華君控股有限公司
HUAJUN HOLDINGS LIMITED

(Stock Code 股份代號：377)

Annual Report 年報

2015

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EXECUTIVE DIRECTORS

Mr. Meng Guang Bao
(Chairman)
Mr. Wu Jiwei
(Chief Executive Officer)
Mr. Guo Song
(Deputy Chief Executive Officer)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Zheng Bailin
Mr. Shen Ruolei
Mr. Pun Chi Ping

COMPANY SECRETARY

Ms. Yeung Wai Ying, Yvonne
(appointed on 3 July 2015)
Mr. Sinn Wai Kin, Derek
(resigned on 3 July 2015)

AUDIT COMMITTEE

Mr. Pun Chi Ping, *(Chairman)*
Mr. Zheng Bailin
Mr. Shen Ruolei

REMUNERATION COMMITTEE

Mr. Zheng Bailin, *(Chairman)*
Mr. Shen Ruolei
Mr. Pun Chi Ping
Mr. Wu Jiwei

NOMINATION COMMITTEE

Mr. Shen Ruolei, *(Chairman)*
Mr. Zheng Bailin
Mr. Pun Chi Ping
Mr. Wu Jiwei

SOLICITORS

Anthony Siu & Co. Solicitors & Notaries

AUDITOR

Deloitte Touche Tohmatsu

PRINCIPAL BANKERS

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

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE

36th Floor
Citibank Tower
Citibank Plaza
3 Garden Road
Central
Hong Kong

HONG KONG SHARE REGISTRAR

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

STOCK CODE

377

WEBSITE

http://www.huajunholdings.com

BIOGRAPHY OF DIRECTORS

Executive Directors

Mr. Meng Guang Bao (孟廣寶先生), aged 42, joined our Company and was appointed as an Executive Director and the Chairman of the Board of the Company in September 2014. He holds a bachelor's degree in law from 哈爾濱工業大學 (transliterated as Harbin Institute of Technology) in the PRC. Mr. Meng has been the majority shareholder and president of the Huajun Group since 2007 and a senior partner of 遼寧華君律師事務所 (transliterated as Liaoning Huajun Law Firm) since 1998. Mr. Meng was honored by 遼寧省司法廳 (transliterated as Liaoning Provincial Department of Justice) as 文明律師 (transliterated as Civilised Lawyer) in 2003.

Mr. Wu Jiwei (吳繼偉先生), aged 43, joined our Company and was appointed as an Executive Director and the Chief Executive Officer in September 2014. Mr. Wu is also a member of Nomination Committee and Remuneration Committee. He holds a master's degree in investments and economics from 中央財經大學 (transliterated as Central University of Finance and Economics, formerly known as 中央財政金融學院 (transliterated as Central Finance and Economics College)) in the PRC. Mr. Wu worked in Bank of China Group Investment Limited for the period from February 2010 to July 2014, with his last position as a deputy general manager of the non-performing assets investment division.

Ms. Guo Song (郭頌先生), aged 59, joined our Company and was appointed as an Executive Director and the Deputy Chief Executive Officer in September 2014. He holds a bachelor's degree in engineering from 瀋陽建築大學 (transliterated as Shenyang Jianzhu University and formerly known as 遼寧建築工程學校 (transliterated as Liaoning School of Architectural Engineering)) in the PRC. Mr. Guo worked in Agricultural Bank of China for over 10 years. He has extensive experience in banking and securities investment in the PRC. Mr. Guo has been working in the Huajun Group since 2006.

Independent Non-executive Directors

Mr. Zheng Bailin (鄭柏林先生), aged 69, joined our Company in September 2014 and was appointed as our Independent Non-executive Director in September 2014. Mr. Zheng is also the Chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee of the Company. He holds a bachelor's degree in Spanish. Mr. Zheng was employed by Citicorp International Limited from 2007 to 2008, with his last position as a senior adviser of Greater China of China marketing department. Mr. Zheng worked in Bank of China and was the head of its Shanghai branch. Mr. Zheng was honored by the Department of State, State of New York, as one of the recipients of the "Outstanding 50 Chinese Americans in Business Award" in 2001.

Mr. Shen Ruolei (沈若雷先生), aged 70, joined our Company in September 2014 and was appointed as our Independent Non-executive Director in September 2014. Mr. Shen is also the Chairman of the Nomination Committee and a member of Audit Committee and Remuneration Committee. He holds a bachelor's degree from 中央財經大學 (transliterated as Central University of Finance and Economics (formerly known as 中央財政金融學院 (transliterated as Central Finance and Economics College)). Mr. Shen is currently the chief executive officer of an enterprise established in the PRC which involves in managing investments. Mr. Shen has extensive experience in the banking industry. He was the head of Shanghai branch of Industrial and Commercial Bank of China from June 1992 to June 1997. He was a director of Shanghai Commercial Bank and Bank of Shanghai from March 1999 to May 2012 and from April 2005 to April 2013 respectively. Mr. Shen was also the general manager and chairman of the board of directors of Shanghai United International Investment Ltd. from September 1998 to February 2012.

BIOGRAPHY OF DIRECTORS *(Continued)*

Independent Non-executive Directors *(Continued)*

Mr. Pun Chi Ping (*潘治平先生*), aged 48, joined our Company in October 2010 and was appointed as our Independent Non-executive Director in October 2010. Mr. Pun is also the Chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee of the Company. Mr. Pun holds a Master degree of Science in Finance and a Bachelor degree of Arts in Accountancy, both from the City University of Hong Kong. Mr. Pun is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Pun has extensive experience in corporate finance, accounting and auditing. Mr. Pun is presently the Financial Controller of Poly Property Group Co., Limited, a company listed on the main board of the Stock Exchange (Stock Code 119).

BIOGRAPHY OF SENIOR MANAGEMENT

Mr. Zeng Hongbo (*曾紅波先生*), aged 37, is the Assistant Chief Executive Officer of the Company. He holds a master's degree in civil and commercial law from 中國政法大學 (transliterated as China University of Political Science & Law) in the PRC. Mr. Zeng is a member of the Chinese Institute of Certified Public Accountants. Mr. Zeng worked in Bank of China Group Investment Limited for the period from March 2011 to December 2014, holding his last position as a senior manager of the assets management division. He joined us in December 2014.

Mr. Sinn Wai Kin, Derek (*冼偉健先生*), aged 56, is the Chief Financial Officer of the Company responsible for the financial planning and management of the Group and was the Company Secretary of the Company. Mr. Sinn is a fellow member of the Hong Kong Institute of Certified Public Accountants and has more than 26 years' experience in audit, accounting and financial management. He joined the Group in September 2008.

Ms. Zhang Ye (*張曄女士*), aged 40, is the Chief Investment Officer of the Company. She holds a Master degree of Finance from Peking University and an MBA degree from the Wharton School at the University of Pennsylvania. Ms. Zhang has extensive investment experience and has been working in both the public and private investment fields for over decade. Ms. Zhang has worked at MatlinPatterson Global Opportunities Fund, Bank of China Group Investment Limited and China Merchants Securities (HK) Co., Limited. She joined us in October 2014.

Dear Shareholders

I am pleased to present the 2014/15 annual results of Huajun Holdings Limited (formerly known as New Island Development Holdings Limited) (the "Company") and its subsidiaries (together, the "Group").

PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The Group's reported profit attributable to equity shareholders for the year ended 31 March 2015 amounted to HK$242.2 million, representing an increase of HK$118.4 million or 95.6% over HK$123.8 million for the previous year. Reported earnings per share were HK8.92 cents (2014: HK4.64 cents). The profitable results were mainly attributed to the fair value change of investment properties, gain on disposal of subsidiaries and the substantial net gain on securities investments recorded by the Group as well as the profitable results reported by the financial leasing operation.

Apart from consolidating its existing businesses, the Group has been intensifying its efforts searching for suitable investment opportunities which strategically fit into its diversification moves and generate a steady source of income. During the Review Year, the Group diversified its businesses into financial leasing and incorporated a subsidiary in China. China is expected to maintain a moderate economic growth through directed easing policies though facing external economic uncertainties. On the other hand the Group completing its acquisition of a company and its subsidiaries which are principally engaged in trading businesses in both Hong Kong and China region in February 2015. Furthermore we also diversified in medical management.

DIVIDEND

The Board recommends the payment of a final dividend of HK2.48 cents per share for the year ended 31 March 2015 to shareholders of the Company whose names appear on the register of members of the Company on 28 August 2015. The proposed final dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting (the "AGM") and, if approved by the shareholders, is expected to be paid on or before 3 September 2015.

PROSPECT

During the Review Year, the economy of USA improve steady with the stable growth of PRC though uncertainty of Europe. The Group benefited from the improved economy of USA with increase of revenue in existing clients and new clients in printing industry. The profit improved with the success of the strategic capital investment for automation and increase productivity. The Group will diversify in other investment opportunities and anticipate to enhance better returns to our shareholders.

APPRECIATION

Finally, I would like to take this opportunity to extend my gratitude to my fellow directors and all the dedicated staff of the Group for their hard work and contribution during the year. On behalf of the Board, I would also like to express our sincere thanks to the Group's shareholders, investors, customers, bankers and business associates for their continued support.

Meng Guang Bao
Chairman

Hong Kong, 29 June 2015

BUSINESS REVIEW AND OUTLOOK

For the year ended 31 March 2015 under review ("Review Year"), the Group discontinued its brokerage of securities services business and continued to engage in the businesses of (1) sale and manufacturing of high quality multi-colour packaging products, carton boxes, books, brochures and other paper products; (2) provision of finance; (3) securities investments; (4) property investments and the Group has diversified to engage the following businesses, namely (5) finance leasing; (6) trading and (7) medical management.

Continuing operations

Despite facing a challenging economic environment, The Group was able to achieve improved revenue of approximately HK$747.9 million, which represented an increase of 10.4% from approximately HK$677.2 million in last corresponding year ("Corresponding Year"). This included a slight increase in our printing segment of 1.5% with revenue from approximately HK$676.1 million in Corresponding Year to approximately HK$686.2 million in Review Year which attributed to 91.7% of the total revenue, interest income from provision of finance with approximately HK$0.4 million in Review Year from approximately HK$0.7 million in Corresponding Year, rental income of approximately HK$1.8 million during Review Year compared with approximately HK$0.4 million in Corresponding Year. Securities investments recorded revenue of approximately HK$2.2 million in Review Year while the Corresponding Year did not record any revenue. The Group diversified their investment with new segments which included finance lease with a revenue of approximately HK$34.2 million; Trading segment contributed revenue of approximately HK$22.7 million and medical management of approximately HK$0.4 million for the Review Year respectively.

Gross profit improved to approximately HK$166.6 million during Review Year from approximately HK$119.6 million from Corresponding Year. Gross profit percentage improved from 17.7% from Corresponding Year to 22.3% for Review Year. This is attributable with diversified investments with higher return of profit during the Review Year. The Group recorded a gain arising on change in fair value of investment properties with an amount of approximately HK$305.2 million and gains of disposal of subsidiaries of approximately HK$73.0 million during Review Year.

Though revenue improved, selling and distribution expenses remained at approximately HK$48.9 million for the Review Year and Corresponding Year. As a result of the expanding and diversification of businesses, administrative expenses increased from approximately HK$75.1 million to approximately HK$104.6 million from Corresponding Year to Review Year representing 11.1% and 14.0% of the revenue respectively. This included mainly increases in rental, salary and professional expenses.

Finance costs increased from approximately HK$3.0 million in Corresponding Year to approximately HK$14.8 million during Review Year. It is due to more funds were utilised in finance lease and trading segments and other investments.

Profit for the year from continuing operation increased by 126.7% from approximately HK$122.2 million in Corresponding Year to approximately HK$277.1 million in Review Year. It was due to the diversification of investments with high return and improvements in other existing businesses.

CAPITAL STRUCTURE

As at 31 March 2015, the Group had borrowings totaling approximately HK$1,766.6 million (2014: HK$104.7 million). Of these borrowings, approximately HK$712.3 million (2014: HK$50.2 million) were secured by the Group's assets with an aggregate carrying value of approximately HK$863.3 million (2014: HK$134.6 million).

As at 31 March 2015, the Group had total equity of approximately HK$1,347.5 million (2014: HK$631.7 million).

LIQUIDITY AND LEVERAGE

As at 31 March 2015, the Group had current assets of approximately HK$2,284.5 million (2014: HK$603.3 million) comprising cash and cash equivalents of approximately HK$1,231.3 million (2014: HK$99.4 million), and current liabilities of HK$1,168.8 million (2014: approximately HK$321.3 million). The Group's current ratio (defined as current assets divided by current liabilities) was maintaining at a healthy ratio of 2.0 (2014: 1.9).

The Group's gearing ratio is defined by its net debt-to-capital ratio (defined as total borrowings less bank balance and cash and pledged bank deposits divided by total equity) of the Group as at 31 March 2015 which was approximately a net cash-to-equity ratio of 8.1% (2014: net debt-to-equity ratio of 0.8%).

The Directors are of the opinion that the Group will be able to generate adequate cash flow from its operations and to secure necessary facilities from the banks to meet its ongoing obligations and commitments.

CAPITAL EXPENDITURE

The Group's capital expenditure represent additions to investment properties and property, plant and equipment of approximately HK$452.5 million (2014: HK$55.8 million).

FOREIGN CURRENCY MANAGEMENT

The Group is exposed to foreign currency risk on bank balances and cash, trade and other receivables and trade and other payables that are denominated in currencies other than the functional currency of the operations to which they relate. The Directors ensure that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 March 2015.

CORPORATE GOVERNANCE PRACTICES

The Board of Directors of the Company (the "Board") believes that good corporate governance practices are increasingly important for maintaining and promoting the confidence of shareholders of the Company (the "Shareholders"). The Company is committed to ensuring a high standard of corporate governance. The Board will review the corporate governance practices of the Company and its subsidiaries (the "Group") from time to time to ensure that they reflect the latest development and meet the expectations of the Shareholders.

The Company has applied the principles and complied with the code provisions of the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange") (the "Listing Rules") for the year ended 31 March 2015, except for the deviation of code provision of the CG Code as expressly below.

Code Provision E.1.2

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors ("Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the year ended 31 March 2015.

BOARD OF DIRECTORS

The Board is responsible for establishing strategic directions, setting objectives and business plans and monitoring performance. The management is responsible for the day-to-day management and operations of their respective individual business units.

The Board has established a schedule of matters specifically reserved to the Board for its decisions and those reserved for the management. The Board reviews this schedule from time to time to ensure that it remains appropriate to the needs of the Group.

As at the date of this report, the Board comprises 3 Executive Directors, namely Mr. Meng Guang Bao (Chairman), Mr. Wu Jiwei (Chief Executive Officer) and Mr. Guo Song (Deputy Chief Executive Officer) and 3 Independent Non-executive Directors, namely Mr. Zheng Bailin, Mr. Shen Ruolei and Mr. Pun Chi Ping. The biographical details of the Directors are set out under the section headed "Biography of Directors" on pages 3 to 4 of this annual report. The list of Directors and their respective role and function are currently available on the Group's website at http://www.huajunholdings.com and on HKEx's website at http://www.hkex.com.hk.

BOARD OF DIRECTORS *(Continued)*

Each of the Independent Non-executive Directors has entered into an appointment letter with the Company pursuant to which each of them is appointed for service with the Company for a period of one year or two years. The appointment shall be automatically renewed for successive terms of one year or two years unless terminated by either party in writing prior to the expiry of the term.

The broad spectrum of background of the independent Non-executive Directors is valuable on the diversified perspectives in the Board. They come from diverse business and professional backgrounds. They have experiences in general management to professional knowledge, from China business to global enterprise. All of them have proven experiences in forming corporate strategies, risk management and corporate governance.

The Company has received from each of the Independent Non-executive Directors an annual confirmation in writing of his independence and is satisfied that each of them continues to be independent in accordance with the requirements of the Listing Rules.

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

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

The full Board meets no less than four times a year to review, inter alia, the financial and operational performance of the Group. Additional Board meetings are held when necessary. Due notice and Board papers are given to all Directors prior to a meeting in accordance with the Listing Rules and the Code. The Board has established a procedure to enable Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances at the Company's expenses. Appropriate insurance policy and cover for directors have been arranged as well.

There were four regular Board meetings and one annual general meeting held in the year ended 31 March 2015. The attendance record of each Director at the regular Board meetings and general meeting is shown below. All business transacted at the above meetings has been duly documented and is maintained in accordance with applicable laws and regulations.

BOARD OF DIRECTORS *(Continued)*

Directors	Attendance of full Board meetings	Attendance of general meeting
Executive Directors:		
Mr. Meng Guang Bao *(Chairman)* (appointed on 4 September 2014)	3/4	N/A
Mr. Wu Jiwei (appointed on 4 September 2014)	3/4	N/A
Mr. Guo Song (appointed on 4 September 2014)	3/4	N/A
Mr. Suen Cho Hung, Paul (resigned on 25 September 2014)	0/4	0/1
Mr. Lo Ming Chi, Charles (resigned on 25 September 2014)	1/4	1/1
Ms. Chan Yuk Yee (resigned on 25 September 2014)	0/4	1/1
Independent Non-executive Directors:		
Mr. Zheng Bailin (appointed on 4 September 2014)	3/4	N/A
Mr. Shen Ruolei (appointed on 4 September 2014)	3/4	N/A
Mr. Pun Chi Ping	4/4	1/1
Dr. Wong Yun Kuen (resigned on 25 September 2014)	1/4	1/1
Mr. Ip Man Tin, David (resigned on 25 September 2014)	1/4	1/1

REMUNERATION COMMITTEE

The Remuneration Committee was established in 2005 pursuant to the recommendations of the CG Code. The Remuneration Committee is governed by its terms of reference, which have been revised by the Board on 27 March 2012. The terms of reference are currently available on the Group's website at http://www.huajunholdings.com and on HKEx's website at http://www.hkex.com.hk.

