HUAXI HOLDINGS COMPANY LIMITED
華禧控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 1689

2016
ANNUAL
REPORT

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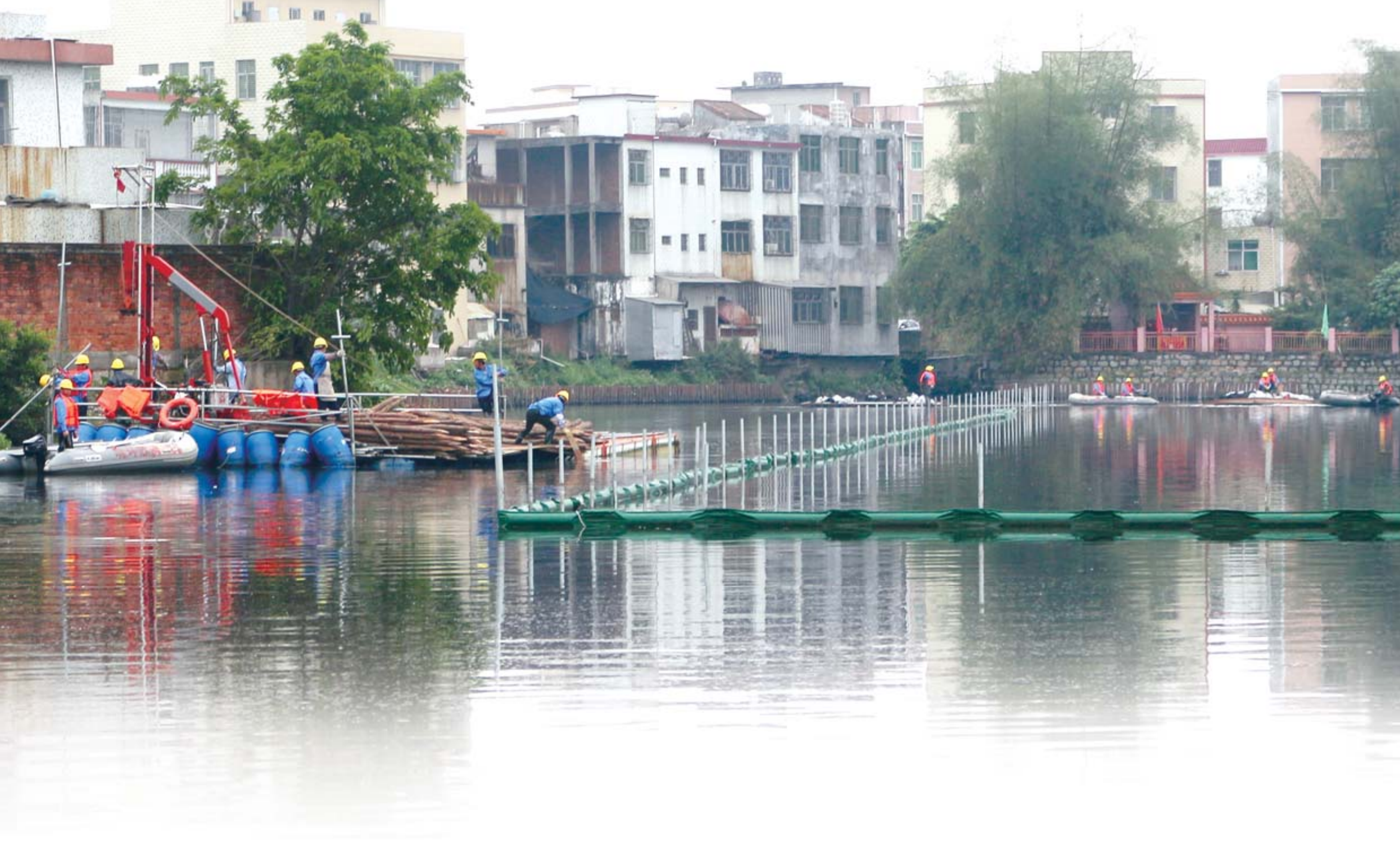


CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors
Mr. Zheng Andy Yi Sheng *(Chairman)*
Mr. Zheng Minsheng

Independent non-executive Directors
Mr. Lau Kwok Hung
Mr. Ma Wenming
Mr. Fok Po Tin

