 144 of the annual report.



# REPORT OF THE DIRECTORS

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## SHARE ISSUED IN THE YEAR

Details of the shares issued in the year ended 31 March 2015 are set out in note 34 to the consolidated financial statements.

## PRINCIPAL PROPERTIES

Details of the properties held for investment, under development and held for own use are set out on page 141 to 143 of the annual report.

## DISTRIBUTABLE RESERVES

Distributable reserves of the company at 31 March 2015, calculated under Part 6 of the new Hong Kong Companies Ordinance (Cap. 622), amounted to HK\$16,684,767 (2014: HK\$19,991,163).

## BANK LOANS AND OVERDRAFTS

Particulars of bank loans and overdrafts as at 31 March 2015 are stated in note 31 to the consolidated financial statements.

## MAJOR CUSTOMERS AND SUPPLIERS

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

Percentage of purchases attributable to the group's largest supplier	54%
Percentage of purchases attributable to the group's five largest suppliers	79%
Percentage of sales attributable to the group's largest customer	20%
Percentage of sales attributable to the group's five largest customers	44%

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

The Group believes that good relationships with both customers and suppliers are key for the group's success. To improve the group's overall performance, the group has closely monitoring its customers and suppliers through setting rules and policies.

## 26 REPORT OF THE DIRECTORS

### DIRECTORS

#### (a) Directors of the company

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

##### **Executive Directors:**

Mr. Chua Nai Tuen (*Chairman and Managing Director*)

Mr. Chua Nai King (*Deputy Chairman*)

Mr. Nelson Junior Chua

Mr. Gilson Chua

##### **Non-executive Directors:**

Mr. Chan Man Hon, Eric

Mr. Jimmy Siy Tiong

Mr. Rene Siy Chua

Mr. Samuel Siy Yap

Mr. Tsai Han Yung

Ms. Vivian Chua

##### **Independent Non-executive Directors:**

Mr. Chan Siu Ting

Mr. James L. Kwok

Mr. Wong Shek Keung

Mr. Tsui Ka Wah

Mr. Tsai Sui Cheung, Andrew

In accordance with Article 107(A) of the Company's Articles of Association, Messrs. Rene Siy Chua, Tsai Han Yung, James L. Kwok and Siy Yap Samuel, shall retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

# REPORT OF THE DIRECTORS

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

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

## (b) Directors of the company's subsidiaries

During the year and up to the date of this report, Mr. Chua Nai Tuen, Mr. Chua Nai King, Mr. Nelson Junior Chua, Mr. Gilson Chua are also the directors in certain subsidiaries of the company.

Other directors of the company's subsidiaries during the year and up to the date of this report include: Mr. Choy Tin Woo, Johnnie, Mr. Fu Ka Tsang, Ms. Siu Mei Wan, Ms. Tse Oi Ling and Mr. Wong Wing Sang.

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of directors and senior management are set out in page 3 to 6 of this annual report.

## DIRECTORS' INTERESTS IN SHARE CAPITAL

As at 31 March 2015, the directors of the company had the following beneficial interests, all being long positions, in the share capitals of the company, the subsidiaries and associates of the company:

	Personal Interests	Number of shares held			% of the Issued Share Capital
		Family Interests	Corporate Interests	Other Interests	
(a) <b>The Company</b>					
(Ordinary shares of HK\$1.00 per share)					
Chua Nai Tuen	2,402,158	–	84,974,445 <i>(Note 1)</i>	–	40.19
Chua Nai King	2,716,046	–	2,814,365 <i>(Note 1)</i>	16,910,355 <i>(Note 2)</i>	10.32

## 28 REPORT OF THE DIRECTORS

	Number of shares held				% of the Issued Share Capital
	Personal Interests	Family Interests	Corporate Interests	Other Interests	
Nelson Junior Chua	1,173,800	–	–	–	0.54
Gilson Chua	1,239,031	–	–	–	0.57
Jimmy Siy Tiong	7,029,875	–	–	–	3.23
Rene Siy Chua	9,566,429	2,200	–	–	4.40
Samuel Siy Yap	1,410,678	–	–	–	0.65
Tsai Han Yung	4,976,029	–	–	–	2.29
Vivian Chua	1,000,000	–	–	–	0.46
<b>(b) Nan Sing Plastics Limited</b>					
(Ordinary shares of HK\$100.00 per share)					
Chua Nai Tuen	–	6,965	–	–	4.64
<b>(c) Titan Dragon Properties Corporation</b>					
(Capital stock of Pesol,000.00 per share)					
Chua Nai Tuen	7,200	13,600	4,000 <i>(Note 1)</i>	–	31.00
Jimmy Siy Tiong	1,600	–	–	–	2.00
Rene Siy Chua	6,400	–	–	–	8.00

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

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

## REPORT OF THE DIRECTORS

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

- (a) there were no interests, both long and short positions, held as at 31 March 2015 by any of the directors or chief executive of the company in shares, underlying shares or debentures of the company and its associated corporations (within the meaning of Part XV of the SFO), and
- (b) there existed during the financial year no rights to subscribe for shares, underlying shares or debentures of the company which were held by any of the directors or chief executive of the company or any of their spouses or children under 18 years of age nor had there been any exercises during the financial year of any such rights by any of them.

### SUBSTANTIAL SHAREHOLDERS' INTERESTS

Given below are the names of all parties, other than persons who are directors of the company, which were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital of the company and the respective relevant numbers of shares in which they were, and/or were deemed to be, interested as at 31 March 2015 as recorded in the register kept by the company under section 336 of the SFO:

	<b>No. of Ordinary Shares held</b>	<b>% of the Issued Share Capital</b>
J & N International Limited ("J & N")	53,136,808	24.44
Sonliet Investment Company Limited ("Sonliet")	31,837,637	14.64
HSBC International Trustee Limited ("HSBC")	16,910,355	7.77

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

All the interests stated above represented long positions and as at 31 March 2015, there were no short positions recorded in the said register.

## 30 **REPORT OF THE DIRECTORS**

### **INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS**

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

### **RELATED PARTY TRANSACTIONS**

The group entered into certain transactions with parties regarded as “Related Parties” under applicable accounting principles. These mainly relate to transactions entered into by the group in the ordinary course of business and on an arm’s length basis. Details are set out in note 44 to the consolidated financial statements.

### **DIRECTORS’ INTERESTS IN CONTRACTS**

During the year, consultancy fees of HK\$818,755 and HK\$984,000 were paid by the group to Sonliet Investment Company Limited (“Sonliet”) and Tonwell Investment Company (Hong Kong) Limited (“Tonwell”) of which Mr. Chua Nai Tuen is the director of Sonliet and Mr. Chua Nai King is the director of Tonwell, respectively.

During the year, a tenancy agreement was made on arm’s length basis during the year in connection with the leasing of a premises owned by a company controlled by Mr. Chua Nai Tuen to a subsidiary of the group and the total amount of rental paid by the group during the year was HK\$926,076.

During the year, there were unsecured financial assistance from a company which Mr. Chua Nai Tuen had controlling interest in this company on an arm’s length basis. The total amount of interests paid by the group during the year was HK\$209,413.

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

### **MANAGEMENT CONTRACTS**

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

# REPORT OF THE DIRECTORS

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## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

## PERMITTED INDEMNITY PROVISIONS

At no time during the financial year and up to the date of this report, there was or is, any permitted indemnity provision being in force for the benefit at any of the directors of the company (whether made by the company or otherwise) or an associated company (if made by the company).

The Company has taken out and maintained directors' and officers' liability insurance throughout the year, which provides appropriate cover the certain legal actions brought against its directors and officers.

## PURCHASE, SALE OR REDEMPTION OF SHARES

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

## EVENTS AFTER THE REPORTING PERIOD

On 29 May 2015, the Company and Merit Ascent International Limited (the "Purchaser"), a wholly-owned subsidiary of the Company, entered into the sale and purchase agreement with Kasing Investment Limited (the "First Seller") and Sunlight REIT Finance Limited ("the Second Seller") pursuant to which the Purchaser agreed to purchase, and the First Seller agreed to sell the entire issued share capital of Strong Bright Technology Limited (the "Target") and agreed to assign the benefit of the shareholder loan owed by the Target to the First Seller to the Purchaser and the Second Seller agreed to assign the benefit of the loan owned by the Target to the Second Seller to the Purchaser for a total consideration of HK\$336,880,000 in cash.

## PUBLIC FLOAT

Based on information that is publicly available to the company and within the knowledge of the directors as at the date of this report, the company has maintained the prescribed public float under the Listing Rules throughout the year ended 31 March 2015.



## 32 **REPORT OF THE DIRECTORS**

### **AUDITORS**

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

On behalf of the Board

**Chua Nai Tuen**

*Managing Director*

Hong Kong, 19 June 2015



# INDEPENDENT AUDITORS' REPORT

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

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

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

*(Incorporated in Hong Kong with limited liability)*

We have audited the consolidated financial statements of Southeast Asia Properties & Finance Limited (the “Company”) and its subsidiaries set out on pages 35 to 140, which comprise the consolidated statement of financial position at 31 March 2015, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

### AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

## 34 **INDEPENDENT AUDITORS' REPORT**

### **AUDITORS' RESPONSIBILITY (Cont'd)**

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

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

### **OPINION**

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries at 31 March 2015, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

### **HLB Hodgson Impey Cheng Limited**

Certified Public Accountants

### **Yu Chi Fat**

Practising Certificate Number: P05467

Hong Kong, 19 June 2015

**CONSOLIDATED INCOME STATEMENT**

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For the year ended 31 March 2015 (in HK Dollars)

	<i>Notes</i>	<b>2015</b>	2014
Turnover	7	<b>507,781,943</b>	430,592,612
Cost of sales		<b>(419,735,613)</b>	(336,101,606)
Gross profit		<b>88,046,330</b>	94,491,006
Other revenue and other income	8	<b>21,390,200</b>	19,714,745
Gain on disposal of investment property		<b>107,714,185</b>	–
Gain arising on change in fair value of investment properties		<b>44,358,065</b>	68,625,415
Gain (loss) arising on change in fair value of financial assets at fair value through profit or loss		<b>1,130,186</b>	(1,051,510)
Selling and distribution expenses		<b>(9,215,317)</b>	(10,220,583)
Administrative expenses		<b>(65,999,417)</b>	(61,621,157)
Other operating expenses		<b>(1,329,389)</b>	(1,438,291)
Profit from operations	9	<b>186,094,843</b>	108,499,625
Impairment loss recognised in respect of available-for-sale financial assets reclassified from consolidated statement of comprehensive income		<b>(10,321,028)</b>	–
Finance costs	10	<b>(5,891,357)</b>	(8,072,340)
Share of results of associates		<b>1,769,988</b>	3,078,110
Profit before tax		<b>171,652,446</b>	103,505,395
Income tax expense	11	<b>(5,281,112)</b>	(4,786,919)
Profit for the year		<b>166,371,334</b>	98,718,476
Profit for the year attributable to:			
Owners of the Company		<b>161,311,725</b>	95,930,602
Non-controlling interests		<b>5,059,609</b>	2,787,874
		<b>166,371,334</b>	98,718,476
Earnings per share			
Basic and diluted (HK cents)	14	<b>74.2</b>	44.1

The accompanying notes form an integral part of the consolidated financial statements. Details of dividends are set out in note 13 to the consolidated financial statements.