The Remuneration Committee now consists of 4 members, namely Mr. Zheng Bailin, who is the chairman of the Remuneration Committee, Mr. Shen Ruolei, Mr. Wu Jiwei and Mr. Pun Chi Ping. The majority of the members of the Remuneration Committee are Independent Non-executive Directors.

The Company aims to design a remuneration policy that attracts and retains executives needed to run the Group successfully and to motivate executives to pursue appropriate growth strategies of the Group while at the same time taking into account the performance of the individuals. The remuneration should reflect, inter alia, the performance and responsibilities of the individuals; and the remuneration packages are structured to include salary, bonus and other benefits to provide incentives to directors and senior management of the Group and to improve their individual performance.

The roles and functions of the Remuneration Committee include the formulation and review of the recommendation to the Board on the remuneration policy as well as the determination of the specific remuneration packages of the Executive Directors and the Group's senior management. No Director or any of his associates is involved in deciding his own remuneration.

REMUNERATION COMMITTEE *(Continued)*

For the year ended 31 March 2015, the remuneration of individual directors is disclosed by name in note 13 to the financial statements, while the remuneration of senior management (comprising of individuals with biographical details disclosed in the section headed "Biography of Senior Management") is disclosed by bands as follows:

	2015 ***Number of individuals***	2014 *Number of individuals*
Nil to HK$1,000,000	**1**	–
HK$1,000,001 to HK$1,500,000	**–**	4
HK$1,500,001 to HK$2,000,000	**1**	–
HK$2,000,001 to HK$2,500,000	**1**	–
	3	4

The Remuneration Committee met 4 times during the year ended 31 March 2015 and the work carried out by the Remuneration Committee included the following:

— reviewed the remuneration policy of the Group; and

— reviewed the specific remuneration packages of the Executive Directors and senior management of the Group for the year ended 31 March 2015.

The attendance record of each member of the Remuneration Committee is shown below. All business transacted at the above meetings has been duly documented and is maintained in accordance with applicable laws and regulations.

Remuneration Committee Members	**Attendance**
Mr. Zheng Bailin *(Chairman)* (appointed on 25 September 2014)	2/4
Mr. Mr. Wu Jiwei (appointed on 25 September 2014)	2/4
Mr. Shen Ruolei (appointed on 25 September 2014)	2/4
Mr. Pun Chi Ping	4/4
Dr. Wong Yun Kuen (resigned on 25 September 2014)	2/4
Mr. Ip Man Tin, David (resigned on 25 September 2014)	2/4
Mr. Lo Ming Chi, Charles (resigned on 25 September 2014)	2/4

NOMINATION COMMITTEE

On 27 March 2012, the Board established a Nomination Committee pursuant to the recommendations of the CG Code. The Nomination Committee is governed by its terms of reference, which have been adopted by the Board on 27 March 2012. The terms of reference of the Nomination Committee are currently available on the Group's website at http://www.huajunholdings.com and HKEx's website at http://www.hkex.com.hk.

The Nomination Committee consists of 4 members, namely Mr. Shen Ruolei, who is the chairman of the Nomination Committee, Mr. Wu Jiwei, Mr. Pun Chi Ping and Mr. Zheng Bailin. The majority of the members of the Nomination Committee are Independent Non-executive Directors.

The primary duty of the Nomination Committee is making recommendations to the Board on appointment and removal of directors and management of Board succession.

The Nomination Committee has considered the past performance, qualification, general market conditions and the Company's Bye-laws in selecting and recommending directors for retirement rotation. The Nomination Committee resolved that all the existing directors should be recommended to remain in office by the Company. Further, in accordance with the Company's Bye-laws, Mr. Zheng Bailin and Mr. Pun Chi Ping would retire, and being eligible, would offer themselves for re-election at the forthcoming annual general meeting of the Company.

The Nomination committee met once during the year ended 31 March 2015. At the meeting, all members of Nomination Committee are present and performed the work including the following:

— reviewed the structure, size and composition of the Board;

— identifying individuals qualified to become board members and select or make recommendations to the board on the selection of individuals nominated for directorships;

— assess the independence of independent non-executive directors; and

— recognizes the importance of having a broad complement of skills, experience and professional knowledge on the Board.

The attendance record of each member of the Nomination Committee in the aforesaid meeting is shown below. All business transacted at the above meeting has been duly documented and is maintained in accordance with applicable laws and regulations.

Nomination Committee Members	**Attendance**
Mr. Shen Ruolei *(Chairman)* (appointed on 25 September 2014)	N/A
Mr. Wu Jiwei (appointed on 25 September 2014)	N/A
Mr. Pun Chi Ping	1/1
Mr. Mr. Zheng Bailin (appointed on 25 September 2014)	N/A
Dr. Wong Yun Kuen (resigned on 25 September 2014)	1/1
Mr. Ip Man Tin, David (resigned on 25 September 2014)	1/1
Mr. Lo Ming Chi, Charles (resigned on 25 September 2014)	1/1

AUDIT COMMITTEE

The Audit Committee was established in 2004 pursuant to the recommendations of the CG Code. The Audit Committee is governed by its terms of reference, which have been revised by the Board on 27 March 2012. The terms of reference are currently available on the Group's website at http://www.huajunholdings.com and on HKEx's website at http://www.hkex.com.hk.

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

The roles and functions of the Audit Committee include the review of the financial statements of the Company, the oversight of corporate governance, financial reporting and internal control procedures of the Group as well as the review of the Group's relationship with the external auditor of the Company.

The Audit Committee met 3 times during the year ended 31 March 2015 and the work carried out by the Audit Committee included the following:

— reviewed the audited consolidated financial statements of the Group for the year ended 31 March 2014;

— reviewed the unaudited interim financial report of the Group for the six months ended 30 September 2014;

— reviewed and discussed with the Company's external auditor in respect of the audit plan for the consolidated financial statements of the Group for the year ended 31 March 2015;

— reviewed and discussed with the senior management of the Group and the external auditor of the Company major accounting, audit and internal control issues;

— reviewed and discussed with the senior management of the Group the corporate governance practices and compliance issues of the Group;

— reviewed the independence and objectivity of the external auditor of the Company;

— monitored the non-audit services undertaken by the Company's external auditor or their affiliates; and

— reviewed and approved the remuneration and terms of engagement of the external auditor of the Company.

The attendance record of each member of the Audit Committee is shown below. All business transacted at the above meetings has been duly documented and is maintained in accordance with applicable laws and regulations.

Audit Committee Members	**Attendance**
Mr. Pun Chi Ping *(Chairman)*	3/3
Mr. Zheng Bailin (appointed on 25 September 2014)	2/3
Mr. Shen Ruolei (appointed on 25 September 2014)	2/3
Dr. Wong Yun Kuen (resigned on 25 September 2014)	1/3
Mr. Ip Man Tin, David (resigned on 25 September 2014)	1/3

CORPORATE GOVERNANCE FUNCTIONS

The Board has the overall responsibility for the corporate governance of the Group and reviews its effectiveness, and adopts all necessary and appropriate actions, to maintain sufficient and effective corporate governance policy and functions from time to time. The Audit Committee assists the Board in the review the corporate governance policy and functions to ensure the upheld of good corporate governance which are of the best interests of the Shareholders and the Group.

The Audit Committee has, during the year ended 31 March 2015, made arrangements to review the Group's the policies and practices on corporate governance and make recommendations to the Board, to review and monitor the policies and practices of the Group on compliance with legal and regulatory requirements, and to review the compliance by the Group with the Corporate Governance Code (Appendix 14 to the Listing Rules) and the disclosure requirements for the Corporate Governance Report.

INTERNAL CONTROL

The Board has the overall responsibility for the internal control system of the Group and reviews its effectiveness, and adopts all necessary and appropriate actions, to maintain sufficient and effective internal control system from time to time. The Audit Committee assists the Board in the review, which covers operational, financial and compliance controls and risk management functions, to maintain an adequate and effective internal control system to safeguard the interests of the Shareholders and the assets of the Group.

The Directors have, during the year ended 31 March 2015, made arrangements to review the Group's internal control system as well as the adequacy of resource, qualification and experience of the staff of the Group's accounting and financial reporting function. The purpose of the review was to provide a reasonable assurance on the effectiveness and efficiency of the Group's operations in achieving the established corporate objectives, to safeguard the Group's assets against unauthorized use or disposition, to ensure the maintenance of proper accounting records of the Group for the provision of reliable financial information for internal use and for publication, and to ensure the Group's compliance with relevant legislation and regulations.

AUDITOR'S REMUNERATION

During the year ended 31 March 2015, the Company's auditor charged the Company HK$1,100,000 for audit services and non-audit services of HK$1,650,000 mainly related to the due diligence services of potential investments of the Group and review of the Group's interim financial report for the six months ended 30 September 2014.

COMPANY SECRETARY

Mr. Sinn Wai Kin, Derek ("Mr. Sinn"), the company secretary of the Company, is employed on a full time basis and has taken no less than 15 hours of the relevant professional training during the year ended 31 March 2015. Our Company Secretary coordinates and supplies of information to the Directors. Our Company Secretary ensures that board procedures and all applicable rules and regulations are followed for all board meetings. The biographical details of Mr. Sinn are set out under the section headed "Biography of Senior Management" on page 4 of this annual report.

FINANCIAL REPORTING

The Board acknowledges its responsibility for the preparation of the financial statements of the Company for the year ended 31 March 2015, which have been prepared on a going concern basis.

The reporting responsibility of the auditor of the Company is set out in the Independent Auditor's Report on pages 25 and 26 of this Annual Report.

COMMUNICATIONS WITH SHAREHOLDERS

The objective of communications with shareholders is to ensure that the Shareholders, both individual and institutional, and, in appropriate circumstances, the investment community at large, are provided with ready, equal and timely access to balanced and understandable information about the Company (including its financial performance, strategic goals and plans, material developments, governance and risk profile), in order to enable Shareholders to exercise their rights in an informed manner, and to allow Shareholders and the investment community to engage actively with the Company. In this respect, a written shareholders communication policy has been established and is currently available on the Group's website at http://www.huajunholdings.com.

The Company uses a range of communication tools to ensure Shareholders are kept well informed of key business imperatives. These include general meetings, interim and annual reports, announcements and circulars. The Company's website offers a communication channel between the Company and the Shareholders, and is frequently updated with key information of the Group.

At the Company's 2014 AGM, separate resolutions were proposed by the Chairman in respect of each separate issue, including the re-election of Directors.

The Company regularly informs the Shareholders of the procedure for voting by poll and ensures compliance with the requirements about voting by poll contained in the Listing Rules and the constitutional documents of the Company. A consolidated version of the Company's Memorandum of Association and Bye-laws is currently available on the Group's website at http://www.huajunholdings.com and on HKEx's website at http://www.hkex.com.hk. There is no significant change in the Company's Memorandum of Association and Bye-laws during the year ended 31 March 2015.

SHAREHOLDERS' RIGHTS

Procedures for Convening of Special General Meeting ("SGM") on requisition of Shareholders

(1) The Directors of the Company, notwithstanding anything in its bye-laws shall, on the requisition of Shareholders holding at the date of the deposit of the requisition not less than one-tenth of such of the paid-up capital of the Company as at the date of the deposit carries the right of voting at general meetings of the Company, forthwith proceed duly to convene a special general meeting of the Company.

(2) The requisition must state the purposes of the meeting, and must be signed by the requisitionists and deposited at the Company Secretary at the Company's principal place of business at, 36th Floor, Citibank Tower, Citibank Plaza, 3 Garden Road, Central, Hong Kong. Such requisition may consist of several documents in like form each signed by one or more requisitionists.

SHAREHOLDERS' RIGHTS *(Continued)*

Procedures for Convening of Special General Meeting ("SGM") on requisition of Shareholders *(Continued)*

(3) The requisition will be verified with the Company's Share Registrars and upon their confirmation that the requisition is proper and in order, the Company Secretary will ask the Board to include the resolutions in the agenda for the SGM. And such meeting shall be held within two months after the deposit of such requisition.

(4) If the directors do not within twenty-one days from the date of the deposit of the requisition proceed duly to convene a meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date.

(5) A meeting convened under this section by the requisitionists shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by the Directors.

Procedures for sending enquiries to the Board

The enquiries must be in writing with contact information of the enquirers and submitted to the Company Secretary at the Company's principal place of business at 36th Floor, Citibank Tower, Citibank Plaza, 3 Garden Road, Central, Hong Kong.

Procedures for Shareholders to put forward proposals at general meetings

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

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

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

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

CONCLUSION

The Board believes that the quality and standard of corporate governance reflects the quality of the management and the operations of the Group's business. Good corporate governance can safeguard the proper use of the Group's assets and effective allocation of the Group's resources as well as protecting the interests of the Shareholders. The management wholeheartedly advocates good practice in corporate governance and will strive to maintain, strengthen and improve the standard and quality of the corporate governance of the Group.

The Directors have pleasure in submitting their annual report together with the audited consolidated financial statements of Huajun Holdings Limited (formerly known as New Island Development Holdings Limited) (the "Company") and its subsidiaries (collectively refer to as the "Group") for the year ended 31 March 2015.

CHANGE OF COMPANY NAME

Pursuant to a special resolution passed by the shareholders of the Company at the SGM held on 17 November 2014 and the subsequent approvals of the Registrar of Companies in Bermuda and the Registrar of Companies in Hong Kong, the name of the Company has been changed from "New Island Development Holdings Limited" to "Huajun Holdings Limited" and "華君控股有限公司" has been adopted as the Chinese name of the Company in replacement of "新洲發展控股有限公司" for identification purpose.

PRINCIPAL PLACE OF BUSINESS

Huajun Holdings Limited is a company incorporated and domiciled in Bermuda and has its principal place of business at 36th Floor, Citibank Tower, Citibank Plaza, 3 Garden Road, Central, Hong Kong.

PRINCIPAL ACTIVITIES

For the year ended 31 March 2015 under review ("Review Year"), the Group discontinued its brokerage of securities services business and continued to engage in the businesses of (1) sale and manufacturing of high quality multi-colour packaging products, carton boxes, books, brochures and other paper products; (2) provision of finance; (3) securities investments; (4) property investments and the Group has diversified to engage the following businesses,namely (5) finance leasing; (6) trading and (7) medical management.

The analysis of the geographical segments of the operations of the Company and its subsidiaries during the year is set out in note 6 to the financial statements.

FINANCIAL STATEMENTS

The profit of the Group for the year ended 31 March 2015 and the state of the Company's and the Group's affairs as at that date are set out in the financial statements on pages 27 to 107.

DIVIDEND

The Board recommends the payment of a final dividend of HK2.48 cents per share for the year ended 31 March 2015 (2014: Nil) to shareholders of the Company whose names appear on the register of members of the Company on 28 August 2015. The proposed final dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting (the "AGM") and, if approved by the shareholders, is expected to be paid on or before 3 September 2015.

CHARITABLE DONATIONS

Charitable donations made by the Group during the year amounted to HK$202,000 (2014: HK$127,000).

SUBSIDIARIES

Particulars of the Company's subsidiaries at 31 March 2015 are set out in note 38 to the financial statements.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the last five financial years is set out on page 108.

MAJOR SUPPLIERS AND CUSTOMERS

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers during the year is as follows:

	%
Sales	
Five largest customers in aggregate	40%
The largest customer	13%
Purchases	
Five largest suppliers in aggregate	24%
The largest supplier	9%

At no time during the year have the Directors, their associates or any shareholder of the Company (which to the knowledge of the Directors, owns more than 5% of the Company's share capital) had any interests (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules")) in these major customers and suppliers.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment during the year are set out in note 16 to the financial statements.

INVESTMENT PROPERTIES

Movements in investment properties during the year are set out in note 18 to the financial statements.

SHARE CAPITAL

Details of share capital of the Company are set out in note 28 to the financial statements.

RESERVES

Movements in the reserves of the Group and of the Company are set out in the consolidated statement of changes in equity on page 31 and note 39 to the Financial Statements respectively.

BORROWINGS

Particulars of borrowings of the Group at 31 March 2015 are set out in note 26 to the financial statements.

DIRECTORS

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

Executive Directors:

Mr. Meng Guang Bao *(Chairman)* (appointed on 4 September 2014)
Mr. Wu Jiwei (appointed on 4 September 2014)
Mr. Guo Song (appointed on 4 September 2014)
Mr. Suen Cho Hung, Paul (resigned on 25 September 2014)
Mr. Lo ming Chi, Charles (resigned on 25 September 2014)
Ms. Chan Yuk Yee (resigned on 25 September 2014)

Independent Non-executive Directors:

Mr. Zheng Bailin (appointed on 4 September 2014)
Mr. Shen Ruolei (appointed on 4 September 2014)
Mr. Pun Chi Ping
Dr. Wong Yun Kuen (resigned on 25 September 2014)
Mr. Ip Man Tin, David (resigned on 25 September 2014)

In accordance with the Bye-laws 87 of the Company's Bye-laws, Mr. Zheng Bailin and Mr. Pun Chi Ping will retire by rotation from office at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

The Company has received from each of the Independent Non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the Independent Non-executive Directors to be independent.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

Details of the directors' remuneration of the Company are set out in note 13 to the financial statements.