AUDIT COMMITTEE

Mr. Lau Kwok Hung *(Chairman)*
Mr. Ma Wenming
Mr. Fok Po Tin

REMUNERATION COMMITTEE

Mr. Lau Kwok Hung *(Chairman)*
Mr. Ma Wenming
Mr. Fok Po Tin

NOMINATION COMMITTEE

Mr. Zheng Andy Yi Sheng *(Chairman)*
Mr. Lau Kwok Hung
Mr. Fok Po Tin

CORPORATE GOVERNANCE COMMITTEE

Mr. Zheng Andy Yi Sheng *(Chairman)*
Mr. Zheng Minsheng
Mr. Lau Kwok Hung

COMPANY SECRETARY

Mr. Yu Wing Cheung

AUTHORISED REPRESENTATIVES

Mr. Zheng Andy Yi Sheng
Mr. Yu Wing Cheung

AUDITOR

PricewaterhouseCoopers

LEGAL ADVISER

On Hong Kong law
Peter K.S. Chan & CO

On Cayman Islands law
Appleby

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1906–07 Cosco Tower
183 Queen's Road Central
Central
Hong Kong

REGISTERED OFFICE

Clifton House, P. O. Box 1350
Grand Cayman, KY1-1108
Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Appleby Trust (Cayman) Ltd.
Clifton House, P. O. Box 1350
Grand Cayman, KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shop 1712–16, 17th Floor, Hopewell Centre
183 Queen's Road East,
Wanchai
Hong Kong

PRINCIPAL BANKERS

The Hongkong & Shanghai Banking Corporation Limited
Bank of China Limited
China Minsheng Banking Corporation Limited
Industrial & Commercial Bank of China Limited

WEBSITE

http://www.huaxihds.com.hk

STOCK CODE

01689

Dear shareholders,

This year is, quite accurately so, an extraordinary year for Huaxi Holdings Company Limited (the "Company"). On one hand, we have experienced challenges in the existing cigarette-related business due to exogenous changes sweeping throughout the entire Chinese tobacco industry; on the other hand, we are discovering vast new investment opportunities in the Chinese domestic environmental treatment sector. When one window closes, another door opens.

As chairman, I am pleased to present the annual results and audited financial statements of the Group for the year ended 31 March 2016 on behalf of the board of directors. Every employee in the Company is prepared to face the challenges and embrace the opportunities.

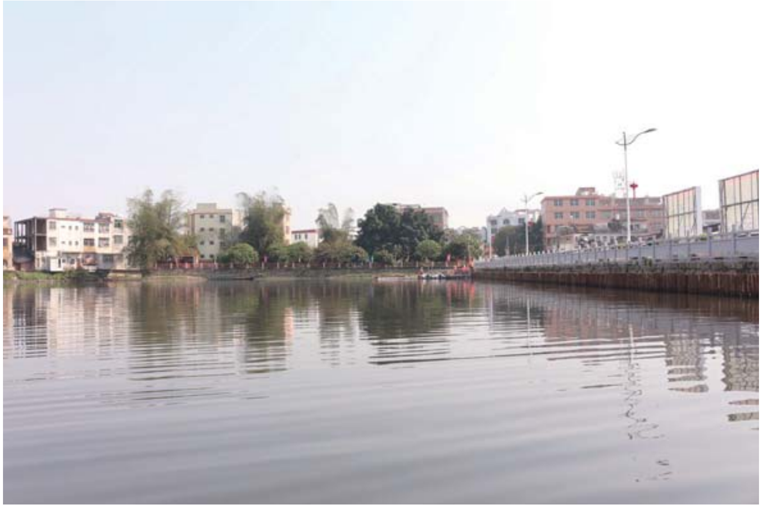
CHALLENGES

The cigarette packaging business is being swayed by many external factors; from the Chinese economic slowdown, to government anti-smoking policies, the general sales trend in the Chinese tobacco industry has been heading south. As a result, the Company's revenue from tobacco-related businesses were negatively impacted.

The joint venture to develop functional foods suitable for people with hyperglycemia with Yangtze Delta Region Tsinghua Institute had also met some headwind. The sugar-free health food market had experienced growth for nearly 20 years, both online and offline, people with hyperglycemia have easy access to wide choices of products suiting their needs. With so many products floating in the market, some are of poor packaging and generally questionable quality, consumers hence are quite sceptical towards most products offered in the market. To build a brand from scratch, earning consumers' trust, and then be able to extract economic profit from that brand requires substantial time and capital investment. The Company has decided to be cautious on making any further investment in this joint venture.

OPPORTUNITIES

Chinese tobacco industry report did show an increase in the number of domestic smokers in China from 2015 to 2016; the tobacco industry, nevertheless, still hosts a strong customer base. At the same time, our technology department has formalized research and development cooperation with our primary Shanghai-based customer. The Company remains upbeat in the stability and future growth of revenue from the tobacco-related businesses. Moreover, we remain committed to investing in more efficient technology, enabling us to manufacture superior products and better service our customers; we shall remain ahead of industry standards.