## 36 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2015 (in HK Dollars)

	2015	2014
Profit for the year	<b>166,371,334</b>	98,718,476
Other comprehensive income		
Items that may be reclassified subsequently to consolidated income statement:		
Available-for-sale financial assets:		
Loss arising on change in fair value	<b>(4,188,693)</b>	(1,388,160)
Exchange differences on translation foreign operations:		
Exchange differences arising during the year	<b>157,230</b>	2,494,023
Item reclassified to consolidated income statement:		
Impairment loss recognised in respect of available-for-sale financial assets	<b>10,321,028</b>	–
Other comprehensive income for the year	<b>6,289,565</b>	1,105,863
Total comprehensive income for the year	<b><u>172,660,899</u></b>	<b><u>99,824,339</u></b>
Total comprehensive income for the year attributable to:		
Owners of the Company	<b>167,598,975</b>	97,019,585
Non-controlling interests	<b>5,061,924</b>	2,804,754
	<b><u>172,660,899</u></b>	<b><u>99,824,339</u></b>

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

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At 31 March 2015 (in HK Dollars)

	<i>Notes</i>	<b>2015</b>	2014
<b>Non-current assets</b>			
Investment properties	15	<b>620,717,335</b>	767,557,960
Property, plant and equipment	16	<b>152,540,456</b>	164,493,520
Leasehold land and land use right	17	<b>15,428,593</b>	13,040,817
Interests in associates	19	<b>78,262,495</b>	74,777,899
Available-for-sale financial assets	20	<b>27,421,084</b>	30,780,068
Intangible assets	21	<b>3,702,706</b>	3,702,706
Other assets	22	<b>3,026,691</b>	3,727,845
		<b>901,099,360</b>	1,058,080,815
<b>Current assets</b>			
Inventories	23	<b>73,115,686</b>	104,009,346
Trade and other receivables	24	<b>387,365,427</b>	255,754,378
Financial assets at fair value through profit or loss	25	<b>7,385,190</b>	7,678,285
Loan receivable	26	<b>19,000,000</b>	19,000,000
Deposits and prepayments		<b>4,711,616</b>	8,709,303
Prepaid tax		<b>300,956</b>	654,413
Restricted cash	27	<b>4,100,000</b>	4,100,000
Trust accounts of shares dealing clients	28	<b>101,447,297</b>	76,183,226
Cash and cash equivalents	29	<b>101,047,584</b>	32,796,109
		<b>698,473,756</b>	508,885,060
<b>Current liabilities</b>			
Amount due to an associate	19	<b>2,055,580</b>	721,707
Trade and other payables	30	<b>159,308,187</b>	138,942,254
Bank loans and overdrafts	31	<b>192,420,519</b>	240,033,945
Tax payable		<b>2,344,106</b>	3,449,728
		<b>356,128,392</b>	383,147,634
<b>Net current assets</b>		<b>342,345,364</b>	125,737,426
<b>Total assets less current liabilities</b>		<b>1,243,444,724</b>	1,183,818,241

# 38 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2015 (in HK Dollars)

	<i>Notes</i>	<b>2015</b>	2014
<b>Non-current liabilities</b>			
Bank loans	31	<b>96,415,614</b>	145,791,515
Amounts due to non-controlling interests	32	<b>2,935,000</b>	2,935,000
Deferred tax liabilities	33	<b>2,333,667</b>	2,328,903
		<b>101,684,281</b>	151,055,418
<b>Net assets</b>			
		<b>1,141,760,443</b>	1,032,762,823
<b>Capital and reserves</b>			
Share capital	34	<b>217,418,850</b>	217,418,850
Reserves		<b>907,053,833</b>	800,332,137
<b>Total equity attributable to owners of the Company</b>			
		<b>1,124,472,683</b>	1,017,750,987
Non-controlling interests		<b>17,287,760</b>	15,011,836
<b>Total equity</b>			
		<b>1,141,760,443</b>	1,032,762,823

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 19 June 2015 and are signed on its behalf by:

**Chua Nai Tuen**  
*Director*

**Chua Nai King**  
*Director*

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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For the year ended 31 March 2015 (in HK Dollars)

	Attributable to owners of the Company							
	Share capital HK\$	Property revaluation reserve HK\$ (Note a)	Exchange reserve HK\$ (Note b)	Available- for-sale financial assets revaluation reserve HK\$ (Note c)	Retained earnings HK\$	Subtotal HK\$	Non- controlling interests HK\$	Total HK\$
At 1 April 2013	217,418,850	3,178,526	49,830,454	(4,445,175)	661,271,312	927,253,967	12,207,082	939,461,049
Profit for the year	-	-	-	-	95,930,602	95,930,602	2,787,874	98,718,476
Other comprehensive income for the year	-	-	2,477,143	(1,388,160)	-	1,088,983	16,880	1,105,863
Total comprehensive income for the year	-	-	2,477,143	(1,388,160)	95,930,602	97,019,585	2,804,754	99,824,339
Dividend paid	-	-	-	-	(6,522,565)	(6,522,565)	-	(6,522,565)
At 31 March 2014 and at 1 April 2014	217,418,850	3,178,526	52,307,597	(5,833,335)	750,679,349	1,017,750,987	15,011,836	1,032,762,823
Profit for the year	-	-	-	-	161,311,725	161,311,725	5,059,609	166,371,334
Other comprehensive income for the year	-	-	154,915	6,132,335	-	6,287,250	2,315	6,289,565
Total comprehensive income for the year	-	-	154,915	6,132,335	161,311,725	167,598,975	5,061,924	172,660,899
Dividend paid	-	-	-	-	(60,877,279)	(60,877,279)	-	(60,877,279)
Dividend paid to non-controlling interests	-	-	-	-	-	-	(2,786,000)	(2,786,000)
At 31 March 2015	<b>217,418,850</b>	<b>3,178,526</b>	<b>52,462,512</b>	<b>299,000</b>	<b>851,113,795</b>	<b>1,124,472,683</b>	<b>17,287,760</b>	<b>1,141,760,443</b>

## Notes:

- (a) Property revaluation reserve relates the property reclassified from owner-occupied to investment properties. For such reclassifications, the accumulative increase in fair value at the date of reclassification in excess of any previous impairment losses is included in the property revaluation reserve, and will be transferred to retained earnings upon the retirement or disposal of the relevant property.
- (b) Exchange reserve represents exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Hong Kong dollar) are recognised directly in other comprehensive income and accumulated in the exchange reserve. Such exchange differences accumulated in the exchange reserve are reclassified to retained earnings on the disposal of the foreign operations.
- (c) Available-for-sale financial assets revaluation reserve represents accumulated gains and losses arising on the revaluation of available-for-sale financial assets that have been recognised in other comprehensive income, net of amounts reclassified to the consolidated income statement when those investments have been disposed of or are determined to be impaired.



# 40 CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2015 (in HK Dollars)

	<i>Notes</i>	<b>2015</b>	2014
<b>Cash used in operations</b>	37	<b>(72,876,290)</b>	(37,187,138)
Profit tax paid		<b>(6,028,513)</b>	(2,884,647)
<b>Net cash used in operating activities</b>		<b>(78,904,803)</b>	(40,071,785)
<b>Cash flows from investing activities</b>			
Interest received		<b>16,502,057</b>	14,123,260
Dividend received from listed equity securities		<b>1,640,265</b>	959,947
Dividend received from unlisted equity securities		<b>525,000</b>	6,800
Refund of contribution to the compensation fund with the Stock Exchange		<b>156,553</b>	732,626
Loan granted to a third party		–	(19,000,000)
(Advance to) repayment from associates		<b>(1,714,608)</b>	442,409
Refund of (contribution paid for) admission fee and guarantee fund to Hong Kong Securities Clearing Company Limited		<b>544,601</b>	(624,254)
Purchases of property, plant and equipment	16	<b>(2,108,483)</b>	(6,881,058)
Purchases of investment property		<b>(78,801,310)</b>	–
Purchases of leasehold land and land use right		<b>(788,928)</b>	–
Net proceeds from disposal of investment properties		<b>377,714,185</b>	–
Proceeds from disposal of property, plant and equipment		<b>4,758</b>	287,712
<b>Net cash generated from (used in) investing activities</b>		<b>313,674,090</b>	(9,952,558)
<b>Cash flows from financing activities</b>			
Dividend paid		<b>(60,877,279)</b>	(6,522,565)
Dividend paid to non-controlling interests		<b>(2,786,000)</b>	–
Interest paid		<b>(5,476,346)</b>	(7,494,146)
Other finance costs paid		<b>(415,011)</b>	(554,109)
New bank loans raised		<b>410,371,095</b>	755,675,807
Repayment of bank loans		<b>(515,598,292)</b>	(685,723,685)
Advance from non-controlling interests		–	100,000
<b>Net cash (used in) generated from financing activities</b>		<b>(174,781,833)</b>	55,481,302

**CONSOLIDATED STATEMENT OF CASH FLOWS**

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For the year ended 31 March 2015 (in HK Dollars)

	<i>Notes</i>	<b>2015</b>	2014
<b>Net increase in cash and cash equivalents</b>		<b>59,987,454</b>	5,456,959
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b>21,698,688</b>	16,140,266
<b>Effect of foreign exchange rate changes, net</b>		<b>26,151</b>	101,463
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>81,712,293</b>	21,698,688
<b>Analysis of balances of cash and cash equivalents</b>			
Cash and cash equivalents	29	<b>101,047,584</b>	32,796,109
Bank overdrafts	31	<b>(19,335,291)</b>	(11,097,421)
		<b>81,712,293</b>	21,698,688

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

# 42 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015 (in HK Dollars)

## I. GENERAL INFORMATION

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

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

The consolidated financial statements are presented in Hong Kong dollar (“HK\$”), which is the same as the functional currency of the Company.

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group has applied, for the first time, the following new and revised standards and interpretations (collectively referred to as the “new and revised HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are effective for the Group’s financial year beginning from 1 April 2014. A summary of the new and revised HKFRSs adopted by the Group is set out as follows:

HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendments)	Investment Entities
HK(IFRIC) – Int 21	Levies

The application of the new and revised HKFRSs in the current years has had no significant impact on the Group’s financial performance and financial positions for the current and prior years.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015 (in HK Dollars)

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Cont’d)

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

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

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application permitted.

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

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs on the consolidated financial statements of the Group in the initial application and does not anticipate that the adoption will result in any material impact on the Group’s financial performance or financial position.

# 44 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015 (in HK Dollars)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### 3.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, which is a collective term that includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations (“Ints”) issued by the HKICPA and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and the Hong Kong Companies Ordinance.

In addition, the requirements of Part 9 *Accounts and Audit* of the new Hong Kong Companies Ordinance (Cap.622) came into operation during the financial year, as a result, there are changes to presentation and disclosure of certain information in the consolidated financial statements.

### 3.2 Basis of preparation

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 March 2015 (in HK Dollars)

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

### 3.2 Basis of preparation (Cont'd)

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

### 3.3 Basis of consolidation

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

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

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

## 46 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015 (in HK Dollars)

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

#### 3.3 Basis of consolidation (Cont'd)

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

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

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

Profit or loss and each item of other comprehensive income are attributed to 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 March 2015 (in HK Dollars)

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

### 3.3 Basis of consolidation (Cont'd)

#### *Changes in the Group's ownership interest in existing subsidiaries*

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

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



# 48 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015 (in HK Dollars)

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

### 3.4 Business combinations

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

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 March 2015 (in HK Dollars)

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

### 3.4 Business combinations (Cont'd)

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

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

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

## 50 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015 (in HK Dollars)

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

#### 3.4 Business combinations (Cont'd)

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

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

#### 3.5 Interests in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 March 2015 (in HK Dollars)

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

### 3.5 Interests in associates (Cont'd)

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

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

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

## 52 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015 (in HK Dollars)

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

#### 3.5 Interests in associates (Cont'd)

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

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

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

#### 3.6 Goodwill

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

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 March 2015 (in HK Dollars)

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

### 3.7 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 measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in the consolidated income statement for the period in which they arise.

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 the consolidated income statement in the period in which the property is derecognised.

### 3.8 Property, plant and equipment

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

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

# 54 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015 (in HK Dollars)

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

### 3.8 Property, plant and equipment (Cont'd)

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

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

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

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

### 3.9 Leasehold land and land use right

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 March 2015 (in HK Dollars)

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

### 3.9 Leasehold land and land use right (Cont'd)

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

### 3.10 Intangible assets

#### *Intangible assets acquired separately*

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

#### *Intangible assets acquired in a business combination*

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

Subsequent to initial recognition, intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses, if any.





# 56 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015 (in HK Dollars)

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

### 3.10 Intangible assets (Cont'd)

#### *Derecognition of intangible assets*

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

### 3.11 Impairment of tangible and intangible assets

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

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

Recoverable amount is the higher of fair value less costs 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 CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or the CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated income statement.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 March 2015 (in HK Dollars)

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

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

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

### 3.12 Inventories

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

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

### 3.13 Cash and cash equivalents

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

# 58 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015 (in HK Dollars)

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

### 3.14 Financial instruments

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

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

#### *Financial assets*

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

#### *Effective interest method*

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 March 2015 (in HK Dollars)

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

### 3.14 Financial instruments (Cont'd)

#### *Financial assets (Cont'd)*

##### *Financial assets at FVTPL*

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

A financial asset is classified as held for trading if:

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

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

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

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

# 60 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015 (in HK Dollars)

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

### 3.14 Financial instruments (Cont'd)

#### *Financial assets (Cont'd)*

##### *AFS financial assets*

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

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

Dividend on AFS equity investments are recognised in the consolidated income statement when the Group’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.