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

As at 31 March 2015, the following Director and chief executive of the Company had interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuer set out in Appendix 10 of the Listing Rules.

Name	Capacity/Nature of interest	Long/Short position	Total number of shares held	Approximate % of total shares at 31st March 2015
Mr. Meng Guang Bao ("Mr. Meng")	Interest in controlled corporation	Long position	1,669,061,000 *(Note 1)*	52.18%
	Interest in controlled corporation	Long position	581,021,214 *(Note 2)*	18.17%
	Share options	Long position	26,386,371 *(Note 3)*	0.83%
Mr. Wu Jiwei ("Mr. Wu")	Beneficial owner	Long position	133,264,500 *(Note 4)*	4.17%
	Share options	Long position	26,386,371 *(Note 5)*	0.83%
Mr. Guo Song ("Mr. Guo")	Share options	Long position	7,995,870 *(Note 5)*	0.25%

Note:

(1) These shares are held by Huajun International Limited ("Huajun International"), which is a wholly-owned by Mr. Meng. Mr. Meng is taken to be interested in all the shares of the Company in which Huajun International Limited is interested by virtue of the SFO.

(2) 581,021,214 Shares are derivative interests arising from the redeemable 2.5% p.a. interest bearing convertible bonds held by Huajun International under the Convertible Bonds which are issued on 11 June 2015.

(3) The 26,386,371 underlying Shares subject to the outstanding share options granted to Mr. Meng.

(4) 133,264,500 Shares are derivative interests arising from the redeemable 2.5% p.a. interest bearing convertible bonds held by Mr. Wu under the Convertible Bonds which are issued on 11 June 2015.

(5) The 26,386,371 and 7,995,870 share options have been granted respectively to Mr. Wu and Mr. Guo. For further details of the said share options granted, please refer to the announcement dated 16 February 2015 by the Company.

Save as disclosed above, as at 31 March 2015, none of the directors or chief executive of the Company had registered an interest or short positions in the shares or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 31 March 2015, so far as is known to the Directors, the following persons had interests of more than 5% of the issued share capital of the Company according to the register of interests kept by the Company pursuant to section 336 of the SFO:

Name	Capacity/Nature of interest	Long/Short position	Total number of shares held	Approximate % of total shares at 31st March 2015
Huajun International	Beneficial owner	Long position	1,669,061,000 *(Note (a))*	52.18%
	Beneficial owner	Long position	581,021,214 *(Note (b))*	18.17%
Mr. Meng	Interest of controlled corporation	Long position	1,669,061,000 *(Note (a))*	52.18%
	Interest of controlled corporation	Long position	581,021,214 *(Note (b))*	18.17%
	Beneficial owner	Long position	26,386,371 *(Note (c))*	0.83%

Note:

(a) These shares are held by Huajun International, which is a wholly-owned by Mr. Meng. Mr. Meng is taken to be interested in all the shares of the Company in which Huajun International Limited is interested by virtue of the SFO.

(b) 581,021,214 Shares are derivative interests arising from the redeemable 2.5% p.a. interest bearing convertible bonds held by Huajun International under the Convertible Bonds which are issued on 11 June 2015.

(c) The 26,386,371 underlying Shares subject to the outstanding share options granted to Mr. Meng.

Save as disclosed above, no other interest or short position in the shares and underlying shares of the Company were recorded in the register required to be kept under section 336 of the SFO as at 31 March 2015.

DIRECTORS' INTERESTS IN SIGNIFICANT CONTRACTS

No contract of significance to which the Company, or any of its holding company or subsidiaries or fellow subsidiaries was a party and in which a Director of the Company had a material interest, subsisted at the end of the year or at any time during the year.

SHARE OPTION SCHEME

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

The principal terms of the Scheme are summarized as follows:

(i) The total number of shares which may be issued upon exercise of all share options to be granted under the Scheme and any other share option schemes of the Company shall not in aggregate exceed 10% of the total number of shares in issue as at the date of adoption of the Scheme, unless approved by shareholders and which must not in aggregate exceed 30% of the total number of the relevant class of securities of the Company in issue from time to time. The total number of shares available for issue under the Scheme is 266,529,000 shares.

(ii) The total number of shares issued and to be issued upon exercise of the share options (including both exercised and outstanding options) granted pursuant to the Scheme and any other share option schemes of the Company to each of the Participants in any 12-month period shall not exceed 1% of the total number of the relevant class of securities of the Company (or its subsidiaries) in issue.

(iii) The exercise price shall be solely determined by the Board, and shall be at least the highest of: (a) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet on the date of offer of the share option to the Participants, which must be a day (other than a Saturday or a Sunday) on which licenced banks are open for business in Hong Kong and the Stock Exchange is open for business of dealing in securities (the "Business Day"); (b) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five Business Days immediately preceding the date of offer of the share option to the Participants; and (c) the nominal value of the Company's shares.

(iv) A share option may be exercised at any time during a period determined by the Board at its absolute discretion and notified by the Board to each grantee the period during which an option may be exercised and in any event, such period shall not be longer than 10 years from the date upon which any particular option is granted in accordance with the Scheme.

(v) There is no minimum period for which a share option must be held before the share option can be exercised unless otherwise determined by the Board.

(vi) According to the Scheme, the offer of a grant of share options may be accepted within 28 days from the date of offer, HK$1 is payable by each of the Participants to the Company on acceptance of the share options as consideration for the grant. The share options to which the offer relates shall be deemed to have been granted on the date of offer of such share options.

As at 31 March 2015, the number of share options have been granted and remained outstanding under the Scheme was 50,373,981 (2014: Nil), representing approximately 1.58% (2014: Nil) of the Company in issue at that date.

Details of share options granted during the year under the Scheme are as follows:

Date of grant	**Exercise period**	**Exercise price**	**Share closing price immediately before grant date**
		HK$ per share	*HK$ per share*
16 February 2015	16 February 2015 to 15 February 2018	1.00	0.49

The movement of share options under the Scheme during the year is presented as follows:

	Number of Share Options		
	At 1 April 2014	Granted during the year	At 31 March 2015
Executive directors			
Wu Jiwei	–	26,386,371	**26,386,371**
Guo Song	–	7,995,870	**7,995,870**
	–	34,382,241	**34,382,241**
Employees	–	15,991,740	**15,991,740**
Total	–	50,373,981	**50,373,981**

Notes:

(a) The share options granted to directors and employees are vested immediately upon granted.

(b) There were no share options exercised, cancelled or lapsed during the year ended 31 March 2015.

ARRANGEMENT FOR DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Apart from the Scheme as disclosed above, at no time during the year was the Company, any of its holding company or subsidiaries or fellow subsidiaries a party to any arrangement 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.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-laws, although there is no restriction against such rights under Bermuda Law.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the year ended 31 March 2015, the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares.

ENVIRONMENTAL SUSTAINABILITY

The Group advocates environmental stewardship and continues to implement new measures that ensure adheres to a sustainable approach at our factories. This approach is guided by our Environmental Policy, which ensures that we wholly integrate environmental considerations into our corporate decision-making process, management and organizational culture.

The Group's factories have dedicated environmental teams to identify opportunities for continuous improvement. We began replacing fluorescent lights at some of our manufacturing plants with LED versions, which consume less energy and are longer-lasting. In addition, by automating more processes with energy efficient machines and utilizing solar power, the Group was able to further enhance its resource usage at the manufacturing plants reducing electricity consumption.

The Group holds ISO 14001 certification for the environmental management systems in our factories. As part of our efforts to support sustainable forestry, the Group has increased its inventory of paper made from certified sources and offers FSC (Forest Stewardship Council) certified paper of all types for both its book and packaging printing as well as corrugated operations.

RETIREMENT SCHEMES

Particulars of retirement schemes of the Group are set out in note 29 to the financial statements.

STAFF

As at 31 March 2015, the Group had a total staff of 2,442 (2014: 2,873).

The Group provides employee benefits such as staff insurance, retirement schemes and discretionary bonus and also provides in-house training programmes and external training sponsorship.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, there is sufficient public float of not less than 25% of the Company's issued share capital as required under the Listing Rules.

INDEPENDENT AUDITOR

The consolidated financial statements of the Company for the year ended 31 March 2013 and 2014 have been audited by Grant Thornton Hong Kong Limited. Deloitte Touche Tohmatsu was first appointed by the Directors as the auditor of the Company during the year ended 31 March 2015.

The consolidated financial statements of the Company for the year ended 31 March 2015 have been audited by Deloitte Touche Tohmatsu who will retire and being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

By Order of the Board
Meng Guang Bao
Chairman and Executive Director

Hong Kong, 29 June 2015

Deloitte.
德勤

TO THE SHAREHOLDERS OF HUAJUN HOLDINGS LIMITED
(Formerly known as New Island Development Holdings Limited)
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Huajun Holdings Limited (formerly known as New Island Development Holdings Limited) (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 27 to 107, which comprise the consolidated statement of financial position as at 31 March 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 31 March 2015, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 Group as at 31 March 2015 and of the Group's financial performance and cash flows for the year ended 31 March 2015 in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 March 2014 were audited by another auditor who expressed an unmodified opinion on those statements on 24 June 2014.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

29 June 2015

For the year ended 31 March 2015

	Notes	**2015** ***HK$'000***	2014 *HK$'000*
Continuing operations			
Revenue	*5*	**747,926**	677,189
Cost of sales		**(581,356)**	(557,621)
Gross profit		**166,570**	119,568
Gains on disposal of subsidiaries	*33*	**73,021**	—
Other income	*7*	**3,345**	2,720
Gain (loss) arising on change in fair value of investment properties	*18*	**305,191**	(1,433)
Other gains and losses	*8*	**42,715**	153,745
Selling and distribution expenses		**(48,862)**	(48,840)
Administrative expenses		**(104,561)**	(75,062)
Finance costs	*9*	**(14,776)**	(2,980)
Profit before tax		**422,643**	147,718
Income tax expense	*10*	**(145,526)**	(25,497)
Profit for the year from continuing operations	*11*	**277,117**	122,221
Discontinued operation			
Profit from discontinued operation	*12*	**35**	1,872
Profit for the year		**277,152**	124,093
Other comprehensive (expense) income for the year			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(8,122)**	5,552
Total comprehensive income for the year		**269,030**	129,645

For the year ended 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
Profit for the year attributable to shareholders of the Company			
— from continuing operations		**242,128**	122,138
— from discontinued operation		**62**	1,705
Profit for the year attributable to shareholders of the Company		**242,190**	123,843
Profit (loss) for the year attributable to non-controlling interests			
— from continuing operations		**34,989**	83
— from discontinued operation		**(27)**	167
Profit for the year attributable to non-controlling interests		**34,962**	250
Profit for the year		**277,152**	124,093
Total comprehensive income attributable to:			
Shareholders of the Company		**234,068**	129,395
Non-controlling interests		**34,962**	250
		269,030	129,645
Earnings per share	15	***HK cents***	*HK cents*
From continuing and discontinued operations			
Basic		**8.92**	4.64
Diluted		**8.92**	N/A
From continuing operations			
Basic		**8.92**	4.58
Diluted		**8.92**	N/A

At 31 March 2015

	Notes	**2015**	2014
		HK$'000	*HK$'000*
ASSETS AND LIABILITIES			
NON-CURRENT ASSETS			
Property, plant and equipment	*16*	**247,689**	314,133
Prepaid lease payments	*17*	**16,979**	17,823
Investment properties	*18*	**637,431**	27,900
Club membership	*19*	**2,092**	—
Finance lease receivables	*20*	**462,492**	—
Loan receivables	*22*	**54,199**	—
Deferred tax assets	*27*	**2,332**	2,499
Deposits for purchases of plant and equipment		**10,966**	10,986
		1,434,180	373,341
CURRENT ASSETS			
Inventories	*21*	**106,253**	99,095
Finance lease receivables	*20*	**41,258**	—
Trade and other receivables	*22*	**189,680**	122,271
Loan receivables	*22*	**71,300**	4,000
Tax recoverable		**336**	216
Trading securities	*23*	**—**	183,838
Pledged bank deposits	*24*	**644,388**	—
Bank balances and cash	*24*	**1,231,259**	99,444
		2,284,474	508,864
Assets classified as held for sale	*12*	**—**	94,405
		2,284,474	603,269
CURRENT LIABILITIES			
Trade and other payables	*25*	**442,353**	168,521
Tax payable		**11,767**	2,243
Borrowings	*26*	**714,710**	104,688
		1,168,830	275,452
Liabilities associated with assets classified as held for sale	*12*	**—**	45,809
		1,168,830	321,261
NET CURRENT ASSETS		**1,115,644**	282,008
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,549,824**	655,349

At 31 March 2015

	Notes	**2015** **HK$'000**	2014 HK$'000
NON-CURRENT LIABILITIES			
Long term deposits received	*20*	**21,875**	—
Deferred tax liabilities	*27*	**128,543**	23,664
Borrowings	*26*	**1,051,910**	—
		1,202,328	23,664
NET ASSETS		**1,347,496**	631,685
CAPITAL AND RESERVES			
Share capital	*28*	**31,983**	26,653
Reserves	*28*	**1,250,176**	590,009
Equity attributable to shareholders of the Company		**1,282,159**	616,662
Non-controlling interest		**65,337**	15,023
TOTAL EQUITY		**1,347,496**	631,685

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 29 June 2015.

Wu Jiwei
Executive Director & Chief Executive Officer

Guo Song
Executive Director & Deputy Chief Executive Officer

For the year ended 31 March 2015

	Attributable to shareholders of the Company										
	Share capital *HK$'000*	Share premium *HK$'000*	Statutory surplus reserve *HK$'000*	Exchange translation reserve *HK$'000*	Share-based payment reserve *HK$'000*	Deemed contribution reserve *HK$'000*	Other reserve *HK$'000*	Retained profits *HK$'000*	Subtotal *HK$'000*	Attributable to non-controlling interest *HK$'000*	Total *HK$'000*
Balance at 1 April 2013	26,653	131,911	27,747	74,971	—	—	4,890	221,507	487,679	14,773	502,452
Profit for the year	—	—	—	—	—	—	—	123,843	123,843	250	124,093
Other comprehensive income for the year	—	—	—	5,552	—	—	—	—	5,552	—	5,552
Total comprehensive income for the year	—	—	—	5,552	—	—	—	123,843	129,395	250	129,645
Transfer to reserve	—	—	1,110	—	—	—	—	(1,522)	(412)	—	(412)
Balance at 31 March 2014	**26,653**	**131,911**	**28,857**	**80,523**	**—**	**—**	**4,890**	**343,828**	**616,662**	**15,023**	**631,685**
Profit for the year	—	—	—	—	—	—	—	242,190	242,190	34,962	277,152
Other comprehensive expense for the year	—	—	—	(8,122)	—	—	—	—	(8,122)	—	(8,122)
Total comprehensive income for the year	—	—	—	(8,122)	—	—	—	242,190	234,068	34,962	269,030
Deemed contribution from the immediate holding company *(note 26(c))*	—	—	—	—	—	55,603	—	—	55,603	—	55,603
Acquisition of subsidiaries	—	—	—	—	—	—	—	—	—	31,698	31,698
Issue of shares *(note 28)*	5,330	367,811	—	—	—	—	—	—	373,141	—	373,141
Recognition of share-based payment *(note 31)*	—	—	—	—	2,685	—	—	—	2,685	—	2,685
Disposal of subsidiaries *(note 33)*	—	—	—	—	—	—	—	—	—	(16,346)	(16,346)
Transfer to reserve	—	—	907	—	—	—	—	(907)	—	—	—
Balance at 31 March 2015	**31,983**	**499,722**	**29,764**	**72,401**	**2,685**	**55,603**	**4,890**	**585,111**	**1,282,159**	**65,337**	**1,347,496**

For the year ended 31 March 2015

	Notes	**2015**	2014
		HK$'000	*HK$'000*
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax from continuing operations		**422,643**	147,718
Profit before tax from discontinued operation		**71**	1,581
Profit before tax		**422,714**	149,299
Adjustments for:			
Depreciation and amortisation of non-current assets		**41,444**	39,569
Interest income on bank deposits		**(1,839)**	(927)
Interest income on convertible bonds		**(2,214)**	—
Interest income on loan receivables		**(362)**	—
Interest income on finance lease receivables		**(5,368)**	—
(Gain) loss arising on change in fair value of investment properties		**(305,191)**	1,433
Net foreign exchange gain		**(4,875)**	(719)
Gain on disposal of property, plant and equipment		**(55)**	(166)
Gain on changes in fair value of trading securities		**—**	(154,584)
Gain arising on disposal of convertible bonds and fund investment		**(21,396)**	—
Finance costs		**14,776**	2,991
Bargain purchase gain	*33*	**(6,972)**	—
Gain on disposal of subsidiaries	*33*	**(73,021)**	—
Equity settled share-based payments		**2,685**	—
		60,326	36,896
Increase in cash held on behalf of brokerage clients		**—**	(14,943)
Decrease (increase) in inventories		**5,768**	(22,764)
(Increase) decrease in trade and other receivables		**(39,942)**	4,239
Increase in loan receivables		**(121,499)**	—
Increase in finance lease receivables		**(503,750)**	—
(Decrease) increase in trade and other payables		**(39,198)**	35,416
Increase in long term deposit received		**21,875**	—
Decrease in trading securities		**159,749**	877
Increase in other assets		**—**	(120)
Cash (used in) generated from operations		**(456,671)**	39,601
Income tax paid		**(3,416)**	(5,185)
Interest received from convertible bonds		**2,214**	—
Interest received on loan receivables		**362**	—
Interest received on financial lease receivables		**11,225**	—
NET CASH (USED IN) GENERATED BY OPERATING ACTIVITIES		**(446,286)**	34,416