The Company first ventured into the environmental treatment sector by winning tender to a government contract; to complete the project, we have assembled a team of capable and effective professionals, some with more than a decade of experience in water treatment. Every team member exudes passion and a strong sense of duty towards the people of Shantou. Restoring the river eco-system not only benefits the residents of Shantou City, it also creates immense value for the Shantou City Government, the Company, and for those who believed in us every step of the way.

The team had been able to cross various technical hurdles during the eco-restoration process. I am fully confident that they will be able to complete the series of water quality mandates within contract time frame.

To conclude, I would like to thank the Board, the management team, and all the staffs for their perseverance in tackling challenges; the few of us at the helm remain vigilant in observing industry transformations and will prepare accordingly. Huaxi Holdings Company Limited will enter the new financial year working congruently with our partners to creating maximum value for shareholders.

Zheng Andy Yi Sheng
Chairman

BUSINESS AND OPERATIONS REVIEW

During the year under review, the tobacco industry in People's Republic of China (the "PRC") was deeply affected by restrictions of smoking locations, banning tobacco advertising promotion and various political measures. Manufacturing and sales of cigarette packaging materials is still the core business of the Group and was recorded a drop in the last financial year. In the last financial year, the Group diversified its business into biotechnology field. The research and development of high-resistant starch food for the diabetes is still processing and it is expected that these products will launch in the market soon. A sewage treatment project in Chaonan District of Shantou City was commenced in February, 2016.

Manufacturing and Sales of Cigarette Packaging Materials

Our customers are key cigarette manufacturers in the PRC. The Group's revenue from cigarette packaging business during the year under review was approximately HK$249.55 million which represented a decrease of approximately HK$48.52 million or 16.3% as compared with last financial year. The decline in turnover was mainly resulted from a slight decrease in the national sales volume of cigarette and a devaluation of Renminbi against Hong Kong dollars which is the Group's reporting currency. On a constant currency basis, turnover of the Group dropped 13.8% as compared with last financial year. The following table sets forth the breakdown of the Group's revenue from cigarette packaging business for the financial year ended 31 March 2016 ("FY2016") and 31 March 2015 ("FY2015").

	FY2016		FY2015	
	HK$'000	**%**	HK$'000	%
Inner Frame paper	**127,016**	**50.9**	136,641	45.8
Cigarette box frame paper	**41,962**	**16.8**	44,672	15.0
Tipping paper	**57,709**	**23.1**	82,251	27.6
Cigarette trademark label	**7,234**	**2.9**	12,932	4.3
Cigarette paper box	**3,308**	**1.3**	2,924	1.0
Transfer printing cardboard and transfer art paper	**11,915**	**4.8**	17,753	6.0
Sales from processing services and other	**405**	**0.2**	893	0.3
Total	**249,549**	**100.0**	298,066	100.0

Biotechnology Business and Environmental Treatment Business

In the FY2015 and FY2016, the Company diversified its business into biotechnology field — biotechnology products and environmental treatment of rivers and lakes business respectively. In the year under review, the Group recorded a revenue of approximately HK$0.39 million from biotechnology products and HK$2.43 million from environmental business. Resistant starch food is still in the R&D stage and the revenue only represented the sales of premium rice. Revenue from environmental business was income recognized in the eco-rehabilitation project with Chaonan District People's Government in Shantou (汕頭市潮南區人民政府). The project focuses on specific stream sector from the basin of Dong Tang to Tao Chen Sha Xi, a branch of Xiashan Residential District (峽山大溪) in the Chaonan District (潮南區) of Shantou City (汕頭市). The contract includes a 12-month period to achieve the waterway resuming its natural colour from the current ink-black state and finally meet Level V standard set by the Ministry of Environmental Protection of the People's Republic of China and a 3-year maintenance period.

Gross Profit and Gross Profit Margin

The gross profit of the Group in the year under review reported approximately HK$94.21 million (2015: HK$111.91 million), decreased by approximately HK$17.70 million compared with last financial year. The overall gross profit margin decreased slightly by 0.2% compared with last financial year from 37.5% in FY2015 to 37.3% in FY2016. The Group has performed an effective cost control in our major products to maintain its margin.

Distribution Expenses

Distribution expenses of the Group decreased by approximately HK$0.35 million or 11.7% from approximately HK$2.95 million in FY2015 to approximately HK$2.60 million in FY2016 which was in line with the decrease in sales and saved cost in effective logistics in procurement of raw materials and delivery of goods.