##### *Loans and receivables*

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 March 2015 (in HK Dollars)

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

### 3.14 Financial instruments (Cont'd)

#### *Financial assets (Cont'd)*

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

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

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

## 62 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015 (in HK Dollars)

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

#### 3.14 Financial instruments (Cont'd)

##### *Financial assets (Cont'd)*

##### *Impairment of financial assets (Cont'd)*

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

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

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 March 2015 (in HK Dollars)

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

### 3.14 Financial instruments (Cont'd)

#### *Financial assets (Cont'd)*

##### *Impairment of financial assets (Cont'd)*

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

#### *Financial liabilities and equity instruments*

##### *Classification as debt or equity*

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

##### *Equity instruments*

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



## 64 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015 (in HK Dollars)

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

#### 3.14 Financial instruments (Cont'd)

##### *Financial liabilities and equity instruments (Cont'd)*

##### *Financial guarantee contracts*

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

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

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

##### *Other financial liabilities*

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

##### *Effective interest method*

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

Interest expense is recognised on an effective interest basis.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 March 2015 (in HK Dollars)

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

### 3.14 Financial instruments (Cont'd)

#### *Derecognition*

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

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

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

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

## 66 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015 (in HK Dollars)

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

#### 3.15 Revenue recognition

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

- Revenue is recognised when goods are delivered at the customers' premises which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.
- Rental income is recognised over the periods of the respective leases on a straight-line basis
- Revenue from hotel accommodation is recognised upon the provision of the accommodation services has been rendered.
- Brokerage income is recognised when the relevant contract note is made and properly executed.
- Dividend income is recognised when the shareholder's right to receive payment is established.
- Interest income from financial asset is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 March 2015 (in HK Dollars)

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

### 3.16 Taxation

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

#### *Current tax*

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

#### *Deferred tax*

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

## 68 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015 (in HK Dollars)

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

#### 3.16 Taxation (Cont'd)

##### *Deferred tax (Cont'd)*

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

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

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

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment property that are measured using the fair value model, the carrying amount of such property is 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 the consolidated income statement, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 March 2015 (in HK Dollars)

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

### 3.17 Leasing

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

#### *The Group as lessor*

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

#### *The Group as lessee*

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

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



# 70 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015 (in HK Dollars)

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

### 3.18 Foreign currency

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

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

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on translations entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to the consolidated income statement on repayment of the monetary items.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 March 2015 (in HK Dollars)

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

### 3.18 Foreign currency (Cont'd)

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

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

### 3.19 Borrowing costs

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

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

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



## 72 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015 (in HK Dollars)

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

#### 3.20 Provisions

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

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

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

#### 3.21 Contingent liabilities and contingent assets

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 March 2015 (in HK Dollars)

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

### 3.22 Employee benefits

#### *Short term employee benefits and retirement benefits schemes*

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

#### *Termination benefits*

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

#### *Retirement benefit obligations*

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

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

## 74 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015 (in HK Dollars)

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

#### 3.22 Employee benefits (Cont'd)

##### *Retirement benefit obligations (Cont'd)*

Under the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, with the employers' contributions subject to a cap of monthly relevant income of HK\$30,000 (HK\$25,000 prior to 1 June 2014). The Group's contributions to the scheme are expensed as incurred and are vested in accordance with the scheme's vesting scales. Where employees leave the scheme prior to the full vesting of the employer's contributions, the amount of forfeited contributions is used to reduce the contributions payable by the Group.

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

#### 3.23 Segment reporting

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 March 2015 (in HK Dollars)

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

### 3.24 Related parties

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

- (a) A person, or a close member of that person's family, is related to the Group if that person:
  - (i) has control or joint control over the Group; or
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
  - (i) the entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).
  - (iii) both entities are joint ventures of the same third party.
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
  - (vi) the entity is controlled or jointly controlled by a person identified in (a).
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

# 76 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015 (in HK Dollars)

## 4. FINANCIAL INSTRUMENTS

### (a) Categories of financial instruments

	2015	2014
<b>Financial assets</b>		
Financial assets at FVTPL classified		
as held for trading investment	7,385,190	7,678,285
Loans and receivables	648,402,717	417,220,061
AFS financial assets	27,421,084	30,780,068
	<u>683,208,991</u>	<u>455,678,414</u>
<b>Financial liabilities</b>		
Amortised cost	<u>453,134,900</u>	<u>521,215,704</u>

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 March 2015 (in HK Dollars)

## 4. FINANCIAL INSTRUMENTS (Cont'd)

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

#### *Market risk*

##### (i) *Foreign exchange risk*

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

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

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

The Group has no significant exposure to foreign exchange rate fluctuations.

##### (ii) *Interest rate risk*

The Group is exposed to interest rate risk relates primarily to variable rate borrowings (see note 31 to the consolidated financial statements for the details of bank loans and overdrafts). The Group’s income and operating cash flow is substantially independent of changes in market interest rates. The Group currently does not have an interest rate hedging policy. However, management of the Company monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

# 78 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015 (in HK Dollars)

## 4. FINANCIAL INSTRUMENTS (Cont'd)

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

#### *Market risk (Cont'd)*

#### *(ii) Interest rate risk (Cont'd)*

##### Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of each reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 25 basis points (2014: 25 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points (2014: 25 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\$602,945 (2014: decrease/increase by HK\$805,411) respectively. This is mainly attributable to the Group's interest rates on its variable rate on bank loans and overdrafts.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 March 2015 (in HK Dollars)

## 4. FINANCIAL INSTRUMENTS (Cont'd)

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

#### *Market risk (Cont'd)*

#### *(iii) Equity price risk*

The Group is exposed to equity price risk arising from listed equity investments classified as financial assets at FVTPL and AFS financial assets which are measured at fair value at the end of each reporting period. Management of the Company manages the exposure by maintaining a portfolio of securities with different risk class and monitors the performance regularly. The Group's equity price risk is mainly concentrated on equity securities operating in (i) provision of a comprehensive range of banking related financial services through an international network in the Asia-Pacific region, Europe, the Americas, the Middle East and Africa, (ii) provision of mobile telecommunications and related services, (iii) investment holding and the provision of consultancy services, (iv) generation and sale of electric power to the respective regional or provincial grid companies in the PRC, (v) provision of a wide range of financial products and services, including individual life insurance, long-term care insurance, group life and health insurance, pension products, annuities and mutual funds and (vi) container transport and logistics. In addition, the management of the Company will monitor the price risk and consider hedging the risk exposure should the need arise.



# 80 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015 (in HK Dollars)

## 4. FINANCIAL INSTRUMENTS (Cont'd)

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

#### *Market risk (Cont'd)*

#### *(iii) Equity price risk (Cont'd)*

#### Sensitivity analysis

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

	<b>2015</b> Effect on post-tax profit for the year	2014 Effect on post-tax profit for the year	<b>2015</b> Effect on equity	2014 Effect on equity
10% increase (decrease) in market price of listed equity securities	<b>616,663</b> <b>(616,663)</b>	641,137 (641,137)	<b>2,613,998</b> <b>(2,613,998)</b>	2,949,897 (2,949,897)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 March 2015 (in HK Dollars)

## 4. FINANCIAL INSTRUMENTS (Cont'd)

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

#### *Credit risk*

The Group's credit risk is primarily attributable to trade and other receivables, loan receivable, trust accounts of shares dealing clients, restricted cash and cash and cash equivalents. At 31 March 2015, 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 consolidated statement of financial position.

At 31 March 2015, the Group had the loan receivable was due from single borrower (see note 26 to the consolidated financial statement). Management of the Company considered the credit risk is limited since the Group only provide loan to borrower with an appropriate credit history and good reputation. Management of the Company monitored the financial background and creditability of borrow on an ongoing basis.

In respect of amounts due from clients, individual credit evaluations are performed on all clients (including cash and margin clients). Cash clients are required to place deposits as prescribed in the Group's credit policy before execution of any purchase transactions. Receivables due from cash clients are due within the settlement period commonly adopted in the relevant market practices, which is usually within a few days from the trade date. Because of the prescribed deposit requirements and the short settlement period involved, credit risk arising from the amounts due from cash clients is considered low. The Group normally obtains liquid securities and/or cash deposits as collateral for providing margin financing to its clients. Margin loans due from margin clients are repayable on demand. Market conditions and adequacy of securities collateral and margin deposits of each margin account and futures account are monitored by management on a daily basis. Margin calls and forced liquidation are made where necessary.

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

## 82 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015 (in HK Dollars)

### 4. FINANCIAL INSTRUMENTS (Cont'd)

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

##### *Credit risk (Cont'd)*

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

The Group deposited its trust accounts of shares dealing clients, restricted cash and cash and cash equivalents with approved and reputable banks. Bankruptcy or insolvency of the banks may cause the Group's right with respect to cash and cash equivalents held to be delayed or limited. Management of the Company monitors the credit rating of these banks on an ongoing basis, and considers that the Group's exposure to credit risk at 31 March 2015 and 31 March 2014 were minimal.

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

##### *Liquidity risk*

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

At the end of the reporting period, the Group had banking facilities amounting to HK\$637,268,134 (2014: HK\$606,601,164) which utilised to the extent of HK\$288,836,133 (2014: HK\$385,825,460).

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015 (in HK Dollars)

## 4. FINANCIAL INSTRUMENTS (Cont'd)

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

#### *Liquidity risk (Cont'd)*

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

	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Over 5 years	Total contractual undiscounted cash flow	Carrying amount at year end
<b>2015</b>						
Amount due to an associate	2,055,580	-	-	-	2,055,580	2,055,580
Trade and other payables	159,308,187	-	-	-	159,308,187	159,308,187
Amounts due to non-controlling interests	-	2,935,000	-	-	2,935,000	2,935,000
Bank loans and overdrafts	195,022,663	11,415,948	33,290,620	54,032,904	293,762,135	288,836,133
	<u>356,386,430</u>	<u>14,350,948</u>	<u>33,290,620</u>	<u>54,032,904</u>	<u>458,060,902</u>	<u>453,134,900</u>
<b>2014</b>						
Amount due to an associate	721,707	-	-	-	721,707	721,707
Trade and other payables	131,733,537	-	-	-	131,733,537	131,733,537
Amounts due to non-controlling interests	-	2,935,000	-	-	2,935,000	2,935,000
Bank loans and overdrafts	244,673,935	14,580,769	44,308,674	90,549,276	394,112,654	385,825,460
	<u>377,129,179</u>	<u>17,515,769</u>	<u>44,308,674</u>	<u>90,549,276</u>	<u>529,502,898</u>	<u>521,215,704</u>

### (c) Fair value of financial instruments

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

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

# 84 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015 (in HK Dollars)

## 4. FINANCIAL INSTRUMENTS (Cont'd)

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

- the fair values of derivative instruments are calculated using quoted prices. When such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives; and
- the fair values of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015 (in HK Dollars)

## 4. FINANCIAL INSTRUMENTS (Cont'd)

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

	Level 1	Level 2	Level 3	Total
<b>2015</b>				
<b>Financial assets</b>				
<i>Fair value on a recurring basis</i>				
AFS financial assets:				
– Listed equity securities	26,139,984	–	–	26,139,984
Financial assets FVTPL:				
– Held for trading investments	7,385,190	–	–	7,385,190
	<u>33,525,174</u>	<u>–</u>	<u>–</u>	<u>33,525,174</u>
<b>2014</b>				
<b>Financial assets</b>				
<i>Fair value on a recurring basis</i>				
AFS financial assets:				
– Listed equity securities	29,498,968	–	–	29,498,968
Financial assets at FVTPL:				
– Held for trading investments	7,678,285	–	–	7,678,285
	<u>37,177,253</u>	<u>–</u>	<u>–</u>	<u>37,177,253</u>

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

## 86 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015 (in HK Dollars)

### 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

#### **Critical judgements in applying accounting policies**

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

#### ***Deferred tax on investment properties***

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment properties portfolios and concluded that the Group's investment properties is not held under 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. Therefore, in measuring the Group's deferred tax on investment properties, the directors have determined that the presumption that the carrying amount of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has not recognised any deferred tax on changes in fair value of investment properties as the Group are not subject to any income taxes on disposal of investment properties.