For the year ended 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(51,161)**	(27,536)
Payment for purchase of investment properties		**(2,544)**	(29,333)
Acquisition of club membership		**(2,092)**	—
Proceeds from disposal of plant and equipment		**789**	233
Interest received on bank deposits		**1,839**	927
Placement of pledged bank deposits		**(644,388)**	—
Net cash outflow on acquisition of subsidiaries	*33*	**(68,831)**	—
Net cash inflow from disposal of subsidiaries	*33*	**256,075**	17,400
Purchase of convertible bonds and fund investment		**(642,870)**	—
Proceed from disposal of convertible bonds and fund investment		**663,827**	—
NET CASH USED IN INVESTING ACTIVITIES		**(489,356)**	(38,309)
FINANCING ACTIVITIES			
Proceeds from borrowings		**3,450,391**	334,211
Repayment of borrowings		**(1,745,118)**	(300,215)
Interest and other finance charges paid		**(8,140)**	(2,991)
Proceeds from issue of ordinary shares		**373,141**	—
NET CASH GENERATED by FINANCING ACTIVITIES		**2,070,274**	31,005
NET INCREASE IN CASH AND CASH EQUIVALENTS		**1,134,632**	27,112
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR		**99,444**	87,094
Effect of exchange rate changes on the balance of cash held in foreign currencies		**(2,817)**	926
CASH AND CASH EQUIVALENTS AT THE END OF YEAR		**1,231,259**	115,132
Represented by:			
Bank balances and cash of disposal group classified as assets held for sale		**—**	15,688
Bank balances and cash		**1,231,259**	99,444
		1,231,259	115,132

1. GENERAL

The Company is a limited company incorporated in Bermuda as an exempted company and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The principal place of its business is Hong Kong. As at 31 March 2015, the Directors consider that the immediate holding company of the Group to be Huajun International Limited which is incorporated in the British Virgin Islands.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company. The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") are set out in notes 5 and 38.

The consolidated financial statements are presented in Hong Kong dollars for the convenience of the shareholders, as the Company is listed in Hong Kong.

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

The Group has applied the following interpretation and amendments to standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies

The application of the amendments to HKFRSs and a new interpretation in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

New and revised HKFRSs in issue but not yet effective

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

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

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2017
4 Effective for annual periods beginning on or after 1 July 2014
5 Effective for annual periods beginning on or after 1 January 2016
6 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

HKFRS 9 *Financial Instruments*

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

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

HKFRS 9 *Financial Instruments* *(Continued)*

Key requirements of HKFRS 9 are described below:

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

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

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

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

The Directors are in the process of assessing the impact of the application of HKFRS 9 in the future. It is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

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

HKFRS 15 *Revenue from Contracts with Customers*

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

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

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

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

The Directors are in the process of assessing the impact of the application of HKFRS 15. It is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

Except for mentioned above, the Directors do not anticipate that the application of the other new and revised HKFRSs will have a material effect on the Group's consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

Basis of preparation

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

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

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

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

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

The principal accounting policies are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and 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.

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

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

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

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

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in 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 shareholders of the Company.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations

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

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

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

Goodwill

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Revenue recognition

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

Sales of goods

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

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

Rendering of services

Revenue from rendering of services is recognised when services are rendered.

Interest income

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

Rental income

The Group's policy for recognition of revenue from operating leases is described in the accounting policy below.

Financial leasing income

Finance leasing income, including handling fee income and interest from finance leasing business, is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasing

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

The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

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. 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.

Leasehold land for own use

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 lumpsum 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.

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 'prepaid lease payments' 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. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are accounted for as investment properties and are measured using the fair value model. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

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

Property, plant and equipment

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

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

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

Intangible assets

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of tangible and intangible assets other than goodwill

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

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

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

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

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

Foreign currencies

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

Exchange difference arising on the settlement of monetary items, and on the retranslation of monetary items are recognised in profit or loss in the period in which they arise.

3. **SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

Foreign currencies *(Continued)*

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 dollars) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange translation reserve (attributed to non-controlling interests appropriate).

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

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

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 profit or loss in the period in which they are incurred.

Inventories

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

3. **SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) 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 FVTPL are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into the following specified categories: financial assets at FVTPL, loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

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

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 FVTPL.

A financial asset is classified as held for trading if:

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

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial assets and is included in the "other gains and losses" line item. Fair value is determined in the manner described in note 32.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, loan receivables, pledged bank deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Impairment loss 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 financial assets 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 default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables 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 allowed credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments

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.

Financial liabilities

Financial liabilities (including trade and other payables and borrowings) 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 paid or received that form an integral part of the effective interest rate, translation 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.

Equity instruments

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

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Share-based payment transactions of the Company

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

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

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

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

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 statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's 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 the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

Deferred tax (Continued)

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

The carrying amount of deferred tax assets is reviewed at the end of 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 rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

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

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Retirement benefit costs

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION

In the application of the Group's accounting policies, which are described in note 3, 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 associated 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 on going 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.

(a) Depreciation and amortisation

Property, plant and equipment are depreciated or amortised on a straight-line basis over the estimated useful lives of the assets. The Group reviews the estimated useful lives and residual values, if any, of the assets annually in order to determine the amount of depreciation and amortisation expenses for the end of each reporting period. The useful lives are estimated based on historical experience with similar assets and taking into account anticipated technological changes. The depreciation and amortisation expenses for future periods are adjusted if there are material changes from previous estimates.

The carrying amount of property, plant and equipment as at 31 March 2015 was HK$247,689,000 (31 March 2014: HK$314,133,000) as set out in note 16.

(b) Provision for inventories

The Group reviews the carrying amounts of inventories at the end of each reporting period to determine whether the inventories are carried at the lower of cost and net realisable value in accordance with the accounting policy set out in note 3. The Group estimates the net realisable value based on the current market situation and historical experience on similar inventories. A considerable level of judgement is exercised by the Group when assessing the net realisable value of inventories. Any increase or decrease in provision for inventories would affect profit or loss in future periods.

The carrying amount of inventories as at 31 March 2015 was HK$106,253,000 (31 March 2014: HK$99,095,000) as set out in note 21.

(c) Impairment of assets

Internal and external sources of information are reviewed by the Group at the end of each reporting period to assess whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the assets is estimated to determine impairment losses on the assets. Changes in facts and circumstances may affect the conclusion of whether an indication of impairment exists and result in revised estimates of recoverable amounts, which would affect profit or loss in future periods.

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION *(Continued)*

(c) Impairment of assets *(Continued)*

Impairment losses on trade debtors are assessed and provided based on management's regular review of ageing analysis and evaluation of collectibility. A considerable level of judgement is exercised by the Directors when assessing the creditworthiness and past collection history of each individual customer. Any increase or decrease in impairment losses on trade debtors would affect profit or loss in future periods.

(d) Income taxes

The Group is subject to income taxes in various jurisdictions. Significant judgement is required in determining the provision for income taxes. There are transactions during the ordinary course of business, for which calculation of the ultimate tax determination is uncertain. Where the final tax outcome is different from the amounts that were initially recorded, such differences would affect profit or loss in future periods.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the tax losses and deductible temporary differences can be utilised. Estimation of future taxable profits involves judgements made by management. Any increase or decrease in the recognition of deferred tax assets would affect profit or loss in future periods.

(e) Investment properties

Investment properties are measured at fair value for financial reporting purposes. In estimating the fair value of an asset, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The Directors works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of investment properties. Note 18 provides detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of investment properties. The carrying amount of investment properties as at 31 March 2015 was HK$637,431,000 (31 March 2014: HK$27,900,000) as set out in note 18.

(f) Deferred taxation 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 property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in measuring the Group's deferred taxation on investment properties, the Directors have determined that the presumption that the carrying amounts of investment properties are recovered entirely through sale is not rebutted, and the Group has recognised deferred taxes on changes in fair value of investment properties as the Group is subject to income taxes on disposal of its investment properties.

5. REVENUE

The principal activities of the Group are: (1) sale and manufacturing of high quality multi-colour packaging products, carton boxes, books, brochures and other paper products (hereinafter collectively described as printing products); (2) sales of electronic parts and devices; (3) revenue from finance lease and related services; (4) provision of finance; (5) property investments; (6) securities investments and (7) medical management services. Revenue represents the invoiced value of goods sold, interest income from the provision of finance, rental income from property investments and income from provision of medical management services, net of sales tax, returns and discounts. The Group's significant category of revenue from continuing operations recognised during the year is as follows:

Continuing operations

	2015	2014
	HK$'000	*HK$'000*
Sales of printing products	**686,218**	676,146
Sales of electronic parts and devices	**22,746**	—
Revenue from finance lease and related services	**34,183**	—
Interest income from provision of finance	**362**	685
Rental income from property investments	**1,786**	358
Interest income from securities investments	**2,214**	—
Income from provision of medical management services	**417**	—
	747,926	677,189

6. SEGMENT INFORMATION

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

- Printing: Sale and manufacturing of high quality multi-colour packaging products, carton boxes, books, brochures and other paper products
- Trading: Trading and supply chain
- Finance lease: Provision of finance through finance lease and related services
- Provision of finance services: Provision of finance
- Property investments: Property investments
- Securities investments: Investment activities in equity securities, funds, bonds and assets management services
- Medical management: Provision of medical management services

During the year ended 31 March 2015, the Group started three new segments: Trading segment, finance lease segment and medical management segment.

An operating segment regarding the provision of securities brokerage and margin financing services was discontinued in the current year. The segment information reported in this note does not include any amounts from this discontinued operation which is disclosed in more detail in note 12.

6. SEGMENT INFORMATION *(Continued)*

Year ended 31 March 2015

Continuing operations

	Printing	Trading	Finance lease	Provision of finance	Property investments	Securities investments	Medical management	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue								
Revenue from external customers	686,218	22,746	34,183	362	1,786	2,214	417	747,926
Segment results	7,540	7,017	33,879	94	307,910	22,769	393	379,602
Unallocated amounts								
Corporate administrative expenses								(22,122)
Gain on disposal of subsidiaries								73,021
Other gains and losses of corporate								5,083
Corporate other income								1,835
Finance costs								(14,776)
Group's profit before tax								422,643

Year ended 31 March 2014

Continuing operations

	Printing	Provision of finance	Property investments	Securities investments	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue					
Revenue from external customers	676,146	685	358	—	677,189
Segment results	3,148	59	(1,228)	151,140	153,119
Unallocated amounts					
Corporate administrative expenses					(3,329)
Corporate other income					908
Finance costs					(2,980)
Group's profit before tax					147,718

6. SEGMENT INFORMATION *(Continued)*

Other segment information

Year ended 31 March 2015

	Printing *HK$'000*	Trading *HK$'000*	Finance lease *HK$'000*	Provision of finance *HK$'000*	Property investments *HK$'000*	Securities investments *HK$'000*	Medical management *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:									
Depreciation and amortisation for the year	40,954	1	—	—	—	—	—	489	41,444
Additions to non-current assets during the year	43,685	182	—	—	399,042	—	—	9,579	452,488
Bargain purchase gain	—	6,972	—	—	—	—	—	—	6,972
Gain on disposal of property, plant and equipment	55	—	—	—	—	—	—	—	55
Gain arising on change in fair value of investment properties	—	—	—	—	305,191	—	—	—	305,191
Gain arising on change in fair value of convertible bonds and fund investment	—	—	—	—	—	21,396	—	—	21,396
Gain arising on change in fair value of trading securities	—	—	—	—	—	9,417	—	—	9,417

Year ended 31 March 2014

	Printing *HK$'000*	Trading *HK$'000*	Finance lease *HK$'000*	Provision of finance *HK$'000*	Property investments *HK$'000*	Securities investments *HK$'000*	Medical management *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Amount included in the measure of segment profit or loss or segment assets:									
Depreciation and amortisation for the year	39,569	—	—	—	—	—	—	—	39,569
Additions to non-current assets during the year	26,441	—	—	—	29,333	—	—	—	55,774
Gain on disposal of property, plant and equipment	166	—	—	—	—	—	—	—	166
Loss arising on change in fair value of investment properties	—	—	—	—	(1,433)	—	—	—	(1,433)
Gain arising on change on fair value of trading securities	—	—	—	—	—	156,160	—	—	156,160

6. SEGMENT INFORMATION *(Continued)*

Other segment information *(Continued)*

Segment results represent the profit and loss of each segment without allocation of expenses arising from corporate administrative expenses, corporate other gain and loss, corporate other income, finance costs, gain on disposal of subsidiaries and items not attributable to individual segment. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

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

	2015	2014
	HK$'000	*HK$'000*
Segment assets		
Continuing operations		
Printing	**528,565**	719,408
Trading	**36,030**	—
Finance lease	**506,085**	—
Provision of finance	**125,828**	4,269
Property investments	**662,431**	27,972
Securities investments	**—**	183,951
Medical management	**2,676**	—
	1,861,615	935,600
Elimination of inter-segment receivables	**—**	(89,282)
	1,861,615	846,318
Assets classified as held for sales	**—**	94,405
Unallocated assets	**1,857,039**	35,887
Consolidated total assets	**3,718,654**	976,610

6. SEGMENT INFORMATION *(Continued)*

	2015	2014
	HK$'000	*HK$'000*
Segment liabilities		
Continuing operations		
Printing	**183,365**	250,004
Trading	**21,152**	—
Finance lease	**32,664**	—
Provision of finance	**120**	4,204
Property investments	**229,696**	29,664
Securities investments	**300**	69,154
Medical management	**25**	—
	467,322	353,026
Elimination of inter-segment payables	**—**	(88,992)
	467,322	264,034
Liabilities associated with assets classified as held for sales	**—**	45,809
Unallocated liabilities	**1,903,836**	35,082
Consolidated total liabilities	**2,371,158**	344,925

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

— all assets are allocated to operating segments other than corporate assets; and

— all liabilities are allocated to operating segments other than corporate liabilities.

6. SEGMENT INFORMATION *(Continued)*

Geographical information

The Group's operation are mainly located in Hong Kong, the People's Republic of China ("PRC") and the United States of America ("the US").

Information about the Group's revenue from continuing operations from external customers is presented based on the location of the customers. Information about the Group's non-current assets is presented based on the location of the operations of relevant group entities.

The following table sets out information about the geographical location of revenue from external customers. The geographical location of customers is based on the location at which the goods and services are delivered or provided to:

Continuing operations

	Revenue from external customers		Non-current assets*	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
PRC	**327,689**	318,479	**849,061**	232,802
The US	**194,480**	100,190	**24**	25
Hong Kong	**86,682**	103,816	**66,072**	138,015
European countries[#]	**57,243**	67,823	**—**	—
Other countries[#]	**81,832**	86,881	**—**	—
	747,926	677,189	**915,157**	370,842

* Non-current assets exclude financial instruments and deferred tax assets.

[#] None of the countries within these categories contribute over 10% of the total revenue of the Group.

Information about major customers

Revenues from customers of the corresponding years contributing over 10% of the total sales of the Group as follows are both from printing business segment:

Continuing operations

	2015	2014
	HK$'000	*HK$'000*
Customer 1	**93,147**	111,244
Customer 2	**81,156**	53,898

7. OTHER INCOME

	2015	2014
	HK$'000	*HK$'000*
Continuing operations		
Interest income earned on bank balances and pledged bank deposits	**1,835**	908
Others	**1,510**	1,812
	3,345	2,720

8. OTHER GAINS AND LOSSES

	2015	2014
	HK$'000	*HK$'000*
Continuing operations		
Gain on disposal of property, plant and equipment	**55**	166
Gain arising on change in fair value of trading securities	**9,417**	156,160
Exchange gain (loss), net	**4,875**	(2,581)
Gain arising on change in fair value of convertible bonds and fund investment *(note a)*	**21,396**	—
Bargain purchase gain for acquisition of subsidiaries *(note 33(d))*	**6,972**	—
	42,715	153,745

Note:

a. The Group acquired a 8% interest bearing convertible bonds and 54,287 shares of an investment fund on 19 November 2014 and 22 December 2014 respectively. The convertible bonds and the entire interest in the investment fund were disposed of subsequently during the year ended 31 March 2015 at an aggregate gain of HK$21,396,000.