Administrative Expenses and Other Expenses

The Group's administrative expenses in FY2016 was approximately HK$32.32 million which increased by approximately HK$4.17 million as compared with HK$28.15 million in FY2015. The increase in administrative expenses was due to the additional expenses to operate companies in Shanghai and Heilongjiang and the non-cash items including recognition of share-based payment for share options were granted. The increase in other expenses was mainly resulted from provision for decrease in market value of listed securities which the Group invested.

Taxation

Taxation of the Group in FY2016 was approximately HK$12.23 million which was decreased by HK$3.88 million in line with the decrease in the profit before taxation (FY2015: HK$16.11 million). On 9 October 2014, Shantou Xinda Colour Printing & Packing Material Company Limited, a indirectly wholly owned subsidiary of the Company was awarded a High & New Technology Enterprise Certificate to grant an income tax rate at 15% for three years commencing from 1 January 2014.

FUTURE OUTLOOK AND PROSPECTS

In 2016, the tobacco industry is likely to face challenges due to economic trend and smoking control policy in the PRC. However, the management expects that the smoking population in the PRC will still grow steadily in the coming years and believes that this business will continue to contribute stable returns to the Group. The Company will dedicate more efforts on bolstering relations with existing customers to strengthen our customers' loyalty and explore new markets to expand our market share and enhance our market position. The resistant starch rice development is slower and more delicate than originally planned. The current market in China for health foods is flooded with competitors offering wide variety of choices. The difficulty going forward is to develop products that would stand out in midst of competition. The Company is taking a more cautious stance hence, the research and development progress for resistant starch rice will remain slow going forward, and further investment prudence. The current progress of the eco-rehabilitation project in Chaonan is on track to meet contract targets, with water quality gradually approaching Level V standard. Representatives from the Chaonan District People's Government and members of local media often visit the work sites to spectate on the treatment progress and mostly satisfied with current progression. The Company shall review and evaluate the results from this project. Management will make decision on further participation of other eco-rehabilitation projects.

Looking forward, the Group will continue to enhance its operational capabilities and improve the overall standards of its operations. The Group will also continue to seek opportunities to invest in new business to broaden our income. The Board believes that it is the interest of the Group and its shareholders to diversify its business and to actively pursue new business opportunities for the growth of the Group.

FINAL DIVIDEND

The Board has recommended to declare a final dividend of HK6.00 cents per ordinary share for the year ended 31 March 2016 (the "Final Dividend") (31 March 2015: HK8.00 cents) to those whose names appear on the Register of Members of the Company on 7 September 2016. During the current year, the Board declared and paid an interim dividend of HK4.00 cents per ordinary share for the six months ended 30 September 2015. The Final Dividend is subject to the approval of the Shareholders at the forthcoming annual general meeting (the "AGM") of the Company. If passed, the Final Dividend is expected to be paid on or around 20 September 2016.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

Cash and Cash Equivalents

As at 31 March 2016, the Group's total cash balances amounted to approximately HK$179.82 million (31 March 2015: HK$232.67 million), including restricted cash of HK$39.19 million and cash and cash equivalent of HK$140.63 million.

Cash Flows from Operating Activities

In the FY2016, the Group's net cash generated from operating activities and investing activities amounted to approximately HK$44.49 million and HK$6.89 million respectively and net cash used in financing activities amounted to approximately HK$38.71 million. The Group primarily cash inflow from operating activities and banking facilities are sufficient to fund its requirement of working capital.

Fund Raising Activities and Use of Proceeds

On 12 September 2014, the Company completed a placement and issued 28,000,000 new ordinary shares of HK$0.01 each to more than six placees at HK$1.70 per shares pursuant to the placing agreement dated 18 August 2014. The closing market price on the date of issue was HK$1.85 per share. The net proceeds of HK$46.8 million were received. The sum of RMB10 million, equivalent to approximately HK$12.5 million was paid to purchase a right to use a series of high resistant starch technology and development of food for the diabetes, and the sum of approximately HK$34.3 million were used for as general working capital to strengthen the Company new business in biotechnology.

Borrowings and Gearing Ratio

The Group did not have any borrowing as at 31 March 2016 and 2015.

Exposure to Fluctuations in Exchange Rate

The Group's exposure to foreign currency risk related primarily to certain bank balances and cash, other receivables and other payables denominated in Hong Kong Dollars. Presently, the Group has no hedging policy with respect to the foreign exchange exposure.

The Group's transactions for our subsidiaries in the PRC were mainly conducted in Renminbi ("RMB"), the functional currency of the subsidiaries, and the major receivables and payables are denominated in RMB. Accordingly, the Group's exposure to currency risk is insignificant.

Capital Expenditure

In the FY2016, the Group's total capital expenditure amounted to approximately HK$2.58 million (FY:2015: HK$20.38 million), which was cash outflow used in the acquisition of property, plant and equipment.