#### ***Impairment of available-for-sale financial assets***

The Group follows the guidance of HKAS 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 March 2015 (in HK Dollars)

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

### Critical judgements in applying accounting policies (Cont'd)

#### *Control over Nice Profit Hong Kong Investment Limited (“Nice Profit”)*

Nice Profit is a subsidiary of the Group although the Group has only 50% ownership interest and voting rights in Nice Profit. The directors assessed whether or not the Group has control over Nice Profit based on whether the Group has the ability to direct the relevant activities of Nice Profit unilaterally. After assessment, the directors concluded that the Group has rights to variable returns from its involvement with Nice Profit and has the ability to affect those returns through its power over Nice Profit and therefore the Group has control over Nice Profit.

#### **Key sources of estimation uncertainty**

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

#### *Impairment of intangible assets*

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



# 88 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015 (in HK Dollars)

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

### **Key sources of estimation uncertainty (Cont'd)**

#### ***Impairment loss on trade and other receivables and loan receivable***

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

#### ***Income tax***

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

#### ***Assessment of economic useful lives of fixed assets***

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 March 2015 (in HK Dollars)

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

### Key sources of estimation uncertainty (Cont'd)

#### *Net realisable value of inventories*

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

#### *Valuation of investment properties*

The Group's investment properties are stated at fair value based on the valuation performed by independent surveyors. In determining the fair value, the surveyors have based on methods of valuation which involve certain estimates. In relying on the valuation reports, the directors have exercised its judgement and is satisfied that the methods of valuation are reflective of the current market conditions. Should there be changes in assumptions due to change in market conditions, the fair value of the investment properties will change in future.

# 90 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015 (in HK Dollars)

## 6. SEGMENT INFORMATION

The Group determines operating segments based on internal reports that are regularly reviewed by the chief operating decision maker (“CODM”) for the purpose of resource allocation and assessment of segment performance between segments and that are used to make strategic decisions.

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

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 March 2015 (in HK Dollars)

## 6. SEGMENT INFORMATION (Cont'd)

### I) Segment revenues and results

	Property investments and leasing of rental development/hotel		Manufacturing and distribution of plastic packaging materials		Stock broking, futures and finance		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014
Turnover	45,326,431	49,380,273	442,179,294	359,816,549	20,276,218	21,395,790	507,781,943	430,592,612
Segment results	21,574,980	26,882,687	6,215,758	6,108,421	6,231,855	6,883,102	34,022,593	39,874,210
Gain arising on change in fair value of investment properties	44,358,065	68,625,415	-	-	-	-	44,358,065	68,625,415
Gain on disposal of investment property	107,714,185	-	-	-	-	-	107,714,185	-
Profit from operations	173,647,230	95,508,102	6,215,758	6,108,421	6,231,855	6,883,102	186,094,843	108,499,625
Impairment loss recognised in respect of available-for-sale financial assets reclassified from consolidated statement of comprehensive income							(10,321,028)	-
Unallocated finance costs							(5,891,357)	(8,072,340)
Share of results of associates							1,769,988	3,078,110
Profit before tax							171,652,446	103,505,395
Unallocated income tax expense							(5,281,112)	(4,786,919)
Profit for the year							166,371,334	98,718,476

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in both years.

Segment results represent the profit earned by each segment without allocation of impairment loss recognised in respect of available-for-sale financial assets reclassified from consolidated statement of comprehensive income, finance costs, share of results of associates and income tax expense. This is the measure reported to the CODM for the purposes of resources allocation and assessment of segment performance.

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For the year ended 31 March 2015 (in HK Dollars)

## 6. SEGMENT INFORMATION (Cont'd)

### II) Segment assets and liabilities

	Property Investments and leasing of rental development/hotel		Manufacturing and distribution of plastic packaging materials		Stock broking, futures and finance		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014
<b>Assets</b>								
Reportable segment assets	727,431,611	850,430,616	301,670,525	299,141,989	464,486,445	311,180,890	1,493,588,581	1,460,753,495
Unallocated corporate assets							105,984,535	106,212,380
Total assets							1,599,573,116	1,566,965,875
<b>Liabilities</b>								
Reportable segment liabilities	15,384,987	12,134,847	25,911,522	35,842,310	123,002,258	94,621,805	164,298,767	142,598,962
Unallocated corporate liabilities							293,513,906	391,604,090
Total liabilities							457,812,673	534,203,052

Certain comparative figures have been represented to conform with the change of resources allocation in current year.

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015 (in HK Dollars)

## 6. SEGMENT INFORMATION (Cont'd)

### III) Other segment information

	Property Investments and leasing of rental development/hotel		Manufacturing and distribution of plastic packaging materials		Stock broking, futures and finance		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014
<b>Amounts included in the measure of segment results or segment assets:</b>								
Additions to non-current assets ( <i>Note</i> )	79,848,282	447,825	1,575,984	5,887,748	274,455	545,485	81,698,721	6,881,058
Amortisation of leasehold land and land use right	23,085	23,085	452,718	365,727	-	-	475,803	388,812
Depreciation of property, plant and equipment	4,353,510	4,620,856	7,117,928	7,261,349	539,991	648,319	12,011,429	12,530,524
Gain arising on change in fair value of investment properties	44,358,065	68,625,415	-	-	-	-	44,358,065	68,625,415
Gain on disposal of investment property	107,714,185	-	-	-	-	-	107,714,185	-
Impairment loss recognised in respect of trade receivables	-	-	1,179,481	1,953,861	30,868	-	1,210,349	1,953,861
Interest income	950,050	882,443	927,436	57,864	14,628,952	13,182,953	16,506,438	14,123,260
(Loss) gain on disposal of property, plant and equipment	(62,091)	100,000	-	187,712	(5,105)	-	(67,196)	287,712
<b>Amount regularly provided to the CODM but not included in the measure of segment results or segment assets:</b>								
Interests in associates	-	-	-	-	-	-	78,262,495	74,777,899
Impairment loss recognised in respect of available-for-sale financial assets reclassified from consolidated statement of comprehensive income	-	-	-	-	-	-	10,321,028	-
Finance costs	-	-	-	-	-	-	5,891,357	8,072,340
Income tax expense	-	-	-	-	-	-	5,281,112	4,786,919
Share of results of associates	-	-	-	-	-	-	1,769,988	3,078,110

*Note:* Additions to non-current assets consist of additions to investment property, property, plant and equipment, leasehold land and land use right.

# 94 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015 (in HK Dollars)

## 6. SEGMENT INFORMATION (Cont'd)

### IV) Geographical segment

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

	Turnover from external customers	
	2015	2014
Hong Kong	152,593,453	124,780,829
North America	38,404,089	39,589,739
Oceania	30,406,126	28,685,747
Europe	46,134,484	36,123,951
PRC	173,647,000	56,878,130
Other Asian countries	66,596,791	144,534,216
	<b>507,781,943</b>	<b>430,592,612</b>

	Non-current assets (Note)	
	2015	2014
Hong Kong	745,108,014	892,520,724
PRC	99,514,379	107,438,747
	<b>844,622,393</b>	<b>999,959,471</b>

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015 (in HK Dollars)

## 6. SEGMENT INFORMATION (Cont'd)

### V) Information about major customers

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

	2015	2014
Manufacturing and distribution of plastic packaging materials		
Customer A	56,502,800	70,694,160
Customer B ( <i>Note</i> )	100,932,332	N/A
	<u>157,435,132</u>	<u>70,694,160</u>

*Note:* Revenue derived from Customer B did not contribute over 10% of turnover of the Group during the year ended 31 March 2014.

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

## 7. TURNOVER

	2015	2014
Sale of goods	442,179,293	359,816,549
Gross rental income	19,593,558	21,328,155
Brokerage commission	18,061,194	19,846,365
Hotel accommodation income	25,732,874	28,052,118
Dividend income from listed equity securities	1,690,024	1,542,625
Dividend income from unlisted equity securities	525,000	6,800
	<u>507,781,943</u>	<u>430,592,612</u>



# 96 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015 (in HK Dollars)

## 8. OTHER REVENUE AND OTHER INCOME

	2015	2014
Interest income	16,506,438	14,123,260
Other income ( <i>Note</i> )	4,856,001	5,303,773
Reversal of impairment loss recognised in respect of trade receivables	27,761	–
Gain on disposal of property, plant and equipment	–	287,712
	<b>21,390,200</b>	<b>19,714,745</b>

*Note:* Other income mainly consists of handling fee income generated from stock broking, future and finance and subsidies.

## 9. PROFIT FROM OPERATIONS

Profit from operations has been arrived at after charging:

	2015	2014
Amortisation of leasehold land and land use right	475,803	388,812
Auditors' remuneration:		
– Audit service	810,870	792,969
– Non-audit service	202,088	112,076
Cost of inventories sold	360,566,691	273,901,635
Depreciation of property, plant and equipment	12,011,429	12,530,524
Direct operating expenses for generating rental income	130,696	51,535
Exchange loss	1,189,281	1,151,235
Impairment loss recognised in respect of trade receivables	1,210,349	1,953,861
Loss on disposal of property, plant and equipment	67,196	–
Operating lease rental in respect of office premises	4,195,894	4,064,635
Staff costs (including directors' remuneration):		
– Salaries, wages and allowances	50,112,068	51,959,341
– Staff benefits	3,278,478	2,400,855
– Retirement benefit schemes contribution	871,154	894,591
	<b>54,261,700</b>	<b>55,254,787</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015 (in HK Dollars)

## 10. FINANCE COSTS

	2015	2014
Interest expenses:		
Bank loans and overdraft wholly repayable:		
– within five years	1,796,934	2,949,655
– over five years	3,463,686	4,147,587
Amounts due to related companies	209,413	416,193
Other borrowings	6,313	4,796
Bank charges	415,011	554,109
	<u>5,891,357</u>	<u>8,072,340</u>

## 11. INCOME TAX EXPENSE

	2015	2014
Hong Kong Profits Tax	5,276,348	4,456,093
Deferred tax ( <i>note 33</i> )	4,764	330,826
Total income tax expenses for the year	<u>5,281,112</u>	<u>4,786,919</u>

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for the year (2014: 16.5%).

Under the Law of PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% (2014: 25%).

# 98 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015 (in HK Dollars)

## II. INCOME TAX EXPENSE (Cont'd)

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

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

	2015	2014
Profit before tax	<b>171,652,446</b>	103,505,395
Tax at Hong Kong Profits Tax rate of 16.5% (2014: 16.5%)	<b>28,322,654</b>	17,078,390
Tax effect of:		
Different tax rates of subsidiaries operating in other jurisdictions	<b>814,993</b>	985,128
Expenses not deductible for tax purpose	<b>3,809,927</b>	1,601,064
Accelerated accounting depreciation over tax depreciation over provided	<b>(738,042)</b>	(47,206)
Income not taxable for tax purpose	<b>(26,555,221)</b>	(13,821,263)
Current year's tax losses not recognised	<b>2,441,970</b>	1,562,661
Share of results of associates	<b>(292,048)</b>	(507,888)
Previous tax losses utilised in current year	<b>(2,523,121)</b>	(2,063,967)
Total income tax expense for the year	<b>5,281,112</b>	4,786,919

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015 (in HK Dollars)

## 12. DIRECTORS', CHIEF EXECUTIVE AND EMPLOYEES' REMUNERATION

The remuneration paid or payable to each of the 15 (2014: 15) directors for the year ended 31 March 2015.