9. FINANCE COSTS

	2015	2014
	HK$'000	*HK$'000*
Continuing operations		
Interest on bank and other borrowings wholly repayable within five years	**6,046**	2,980
Imputed interest arising on interest free borrowings from the immediate holding company	**6,636**	—
Other finance charges	**2,094**	—
	14,776	2,980

10. INCOME TAX EXPENSE

	2015	2014
	HK$'000	*HK$'000*
Continuing operations		
Current tax:		
Hong Kong	**1,970**	210
PRC Enterprise Income Tax	**12,152**	3,005
Other jurisdictions	**174**	—
	14,296	3,215
Underprovision (overprovision) in prior year:		
Hong Kong	**545**	353
PRC Enterprise Income Tax	**1,289**	37
Other jurisdictions	**—**	(17)
	1,834	373
Deferred tax *(note 27):*		
Origination and reversal of temporary differences	**129,396**	21,909
Total income tax recognised in profit or loss	**145,526**	25,497

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

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for the year (2014: 25%).

Under the existing rules and regulations on Land Appreciation Tax ("LAT"), all gains arising from transfer of real estate property in the PRC are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of the land value, being the proceeds of sales of properties less deductible expenditure including cost of land use rights, borrowing costs and all property development expenditure.

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

10. INCOME TAX EXPENSE *(Continued)*

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

Continuing operations

	2015	2014
	HK$'000	*HK$'000*
Profit before tax	**422,643**	147,718
Notional tax on profit before tax, calculated at the rates applicable to profits in the jurisdictions concerned	**101,100**	24,552
Tax effect of expenses not deductible for tax purposes	**2,674**	2,471
Tax effect of income not taxable for tax purposes	**(14,033)**	(147)
Tax effect of tax losses/deductible temporary differences not recognised	**4,680**	994
LAT on fair value change of investment properties	**51,405**	—
Utilisation of tax losses/deductible temporary differences previously not recognised	**(2,026)**	(2,786)
Under-provision in respect of prior years	**1,834**	373
Others	**(108)**	40
Tax charge for the year	**145,526**	25,497

11. PROFIT FOR THE YEAR

	2015	2014
	HK$'000	*HK$'000*
Profit for the year from continuing operations is arrived after charging:		
Staff cost, excluding Directors' remuneration *(note 13)*:		
Salaries, wages and other benefits	**174,084**	173,767
Retirement benefits scheme contributions *(note 29)*	**18,143**	15,076
Share-based payment *(note 31)*	**853**	—
Total staff costs	**193,080**	188,843
Rental income from investment properties:		
Gross rental income from investment properties	**1,786**	358
Less: direct operating expenses incurred for investment properties that generated rental income during the year	**(46)**	(9)
	1,740	349
Amortisation of land lease premium	**735**	735
Auditor's remuneration		
– Audit services	**1,100**	1,082
– Non-audit services	**1,650**	—
Depreciation for property, plant and equipment	**40,709**	38,834
Operating lease rental on land and buildings	**11,291**	4,557
Cost of inventories recognised as an expense	**581,012**	557,621

12. DISCONTINUED OPERATION

On 28 March 2014, the Group entered into a conditional sales and purchase agreement with Mr. Law Man Lung ("Mr. Law"), who is a 8% shareholder of CEPA Alliance Holdings Limited, to dispose of the Group's entire 70% interest in CEPA Alliance Holdings Limited and its subsidiary, (together referred to as the "CEPA Group") at a total cash consideration of HK$34,800,000, subject to the approval of Securities and Futures Commission of Hong Kong. A deposit of HK$17,400,000 was received from Mr. Law as at 31 March 2014. The disposal was completed on 17 July 2014, on which date the Group ceased to control the CEPA Group. Details of the assets and liabilities disposed of, and the calculation of the profit or loss on disposal, are disclosed in note 33(f).

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

	2015	2014
	HK$'000	*HK$'000*
Revenue	**2,951**	11,428
Commission rebate expenses	**(442)**	(1,714)
Other income *(note a)*	**115**	525
Administrative expenses	**(2,679)**	(8,546)
Finance costs	**—**	(112)
(Loss) profit before tax	**(55)**	1,581
Income tax (expense) credit	**(36)**	291
(Loss) profit for the year	**(91)**	1,872
Attributable to:		
Equity shareholders of the Company	**(64)**	1,705
Non-controlling interests	**(27)**	167
	(91)	1,872
Profit (loss) from discontinued operation:		
(Loss) profit for the year	**(91)**	1,872
Gain on disposal *(note 33(f))*	**126**	—
	35	1,872

Note a: Included in other income comprises interest income earned on bank balances amounting to HK$4,000 (2014: HK$19,000)

12. DISCONTINUED OPERATION *(Continued)*

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

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

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Directors

The emoluments paid or payable to each of the Directors and the Chief Executive were as follows:

Year ended 31 March 2015

	Fee *HK$'000*	Salary and other allowances *HK$'000*	Discretionary bonus *(Note)* *HK$'000*	Retirement benefits scheme contributions *HK$'000*	Share-based payment *HK$'000*	Total *HK$'000*
Executive Directors						
Mr. Meng Guangbao ("Mr. Meng")*	69	500	—	—	—	569
Mr. Wu Jiwei ("Mr. Wu") (Chief Executive)*	—	1,923	2,115	8	1,406	5,452
Mr. Guo Song (Deputy Chief Executive)*	—	138	—	—	426	564
Mr. Lo Ming Chi, Charies#	—	601	76	34	—	711
Ms. Chan Yuk Yee#	—	175	22	10	—	207
Mr. Suen Cho Hung, Paul#	—	58	7	7	—	72
Independent Non-executive Directors						
Mr. Zheng Bailin*	86	—	—	—	—	86
Mr. Shen Ruolei*	86	—	—	—	—	86
Mr. Pun Chi Ping	124	—	—	—	—	124
Mr. Ip Man Tin David#	47	—	—	—	—	47
Mr. Wong Yun Kuen#	47	—	—	—	—	47
	459	3,395	2,220	59	1,832	7,965

* appointed on 4 September 2014
\# resigned on 25 September 2014

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS *(Continued)*

Directors *(Continued)*

Neither the Chief Executive nor any of the Directors waived any emoluments in the year ended 31 March 2015 (2014: nil).

Year ended 31 March 2014

	Fees	Salary and other allowances	Discretionary bonus *(Note)*	Retirement benefits scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive Directors					
Mr. Lo Ming Chi, Charles	—	1,236	103	67	1,406
Ms. Chan Yuk Yee	—	360	30	20	410
Mr. Suen Cho Hung, Paul	—	120	10	13	143
Independent Non-executive Directors					
Dr. Wong Yun Kuen	96	—	—	—	96
Mr. Pun Chi Ping	96	—	—	—	96
Mr. Ip Man Tin, David	96	—	—	—	96
	288	1,716	143	100	2,247

Note: The discretionary bonus is determined by reference to the individual performance of the Directors and performance of the Group as a whole.

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS *(Continued)*

Employees

Of the five individuals with the highest emoluments in the Group, there was one (2014: one) Director whose emoluments are included in the disclosures above. The emoluments of the remaining four (2014: four) individuals were as follows:

	2015	2014
	HK$'000	*HK$'000*
Salaries and other allowances	**5,083**	4,455
Retirement benefit scheme contributions	**129**	116
Share-based payments	**568**	—
Discretionary bonus	**528**	120
	6,308	4,691

Their emoluments were within the following band:

	2015 Number of Individuals	2014 Number of Individuals
HK$1,000,001 to HK$1,500,000	**2**	4
HK$1,500,001 to HK$2,000,000	**1**	—
HK$2,000,001 to HK$2,500,000	**1**	—
	4	4

14. DIVIDEND

Subsequent to the end of the reporting period, final dividend in respect of the year ended 31 March 2015 of HK$2.48 cents per share (2014: nil in respect of the year ended 31 March 2014), amounting to HK$79,319,000 (2014: nil) calculated on the basis of ordinary shares in issue as at 31 March 2015 has been proposed by the Directors and is subject to approval by the shareholders at the forthcoming general meeting.

15. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the shareholders of the Company is based on the following data:

Continuing and discontinued operations

	2015	2014
	HK$'000	*HK$'000*
Earnings		
Earnings for the purposes of basic and diluted (2014: basic) earnings per share (Profit for the year attributable to shareholders of the Company)		
— from continuing operations	**242,128**	122,138
— from discontinued operation	**62**	1,705
Earnings for the purposes of basic and diluted (2014: basic) earnings per share	**242,190**	123,843

	2015	2014
Number of shares		
Weighted average number of share for the purposes of basic and diluted (2014: basic) earnings per share	**2,714,944,718**	2,665,290,000

For the year ended 31 March 2015, the computation of diluted earnings per share does not assume the exercise of the Company's options because the exercise price of those options was higher than the average closing market price of the Company's shares for the year ended 31 March 2015.

For the year ended 31 March 2014, no diluted earnings per share is presented as there is no potential ordinary shares of the Company outstanding.

From continuing operations

	2015	2014
	HK$'000	*HK$'000*
Earnings		
Profit for the purposes of basic and diluted (2014: basic) earnings per share From continuing operations	**242,128**	122,138

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

From discontinued operation

Basic and diluted earnings per share from discontinued operation is HK0.002 cent per share (2014: basic earnings per share of HK0.06 cent per share), based on the profit for the year ended 31 March 2015 from discontinued operation attributable to the shareholders of the Company of HK$62,000 (2014: HK$1,705,000) and the denominators detailed above for both basic and diluted (2014: basic) earnings per share.

16. PROPERTY, PLANT AND EQUIPMENT

	Land and building *HK$'000*	Plant and machinery *HK$'000*	Furniture and fixture *HK$'000*	Computer and office equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
COST						
At 1 April 2013	290,988	435,169	11,575	48,993	8,094	794,819
Additions	291	22,807	632	1,332	1,379	26,441
Disposals	—	(586)	(40)	(58)	(318)	(1,002)
Exchange adjustment	3,910	4,366	125	547	66	9,014
Reclassified as assets held for sale	—	—	(112)	(543)	—	(655)
At 31 March 2014	**295,189**	**461,756**	**12,180**	**50,271**	**9,221**	**828,617**
Additions	**9,331**	**32,425**	**4,743**	**2,863**	**1,819**	**51,181**
Addition through business combination *(note 33(d))*	**—**	**—**	**—**	**—**	**173**	**173**
Derecognition on disposals of subsidiaries *(note 33(g))*	**(78,553)**	**—**	**(3,040)**	**—**	**—**	**(81,593)**
Disposals	**—**	**(801)**	**(27)**	**(54)**	**(2,451)**	**(3,333)**
Exchange adjustment	**(1,327)**	**(1,598)**	**(40)**	**(192)**	**(28)**	**(3,185)**
At 31 March 2015	**224,640**	**491,782**	**13,816**	**52,888**	**8,734**	**791,860**
ACCUMULATED DEPRECIATION						
At 1 April 2013	103,946	312,689	7,469	42,001	5,304	471,409
Provided for the year	13,656	21,051	779	2,347	1,001	38,834
Eliminated on disposals	—	(536)	(40)	(46)	(313)	(935)
Exchange adjustment	2,018	2,738	106	483	39	5,384
Reclassified as assets held for sale	—	—	(29)	(179)	—	(208)
At 31 March 2014	**119,620**	**335,942**	**8,285**	**44,606**	**6,031**	**514,484**
Provided for the year	**13,458**	**22,716**	**1,066**	**2,451**	**1,018**	**40,709**
Derecognition on disposals of subsidiaries *(note 33(g))*	**(5,757)**	**—**	**(1,064)**	**—**	**—**	**(6,821)**
Disposals	**—**	**(507)**	**(22)**	**(50)**	**(2,020)**	**(2,599)**
Exchange adjustment	**(610)**	**(804)**	**(31)**	**(150)**	**(7)**	**(1,602)**
At 31 March 2015	**126,711**	**357,347**	**8,234**	**46,857**	**5,022**	**544,171**
CARRYING VALUES						
At 31 March 2015	**97,929**	**134,435**	**5,582**	**6,031**	**3,712**	**247,689**
At 31 March 2014	175,569	125,814	3,895	5,665	3,190	314,133

16. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The above items of property, plant and equipment are depreciated over their estimated useful lives and after taking into account of their estimated residual value, on a straight-line basis at the following rates per annum:

Land and building	20 years
Plant and machinery	10–15 years
Furniture and fixture	5–10 years
Computer and office equipment	5–6 years
Motor vehicles	5–6 years

The analysis of carrying value of properties is as follows:

	2015	2014
	HK$'000	*HK$'000*
Situated in Hong Kong and held under medium term leases	**—**	74,366
Situated outside Hong Kong and held under medium term leases	**97,929**	101,203
	97,929	175,569

Assets pledged as security:

Property, plant and equipment with a total carrying amount of HK$183,832,000 (31 March 2014 HK$73,789,000) (note 36) have been pledged to secure general banking facilities of the Group.

17. PREPAID LEASE PAYMENTS

	2015	2014
	HK$'000	*HK$'000*
The Group's prepaid lease payments comprise:		
Leasehold land outside Hong Kong:		
Medium-term lease	**16,979**	17,823

18. INVESTMENT PROPERTIES

	2015	2014
	HK$'000	*HK$'000*
At fair value		
Completed investment properties	**637,431**	27,900
Balance at beginning of year	**27,900**	—
Additions	**2,544**	29,333
Additions through acquisitions of subsidiaries *(note 33)*	**396,498**	—
Disposals through disposals of subsidiaries *(note 33)*	**(94,702)**	—
Net increase (decrease) in fair value recognised in profit or loss	**305,191**	(1,433)
Balance at the end of year	**637,431**	27,900

The Group's investment properties comprised commercial units, commercial-residential units and a residential unit held to earn rentals and/or for capital appreciation. Also the Directors consider the properties are not held to be used by the Group in the production or supply of goods or services or for administrative purposes or to be sold in the ordinary course of business as inventories.

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

As at 31 March 2015, none of the Group's investment properties have been pledged to secure general banking facilities granted to the Group (31 March 2014: HK$27,900,000).

The carrying amounts of investment properties comprise:

	2015	2014
	HK$'000	*HK$'000*
Located in Hong Kong		
Medium-term lease	**—**	27,900
Located in the PRC		
Medium-term lease	**637,431**	—
	637,431	27,900

18. INVESTMENT PROPERTIES *(Continued)*

Fair value measurement of the Group's investment properties

The fair value of the Group's investment properties as at 31 March 2015 has been arrived at on the basis of a valuation carried out by Liaoning Tongfei Assets Appraisal Company Limited ("LTAA") for property amounting to HK$633,681,000 and RHL Appraisal Limited ("RHL") for property amounting to HK$3,750,000 (collectively "the Valuers"). The Valuers are independent qualified professional valuers not connected to the Group.

The fair value of the Group's investment properties as at 31 March 2014 has been arrived at on the basis of a valuation carried out by Roma Appraisals Limited ("ROMA"), independent qualified professional valuers not connected to the Group.

RHL and ROMA are members of the Institute of Valuers of Hong Kong, while LTAA are asset valuer approved by Liaoning Commission of Finance. The Valuers have appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The fair value was determined based on the market comparable approach.

There has been no change to the valuation technique during the year.

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

Details of the Group's investment properties and information about the fair value hierarchy as at 31 March 2015 and 2014 are as follows:

	Level 3	**Fair value as at 31 March 2015**
	HK$'000	***HK$'000***
Commercial units and commercial-residential units located in PRC	**633,681**	**633,681**
A residential unit located in PRC	**3,750**	**3,750**
Total	**637,431**	**637,431**

	Level 3	Fair value as at 31 March 2014
	HK$'000	*HK$'000*
Commercial units located in Hong Kong	27,900	27,900

18. INVESTMENT PROPERTIES *(Continued)*

Recurring fair value measurement

Property	Fair value *HK$'000*	Fair value hierarchy	Valuation technique	Significant unobservable inputs	Relationship of significant unobservable inputs to fair value
As at 31 March 2015					
Property 1 – Commercial units and commercial-residential units located in Peng Peng Road East, Jinliu Main Street, Yingkou, Liaoning province, the PRC	**633,681**	**Level 3**	**Market comparison method**	**Market unit sale rate per square meter after taking into account the location and size factors, at an average rate of HK$10,000 per square meter for commercial units and average rate of HK$6,000 per square meter for commercial-residential units**	**An increase in percentage of market unit sale rate per square meter would result in an increase in fair value measurement of the commercial units and commercial-residential units by the same percentage increase, and vice versa**
Property 2 – A residential unit located in Fu Min Nam Street, Ren Nam New District, Shenyang, the PRC	**3,750**	**Level 3**	**Market comparison method**	**Market unit sale rate per square meter after taking into account the location and size factors, at HK$12,000 per square meter**	**An increase in percentage of market unit sale rate per square meter would result in an increase in fair value measurement of the residential unit by the same percentage increase, and vice versa**
	637,431				
As at 31 March 2014					
Property 1 – Commercial unit located in shop 5 on G/F of Block A, Fortune Terrace, No. 4, 6, 8, 10, 12, 14 and 16 Tak Shing Street, Kowloon, Hong Kong*	27,900	Level 3	Market comparison method	Market unit sale rate per square feet, after taking into account the location and size factors, at a range of HK$40,000 – HK$79,000 per square feet	An increase in percentage of market unit sale rate per square feet would result in an increase in fair value measurement of the commercial units by the same percentage increase, and vice versa
	27,900				

* The investment property was disposed of during the year ended 31 March 2015.