Charge on Assets

As at 31 March 2016, the Group placed cash deposits of approximately HK$39.19 million with designated banks as collateral for Group's notes payable (31 March 2015: HK$52.09 million).

Contingent Liability

The Group has no significant contingent liabilities as at 31 March 2016 (31 March 2015: Nil).

Capital Commitments

As at 31 March 2016, the Group had capital commitments for the amount of approximately HK$2.16 million (31 March 2015: HK$0.67 million) for acquisition of property, plant and equipment.

ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

In July 2015, the Company established a non-wholly-owned indirectly subsidiary, namely Guangdong Foxin Environmental Management Company Limited (廣東佛欣環境治理有限公司) ("GD Foxin"), in Guangzhou, the PRC and injected RMB4.73 million into GD Foxin.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2016, the Group employed a total of 302 (31 March 2015: 269) permanent employees in the PRC and Hong Kong. Total employee remuneration (including directors' emoluments and benefits) in FY2016 amounted to HK$27.08 million (FY2015: HK$18.32 million). The Group provides its employees with competitive remuneration packages which were determined by their performance, qualification, experience and continued to review with reference to the level and composition of pay and general market condition. In addition to basic salary, employees are entitled to other benefits including social insurance contributions, employee provident fund schemes, and discretionary incentive and share option schemes.

EXECUTIVE DIRECTORS

Mr. ZHENG Andy Yi Sheng, aged 55, was appointed as a Director on 29 April 2013 and redesignated as an executive Director on 24 July 2013. He was also appointed as the chairman of the Board and chief executive officer on 24 July 2013. He is also the chairman of the nomination committee and corporate governance committee of the Company. Mr. Zheng is the founder of the Company and has over 20 years of experience in the packaging material industry. Since 1992, he has been the director of Shantou Xinda Colour Printing & Packing Material Company Limited ("Xinda Packing") and became our Chairman since 1997. Mr. Zheng was awarded a fellowship of Asian College of Knowledge Management in 2013. Mr.Zheng is the elder brother of Mr. Zheng Minsheng, an executive director of the Company.

Mr. ZHENG Minsheng, aged 52, was appointed as an executive Director on 24 July 2013 and is the deputy general manager of our Group. He is also a member of the corporate governance committee Mr. Zheng has over 20 years of experience in the packaging material industry. Since 1992, he has been a director and deputy general manager of Xinda Packing and is responsible for procurement of raw materials, production management and quality control. Mr. Zheng is the younger brother of Mr. Zheng Andy Yi Sheng, the chairman of the Board, an executive director and Chief Executive Officer of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LAU Kwok Hung, aged 69, was appointed as an independent non-executive Director on 24 July 2013. He is the chairman of the audit committee and remuneration committee of the company and a member of the nomination committee and corporate governance committee of the Company. Mr. Lau is fellow member of the Hong Kong Institute of Certified Public Accountants, and formerly, was a fellow of the Association of Chartered Certified Accountants and an associate member of the Chartered Institute of Management Accountants. Mr. Lau holds a Senior Executive Master Degree in Business Administration from Charles Darwin University. He also obtained a Specialist Qualification (SQ) in Insolvency issued by the Hong Kong Institute of Certified Public Accountants and a Diploma in International Business Valuation. He is experienced in financial accounting, auditing, tax, company secretarial matter and corporate finance. In particular, he has over ten years of experiences in mergers, acquisitions and corporate restructuring. Mr. Lau has been an executive director of Neptune Group Limited (formerly known as Mandarin Resources Corporation Limited and subsequently Massive Resources International Corporation Limited), (stock code: 00070) during the perio between October 2001 and November 2012.

Mr. MA Wenming, aged 73, was appointed as an independent non-executive Director on 24 July 2013. He is the member of the audit committee and remuneration committee of the Company. Mr. Ma was the factory manager of Anyang Cigarette Factory (安陽捲煙廠) and was the division head (司長) of development and planning division (發展計劃司) of STMA. Mr. Ma was an independent director of Shenzhen Jinjia Color Printing Group Co., Ltd. (深圳勁嘉彩印集團股份有限公司), a company listed on the Shenzhen Stock Exchange with stock code 002191, from November 2006 to April 2008.

Mr. FOK Po Tin, aged 56, was appointed as an independent non-executive Director on 24 July 2013. He is the member of the audit committee, remuneration committee and nomination committee of the Company. Mr. Fok graduated from The Chinese University of Hong Kong with a business administration degree and Peking University with a law degree. Mr. Fok is a solicitor qualified to practice the laws of Hong Kong and the sole proprietor of Henry Fok & Co. He has over 21 years of experience in the legal profession and 9 years experience as director in listed company.