The remuneration of every director and chief executive for the year ended 31 March 2015 is set out below:

Name of directors	Salary and other benefits	Director fees	Retirement benefit schemes contribution	Total
<b>2015</b>				
<i>Executive director and chief executive</i>				
Chua Nai Tuen	3,008,110	65,000	13,969	3,087,079
<i>Executive directors</i>				
Chua Nai King	984,000	30,000	–	1,014,000
Nelson Junior Chua	608,130	30,000	17,500	655,630
Gilson Chua	680,479	30,000	17,500	727,979
<i>Non-executive directors</i>				
Chan Man Hon, Eric	–	40,000	–	40,000
Jimmy Siy Tiong	–	30,000	–	30,000
Rene Siy Chua	–	30,000	–	30,000
Tsai Han Yung	–	40,000	–	40,000
Samuel Siy Yap	–	30,000	–	30,000
Vivian Chua	443,917	30,000	17,500	491,417
<i>Independent non-executive directors</i>				
Chan Siu Ting	–	55,000	–	55,000
James L. Kwok	–	50,000	–	50,000
Wong Shek Keung	–	55,000	–	55,000
Tsui Ka Wah	–	50,000	–	50,000
Tsai Sui Cheung, Andrew	–	50,000	–	50,000
	<u>5,724,636</u>	<u>615,000</u>	<u>66,469</u>	<u>6,406,105</u>

# 100 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015 (in HK Dollars)

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

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

During the year, the Group had provided a staff quarter to Mr. Chua Nai Tuen amounting to HK\$1,909,980 (2014: HK\$1,546,980) and included in salary and other benefits.

During the year, the Group had paid consultancy fee of HK\$818,755 (2014: HK\$756,000) and HK\$984,000 (2014: HK\$984,000) to Sonliet Investment Company Limited (“Sonliet”) and Tonwell Investment Company Limited (“Tonwell”) of which Mr. Chua Nai Tuen is the director of Sonliet and Mr. Chua Nai King is the director of Tonwell. Consultancy fee is constituted as continuing connected transactions and included in salary and other benefits of Mr. Chua Nai Tuen and Mr. Chua Nai King.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 March 2015 (in HK Dollars)

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

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

### Five highest paid employees

The five highest paid employees of the Group during the year included three (2014: three) directors, details of whose remuneration are disclosed above. The remuneration of the other two (2014: two) employees disclosed were as follows:

	2015	2014
Salaries and other allowances	1,607,089	1,635,577
Retirement benefit schemes contribution	34,725	26,250
	<u>1,641,814</u>	<u>1,661,827</u>

The remuneration of the other two employees fell within the following band:

	2015 Number of employees	2014 Number of employees
Nil – HK\$1,000,000	<u>2</u>	<u>2</u>

# 102 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015 (in HK Dollars)

## 13. DIVIDENDS

	2015	2014
Dividends recognised as distribution during the year		
– 2014 final dividend – HK3 cents (2014: 2013 final dividend HK3 cents) per ordinary share	6,522,565	6,522,565
– Special dividend – HK25 cents (2014: nil) per ordinary share	54,354,714	–
	<u>60,877,279</u>	<u>6,522,565</u>

A special dividend of HK25 cents per ordinary share was paid on 23 January 2015 (2014: nil).

The Board have recommended the payment of a final dividend of HK3 cents per ordinary share (2014: HK3 cents per ordinary share) in respect of the year ended 31 March 2015 to all shareholders of the Company whose name appear on the register of members of the Company on 28 August 2015. Subject to the approval of shareholders at the forthcoming annual general meeting, the payment of the final dividend will be made on or about 30 September 2015.

## 14. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on profit attributable to owners of the Company of HK\$161,311,725 (2014: HK\$95,930,602) and on the weighted average number of 217,418,850 (2014: 217,418,850) ordinary shares in issue during the year.

The denominators used are the same for both basic and diluted earnings per share.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 March 2015 (in HK Dollars)

## 15. INVESTMENT PROPERTIES

### Fair value

At 1 April 2013	698,932,545
Gain arising on change in fair value	<u>68,625,415</u>
At 31 March 2014 and at 1 April 2014	767,557,960
Addition ( <i>Note</i> )	78,801,310
Disposal	(270,000,000)
Gain arising on change in fair value	<u>44,358,065</u>
<b>At 31 March 2015</b>	<b><u><u>620,717,335</u></u></b>

During the year ended 31 March 2015, the Group disposed an investment property at the consideration of HK\$382,000,000. A gain on disposal of investment property amounting to HK\$107,714,185 was recognised.

*Note:* Addition to investment property comprised acquisition cost of HK\$71,800,000 plus the acquisition – related cost of HK\$7,001,310.

	2015	2014
Unrealised gain arising on change in fair value of investment properties included in the consolidated income statement	<u><u>44,358,065</u></u>	<u><u>68,625,415</u></u>

The Group's properties interests held under operating leases to earn rentals or for capital appreciation purpose are measured using the fair value model and are classified and accounted for as investment properties.

The Group's investment properties with carrying amounts of HK\$526,460,000 (2014: HK\$492,750,000) have been pledged to secure general banking facilities granted to the Group (see note 41 to the consolidated financial statements).



# 104 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015 (in HK Dollars)

## 15. INVESTMENT PROPERTIES (Cont'd)

The carrying amounts of investment properties shown above comprises:

	2015	2014
Inside Hong Kong, held under medium – term lease	<b>526,460,000</b>	762,750,000
Inside Hong Kong, held under long – term lease	<b>89,320,000</b>	–
Outside Hong Kong, held under medium – term lease	<b>4,937,335</b>	4,807,960
	<b>620,717,335</b>	767,557,960

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 March 2015 (in Hong Kong Dollar)

## 16. PROPERTY, PLANT AND EQUIPMENT

	Buildings		Construction in progress	Plant and machinery	Furniture, fixtures & equipment	Motor vehicle	Total
	Medium and long-term lease in Hong Kong	Medium term lease in PRC					
<b>Cost</b>							
At 1 April 2013	103,314,554	98,999,471	2,029,022	154,704,265	35,986,677	7,405,596	402,439,585
Additions	–	1,472,613	–	1,786,538	2,090,310	1,531,597	6,881,058
Disposals and written off	–	–	–	(4,610,500)	(5,156,899)	(2,454,961)	(12,222,360)
Exchange alignments	–	1,836,796	37,749	2,361,893	192,840	86,893	4,516,171
At 31 March 2014 and at 1 April 2014	103,314,554	102,308,880	2,066,771	154,242,196	33,112,928	6,569,125	401,614,454
Additions	–	281,839	–	382,310	499,523	944,811	2,108,483
Transfer to leasehold land and land use right	–	–	(2,066,771)	–	–	–	(2,066,771)
Disposals and written off	–	–	–	(9,221,014)	(4,313,324)	(490,849)	(14,025,187)
Exchange alignments	–	85,661	–	91,005	47,055	3,143	226,864
At 31 March 2015	103,314,554	102,676,380	–	145,494,497	29,346,182	7,026,230	387,857,843
<b>Accumulated depreciation and impairment</b>							
At 1 April 2013	29,443,796	35,635,049	–	133,759,636	27,816,341	7,237,023	233,891,845
Charge for the year	3,410,302	2,405,166	–	3,902,460	2,542,359	270,237	12,530,524
Written back on disposals	–	–	–	(4,610,500)	(5,156,899)	(2,454,961)	(12,222,360)
Exchange alignments	–	662,467	–	2,042,564	131,775	84,119	2,920,925
At 31 March 2014 and at 1 April 2014	32,854,098	38,702,682	–	135,094,160	25,333,576	5,136,418	237,120,934
Charge for the year	3,410,302	2,435,396	–	3,863,894	1,834,435	467,402	12,011,429
Written back on disposals	–	–	–	(9,221,014)	(4,241,369)	(490,850)	(13,953,233)
Exchange alignments	–	32,765	–	83,245	19,385	2,862	138,257
At 31 March 2015	36,264,400	41,170,843	–	129,820,285	22,946,027	5,115,832	235,317,387
<b>Carrying amounts</b>							
At 31 March 2015	<b>67,050,154</b>	<b>61,505,537</b>	<b>–</b>	<b>15,674,212</b>	<b>6,400,155</b>	<b>1,910,398</b>	<b>152,540,456</b>
At 31 March 2014	70,460,456	63,606,198	2,066,771	19,148,036	7,779,352	1,432,707	164,493,520

# 106 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015 (in Hong Kong Dollar)

## 16. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Long-term lease buildings of HK\$11,227,541 (2014: HK\$11,535,041) is included in buildings shown as medium and long-term lease.

The Group's buildings with carrying amounts of HK\$67,050,154 (2014: HK\$70,460,456) have been pledged to secure general banking facilities granted to the Group (see note 41 to the consolidated financial statement).

## 17. LEASEHOLD LAND AND LAND USE RIGHT

### Cost

At 1 April 2013	19,045,230
Exchange alignments	327,942

At 31 March 2014 and at 1 April 2014	19,373,172
Additions	788,928
Transfer from construction in progress	2,066,771
Exchange alignments	12,464

At 31 March 2015	22,241,335
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### Accumulated amortisation

At 1 April 2013	5,842,467
Charge for the year	388,812
Exchange alignments	101,076

At 31 March 2014 and at 1 April 2014	6,332,355
Charge for the year	475,803
Exchange alignments	4,584

At 31 March 2015	6,812,742
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### Carrying amounts

<b>At 31 March 2015</b>	<b>15,428,593</b>
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At 31 March 2014	13,040,817
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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 March 2015 (in Hong Kong Dollar)

## 17. LEASEHOLD LAND AND LAND USE RIGHT (Cont'd)

The carrying amounts of leasehold land and land use right shown above comprise:

	2015	2014
Land outside Hong Kong, held under medium-term lease	<u>15,428,593</u>	<u>13,040,817</u>

## 18. FAIR VALUE MEASUREMENT OF INVESTMENT PROPERTIES

### (i) Fair value hierarchy

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

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

# 108 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015 (in Hong Kong Dollar)

## 18. FAIR VALUE MEASUREMENT OF INVESTMENT PROPERTIES (Cont'd)

### (i) Fair value hierarchy (Cont'd)

	Level 1	Level 2	Level 3	Total
<b>At 31 March 2015</b>				
<i>Fair value on a recurring basis</i>				
Investment properties:				
– Located in Hong Kong	–	69,750,000	546,030,000	615,780,000
– Located outside Hong Kong	–	3,010,109	1,927,226	4,937,335
	<u>–</u>	<u>3,010,109</u>	<u>1,927,226</u>	<u>4,937,335</u>
<b>At 31 March 2014</b>				
<i>Fair value on a recurring basis</i>				
Investment properties:				
– Located in Hong Kong	–	52,150,000	710,600,000	762,750,000
– Located outside Hong Kong	–	–	4,807,960	4,807,960
	<u>–</u>	<u>–</u>	<u>4,807,960</u>	<u>4,807,960</u>

There were no transfer between Level 1 and Level 2 in the current year and prior year. The Group's policy is to recognise transfers between levels of fair value hierarchy at the end of the reporting period in which they occur.

The fair value of the Group's investment properties at 31 March 2015 and 31 March 2014 has been arrived at on the basis of a valuation carried out on the respective dates by Messrs K.T. Liu Surveyors Limited, an independent surveyors not connected to the Group.

Messrs K.T. Liu Surveyors Limited are members of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued.

At each financial year end, the management of the Group will (i) verify all major inputs to the independent valuation report; (ii) assess property valuations movements when compared to the prior year valuation report; and (iii) holds discussion with the independent surveyors.

There were no changes to the valuation techniques during the year.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 March 2015 (in Hong Kong Dollar)

## 18. FAIR VALUE MEASUREMENT OF INVESTMENT PROPERTIES (Cont'd)

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

The fair value of investment properties located in Hong Kong and outside Hong Kong are determined using market comparison approach by reference to recent sales price of comparable properties on a price per square foot basis using market data which is publicly available without significant adjustments being made to the market observable data.

### (iii) Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable input	Range
Investment properties located outside Hong Kong	Investment method	Reversionary yield	31 March 2015: 12% 31 March 2014: 12%
	Market comparison approach	Discount on quality of the buildings	31 March 2015: N/A 31 March 2014: 15%
Investment properties located in Hong Kong	Investment method	Reversionary yield	31 March 2015: 2.3% – 2.5% 31 March 2014: 2.5% – 2.8%
	Market comparison approach	(Discount) premium on quality of the buildings	31 March 2015: N/A 31 March 2014: (2%) to 6%

Reversionary yield is the rate taking into account the capitalisation of rental income potential, nature of the property and prevailing market condition. The fair value measurements are negatively correlated to the reversionary yield.

Valuation used market comparison approach by reference to recent sales price of comparable properties on a price per square foot basis, adjusted for a premium or a discount specific to the quality of the Group's properties compared to the recent sales. Higher premium for higher quality buildings will result in a higher fair value measurement.