There was no transfer among the three levels of the fair value hierarchy during the years ended 31 March 2015 and 2014.

19. CLUB MEMBERSHIP

	2015 *HK$'000*	2014 *HK$'000*
Balance at beginning of year	—	—
Addition	2,092	—
Balance at end of year	2,092	—

The club membership with indefinite useful lives is stated at cost less impairment loss and is tested for impairment annually whenever there is an indication of impairment. The Directors are of the opinion that no indication of impairment loss was identified with reference to market value.

20. FINANCE LEASE RECEIVABLES

	2015 *HK$'000*	2014 *HK$'000*
Current portion of finance lease receivables	41,258	—
Non-current portion of finance lease receivables	462,492	—
	503,750	—

	Minimum lease payments		Present value of minimum lease payments	
	2015 *HK$'000*	2014 *HK$'000*	2015 *HK$'000*	2014 *HK$'000*
Not later than one year	45,338	—	41,258	—
Later than one year and not later than five years	549,501	—	462,492	—
	594,839	—	503,750	—
Less: unearned finance income	(91,089)	—	N/A	N/A
Present value of minimum lease payments receivable	503,750	—	503,750	—

20. FINANCE LEASE RECEIVABLES *(Continued)*

Long term deposits of HK$21,875,000 (2014: nil) have been received by the Group to secure the finance lease receivables and classified as non-current liabilities based on the final lease instalment due date stipulated in the finance lease agreements. In addition, the finance lease receivables are secured over the leased assets mainly machineries, equipment and construction in progress as at 31 March 2015.

The Group is not permitted to sell or repledge the collateral of finance lease receivables in the absence of default by the lessee. Estimates of fair value of collateral are made during the credit approval process, by reference to the original cost and the carrying value of the lease assets at the inception of finance lease. All the Group's finance lease receivables are denominated in Renminbi ("RMB"), the functional currency of the relevant group entity. The weighted average term of finance leases entered into is 2.1 years and all the leases require repayment of principal amount at the end of the lease term. In the event the lessee breaches the lease contract, the Group has the right to use or sell the assets leased and to call for full or partial repayment of the outstanding balance of finance lease receivables. At the end of the finance lease term, the lessee has the option to purchase the leased assets at nominal price.

Unguaranteed residual values of assets leased under finance leases at 31 March 2015 are nil (31 March 2014: nil).

The interest rate inherent in the leases is fixed at the contract date for the entire lease term. The average effective interest rate is approximately 9% (31 March 2014: nil) per annum.

The finance lease receivables at the end of the reporting period are neither past due nor impaired.

21. INVENTORIES

	2015 ***HK$'000***	2014 *HK$'000*
Raw materials	**57,460**	51,979
Work in progress	**23,608**	22,787
Finished goods	**25,185**	24,329
	106,253	99,095

22. TRADE AND OTHER RECEIVABLES/LOAN RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Trade receivables	**122,402**	122,679
Allowance for doubtful debts	**(7,749)**	(7,751)
	114,653	114,928
Deposits and other receivables *(note a)*	**75,027**	7,343
	189,680	122,271
Loan receivables (current) *(note b)*	**71,300**	4,000
	260,980	126,271
Loan receivables (non-current) *(note b)*	**54,199**	—
	315,179	126,271

Notes:

a. Included in the balance is a receivable amounting to RMB20,000,000 (equivalent to HK$25,000,000) due from a non-controlling shareholder of a subsidiary of the Group as at 31 March 2015 (2014: nil).

b. Amount represents loan receivables arising from the business of provision of finance. The receivables are unsecured, bearing fixed interest rate at a range from 8% to 24% per annum and repayable within one year except for a loan amounting HK$54,199,000, which is receivable after over five years and loans of HK$8,800,000 were secured by properties held by the borrowers as at 31 March 2015 (2014: HK$4,000,000).

For the years ended 31 March 2015 and 2014, the Group allowed a credit period up to 90 days from the date of billing to its trade customers.

Before accepting any new customer, the Group management would assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed from time to time. Allowances for doubtful debts are recognised against trade receivables at 31 March 2015 and 2014 based on estimated recoverable amount determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

22. TRADE AND OTHER RECEIVABLES/LOAN RECEIVABLES *(Continued)*

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

	2015	2014
	HK$'000	*HK$'000*
Trade receivables		
0–30 days	**62,808**	61,791
31–90 days	**40,609**	49,713
91–180 days	**4,586**	3,424
Over 180 days	**6,650**	—
	114,653	114,928

The Group did not hold any collateral over these balances.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable 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.

Ageing of trade receivables which are past due but not impaired:

	2015	2014
	HK$'000	*HK$'000*
Overdue by:		
1–30 days	**3,033**	2,287
31–90 days	**5,864**	6,103
91–180 days	**676**	182
	9,573	8,572

Trade receivables which are past due but not impaired related to customers that had good track records with the Group. There has not been a significant change in the credit quality and the balances were still considered fully recoverable.

22. TRADE AND OTHER RECEIVABLES/LOAN RECEIVABLES *(Continued)*

Movement in the allowance for doubtful debts:

	2015	2014
	HK$'000	*HK$'000*
Balance at beginning of the year	**7,751**	7,747
Foreign exchange adjustment	**(2)**	4
Balance at end of year	**7,749**	7,751

At 31 March 2015, the Group's trade receivables of HK$7,749,000 (2014: HK$7,751,000) were individually determined to be impaired. The individually impaired receivables related to customers that were default in payments and management assessed that the receivables are not expected to be recovered. Consequently, specific allowance for doubtful debts of HK$7,749,000 (2014: HK$7,751,000) was recognised. The Group does not hold any collateral over these balances.

23. TRADING SECURITIES

	2015	2014
	HK$'000	*HK$'000*
Listed investment, at fair value	**—**	183,838

During the year ended 31 March 2015, the Group has received a consideration in cash of HK$160,719,000 for selling all trading securities through disposal of the subsidiary that held the trading securities. The Group regarded that it has sold all trading securities held by that subsidiary and the Directors has regarded the cash flow effects of this transaction as an operating transaction in the consolidated statement of cash flows accordingly. The major assets and liabilities of the disposed subsidiary are the trading securities of HK$184,808,000 and the corresponding deferred tax liability of HK$24,061,000.

24. BANK BALANCES AND CASH/PLEDGED BANK DEPOSITS

Included in bank balances comprise a time deposit with maturity less than three months and carrying fixed interest rate of 2.60% (31 March 2014: 2.85%) per annum. The remaining bank balances carry interest at market rates which range from 0.01% to 0.35% (31 March 2014: 0.01% to 0.35%) per annum.

Pledged bank deposits represents deposits pledged to banks to secure borrowings from a financial institution granted to the Group (note 36) and carrying fixed interest rate of 0.42% (31 March 2014: N/A) per annum. Deposits amounting to HK$644,388,000 (31 March 2014: nil) have been pledged to secure short-term borrowings and are therefore classified as current assets. The pledged bank deposits will be released upon the repayment of relevant bank borrowings.

25. TRADE AND OTHER PAYABLES

	2015 *HK$'000*	2014 *HK$'000*
Trade payables	**83,615**	78,653
Other payables	**111,217**	67,553
Other payable in relation to acquisition of subsidiaries *(note a)*	**229,696**	—
Bill payable *(note b)*	**17,825**	22,315
	442,353	168,521

The following is an ageing analysis of trade payables based on the invoice date.

	2015 *HK$'000*	2014 *HK$'000*
Trade payables		
0–30 days	**45,751**	41,030
31–90 days	**26,610**	27,111
Over 91 days	**11,254**	10,512
	83,615	78,653

The average credit period on purchase of goods is up to 90 days. The Group has financial risk management policies in place to monitor that all trade payables are settled within the credit timeframe.

Notes:

a Amount represents remaining balance of a payable due to a previous shareholder of a subsidiary acquired during the year (note 33(e)). Amount is interest free, unsecured and repayable on demand.

b. An ageing analysis of bills payable based on the issuance date of the bills is as follows:

	2015 *HK$'000*	2014 *HK$'000*
0–30 days	**5,293**	5,936
31–60 days	**5,703**	5,376
61–90 days	**6,303**	11,003
Over 90 days	**526**	—
	17,825	22,315

26. BORROWINGS

	2015	2014
	HK$'000	*HK$'000*
Bank borrowings *(note a)*	**91,335**	104,688
Borrowings from a financial institution *(note b)*	**625,000**	—
Borrowings from the immediate holding company *(note c)*	**1,050,285**	—
	1,766,620	104,688

	2015	2014
	HK$'000	*HK$'000*
Secured	**707,510**	50,193
Unsecured	**1,059,110**	54,495
	1,766,620	104,688
Carrying amount repayable based on repayment schedule:		
Within one year	**708,475**	58,316
More than one year, but not exceeding two years	**1,054,490**	5,479
More than two years but not more than five years	**3,655**	15,031
More than five years	**—**	25,862
	1,766,620	104,688
Less: Carrying amount repayable within one year and do not contain a repayable on demand clause	**(705,796)**	(51,418)
Less: Carrying amount repayable within one year and contain a repayable on demand clause	**(2,679)**	(6,898)
Less: Carrying amount of bank loans that are not repayable within one year but contain a repayment on demand clause (shown under current liabilities)	**(6,235)**	(46,372)
Amounts shown under current liabilities	**714,710**	104,688
Amounts shown under non-current liabilities	**1,051,910**	—

26. BORROWINGS *(Continued)*

Notes:

a. As at 31 March 2015, bank borrowings amounting to HK$89,710,000 (2014: HK$104,688,000) bear variable rate interest at a range from one month Hong Kong Interbank Offered Rate ("HIBOR") +1.25% to one month HIBOR+3.5% (2014: one month HIBOR+1.25% to one month HIBOR+3.5%). In addition, bank borrowings amounting to HK$1,625,000 (2014: nil) bear fixed interest at a range from 5.99% to 7.28% (2014: nil). The weighted average effective interest rate on the bank loans is 2.90% (31 March 2014: 2.34%) per annum.

As at 31 March 2015, certain banking facilities and loans granted to the Group are secured by the Group's assets. Details of the pledged assets are disclosed in note 36.

Certain of the Group's banking facilities are subject to the fulfilment of covenants relating to certain of the Group's financial ratios, total equity and the amount of capital expenditure incurred, as are commonly found in lending arrangements with a financial institution. If the Group were to breach the covenants, the drawn down facilities would become repayable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 32(b). As at 31 March 2015 and 2014, none of the bank covenants relating to drawn down facilities had been breached.

b. The borrowings are secured by the Group's pledged bank deposits (note 36) and repayable within one year. The borrowings carry a fixed interest rate of 2.62% per annum.

c. As at 31 March 2015, the loan is due over one year, unsecured and interest free. The imputed interest is deemed as a contribution from the immediate holding company of the Company. The imputed interest expense amounting to HK$6,636,000 (2014: nil) is recognised in profit or loss for the year ended 31 March 2015.

27. DEFERRED TAXATION

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2015	2014
	HK$'000	*HK$'000*
Deferred tax assets	**(2,332)**	(2,499)
Deferred tax liabilities	**128,543**	23,664
	126,211	21,165

27. DEFERRED TAXATION *(Continued)*

The following are the major components of deferred tax liabilities (assets) recognised and movements thereon during the current and prior periods:

	Accelerated tax depreciation *HK$'000*	Tax losses *HK$'000*	Revaluation of properties *HK$'000*	Net unrealised gain on trading securities *HK$'000*	Impairment and others *HK$'000*	Total *HK$'000*
At 1 April 2013	3,342	(51)	—	—	(3,918)	(627)
Exchange adjustments	33	—	—	—	(74)	(41)
(Credited) charged to profit or loss	(542)	(2,925)	—	25,506	(130)	21,909
Reclassified as assets held for sale	(76)	—	—	—	—	(76)
At 31 March 2014	**2,757**	**(2,976)**	**—**	**25,506**	**(4,122)**	**21,165**
Exchange adjustments	**(11)**	**24**	**—**	**—**	**—**	**13**
Charged (credited) to profit or loss	**1,615**	**(339)**	**128,258**	**—**	**(138)**	**129,396**
Derecognition through disposal of trading securities	**(1,833)**	**2,976**	**—**	**(25,506)**	**—**	**(24,363)**
At 31 March 2015	**2,528**	**(315)**	**128,258**	**—**	**(4,260)**	**126,211**

At 31 March 2015, the Group had not recognised deferred tax assets in respect of tax losses of HK$27,602,000 (2014: HK$6,510,000) as it was uncertain that future taxable profits against which the tax losses could be utilised would be available in the relevant tax jurisdiction and entity. Tax losses of HK$20,773,000 do not expire under current tax legislation and HK$6,829,000 would expire within five years from the year of origination.

At 31 March 2015, temporary differences relating to the undistributed profits of the PRC subsidiaries amounted to HK$116,489,000 (2014: HK$108,064,000). Deferred tax liabilities of HK$5,824,000 (2014: HK$5,403,000) representing the tax payable upon the distribution of such retained profits have not been recognised as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that profits will not be distributed in the foreseeable future.

28. SHARE CAPITAL

Ordinary shares	Number of shares **2015** ***'000***	Number of shares 2014 *'000*	Share capital **2015** ***HK$'000***	Share capital 2014 *HK$'000*
Authorised:				
Ordinary shares of HK$0.01 each at 1 April 2013, 31 March 2014 and 31 March 2015	**40,000,000**	40,000,000	**400,000**	400,000
Issued and fully paid:				
At 1 April 2013, 31 March 2014 and 1 April 2014	**2,665,290**	2,665,290	**26,653**	26,653
Issue of shares *(note a)*	**533,058**	—	**5,330**	—
At 31 March 2015	**3,198,348**	2,665,290	**31,983**	26,653

28. SHARE CAPITAL *(Continued)*

Note:

a. On 26 February 2015, a placement of 533,058,000 new shares at par value of HK$0.01 each was completed. The placing price was HK$0.7 per share. The difference between the placing price and the par value of the issued shares of HK$367,811,000 was recognised in share premium account.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Share premium

The application of the share premium account is governed by the Bermuda Companies Act 1981.

Statutory surplus reserve

In accordance with the prevailing PRC laws and regulations, a wholly-owned foreign enterprise is required to transfer a certain percentage of its profit after taxation to a statutory surplus reserve until the surplus reserve balance reaches 50% of the registered capital of the enterprise. The transfer to the reserve has to be made before distribution of dividends to shareholders. The statutory surplus reserve can be used to make good previous years' losses, and is not distributable to shareholders.

Exchange translation reserve

The exchange translation reserve has been set up and will be dealt with in accordance with the accounting policy adopted for foreign currency translation.

Share-based payment reserve

The share-based payment reserve relates to share options granted under the Company's share option scheme. Items included in share options reserve will not be reclassified subsequently to profit or loss. Further information about share-based payments is set out in note 31.

Deemed contribution reserve

The deemed contribution reserve relates to the deemed contribution arisen from the interest free loans provide by the immediate holding company, Huajun International Limited as set out in note 26(c).

Other reserve

Other reserve was set up by the Company's PRC subsidiaries in accordance with their articles of association. The amounts to be transferred to these reserves are determined by the respective board of Directors. They can be used to convert into paid-up capital, and are not distributable to shareholders.

29. RETIREMENT BENEFIT SCHEME CONTRIBUTIONS

Defined contribution plan

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

The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit plan operated by the government of the PRC. The subsidiary is required to contribute specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

30. CAPITAL MANAGEMENT

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

The capital structure of the Group consists of debts, which includes bank borrowings, borrowings from a financial institution and borrowings from the immediate holding company and equity attributable to shareholders of the Company, comprising share capital and reserves.

Gearing ratio

The Group actively and regularly reviews the capital structure of the group. The Directors consider the cost of capital and the risk associated with each class of capital.

The gearing ratio at the end of the reporting period was as follows:

	2015 ***HK$'000***	2014 *HK$'000*
Borrowings	**1,766,620**	104,688
Pledged bank deposits	**(644,388)**	—
Bank balances and cash	**(1,231,259)**	(99,444)
Net (cash) debts	**(109,027)**	5,244
Total equity	**1,347,496**	631,685
Net (cash) debts to equity ratio	**(8.1%)**	0.8%

31. SHARE-BASED PAYMENT TRANSACTIONS

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

On 16 February 2015, a total of 50,373,981 share options under the Scheme were granted. These share options have an exercise price of HK$1.00 per share and an exercisable period from 16 February 2015 to 15 February 2018. These shares options were vested immediately on the date of grant and are exercisable as at 31 March 2015. Of the total 50,373,981 share options, 34,382,241 share options were granted to Executive Directors of the Company, and 15,991,740 share options were granted to certain employees of the Group. All of these share options remained outstanding as at 31 March 2015.

The fair value of the share options granted was approximately HK$2,685,000 which is fully recognised as share-based payment expense during the year ended 31 March 2015 (year end 31 March 2014: Nil). The fair value of share options granted were estimated as at the date of grant using a Binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model:

Share price at the date of grant (HK$)	0.49
Exercise price (HK$)	1.00
Expected volatility	62.60%
Risk-free interest rate (%)	0.48–1.07%
Exercise multiple	2.2–2.8
Expected dividend yield	0%

Expected volatility was determined by using the historical volatility of a number of comparable companies' share price over the previous 780 days.