SENIOR MANAGEMENT

Mr. HUANG Bongde, aged 53, joined the Group in December 2013, as the general manager of the Group. Mr. Huang holds a degree in Bachelor of Business Administration from University of Management & Technology (Virginia) and Executive Master of Business Administration (EMBA) from Sun Yat-sen University, Guangzhou. He has over twenty years in business management experience in several various well-known hotel management groups companies in the PRC.

Mr. LI Zhiyong, aged 54, is the deputy general manager of Shantou Xinda Colour Printing And Packing Material Company Limited ("Shantou Xinda"). Mr. Li has worked in the Group since September 1995 and is responsible for all marketing activities. Mr. Li graduated from Shantou Commercial Bureau Staff Amateur Secondary School.

Mr. LI Yaohui, aged 40, has been the factory manager of Shnatou Xinda since June 2007. He is responsible for material processing of the factory. Mr. Li has been the deputy general manager of Chaoan Jixiang Mould Company Limited during the period between 2004 and 2007. Mr. Li completed a course in business administration in Meizhou Jiaying University in July 1996.

Mr. LI Cancheng, aged 35, joined the Group in August 2006. He is the factory manager of Shantou Xinda. He is responsible for tipping paper processing, printing and packaging manufactory. Mr. Li has been a drawing designer in Shantou Zhaohua Electric Company Limited during the period between 1999 and 2006. Mr. Li completed a course in economic management in South China University of Technology in July 2005. Mr. Li has been awarded the qualification of intermediate economist in human resources by Ministry of Human Resources and Social Security of the People's Republic of China in January 2010.

Mr. TANG Jinhai, aged 42, joined the Group in July 2013. He is the PRC regional financial controller of the Group. Mr. Tang was graduated from Huazhong Polytechnic University (now known as Huazhong University of Science & Technology) in 1996. Mr. Tang is a CICPA registered under Guangdong Provincial Institute of Certified Public Accountants and has over ten years of experience in assurance works and more than seven years in financial management.

Mr. YU Wing Cheung, aged 58, joined the Group in November 2013. He is the company secretary, financial controller and authorized representative of the Company. Mr. Yu holds a Bachelor of Business Administration degree in Accountancy. He is a member of the Hong Kong Institute of Certified Public Accountants. Prior to joining to the Group, Mr. Yu had worked in the finance department of pubic listed companies. He has over 20 years of professional experience in the field of finance and accounting.

The directors present their annual report together with the audited consolidated financial statements of Huaxi Holdings Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2016.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and other particulars of the Company's subsidiaries are shown in note 14 to the consolidated financial statements.

RESULTS

The Group's profit for the year ended 31 March 2016 and the state of affairs of the Group at that date are set out in the consolidated financial statements on pages 29 to 76.

DIVIDENDS

The Directors have recommended a final dividend of HK6.00 cents per ordinary share amounting to a total sum of approximately HK$20.36 million (year ended 31 March 2015: HK8.00 cents), subject to the approval of the Company's shareholders at the forthcoming annual general meeting. Details of the dividend for the year ended 31 March 2016 are set out in note 13 to the consolidated financial statements, the final dividend will be payable on or around 20 September 2016 to the Company's shareholders whose names appear on the register of the members of the Company on 7 September 2016.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 17 August 2016 to 19 August 2016, both days inclusive, for the purpose of identifying shareholders who are entitled to attend and vote at the AGM, during which period no transfer of shares will be registered. In order to qualify for attending the AGM, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on 16 August 2016.

The register of members of the Company will be closed from 6 September 2016 to 7 September 2016, both days inclusive, for the purpose of identifying shareholders who are entitled to the final dividend, during which period no transfer of shares will be registered. In order to qualify for the final dividend, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queens Road East, Wanchai, Hong Kong before 4:30 p.m. on 5 September 2016.

BUSINESS REVIEW

A fair review of the Group's business are provided in the Management Discussion and Analysis set out on pages 5 to 8 of this annual report including discussion of the principal risks and uncertainties facing the Group. The financial risk management objectives and policies of the Group are shown in note 3 to the consolidated financial statements.

Details of the Group's environmental protection, working conditions, operating practices and community involvement are set out on pages 26 to 27 of this annual report.

FIVE-YEARS FINANCIAL SUMMARY

A summary of the results and of assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements in the annual report and the Prospectus, are set out in page 76 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the fixed assets of the Group during the year are set out in note 15 to the consolidated financial statements.