# 110 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015 (in Hong Kong Dollar)

## 18. FAIR VALUE MEASUREMENT OF INVESTMENT PROPERTIES (Cont'd)

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

The Group believes that any possible changes in input values would not cause significant change in fair value of investment properties.

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

#### *Investment properties located in Hong Kong:*

At 1 April 2013	649,740,000
Fair value adjustment	60,860,000
	<hr/>
At 31 March 2014 and at 1 April 2014	710,600,000
Addition	78,801,310
Disposal	(270,000,000)
Fair value adjustment	43,628,690
Transfer to level 2 fair value measurement	(17,000,000)
	<hr/>
<b>At 31 March 2015</b>	<b>546,030,000</b>
	<hr/> <hr/>

#### *Investment property located outside Hong Kong:*

At 1 April 2013	4,192,545
Fair value adjustment	615,415
	<hr/>
At 31 March 2014 and at 1 April 2014	4,807,960
Fair value adjustment	129,375
Transfer to level 2 fair value measurement	(3,010,109)
	<hr/>
<b>At 31 March 2015</b>	<b>1,927,226</b>
	<hr/> <hr/>

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

Changes in level 2 and 3 fair values are analysed at each reporting date by the management of the Group.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 March 2015 (in Hong Kong Dollar)

## 18. FAIR VALUE MEASUREMENT OF INVESTMENT PROPERTIES (Cont'd)

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

During the year ended 31 March 2015, certain investment properties were changed from fair value hierarchy from level 3 to level 2 because of the new market information becomes available for those particular investment properties. The fair value of certain investment properties located in Hong Kong and outside Hong Kong of approximately HK\$17,000,000 and HK\$3,010,109 respectively categorised into Level 3 fair value hierarchy was changed to Level 2 of the fair value hierarchy.

The Group believes that any possible changes in the input values would not cause significant change in fair value of the investment properties.

## 19. INTERESTS IN ASSOCIATES

	2015	2014
Cost of investments in associates, unlisted	<b>47,436,623</b>	44,358,513
Share of post-acquisition profit and other comprehensive income, net of dividend received	<b>1,769,988</b>	3,078,110
	<b>49,206,611</b>	47,436,623
Amounts due from associates	<b>33,390,566</b>	31,675,958
Less: Impairment losses recognised	<b>(4,334,682)</b>	(4,334,682)
	<b>78,262,495</b>	74,777,899

Amounts due from associates are unsecured, interest-free and have no fixed repayment terms.

Amount due to an associate is unsecured, interest-free and repayable on demand.

Particulars of the Group's associates at the end of the reporting period are set out in note 46 to the consolidated financial statements.

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

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



# 112 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015 (in Hong Kong Dollar)

## 19. INTERESTS IN ASSOCIATES (Cont'd)

### Titan Dragon Properties Corporation

	2015	2014
Current assets	<b>2,093,660</b>	2,287,117
Non-current assets	<b>167,277,298</b>	162,862,095
Current liabilities	<b>200,832</b>	620,978
Non-current liabilities	<b>76,341,170</b>	73,044,810

	2015	2014
Turnover	–	–
Profit and total comprehensive income for the year	<b>1,345,532</b>	2,131,516
Dividend received from associate during the year	–	–

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

	2015	2014
Net assets of Titan Dragon Properties Corporation	<b>92,828,956</b>	91,483,424
Proportion of the Group's ownership interest in Titan Dragon Properties Corporation	<b>49%</b>	49%
Carrying amount of the Group's interest in Titan Dragon Properties Corporation	<b>45,486,188</b>	44,826,878

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 March 2015 (in Hong Kong Dollar)

## 19. INTERESTS IN ASSOCIATES (Cont'd)

### Aggregate information of associates that are not individually material:

	2015	2014
The Group's share of profit	<b>1,110,678</b>	2,033,667
The Group's share of other comprehensive income	–	–
The Group's share of total comprehensive income	<b>1,110,678</b>	2,033,667
Aggregate carrying amounts of the Group's interests in these associates	<b>3,720,423</b>	2,609,745

## 20. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2015	2014
Unlisted investments:		
– Equity securities in Hong Kong	<b>946,000</b>	946,000
– Equity securities outside Hong Kong	<b>335,100</b>	335,100
	<b>1,281,100</b>	1,281,100
Listed investments:		
– Equity securities listed in Hong Kong	<b>26,139,984</b>	29,498,968
	<b>27,421,084</b>	30,780,068

# 114 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015 (in Hong Kong Dollar)

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

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

At 31 March 2015 and 31 March 2014, the directors assessed the recoverable amount of unlisted equity securities with the basis of past performance, management expectation for market development and certain key assumption. Based on the above assessment, the directors considered that there is no indication that material decline or adverse changes in the market in which investees operated occurred and the directors considered that the cost of investments are still considered to be recoverable, thus no impairment loss was recognised for both years.

Fair value of listed securities are determined with reference to quoted market bid prices at the end of the reporting period. At 31 March 2015, the Group's available-for-sale financial assets listed in Hong Kong were determined to be impaired on the basis of material decline in their fair value. The directors considered that such a decline is significant to its original cost and indicated that the listed securities had been impaired. Therefore, impairment loss on these investment with the amount of HK\$10,321,028 (2014: nil) was recognised in the consolidated income statement.

At 31 March 2015, available-for-sale financial assets with carrying amounts of HK\$17,458,814 (2014: HK\$19,983,528) have been pledged to secure general banking facilities granted to the Group (see note 41 to the consolidated financial statements).



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015 (in Hong Kong Dollar)

## 21. INTANGIBLE ASSETS

	Stock Exchange trading right	Futures Exchange trading right	Membership of The Chinese Gold & Silver Exchange Society	Club membership	Total
<b>Cost</b>					
At 1 April 2013,					
at 31 March 2014,					
at 1 April 2014 and					
at 31 March 2015	5,030,001	201,205	1,475,000	981,500	7,687,706
<b>Accumulated impairment losses</b>					
At 1 April 2013,					
at 31 March 2014,					
at 1 April 2014 and					
at 31 March 2015	2,810,000	–	1,175,000	–	3,985,000
<b>Carrying amounts</b>					
At 31 March 2015	<u>2,220,001</u>	<u>201,205</u>	<u>300,000</u>	<u>981,500</u>	<u>3,702,706</u>
At 31 March 2014	<u>2,220,001</u>	<u>201,205</u>	<u>300,000</u>	<u>981,500</u>	<u>3,702,706</u>

### Indefinite useful life

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

# 116 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015 (in Hong Kong Dollar)

## 21. INTANGIBLE ASSETS (Cont'd)

### Impairment

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

## 22. OTHER ASSETS

	2015	2014
Contribution to the compensation fund with the Stock Exchange	<b>1,747,038</b>	1,903,591
Statutory deposits with Hong Kong Securities Clearing Company Limited	<b>600,000</b>	600,000
Admission fee and guarantee fund to Hong Kong Securities Clearing Company Limited	<b>679,653</b>	1,224,254
	<b><u>3,026,691</u></b>	<b><u>3,727,845</u></b>

## 23. INVENTORIES

	2015	2014
Raw material	<b>44,135,942</b>	72,400,777
Work in progress	<b>7,283,897</b>	7,402,145
Finished goods	<b>21,695,847</b>	24,206,424
	<b><u>73,115,686</u></b>	<b><u>104,009,346</u></b>

Inventories are expected to be recovered within one year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 March 2015 (in Hong Kong Dollar)

## 24. TRADE AND OTHER RECEIVABLES

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

	2015	2014
Trade receivables from:		
– Clearing house and cash clients	<b>62,113,094</b>	58,523,303
– Secured margin clients	<b>157,011,122</b>	145,363,245
– Initial public offering margin clients	<b>116,695,863</b>	–
– Other customers	<b>38,154,674</b>	41,372,686
	<b>373,974,753</b>	245,259,234
Less: Allowance for doubtful debts	<b>(9,416,948)</b>	(8,265,227)
	<b>364,557,805</b>	236,994,007
Other receivables	<b>22,807,622</b>	18,760,371
	<b>387,365,427</b>	255,754,378

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

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

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

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

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

# 118 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015 (in Hong Kong Dollar)

## 24. TRADE AND OTHER RECEIVABLES (Cont'd)

### (a) Aging analysis

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

	2015	2014
0 – 30 days	<b>53,945,818</b>	76,898,641
31 – 60 days	<b>2,941,785</b>	4,941,257
Over 60 days	<b>33,963,217</b>	9,790,864
	<b>90,850,820</b>	91,630,762

IPO margin loans are repayable upon allotment of the IPO shares and are interest bearing at variable rate. IPO margin clients are required to pay 10% of total value of IPO shares applied as deposits.

Margin loans due from margin clients are repayable on demand. Margin loans are required to be secured by clients' listed securities held by the Group as collateral and bears interest at 8.25% for the year ended 31 March 2015 (2014: 8.25%). The amount of credit facilities granted to margin clients is determined by the discounted market value of the collateral securities accepted by the Group. At 31 March 2015, the total market value of securities pledged as collateral by the customers in respect of the loans to margin clients was HK\$261,817,300 (2014: HK\$243,328,706). No aging analysis of secured margin clients is disclosed as in the opinion of the directors, the aging analysis does not give additional value in view of the nature of business of securities margin financing.

Amount of HK\$30,325,353 included in trade receivable from clearing house and cash clients is secured by debtor's property.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 March 2015 (in Hong Kong Dollar)

## 24. TRADE AND OTHER RECEIVABLES (Cont'd)

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

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

	2015	2014
At 1 April	8,265,227	6,311,404
Impairment loss recognised	1,210,349	1,953,861
Impairment loss reversed	(27,761)	–
Amounts written off as uncollectible	(30,867)	–
Foreign exchange translation loss	–	(38)
At 31 March	<u>9,416,948</u>	<u>8,265,227</u>

At 31 March 2015, included in the allowance for doubtful debts are individually impaired trade receivables with a balance of HK\$30,867 which are past due at the end of the reporting period. The allowance for doubtful debts recognised because there has been a significant change in credit quality and the amounts are considered irrecoverable.

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

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



# 120 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015 (in Hong Kong Dollar)

## 24. TRADE AND OTHER RECEIVABLES (Cont'd)

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

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

	2015	2014
Neither past due nor impaired	30,157,473	40,680,588
Less than one month past due	19,281,931	43,648,384
One to three months past due	7,551,290	5,055,910
More than three months past due	33,860,126	2,245,880
	<b>90,850,820</b>	<b>91,630,762</b>

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

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 March 2015 (in Hong Kong Dollar)

### 25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2015	2014
Listed securities:		
– Equity securities listed in Hong Kong, at fair value	<u>7,385,190</u>	<u>7,678,285</u>

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

At 31 March 2015, trading securities listed in Hong Kong with carrying amount of HK\$2,657,880 (2014: HK\$2,968,140) have been pledged to secure general banking facilities granted to the Group (see note 41 to the consolidated financial statements).

### 26. LOAN RECEIVABLE

	2015	2014
Variable-rate loan receivable shown under current assets	<u>19,000,000</u>	<u>19,000,000</u>

Loan receivable is secured by borrower's two properties and borrower's personal guarantee with unlimited amount as collateral.

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

# 122 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015 (in Hong Kong Dollar)

## 27. RESTRICTED CASH

	2015	2014
Restricted deposit held at bank	<u>4,100,000</u>	<u>4,100,000</u>

The effective interest rates on time deposits is 0.3% p.a. (2014: 0.3% p.a.) and mature within 181 days. (2014: 181 days)

Restricted cash is reserved for serving of bank overdraft provided by a bank and denominated in HK\$.

## 28. TRUST ACCOUNTS OF SHARES DEALING CLIENTS

	2015	2014
Trust accounts	<u>101,447,297</u>	<u>76,183,226</u>

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

At 31 March 2015, the Group's trust accounts denominated in RMB is HK\$101,677 (2014: HK\$56,580).

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 March 2015 (in Hong Kong Dollar)

## 29. CASH AND CASH EQUIVALENTS

	2015	2014
Cash on hand and cash at bank	42,603,912	32,796,109
Short-term time deposits	58,443,672	–
Cash and cash equivalents	<b>101,047,584</b>	32,796,109

Short-term time deposits are made for varying periods of between one day to three months depending on the immediate cash requirement of the Group, and earn interest at the respective short-term time deposits rates ranged from 4.1% to 4.5% p.a. (2014: nil).