The Binomial model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the Directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

32. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2015	2014
	HK\$'000	*HK\$'000*
Financial assets		
Trading securities	**—**	183,838
Loans and receivables at amortised cost (including bank balances and cash)	**2,690,122**	222,124
	2,690,122	405,962
Financial liabilities		
Liabilities at amortised cost	**2,228,376**	273,209

b. Financial risk management objectives and policies

The Group's major financial instruments include finance lease receivables, loan receivables, trade and other receivables, trading securities, pledged bank deposits, bank balances and cash, trade and other payables, bank borrowings, borrowings from a financial institution, long term payables and borrowings from the immediate holding company. Details of these financial instruments are disclosed in respective notes in the financial statements. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

The Group is exposed to foreign currency risk on bank balances and cash, trade and other receivables and trade and other payables that are denominated in currencies other than the functional currency of the operations to which they relate. The currency giving rise to this risk is primarily United States dollars ("US\$") and Euros ("EUR"). The functional currency of the operations to which such risks relates is Hong Kong dollars ("HKD").

In respect of other monetary assets and liabilities denominated in currencies other than the functional currency of the operations to which they relate, the Directors ensure that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

32. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Currency risk (Continued)

Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

	Exposure to foreign currencies					
	2015			2014		
	RMB	**EUR**	**USD**	RMB	EUR	USD
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Bank balances and cash	**117**	**59**	**15,672**	4	49	9,305
Pledged bank deposits	**644,388**	**—**	**—**	—	—	—
Trade and other receivables	**252**	**8,126**	**31,368**	3	—	55,559
Trade and other payables	**—**	**(768)**	**(20,286)**	—	—	(17,653)
Borrowings	**—**	**—**	**(50,391)**	—	—	—

Sensitivity analysis

At 31 March 2015, it is estimated that a general appreciation/depreciation of 5% in the exchange rate of EUR and RMB against HK$, assuming all other risk variables remained constant, would have increased/decreased the Group's profit after tax and retained profits by approximately HK$32,236,000 for RMB and HK$310,000 for EUR (2014: profit after tax and retained profits increased/decreased by HK$2,000 for EUR). No sensitivity analysis is presented for foreign currency fluctuation between US$ against HK$ because Hong Kong dollars is pegged to US$ and assumed that the rate would not be materially affected by any changes in movement in value of the US$ against other currencies.

32. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate finance lease receivables, loan receivables, time deposits, pledged bank deposits and borrowings. The Group currently does not have any instruments to hedge against the fair value interest rate risk.

The Group is also exposed to cash flow interest rate risk, arising primarily from interest bearing borrowings at the end of the reporting period. The Group's interest rate profile is monitored by management. As at 31 March 2015 and 2014, variable interest rate profile includes bank balances and bank borrowings.

Sensitivity analysis

At 31 March 2015 it is estimated that a general increase/decrease of 100 (2014: 100) basis points in interest rates, with all other variables held constant, would have increased/decreased the Group's profit after tax and retained profits by approximately HK$11,570,000 (2014: profit after tax and retained profits would have decreased/increased by HK$263,000).

Credit risk

As 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.

In order to minimise the credit risk, the management of the Group has monitored the 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 and loan receivable at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors of the Company consider that the Group's credit risk is maintained at a satisfactory level which the Group does not have material irrecoverable debtors in the current and prior years.

32. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Credit risk (Continued)

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which the customers operate also has an influence on credit risk but to a lesser extent. At the end of the reporting period, the Group has a concentration of credit risk as 10% (2014: 7%) and 23% (2014: 24%) of the total trade debtors were due from the Group's largest customer and the five largest trade customers respectively.

For finance lease receivables, the Group has a high concentration of credit risk as all receivables were due from two customers. These customers are well-established private companies engaging in power supplying business and hospital operation business with no history of default. For loan receivables, the Group has a concentration of credit risk as all receivables were due from five customers. These customers are well-established private companies engaging in industrial business and hospital operation business and individuals with no history of default. Therefore, the Directors consider the credit risk is limited.

The credit risk on liquid funds is limited because the counterparties are reputable banks.

Other than concentration of credit risk on liquid funds which are deposited with several reputable banks those mentioned above, the Group does not have any other significant concentration of credit risk. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas.

The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset in the statement of financial position after deducting any impairment allowance. The Group does not provide any guarantee which would expose the Group to credit risk.

Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Management also monitors the utilisation of banking facilities and ensures compliance with loan covenants.

Liquidity risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest dates on which the Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

32. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Liquidity risk (Continued)

Liquidity risk tables *(Continued)*

The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

At 31 March 2015

		Contractual undiscounted cash outflow					
	Weighted average effective interest rate	On demand and within 1 year *HKD'000*	1–2 years *HKD'000*	2–5 years *HKD'000*	>5 years *HKD'000*	Total undiscounted cash flow *HKD'000*	Carrying amount as at 31.3.2015 *HKD'000*
Trade and others payables	—	439,881	—	—	—	439,881	439,881
Long term deposits received	—	—	—	21,875	—	21,875	21,875
Borrowings from financial institutions	2.62%	640,326	—	—	—	640,326	625,000
Borrowings from the immediate holding company	4.25%*	—	1,097,636	—	—	1,097,636	1,050,285
Bank borrowings	2.90%	90,700	1,822	—	—	92,522	91,335
*Imputed interest rate		1,170,907	1,099,458	21,875	—	2,292,240	2,228,376

At 31 March 2014

		Contractual undiscounted cash outflow					
	Weighted average effective interest rate	On demand and within 1 year *HKD'000*	1–2 years *HKD'000*	2–5 years *HKD'000*	> 5 years *HKD'000*	Total undiscounted cash flow *HKD'000*	Carry amount as at 31.3.2014 *HKD'000*
Trade and others payables	—	168,521	—	—	—	168,521	168,521
Bank borrowings	2.34%	104,688	—	—	—	104,688	104,688
		273,209	—	—	—	273,209	273,209

32. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Liquidity risk (Continued)

Liquidity risk tables *(Continued)*

Bank loans with a repayment on demand clause are included in the "on demand or less than 1 year" time band in the above maturity analysis. As at 31 March 2015 and 31 March 2014, the aggregate principal amounts of these bank loans amounted to HK$8,914,000 and HK$53,720,000 respectively. Taking into account the Group's financial position, the Directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The Directors believe that these bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

The following table details the Group's aggregate principal and interest cash outflows for bank loans without taking into account the repayment on demand clause. To the extent that interest flows are floating rate, the undiscounted amount is derived from weighted average interest rate at the end of reporting period.

		Contractual undiscounted cash outflow based on repayment schedule					
	Weighted average interest rate	within 1 year *HKD'000*	1–2 years *HKD'000*	2–5 years *HKD'000*	> 5 years *HKD'000*	Total undiscounted cash flow *HKD'000*	Carrying amount *HKD'000*
Secured bank borrowings with repayable on demand clause:							
As at 31 March 2015	**2.90%**	**2,971**	**2,772**	**3,762**	**–**	**9,505**	**8,914**
As at 31 March 2014	2.34%	8,642	6,603	17,433	28,294	60,972	53,270

The amounts above included certain variable interest rate instruments for non-derivative financial liabilities is subject to change if change in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

32. FINANCIAL INSTRUMENTS *(Continued)*

c. Fair value measurements

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 (i.e. as prices) or indirectly (i.e. derived from prices).

— Level 3 inputs are inputs that are not based on observable market data (unobservable inputs).

The Directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate their respective fair values at the end of the reporting period.

33. ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

During the year ended 31 March 2015, since the change of the management team, the Group have been actively seeking for investment opportunities through acquisitions and had completed several acquisitions. The following table summarised these transactions:

Name of the subsidiaries	Acquisition/ disposal during the year	*Note*	Gains on disposal of subsidiaries *HK$'000*
Shenzhen Baofayuen Investment Company Limited and Shenzhen Baoyuanheng Investment Company Limited and their subsidiaries	Acquisition and disposal	*a, c*	32,893
Shenzhen Baoxing Investment Company Limited	Acquisition and disposal	*b, c*	
Candice Development Limited and its subsidiaries	Acquisition	*d*	N/A
Yingkou Wanhe Industrial Company Limited and its subsidiary	Acquisition	*e*	N/A
CEPA Group	Disposal	*f*	126
New Island Property (BVI) Limited and its subsidiaries	Disposal	*g*	40,128
			73,147

Gain on disposal of subsidiaries are analysed for reporting purposes as:	
Continuing operations	73,021
Discontinued operation *(note 12)*	126
	73,147

33. ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES *(Continued)*

Notes:

a. On 16 December 2014, the Group acquired 100% equity interest of Shenzhen Baofayuen Investment Company Limited ("Baofayuen") and Shenzhen Baoyuanheng Investment Company Limited ("Baoyuanheng") and their subsidiaries (collectively referred to as the "Baofayuen and Baoyuanheng Group"), for a total consideration of HK$35,090,000. No material acquisition related costs were incurred in the acquisition. In the opinion of the Directors of the Company, the acquisition of Baofayuen and Baoyuanheng Group does not constitute a business combination but an acquisition of assets and liabilities through acquisition of subsidiaries. The effect of the acquisition was summarised as follows:

Consideration transferred

	Total *HK$'000*
Cash	35,090

Assets acquired and liabilities recognised at the date of acquisition

	Total *HK$'000*
Investment properties	22,823
Bank balances and cash	2,832
Other receivables	12,722
Other payables	(3,287)
	35,090

Net cash outflow on acquisition of subsidiaries

	Year ended **31 March 2015** *HK$'000*
Consideration paid in cash	35,090
Less: Bank balances and cash acquired	(2,832)
	32,258

33. ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES *(Continued)*

Notes: (Continued)

b. On 16 December 2014, the Group acquired 100% equity interest of Shenzhen Baoxing Investment Company Limited ("Baoxing"), for a consideration of HK$43,979,000. Baoxing was principally engaged in property investment and consultancy services. The acquisition was made to expand the Group's property investment business. No material acquisition related costs were incurred in the acquisition.

In the opinion of the Directors of the Company, the acquisition of Baoxing does not constitute a business combination but an acquisition of assets and liabilities through acquisition of subsidiaries. The effect of the acquisition was summarised as follows:

Consideration transferred

	Total *HK$'000*
Cash	43,979

Assets acquired and liabilities recognised at the date of acquisition

	Total *HK$'000*
Investment properties	43,979
Bank balances and cash	70
Other payables	(70)
	43,979

Net cash outflow on acquisition of subsidiaries

	Year ended 31 March 2015 *HK$'000*
Consideration paid in cash	43,979
Less: bank balances and cash acquired	(70)
	43,909

33. ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES *(Continued)*

Notes: (Continued)

c. On 26 March 2015, the Group entered into an agreement to dispose of its entire interest in Success Crest Investment Limited and its subsidiaries, including the Baofayuen and Baoyuanheng Group and Baoxing (together referred to as the "Success Crest Group") at a total cash consideration of HK$112,500,0000. The principal activities of Success Crest Group is mainly properties investment. The disposal was completed on 31 March 2015, on which date the Group ceased to control Success Crest Group.

Consideration received

	Year ended 31 March 2015 *HK$'000*
Consideration received in bank balances and cash	112,500

Analysis of assets and liabilities over which control was lost

	Year ended 31 March 2015 *HK$'000*
Investment properties	66,802
Bank balances and cash	381
Other receivables	14,680
Other payables	(381)
Net assets disposed of	81,482

Gain on disposal of Success Crest Group

	Year ended 31 March 2015 *HK$'000*
Consideration received	112,500
Non-controlling interests	1,875
Net assets disposed of	(81,482)
Gain on disposal	32,893

Net cash inflow on disposal of subsidiaries

	Year ended 31 March 2015 *HK$'000*
Consideration received in cash and cash equivalents	112,500
Less: Cash and cash equivalent balances disposed of	(381)
	112,119

33. ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES *(Continued)*

Notes: (Continued)

d. On 17 February 2015, the Group acquired 51% equity interest of Candice Development Limited and its subsidiaries ("Candice Group") by subscribing 52,041 shares at the total subscription money of US$52,041 (equivalent to approximately HK$403,000) which represented capital injection to Candice Development Limited and no consideration transferred outside the Group. The acquisition is an opportunity for the Group to invest into a quality company engaging in logistics and associated business so as to diversify its business portfolio.

Acquisition-related costs amounting to HK$145,000 have been excluded from the consideration transferred and have been recognised as an expense in the period, within the administrative expenses line item in the consolidated statement of profit or loss and other comprehensive income.

Assets acquired and liabilities recognised at the date of acquisition

	Total *HK$'000*
Property, plant and equipment	173
Trade and other receivables	21,936
Inventories	12,308
Bank balances and cash	7,739
Trade and other payables	(22,458)
Bank borrowings	(5,625)
	14,073

The trade and other receivables acquired in the transaction carried a fair value of HK$21,936,000. The gross contractual amounts of those receivables acquired amounted to HK$21,936,000 at the date of acquisition. None of the contractual cash flows are not expected to be collected at acquisition date.

Bargain purchase gain arising from acquisition

	Total *HK$'000*
Consideration transferred	403
Add: Non-controlling interests (49% of Candice Group) *(note)*	6,698
Less: Fair value of identifiable net assets acquired	(14,073)
Bargain purchase gain (included in other income *(note 7)*)	(6,972)

The non-controlling interests (49%) in Candice Group recognised on acquisition date was measured by reference to the proportionate share of the fair value of net assets of Candice Group attributable to the non-controlling interests.

Bargain purchase gain arose in the acquisition of Candice Group because the original shareholders of Candice intended to expand the business through introduction of investor who can provide the required funding.

33. ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES *(Continued)*

Notes: (Continued)

d. *(Continued)*

Net cash inflow on acquisition of subsidiaries

	Year ended 31 March 2015 *HK$'000*
Consideration paid in cash	(403)
Add: bank balances and cash acquired	7,739
	7,336

Candice Group contributed a revenue of HK$22,746,000 and a loss of HK$89,000 for the period from the date of acquisition to 31 March 2015.

If the acquisition has been completed on 1 April 2014, total revenue of the Group for the year ended 31 March 2015 would have been HK$876,386,000 and profit for the year ended 31 March 2015 would have been HK$289,805,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of the Group that actually would have been achieved had the acquisition been completed on 1 April 2014, nor is it intended to be a projection of future results.

e. On 25 March 2015, the Group acquired 80% equity interest of Yingkou Wanhe Industrial Company Limited ("Wanhe") and its subsidiary (collectively referred as "Wanhe Group") through injecting capital of RMB80,000,000 (equivalent to approximately HK$100,000,000) to Wanhe. Wanhe Group was engaged in property investments. The acquisition was made to expand the Group's property investments business.

In the opinion of the Directors, the acquisition of Wanhe Group does not constitute a business combination but an acquisition of assets and liabilities through acquisition of subsidiaries. The effect of the acquisition was summarised as follows:

Consideration transferred

	Total *HK$'000*
Cash	100,000

Assets acquired and liabilities recognised at the date of acquisition

	Total *HK$'000*
Investment properties	329,696
Bank balances and cash	100,000
Other receivables	25,000
Other payables due to the vendor	(329,696)
	125,000
80% equity interest attributable to the Group	100,000
20% equity interest attributable to non-controlling interest	25,000
	125,000

33. ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES *(Continued)*

Notes: (Continued)

e. *(Continued)*

Net cash outflow on acquisition of subsidiaries

	Year ended 31 March 2015 *HK$'000*
Consideration paid in cash	100,000
Less: Bank balances and cash acquired	(100,000)
	—

f. On 17 July 2014, the Group disposed of its entire 70% interest in CEPA Alliance Holdings Limited and its subsidiary at a total cash consideration of HK$34,800,000.

Consideration received

	Year ended 31 March 2015 *HK$'000*
Consideration received in bank balances and cash	34,800

Analysis of assets and liabilities over which control was lost

	Year ended 31 March 2015 *HK$'000*
Property, plant and equipment	964
Other receivables	124,085
Deferred tax assets	125
Bank balances and cash	16,244
Trade and other payables	(93,203)
Attributable goodwill	930
Net asset disposed of	49,145

Gain on disposal of CEPA Alliance Securities Limited

	Year ended 31 March 2015 *HK$'000*
Consideration received	34,800
Non-controlling interests	14,471
Net assets disposed of	(49,145)
Gain on disposal *(note 12)*	126

33. ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES *(Continued)*

Notes: (Continued)

f. *(Continued)*

Net cash inflow arising on disposal of subsidiaries

	Year ended 31 March 2015 HK$'000
Total cash consideration received	34,800
Deposit received during the year ended 31 March 2014	(17,400)
Bank balances and cash disposed of	(16,244)
	1,156

	2015 ***HK$'000***	2014 *HK$'000*
Cash flows of the discontinued operation:		
Net cash generated from (used in) operating activities	**16,768**	(4,299)
Net cash used in investing activities	**(524)**	(69)
Net cash generated from financing activities	**—**	—
Net cash flows	**16,244**	(4,368)

g. On 26 March 2015, the Group entered into the sales and purchase agreement with an independent third party, Folli Follie Group Holding Co., Ltd., to dispose of its entire equity interest in New Island Property Limited and its subsidiaries (together referred to as "NI Property Group") at a total consideration of HK$142,800,000. The disposal was completed on 31 March 2015, on which date the Group ceased to control NI Property Group.

Consideration received

	Year ended 31 March 2015 HK$'000
Consideration received in bank balances and cash	142,800

For the year ended 31 March 2015

33. ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES *(Continued)*

Notes: (Continued)

g. *(Continued)*

Analysis of asset and liabilities over which control was lost

	Year ended 31 March 2015 *HK$'000*
Non-current assets	
Property, plant and equipment	74,772
Investment properties	27,900
Net assets disposed of	102,672

Gain on disposal of NI Property Group

	Year ended 31 March 2015 *HK$'000*
Consideration received	142,800
Net assets disposed of	(102,672)
Gain on disposal	40,128

Net cash inflow on disposal of a subsidiary

	Year ended 31 March 2015 *HK$'000*
Consideration received in bank balances and cash	142,800
Less: Bank balances and cash disposed of	—
	142,800

34. OPERATING LEASES

The Group as lessee

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

	2015	2014
	HK$'000	*HK$'000*
Within one year	**24,034**	6,482
In the second to fifth years inclusive	**38,900**	13,292
Over five years	**2,210**	2,033
	65,144	21,807

As at 31 March 2015, all operating leases are related to premises with lease terms between 1 to 6 years (2014: 1 to 7 years). The Group does not have an option to purchase the leased asset at the expiry of the lease period. None of the leases includes contingent rentals.

The Group as lessor

	2015	2014
	HK$'000	*HK$'000*
Rental income from investment properties:		
Gross rental income from investment properties	**1,786**	358
Less: direct operating expenses incurred for investment properties that generated rental income during the year	**(46)**	(9)
	1,740	349

The Group's investment properties are held for rental or/and for capital appreciation.

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

	2015	2014
	HK$'000	*HK$'000*
Within one year	**5,241**	502
In the second to fifth years inclusive	**36,086**	—
After five years	**145,547**	—
	186,874	502

35. CAPITAL COMMITMENTS

	2015	2014
	HK$'000	*HK$'000*
Capital expenditure contracted for but not provided for in the consolidated financial statements in respect of the acquisition of:		
Plant and equipment	**16,041**	10,609

36. PLEDGE OF ASSETS

At the end of the reporting period, carrying values of Group's assets pledged to secure banking facilities and borrowings from a financial institution granted to the Group are as follows:

	2015	2014
	HK$'000	*HK$'000*
Property, plant and equipment	**183,832**	73,789
Prepaid lease payments	**16,979**	—
Investment properties	**—**	27,900
Trade receivables	**18,140**	32,967
Pledged bank deposits	**644,388**	—
	863,339	134,656

37. RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

The remuneration of Directors and other members of key management personnel during the year were as follows:

	2015	2014
	HK$'000	*HK$'000*
Short-term benefits	**9,766**	6,722
Post-employment benefits	**84**	216
Share-based payments	**2,685**	—
	12,535	6,938

(b) Borrowings from the immediate holding company

Borrowings from the immediate holding company is disclosed in note 26(c).

(c) Other receivable from a non-controlling shareholder of a subsidiary

During the year ended 31 March 2015, the Group acquired 80% equity interest of Wanhe. Wanhe had an other receivable of RMB20,000,000 (equivalent to HK$25,000,000) due from the non-controlling shareholder, Harbin He Zhong Hui Li Economic and Trading Co., Ltd. as at the acquisition date and was still outstanding as at 31 March 2015. Details were disclosed in note 22(a).

38. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the Company's principal subsidiaries as at 31 March 2015 and 31 March 2014 are disclosed as follows:

Name of subsidiary	Place of incorporation/ establishment	Principal of place business	Issued and fully paid share/ registered capital	(Effective equity interest) Percentage of/ nominal value of issued share/ registered capital indirectly held by the Company 2015	2014	Principal activities
Betech Limited	Hong Kong	The PRC	Issued share capital of HK$10,000	**51%**	—	Trading of electronic products and devices
CEPA Alliance Securities	Hong Kong	Hong Kong	Issued share capital of HK$45,001,000	**—**	70%	Provision of brokerage of securities services
Chenzhou Sonic Manufacturing Company Limited *(note a)*	The PRC	The PRC	Registered capital of US$1,000,000	**100%**	100%	Provision of subcontracting services to a fellow subsidiary for paper and packaging products
Dongguan New Island Printing Company Limited *(note a)*	The PRC	The PRC	Registered capital of HK$132,000,000	**100%**	100%	Production and distribution of paper products
Ever Gain E.T. Limited	Hong Kong	Hong Kong	Issued share capital of HK$10,000,000	**51%**	—	Trading of electronic products and devices
Huajun Capital Limited	Hong Kong	Hong Kong	Issued share capital of HK$1.00	**100%**	—	Securities investments
Huajun Logistics Co. Limited	Hong Kong	Hong Kong	Issued share capital of HK$1.00	**100%**	—	Investment holding, trading and logistics
Huajun Management Limited	Hong Kong	Hong Kong	Issued share capital of HK$100	**100%**	100%	Provision of management services to group companies
Huajun Medical Management (PRC) Limited *(note a)*	The PRC	The PRC	Registered capital of RMB50,000,000	**100%**	—	Provision of medical management services
New Island (Shanghai) Paper Products Co. Ltd *(note a)*	The PRC	The PRC	Registered capital of US$2,500,000	**100%**	100%	Production of paper products

38. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(Continued)*

Name of subsidiary	Place of incorporation/ establishment	Principal of place business	Issued and fully paid share/ registered capital	(Effective equity interest) Percentage of/ nominal value of issued share/ registered capital indirectly held by the Company 2015	2014	Principal activities
New Island Management Services Limited	Hong Kong	Hong Kong	Issued share capital of US$1,000,000	**100%**	100%	Investment holding
New Island Printing Company Limited	Hong Kong	Hong Kong	HK$200 ordinary shares and HK$1,000,000 non-voting deferred shares	**100%**	100%	Distribution of paper products
New Island Property Limited	Hong Kong	Hong Kong	Issued share capital of HK$2	**—**	100%	Property investments
New Island Investment Holdings Limited	Hong Kong	Hong Kong	Issued share capital of HK$1	**—**	100%	Securities holding
NITNS LLC	The US	The US	100 ordinary shares of US$1 each	**51%**	51%	Provision of marketing services
Royal Fortune Development Limited	Hong Kong	Hong Kong	Issued share capital of HK$1	**—**	100%	Property investments
Shanghai New Island Packaging Printing Co Ltd *(note a)*	The PRC	The PRC	Registered capital of US$5,700,000	**100%**	100%	Production and distribution of paper products
Shenzhen Huajun Financial Leasing Limited *(note a)* ("Huajun Leasing")	The PRC	The PRC	Registered capital of US$35,000,000	**100%**	—	Provision of financial leasing and associated services
Yingkou Fangcheng Properties Development Company Limited *(note b)*	The PRC	The PRC	Registered capital of RMB8,000,000	**80%**	—	Property investments
Yingkou Wanhe Industrial Company Limited *(note b)*	The PRC	The PRC	Registered capital of RMB100,000,000	**80%**	—	Investment holding

Notes:

For those subsidiaries established in the PRC, their classification of establishment is as follows:

(a) wholly foreign owned enterprise under PRC law

(b) Sino-foreign joint venture company under PRC law

38. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(Continued)*

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

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

The table below shows details of a non-wholly owned subsidiary of the Group that have material non-controlling interest:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interest		Profit allocated to non-controlling interest for the year ended		Balance of non-controlling interest as at	
		2015	2014	**2015**	2014	**2015**	2014
				HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Yingkou Wanhe Industrial Company Limited and its subsidiary	The PRC	**20%**	N/A	**35,447**	N/A	**55,206**	N/A

Summarised consolidated financial information in accordance with Hong Kong Financial Reporting Standards before intragroup eliminations in respect of the subsidiary that has material non-controlling interest is set out below.

	2015
	HK$'000
Non-current assets	**633,681**
Current assets	**—**
Non-current liabilities	**(127,956)**
Current liabilities	**(229,696)**

	25 March 2015 to 31 March 2015
	HK$'000
Revenue	**—**
Profit and total comprehensive income attributable to:	
– Shareholders of the Company	**141,788**
– non-controlling interest	**35,447**
	177,235

The subsidiary was acquired by the Group on 25 March 2015 and no material cashflows were contributed to the Group from the date of acquisition to 31 March 2015.

39. INFORMATION ABOUT THE FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period includes:

	2015	2014
	HK$'000	*HK$'000*
ASSETS AND LIABILITIES		
NON-CURRENT ASSETS		
Interests in subsidiaries	**438,801**	178,980
	438,801	178,980
CURRENT ASSETS		
Amounts due from subsidiaries	**1,494,135**	66,775
Deposits and prepayments	**5,155**	280
Tax recoverable	**336**	—
Bank balances and cash	**109,824**	85
	1,609,450	67,140
CURRENT LIABILITIES		
Amount due to subsidiaries	**24,755**	—
Bank borrowings	**50,393**	—
Other payables	**2,874**	405
	78,022	405
NET CURRENT ASSETS	**1,531,428**	66,735
TOTAL ASSETS LESS CURRENT LIABILITIES	**1,970,229**	245,715
NON-CURRENT LIABILITIES		
Borrowings from the immediate holding company	**1,050,285**	—
NET ASSETS	**919,944**	245,715
CAPITAL AND RESERVES		
Share capital	**31,983**	26,653
Reserves	**887,961**	219,062
TOTAL EQUITY	**919,944**	245,715

39. INFORMATION ABOUT THE FINANCIAL POSITION OF THE COMPANY *(Continued)*

Movement in reserves

	Share capital *HK$'000*	Share premium *HK$'000*	Contributed surplus *HK$'000*	Share-based payment reserve *HK$'000*	Deemed contribution reserve *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*
At 1 April 2013	26,653	131,911	67,360	—	—	16,809	242,733
Profit and total comprehensive income for the year	—	—	—	—	—	2,982	2,982
At 31 March 2014	**26,653**	**131,911**	**67,360**	**—**	**—**	**19,791**	**245,715**
Profit and total comprehensive income for the year	**—**	**—**	**—**	**—**	**—**	**242,800**	**242,800**
Issue of shares	**5,330**	**367,811**	**—**	**—**	**—**	**—**	**373,141**
Deemed contribution from the immediate holding company	**—**	**—**	**—**	**—**	**55,603**	**—**	**55,603**
Recognition of share-based payments	**—**	**—**	**—**	**2,685**	**—**	**—**	**2,685**
At 31 March 2015	**31,983**	**499,722**	**67,360**	**2,685**	**55,603**	**262,591**	**919,944**

Of the Group's profit attributable to shareholders of the Company for the current year, HK$242,800,000 (2014: HK$2,982,000) has been dealt with in the financial statements of the Company.

Total distributable reserves of the Company amounted to HK$388,239,000 as at 31 March 2015 (2014: HK$87,151,000).

40. COMPARATIVE FIGURES

Certain comparative figures for the consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position have been reclassified to conform with the current period's presentation. Details are set out as follows:

	As previously reported *HK$'000*	**Reclassification** *HK$'000*	**As currently reported** *HK$'000*
Consolidated statement of profit or loss and other comprehensive income			
Net realised gain on trading securities	1,576	(1,576)	—
Net unrealised gain on trading securities	154,584	(154,584)	—
Gain (loss) arising on change in fair value of investment properties	—	(1,432)	(1,432)
Other gains and losses	(3,848)	157,592	153,744
	152,312	—	152,312

	As previously reported *HK$'000*	**Reclassification** *HK$'000*	**As currently reported** *HK$'000*
Consolidated statement of financial position			
Trade and other receivables	126,271	(4,000)	122,271
Loan receivables	—	4,000	4,000
Trade and other payables	146,206	22,315	168,521
Bills payable	22,315	(22,315)	—
	294,792	—	294,792

41. EVENTS AFTER THE REPORTING PERIOD

On 27 April 2015, Harbin He Zhong Hui Li Economic and Trading Co., Ltd, ("Harbin Hezhong") and the Group have entered into a capital increase agreement ("the Capital Increase Agreement") pursuant to which Harbin Hezhong has conditionally agreed to contribute US$15,000,000 (equivalent to approximately HK$116,700,000) for the increased registered capital of Huajun Leasing. On 29 May 2015, the condition set out in the Capital Increase Agreement has been fulfilled and the capital increase was completed that the equity interest of Huajun Leasing is then held as to 70% by the Group and as to 30% by Harbin Hezhong respectively.

41. EVENTS AFTER THE REPORTING PERIOD *(Continued)*

On 26 May 2015, the Group entered into a sale and purchase agreement to acquire the 49% equity interest of Liaoning Yinzhu Chemtex Group Co. Ltd ("Liaoning Yinzhu"), at a consideration of RMB70,000,000 (equivalent to approximately HK$87,500,000). Liaoning Yinzhu is principally engaged in manufacturing of nylon textile fibers. On 2 June 2015, the conditions set out in the sale and purchase agreement have been fulfilled and the acquisition was completed.

On 26 May 2015, the Group entered into a sale and purchase agreement pursuant to which the Group has conditionally agreed to acquire the entire equity interest of Zhejiang Linhai Machinery Company Limited ("Zhejiang Linhai"), at a consideration of RMB192,150,000 (equivalent to approximately HK$240,188,000) in cash. Zhejiang Linhai is principally engaged in the production of turbines and torque converters. As at the date that these consolidated financial statements were authorised for issue, the conditions set out in the sale and purchase agreement have not been fulfilled.

On 22 May 2015, ordinary resolutions regarding (i) an issue of convertible bonds; and (ii) a grant of executive option to the Executive Director, Mr. Meng were duly passed at the Special General Meeting of the Company.

(i) The redeemable 2.5% per annum interest bearing convertible bonds were issued by the Company to Huajun International Limited and an Executive Director, Mr. Wu at an aggregate principal amount of HK$500,000,000. On 11 June 2015, the issuance of such convertible bonds were completed and as at the date that these consolidated financial statements were authorised for issue, such convertible bonds have not been converted into the Company's shares. The Directors are in the process of assessing the financial impact and it is not practical to provide a reasonable estimate until a detail review has been completed.

(ii) The grant of an option pursuant to the Scheme which entitled Mr. Meng to subscribe for 26,386,371 shares of the Company at exercise price of HK$1.00 each (the "Executive Option"). As at the date that these consolidated financial statements were authorised for issue, Mr. Meng has not exercised the option. The Directors are in the process of assessing the financial impact and it is not practical to provide a reasonable estimate until a detail review has been completed.

On 12 June 2015, the Group entered into a sale and purchase agreement, pursuant to which the Group has conditionally agreed to acquire 60% of the equity interest of Dalian Bao Xing Da Industrial Co., Ltd. and its subsidiary ("Dalian Group"), at a consideration of RMB60,000,000 (equivalent to approximately HK$75,000,000). Dalian Group is principally engaged in land consolidation, parking services and lease of land. As at the date that these consolidated financial statements were authorised for issue, the conditions set out in the sale and purchase agreement have not been fulfilled.

On 17 June 2015, the Group entered into a sale and purchase agreement, pursuant to which the Group has conditionally agreed to acquire all of the equity interest of Heqing County Sengong Forestry Development Co., Ltd. ("Heqing"), Ninglang Boyu Forestry Development Co., Ltd. ("Ninglang") and Yangbi Yunsen Forestry Development Co., Ltd. ("Yangbi"), at a total consideration of RMB160,000,000 (equivalent to approximately HK$200,000,000). Heqing is principally engaged in forestry resource cultivation, promotion of forestry technologies and retail of construction materials. Ninglang is principally engaged in forestry plantation, cultivation and sale of construction materials and craft products. Yangbi is principally engaged in forestry operation and management. As at the date that these consolidated financial statements were authorised for issue, the conditions set out in the sale and purchase agreement have not been fulfilled.

CONSOLIDATED RESULTS

	Year ended 31 March				
	2011	2012	2013	2014	**2015**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Revenue	570,333	634,132	655,146	677,189	**747,926**
Profit (loss) before tax	20,580	24,917	(4,791)	147,718	**422,643**
Income tax expense	(4,188)	(5,508)	(6,302)	(25,497)	**(145,526)**
Profit (loss) for the year from continuing operations	16,392	19,409	(11,093)	122,221	**277,117**
Profit from discontinued operation	—	—	1,825	1,872	**35**
Profit (loss) for the year	16,392	19,409	(9,268)	124,093	**277,152**
Attributable to:					
Shareholders of the Company	16,316	19,114	(8,952)	123,843	**242,190**
Non-controlling interests	76	295	(316)	250	**34,962**
	16,392	19,409	(9,268)	124,093	**277,152**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 March				
	2011	2012	2013	2014	**2015**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Total assets	658,175	705,542	738,123	976,610	**3,718,654**
Total liabilities	197,463	212,784	235,671	344,925	**2,371,158**
	460,712	492,758	502,452	631,685	**1,347,496**
Share capital	26,653	26,653	26,653	26,653	**31,983**
Reserves	433,847	465,598	461,026	590,009	**1,250,176**
Equity attributable to shareholders of the Company	460,500	492,251	487,679	616,662	**1,282,159**
Non-controlling interest	212	507	14,773	15,023	**65,337**
Total equity	460,712	492,758	502,452	631,685	**1,347,496**

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