At 31 March 2015, the Group's cash and cash equivalents denominated in RMB and USD are HK\$8,100,781 (2014: HK\$5,767,289) and HK\$20,882,984 (2014: HK\$6,791,865), respectively.

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

## 30. TRADE AND OTHER PAYABLES

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

	2015	2014
Trade payables to:		
– Clearing house and cash clients	99,987,443	64,959,037
– Secured margin clients	15,670,648	25,141,544
– Other creditors	9,986,424	15,831,923
	<b>125,644,515</b>	105,932,504
Other payables	33,663,672	33,009,750
	<b>159,308,187</b>	138,942,254

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

# 124 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015 (in Hong Kong Dollar)

## 30. TRADE AND OTHER PAYABLES (Cont'd)

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

	2015	2014
0 – 30 days	123,114,161	102,945,035
31 – 60 days	1,479,555	2,437,348
Over 60 days	1,050,799	550,121
	<u>125,644,515</u>	<u>105,932,504</u>

Trade payables to clearing house and cash clients of HK\$99,987,443 (2014: HK\$64,959,037) are due within 30 days.

## 31. BANK LOANS AND OVERDRAFTS

	2015	2014
Secured bank overdrafts	19,335,291	11,097,421
Secured bank loans	269,500,842	364,728,039
Unsecured bank loans	–	10,000,000
	<u>288,836,133</u>	<u>385,825,460</u>

	2015	2014
Carrying amounts repayable:		
Within one year	192,420,519	240,033,945
More than one year, but not exceeding two years	11,169,608	14,247,492
More than two years, but not exceeding five years	32,565,566	43,299,832
Over five years	52,680,440	88,244,191
	<u>288,836,133</u>	<u>385,825,460</u>
Less: Amounts due within one year shown under current liabilities	<u>(192,420,519)</u>	<u>(240,033,945)</u>
Amounts shown under non-current liabilities	<u>96,415,614</u>	<u>145,791,515</u>

The secured bank loans and bank overdrafts were secured by the Group's assets as described in note 41 to the consolidated financial statements. Bank loans and overdrafts bear interest rate at rates ranging from 0.9% to 2.89% (2014: 1.51% to 5.25%) per annum.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 March 2015 (in Hong Kong Dollar)

## 32. AMOUNTS DUE TO NON-CONTROLLING INTERESTS

At 31 March 2015 and 31 March 2014, amounts due to non-controlling interests are unsecured, interest-free and has no fixed repayment terms.

## 33. DEFERRED TAX LIABILITIES

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

	Accelerated tax depreciation	Revaluation of investment properties	Others	Total
At 1 April 2013	1,223,794	500,495	273,788	1,998,077
Charge to the consolidated income statement	176,972	153,854	–	330,826
At 31 March 2014 and at 1 April 2014	1,400,766	654,349	273,788	2,328,903
(Credit) charge to the consolidated income statement	(27,580)	32,344	–	4,764
<b>At 31 March 2015</b>	<b>1,373,186</b>	<b>686,693</b>	<b>273,788</b>	<b>2,333,667</b>

At the end of the reporting period, the Group had unused estimated tax losses of HK\$30,142,986 (2014: HK\$30,634,809) available for offset against future profits. No deferred tax assets has been recognised in respect of tax losses due to unpredictability of future profit streams. The unrecognised tax losses could be carry forward indefinitely except for the tax losses arising in the PRC of HK\$26,193,781 (2014: HK\$17,472,952) that will expire in one to five years for offsetting against future taxable profits.

## 34. SHARE CAPITAL

	2015		2014	
	Number of shares	HK\$	Number of shares	HK\$
<b>Issued and fully paid:</b>				
At the beginning and the end of the reporting period	<b>217,418,850</b>	<b>217,418,850</b>	217,418,850	217,418,850

An entirely new Companies Ordinance (Cap.622) (the “new CO”) that came into effect on 3 March 2014. The new CO abolishes authorised share capital and par value in respect of the share capital of Hong Kong companies.

# 126 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015 (in Hong Kong Dollar)

## 35. STATEMENT OF FINANCIAL POSITION AND MOVEMENT OF RESERVE OF THE COMPANY

### (a) Statement of financial position of the Company

	2015	2014
<b>Non-current assets</b>		
Investment property	1,927,225	1,932,265
Property, plant and equipment	4,276	8,451
Interests in subsidiaries	181,814,394	164,699,527
Interest in an associate	31,017,767	28,952,210
Available-for-sale financial assets	810,000	810,000
	<u>215,573,662</u>	<u>196,402,453</u>
<b>Current assets</b>		
Amount due from a subsidiary	114,930,477	88,249,931
Trade and other receivables	824,601	463,847
Deposits and prepayments	468,889	496,849
Loan receivable	19,000,000	19,000,000
Cash and cash equivalents	1,057,635	1,426,726
	<u>136,281,602</u>	<u>109,637,353</u>
<b>Current liabilities</b>		
Other payables	3,688,732	2,415,044
Amounts due to subsidiaries	112,188,335	25,493,112
Amount due to an associate	2,055,580	721,707
Bank loans	–	10,000,000
	<u>117,932,647</u>	<u>38,629,863</u>
<b>Net current assets</b>	<u>18,348,955</u>	<u>71,007,490</u>
<b>Total assets less current liabilities</b>	<u>233,922,617</u>	<u>267,409,943</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 March 2015 (in Hong Kong Dollar)

## 35. STATEMENT OF FINANCIAL POSITION AND MOVEMENT OF RESERVE OF THE COMPANY (Cont'd)

### (a) Statement of financial position of the Company (Cont'd)

	2015	2014
<b>Non-current liability</b>		
Amount due to a subsidiary	–	29,999,930
<b>Net assets</b>	<b>233,922,617</b>	237,410,013
<b>Capital and reserves</b>		
Share capital	217,418,850	217,418,850
Retained earnings	16,503,767	19,991,163
<b>Total equity</b>	<b>233,922,617</b>	237,410,013

The financial statements were approved and authorised for issue by the Board of Directors on 19 June 2015 and are signed on its behalf by:

**Chua Nai Tuen**  
*Director*

**Chua Nai King**  
*Director*



# 128 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015 (in Hong Kong Dollar)

## 35. STATEMENT OF FINANCIAL POSITION AND MOVEMENT OF RESERVE OF THE COMPANY (Cont'd)

### (b) Movement of reserve of the Company

	<b>Retained earnings</b>
At 1 April 2013	25,345,731
Profit for the year	1,167,997
Dividend paid	(6,522,565)
	<hr/>
At 31 March 2014 and at 1 April 2014	19,991,163
Profit for the year	57,389,883
Dividend paid	(60,877,279)
	<hr/>
<b>At 31 March 2015</b>	<b>16,503,767</b>
	<hr/> <hr/>

## 36. CAPITAL MANAGEMENT

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015 (in Hong Kong Dollar)

## 36. CAPITAL MANAGEMENT (Cont'd)

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

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

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

	2015	2014
Total debts ( <i>note i</i> )	<b>288,836,133</b>	385,825,460
Less:		
Restricted cash	<b>(4,100,000)</b>	(4,100,000)
Cash and cash equivalents	<b>(101,047,584)</b>	(32,796,109)
Net debt	<b>183,688,549</b>	348,929,351
Equity ( <i>note ii</i> )	<b>1,124,472,683</b>	1,017,750,987
Net debt to equity ratio	<b>16%</b>	34%
Total debt to equity ratio	<b>26%</b>	38%

*Notes:*

- (i) Total debts comprises bank loans and overdrafts as detailed in note 31 to the consolidated financial statements.
- (ii) Equity attributable to owners of the Company includes share capital and reserves attributable to owners of the Company.

# 130 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015 (in Hong Kong Dollar)

## 37. RECONCILIATION OF PROFIT BEFORE TAX TO CASH USED IN OPERATIONS

	2015	2014
Profit before tax	<b>171,652,446</b>	103,505,395
Adjustment for:		
Gain arising on change in fair value of investment properties	<b>(44,358,065)</b>	(68,625,415)
(Gain) loss arising on change in fair value of financial assets at fair value through profit or loss	<b>(1,130,186)</b>	1,051,510
Share of results of associates	<b>(1,769,988)</b>	(3,078,110)
Dividend income from listed equity securities	<b>(1,690,024)</b>	(1,542,625)
Dividend income from unlisted equity securities	<b>(525,000)</b>	(6,800)
Interest income	<b>(16,506,438)</b>	(14,123,260)
Finance costs	<b>5,891,357</b>	8,072,340
Reversal of impairment loss recognised in respect of trade receivables	<b>(27,761)</b>	–
Impairment loss recognised in respect of trade receivables	<b>1,210,349</b>	1,953,861
Impairment loss recognised in respect of available-for-sale financial assets reclassified from consolidated statement of comprehensive income	<b>10,321,028</b>	–
Depreciation of property, plant and equipment	<b>12,011,429</b>	12,530,524
Amortisation of leasehold land and land use right	<b>475,803</b>	388,812
Gain on disposal of investment property	<b>(107,714,185)</b>	–
Loss (gain) on disposal of property, plant and equipment	<b>67,196</b>	(287,712)
Operating cash flows before movements in working capital	<b>27,907,961</b>	39,838,520
Decrease (increase) in inventories	<b>30,924,000</b>	(22,590,550)
Increase in trade and other receivables	<b>(133,556,672)</b>	(55,081,901)
Decrease in financial assets at fair value through profit or loss	<b>1,423,281</b>	–
Decrease (increase) in deposits and prepayments	<b>3,997,828</b>	(3,547,870)
Increase in trust accounts of shares dealing clients	<b>(25,264,071)</b>	(3,746,946)
Decrease in amount due from a related company	–	2,891
Increase in trade and other payables	<b>20,357,510</b>	7,635,103
Increase in amount due to an associate	<b>1,333,873</b>	327,088
Decrease in amount due to a related company	–	(23,473)
Cash used in operations	<b>(72,876,290)</b>	(37,187,138)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 March 2015 (in Hong Kong Dollar)

## 38. RETIREMENT BENEFIT COSTS

The Group operates MPF Scheme under rules and regulations of Mandatory Provident Fund Schemes Ordinance for all employees employed in Hong Kong. The Group has chosen to follow the minimum statutory contribution requirement of 5% of eligible employees' monthly relevant income but limited to the mandatory cap of HK\$30,000 (HK\$25,000 prior to 1 June 2014). The contributions are charged to the consolidated income statements as incurred. The assets of the MPF Scheme are held separately from those of the Group in an independently administrative fund.

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

## 39. MAJOR NON-CASH TRANSACTIONS

The Group entered into the following major non-cash investing activity which is not reflected in the consolidated statement of cash flows:

During the year ended 31 March 2015, addition of leasehold land and land use right with the amount of HK\$2,066,771 (2014: nil) was transferred from construction in progress.



# 132 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015 (in Hong Kong Dollar)

## 40. LEASE COMMITMENTS

### The Group as lessee

	2015	2014
Minimum lease payments paid under operating leases during the period: Premises	<u>4,195,894</u>	<u>4,064,635</u>

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

	2015	2014
Within one year	2,940,694	2,197,195
In the second to fifth year inclusive	<u>1,631,069</u>	<u>310,491</u>
	<u>4,571,763</u>	<u>2,507,686</u>

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

### The Group as lessor

Rental income earned during the year was HK\$19,593,558 (2014: HK\$21,328,155). Investment properties held by the Group's are for rental purposes and are expected to generate annual rental yields of 1% to 20% (2014: 2% to 20%) on an ongoing basis respectively. All of the properties held have committed tenants for the next 2 years.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015 (in Hong Kong Dollar)

## 40. LEASE COMMITMENTS (Cont'd)

### The Group as lessor (Cont'd)

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

	2015	2014
Within one year	<b>12,049,600</b>	19,338,303
In the second to fifth year inclusive	<b>10,146,487</b>	10,369,319
	<b>22,196,087</b>	29,707,622

## 41. PLEDGE OF ASSETS

Assets with the following carrying amounts have been pledged to secure general banking facilities of the Group, set out in note 31 to the consolidated financial statements:

	2015	2014
Investment properties	<b>526,460,000</b>	492,750,000
Buildings	<b>67,050,154</b>	70,460,456
Available-for-sale financial assets	<b>17,458,814</b>	19,983,528
Financial assets at fair value through profit or loss	<b>2,657,880</b>	2,968,140
Restricted cash	<b>4,100,000</b>	4,100,000
	<b>617,726,848</b>	590,262,124

# 134 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015 (in Hong Kong Dollar)

## 42. CONTINGENT LIABILITIES

- (a) In past year, the constructor for the hotel renovation works claimed against the Company and SAP Realty Company Limited (“SAR”), a wholly owned subsidiary of the Company for an overdue balance of HK\$5,009,115. On the other hand, SAR has made a counter claim to that constructor for the amount overpaid to him of HK\$5,459,314, having taken into account the cost and the expenses incurred by SAR to rectify the defect in the works and the loss and damage caused by the constructor’s failure to complete the works on time.

Up to the date of this report, the outcome of the proceedings is still uncertain. As the directors considered it is premature and not practical to draw a conclusion of the outcome of the claims and that the ultimate liability, if any, will not have a material adverse impact on the Group’s financial position, no provision was made at 31 March 2015 and 31 March 2014.

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

Up to the date of this report, the outcome of the claims is still uncertain. As the directors considered it is premature and not practical to draw a conclusion of the outcome of the claims and that the ultimate liability, if any, will not have a material adverse impact on the Group’s financial position, no further provision was made at 31 March 2015 and 31 March 2014.

## 43. CAPITAL COMMITMENTS

	2015	2014
Authorised and contracted for but not provided for Factory renovation and acquisition of property, plant and equipment	–	1,569,909

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 March 2015 (in Hong Kong Dollar)

## 44. SIGNIFICANT RELATED PARTY TRANSACTION

Save as disclosed elsewhere in the consolidated financial statements, the Group entered into the following transactions with related parties:

	2015	2014
(a) Payment to companies in which a director has controlling interest and constitute as continuing connected transactions:		
– Interest expenses	209,413	416,193
– Rental expenses	926,076	926,076
(b) In addition to the directors' emoluments as disclosed in note 12, emoluments of the other key management personnel was disclosed as follows:		
– Short-term employee benefits	3,598,372	3,552,033
– Retirement benefit schemes contribution	94,472	91,517
(c) Remuneration paid to close family members of key management personnel	897,177	817,825

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

Details of the balances with related parties at the end of the reporting period are set out in notes 19 and 32 to the consolidated financial statements respectively.



# 136 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015 (in Hong Kong Dollar)

## 45. PRINCIPAL SUBSIDIARIES

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

Name of company	Country/place of incorporation/operation	Class of share/registered capital held	Issued and fully paid share capital/registered capital	Proportion of ownership interest and voting power held by the Company		Principal activities
				2015 %	2014 %	
Always Best Company Limited	British Virgin Islands	Ordinary	US\$1	95	95	Investment holding
Dongguan Nan Sing Plastics Limited (Note a)	PRC	Registered	HK\$160,000,000	95	95	Manufacture of plastics products
Dongguan Nanryo Super Plastics Limited (Note a)	PRC	Registered	HK\$20,000,000	95	95	Manufacture of plastics products
Fortune State Investments Limited	Hong Kong	Ordinary	HK\$2	100	100	Investment holding
Happy Dragon Investment Limited	Hong Kong	Ordinary	HK\$2	100	100	Investment holding
Hotel Benito Management Limited	Hong Kong	Ordinary	HK\$1,000	100	100	Hotel operation
K.W. & Associates Company Limited	Hong Kong	Ordinary	HK\$2,000,000	100	100	Property investment
Nan Sing Holdings Limited	Hong Kong	Ordinary	HK\$10,000	100	100	Investment holding
Nan Sing Plastics Limited	Hong Kong	Ordinary	HK\$15,000,000	95	95	Trading of plastic products
Nan Sing Realty Company Limited	Hong Kong	Ordinary	HK\$100	95	95	Property investment
Nanryo Super Plastics (Hong Kong) Limited	Hong Kong	Ordinary	HK\$19,500,000	95	95	Trading of plastic products
Nice Profit Hong Kong Investment Limited (Note b)	Hong Kong	Ordinary	HK\$100	50	50	Property investment
SAP Realty Company Limited	Hong Kong	Ordinary	HK\$100	100	100	Property investment

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 March 2015 (in Hong Kong Dollar)

## 45. PRINCIPAL SUBSIDIARIES (Cont'd)

Name of company	Country/place of incorporation/operation	Class of share/registered capital held	Issued and fully paid share capital/registered capital	Proportion of ownership interest and voting power held by the Company		Principal activities
				2015 %	2014 %	
Southeast Asia Properties & Finance (China) Limited	Hong Kong/PRC	Ordinary	HK\$2	100	100	Property investment and development
Southeast Asia Properties Finance (Nomintees) Limited	Hong Kong	Ordinary	HK\$10,000	100	100	Nominees
Stockwell Securities Limited	Hong Kong	Ordinary	HK\$30,000,000	100	100	Stock broking
Stockwell Commodities Limited	Hong Kong	Ordinary	HK\$10,000,000	100	100	Commodities dealing
Tanpar Company Limited	Hong Kong	Ordinary	HK\$100	95	95	Trading and Nominee
Top Epoch Limited	Hong Kong	Ordinary	HK\$1	100	100	Property investment
Tsen Hsin Industrial Company Limited	Hong Kong	Ordinary	HK\$400,000	95	95	Property investment

### Notes:

- (a) Wholly foreign-owned enterprise
- (b) The directors considered the Group has ability to direct the relevant activities of Nice Profit and concluded that the Group has rights to variable returns from its involvement with Nice Profit and has the ability to affect those returns through its power over Nice Profit. Therefore, Nice Profit is considered as a subsidiary of the Company.

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

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

# 138 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015 (in Hong Kong Dollar)

## 45. PRINCIPAL SUBSIDIARIES (Cont'd)

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

	<b>2015</b> <b>HK\$</b>	2014 HK\$
Current assets	<b>121,276,446</b>	61,503,196
Non-current assets	<b>302,946,396</b>	514,798,255
Current liabilities	<b>53,802,129</b>	157,771,102
Non-current liabilities	<b>42,731,772</b>	145,284,177
Equity attributable to owners of the Company	<b>313,767,142</b>	261,853,095
Non-controlling interests	<b>13,921,799</b>	11,393,077

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 March 2015 (in Hong Kong Dollar)

## 45. PRINCIPAL SUBSIDIARIES (Cont'd)

	2015 HK\$	2014 HK\$
Revenue	<b>625,187,563</b>	522,930,124
Expenses	<b>510,744,796</b>	456,811,973
Profit attributable to owners of the Company	<b>109,128,045</b>	63,047,624
Profit attributable to non-controlling interests	<b>5,314,722</b>	3,070,527
Profit for the year	<b>114,442,767</b>	66,118,151
Total comprehensive income attributable to owners of the Company	<b>109,128,045</b>	63,047,624
Total comprehensive income attributable to non-controlling interests	<b>5,314,722</b>	3,070,527
Total comprehensive income for the year	<b>114,442,767</b>	66,118,151
Dividend paid to non-controlling interests	<b>2,786,000</b>	–
Net cash generated from operating activities	<b>8,939,855</b>	7,622,128
Net cash generated from investing activities	<b>321,173,600</b>	6,599,931
Net cash used in financing activities	<b>(261,269,416)</b>	(5,863,521)
Net cash inflow	<b>68,844,039</b>	8,358,538

Except Nan Sing Plastics, the directors consider that the non-controlling interests of other non-wholly owned subsidiaries during the year ended 31 March 2015 and 31 March 2014 were insignificant to the Group and thus are not separately presented in these consolidated financial statements. In addition, no separate financial information of other non-wholly owned subsidiaries are required to be presented.

# 140 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015 (in Hong Kong Dollar)

## 46. ASSOCIATES

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

Name of associates	Country/place of incorporation/operation	Issued and fully paid share capital	Class of share held	Proportion of ownership interest and voting power held by the Group:		Principal activities
				2015 %	2014 %	
Wisestar Holdings Limited	Hong Kong	HK\$2	Ordinary	47.7	47.7	Trading of plastics products
Ongoing Investments Limited	British Virgin Islands/PRC	US\$100	Ordinary	20	20	Property investment
Sequin Development Limited	British Virgin Islands/PRC	US\$100	Ordinary	20	20	Property investment
Titan Dragon Properties Corporation	Philippines	Peso\$80,000,000	Ordinary	49	49	Property investment

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

All other equity interests in the associates are indirectly held by the Company.

## 47. EVENTS AFTER THE REPORTING PERIOD

On 29 May 2015, the Company and Merit Ascent International Limited (the "Purchaser"), a wholly-owned subsidiary of the Company, entered into the sale and purchase agreement with Kasing Investment Limited (the "First Seller") and Sunlight REIT Finance Limited ("the Second Seller") pursuant to which the Purchaser agreed to purchase, and the First Seller agreed to sell the entire issued share capital of Strong Bright Technology Limited (the "Target") and agreed to assign the benefit of the shareholder loan owed by the Target to the First Seller to the Purchaser and the Second Seller agreed to assign the benefit of the loan owned by the Target to the Second Seller to the Purchaser for a total consideration of HK\$336,880,000 in cash.

## 48. APPROVAL AND AUTHORISATION FOR ISSUE OF THE FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 19 June 2015.

**GROUP PROPERTIES**

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For the year ended 31 March 2015 (in HK Dollars)

**I. PROPERTIES HELD FOR INVESTMENT**

	<b>Location</b>	<b>Existing Use</b>	<b>Category of lease term</b>
(1)	Shops, G/F, 7-7B Cameron Road Tsimshatsui Kowloon	Commercial	Medium-term lease
(2)	Room 406, 4/F, Tower 2, Slivercord 30 Canton Road Tsimshatsui Kowloon	Commercial	Medium-term lease
(3)	9/F, Chao Shan Building, Dong Men Nan Road, Shenzhen, PRC	Commercial	Medium-term lease
(4)	Flats C & D, 2/F, Block 2, Kwai Tak Industrial Centre, Kwai Chung, New Territories	Industrial	Medium-term lease
(5)	Flat 15E Tower 1, Ming Yue hua Yuan Yitian Road, Futian, Shenzhen, PRC	Residential	Medium-term lease
(6)	The remaining portion of inland lot 2273 and the extension thereto and subsection 1 of section A of inland lot 2273	Carpark	Long-term lease

# 142 GROUP PROPERTIES

For the year ended 31 March 2015 (in HK Dollars)

## 2. PROPERTIES UNDER DEVELOPMENT

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

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

**GROUP PROPERTIES**

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For the year ended 31 March 2015 (in HK Dollars)

**3. PROPERTIES HELD FOR OWN USE**

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



# 144 FIVE YEARS FINANCIAL SUMMARY

For the year ended 31 March 2015 (in HK Dollars)

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

	2015	2014	2013	2012	2011
<b>Results</b>					
Turnover	<b>507,781,943</b>	430,592,612	392,889,485	399,992,754	349,696,043
Profit for the year attributable to:					
Owners of the Company	<b>161,311,725</b>	95,930,602	145,312,570	80,264,886	77,370,847
Non-controlling interests	<b>5,059,609</b>	2,787,874	1,662,846	833,890	856,440
	<b>166,371,334</b>	98,718,476	146,975,416	81,098,776	78,227,287
<b>Assets and liabilities</b>					
Total assets	<b>1,599,573,116</b>	1,566,965,875	1,390,914,857	1,237,168,363	1,150,338,699
Total liabilities	<b>(457,812,673)</b>	(534,203,052)	(451,453,808)	(443,144,673)	(433,132,181)
	<b>1,141,760,443</b>	1,032,762,823	939,461,049	794,023,690	717,206,518
Equity attributable to:					
Owners of the Company	<b>1,124,472,683</b>	1,017,750,987	927,253,967	783,483,145	708,641,219
Non-controlling interests	<b>17,287,760</b>	15,011,836	12,207,082	10,540,545	8,565,299
	<b>1,141,760,443</b>	1,032,762,823	939,461,049	794,023,690	717,206,518
<b>EARNINGS PER SHARE</b>					
Basic and diluted	<b>74.2 cents</b>	44.1 cents	66.8 cents	36.9 cents	35.6 cents
<b>DIVIDEND PER SHARE</b>	<b>28.0 cents</b>	3.0 cents	3.0 cents	3.0 cents	3.0 cents