BANK BORROWINGS

The Group did not have any borrowing as at 31 March 2016 and 2015.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 March 2016 are set out in note 14 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in note 26 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of Cayman Islands.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

RESERVES

As at 31 March 2016, the Company's reserves available for distribution amounted to approximately HK$148.48 million (31 March 2015: approximately HK$159.22 million). Other movements in reserves are set out in the consolidated statement of changes in equity in this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group's five largest customers accounted for approximately 91.2% of the total sales for the year and sales to the largest customer included therein amounted to approximately 52.10% of the total sales for the year. Purchases from the Group's five largest suppliers accounted for approximately 54.14% of the total purchases for the year and purchase from the Group's largest supplier included therein amounted to approximately 18.27% of the total purchases for the year.

At no time during the year have the directors, their associates or any shareholders of the Company (which to the best knowledge of the directors own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or five largest suppliers.

CONNECTED AND RELATED PARTY TRANSACTIONS

Material related party transactions entered into by the Group during the year ended 31 March 2016, which do not constitute connected transactions under the Listing Rules are disclosed in the note 32 to the consolidated financial statements.

CHARITABLE DONATIONS

During the year, the Group did not make any charitable and other donations. (31 March 2015: Nil).

DIRECTORS

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

Executive directors
Mr. Zheng Andy Yi Sheng *(Chairman)*
Mr. Zheng Minsheng

Independent non-executive directors
Mr. Lau Kwok Hung
Mr. Ma Wenming
Mr. Fok Po Tin

Pursuant to Article 108(a) of the Articles of the Association of the Company, Mr. Zheng Minsheng and Mr. Ma Wenming shall retire at the forthcoming AGM and, being eligible, offer themselves for re-election.

The Company has received annual confirmation from each of the independent non-executive directors concerning their independence to the Company and considers that each of the independent non-executive directors is independent to the Company.

Biographical details of the directors of the Group are set out on pages 9 to 10 of this report.

DIRECTORS' SERVICE CONTRACTS

Each of our executive directors has entered into a service agreement with our Company for an initial term of three years commencing from 6 December 2013 subject to the early termination provisions contained therein.

Each of our independent non-executive directors has signed an appointment letter with our Company for an initial term of three years commencing from 6 December 2013 subject to the early termination provisions contained therein.

DIRECTORS' INTEREST IN CONTRACTS

No director had a significant beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existing during the year.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors or any of their respective associates had any interest in a business which competes or likely to compete, either directly or indirectly, with the business of the Group.

The Controlling Shareholders (as defined in the Listing Rules) of the Company, namely, SXD Limited, Mr. Zheng Andy Yi Sheng entered into a deed of non-competition (the "Deed of Non-competition") in favour of the Company dated 14 November 2013 pursuant to which the Controlling Shareholders have undertaken to the Company (for itself and for the benefit of its subsidiaries) that it or he or she would not, and would procure that its or his or her associates (other than any member of our Group) would not, directly or indirectly, carry on, participate or be interested or engaged in or acquire or hold (in each case whether as a shareholder, partner, principal, agent, director, employee or otherwise) any business which is or may be in competition with the current businesses of the Group during the restricted period.

The independent non-executive directors have reviewed the compliance with the Deed of Non-competition by the Controlling Shareholders and confirmed that the Deed of Non-competition is fully complied with and duly enforced since the Listing Date and up to the date of this report.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Particulars of the Directors' remuneration and five individuals with highest emoluments are set out in notes 8 to the consolidated financial statements.

CONFIRMATION OF INDEPENDENCE BY INDEPENDENT NON-EXECUTIVE DIRECTORS

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

RETIREMENT SCHEME

The Group participates in a state-managed retirement scheme operated by the PRC government which covers the Group's eligible employees in the PRC and operates a Mandatory Provident Fund under the Hong Kong Mandatory Provident Fund Schemes Ordinance for the employees under the jurisdiction of the Hong Kong Employment Ordnance.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 March 2016, the interests and short positions of the directors and or their associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code for the Securities Transactions by Directors of Listed Companies were as follows:

(a) Long positions of Directors' interests in ordinary shares of the Company

Name of Directors	Nature of interest	Number of ordinary shares held	Approximate percentage of the total issued share capital
Mr. Zheng Andy Yi Sheng	Interest held by a controlled corporation	225,000,000	66.32%

(b) Long positions of Directors' interests in underlying ordinary shares of the Company

Name of Directors	Nature of interest	Number of shares options held*	Approximate percentage of the total issued share capital
Mr. Zheng Minsheng	Beneficial owner	600,000	0.18%
Mr. Lau Kwok Hung	Beneficial owner	200,000	0.06%
Mr. Ma Wenming	Beneficial owner	200,000	0.06%
Mr. Fok Po Tin	Beneficial owner	200,000	0.06%

* Further details of the share options are set out in the section headed "Share Option Scheme"

Save as disclosed above, as at 31 March 2016, none of the directors or chief executives of the Company and their associates had any personal, family, corporate or other interests had registered an interest or short position 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 maintained by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code.

SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 14 November 2013 for the purpose of providing incentives and rewards attracting and retaining the best available personnel, providing additional incentive to employees (full-time and part time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers ("Eligible Participants") of the Group and promoting the Success of the business of the Group and will remain in force for a period of ten years commencing on the adoption date and shall expire at 13 November 2023 subject to early termination provisions contained in the Scheme. The Board may grant options to Eligible Participants to subscribe for shares in the Company subject to the terms of the Scheme.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. However the total maximum number of the shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Scheme and any other share option scheme of the Company must not exceed 30% of the issued share capital of the Company from time to time. Options granted to a substantial shareholder or an independent non-executive Director, or to any of their respective associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares as stated in the daily quotation sheets issued by the Stock Exchange at the date of the grant) in excess of HK$5 million, within any 12-month period up to and including the date of grant, are subject to shareholders approval in advance in a general meeting.

Options granted must be taken up within 7 days inclusive of the day on which offer was made upon payment of HK$1 by the grantee. Options may be exercised at any time for a period determined by its directors which shall not be later than the day immediately preceding the tenth anniversary of the date of grant. The exercise price of the share options shall be a price solely determined by the Board and notified to an Eligible Participant and shall be at least the highest of (i) the closing price of the Company's shares as stated in the daily quotations sheet of the Stock Exchange on the date of the grant of the options; (ii) the average closing price of the Company's shares as stated in the daily quotations sheets of the Stock Exchange for the five trading days immediately preceding the date of the grant of the option; and (iii) the nominal value of a share of the Company on the date of grant.

Set out below are the outstanding share options under the Option Scheme as at 31 March 2016:

Category of grantees	Outstanding at 1 April 2015	Number of options Granted	Number of options exercised	Number of options lapsed	Outstanding at 31 March 2016
Directors					
Mr. Zheng Minsheng	600,000	–	–	–	600,000
Mr. Lau Kwok Hung	200,000	–	–	–	200,000
Mr. Ma Wenming	200,000	–	–	–	200,000
Mr. Fok Po Tin	200,000	–	–	–	200,000
Total — Directors	1,200,000	–	–	–	1,200,000
Employees	24,800,000	–	–	2,590,000	22,210,000
Consultants	4,000,000	–	–	–	4,000,000
Total	30,000,000	–	–	2,590,000	27,410,000

DISCLOSABLE INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURE

At 31 March 2016, so far as it is known to the Directors, the persons (other than the Directors of the Company) with interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register of the Company required to be kept under section 336 of the SFO or who are directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstance at general meetings of any member of the Group were as follows:

Long positions:

Name of shareholders	*Notes*	Capacity and Nature of Interest	Number of ordinary share held	Approximate percentage of the Company's issued share capital
SXD Limited	*(i)*	Beneficially owned	225,000,000	66.32%
Mr. Zheng Andy Yi Sheng	*(i)*	Interest in a controlled corporation	225,000,000	66.32%
Ms. Chen Annie Ni	*(ii)*	Interest of spouse	225,000,000	66.32%

Notes:

(i) SXD Limited is wholly owned by Mr. Zheng Andy Yi Sheng. Therefore, Mr. Zheng is deemed, or taken to be, interest in all shares held by SXD Limited for the purpose of SFO.

(ii) Ms. Chen Annie Ni is the spouse of Mr. Zheng Andy Yi Sheng. Accordingly, Ms. Chen is deemed, or taken to be, interest in all shares held by SXD Limited for the purpose of SFO.

Save as disclosed above, as at 31 March 2016, no other person had any interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to Section 336 of the SFO or, were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote under all circumstances at general meetings of any other member of the Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and as far as the Directors are aware, the Company has maintained at least 25% of public float as at the latest practicable date prior to the issue of this annual report.

CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules throughout the year except under the Code Provision A.2.1 and A.4.1. The full details of corporate governance practices adopted by the Company during the year ended 31 March 2016, or where applicable, up to the date of this report, are set out in pages 19 to 25 of this report.

AUDITOR

The financial statements for the year ended 31 March 2016 were audited by PricewaterhouseCoopers who retire and, being eligible, shall offer themselves for re-appointment at the forthcoming AGM.

On Behalf of the Board
Zheng Andy Yi Sheng
Chairman and Executive Director

Hong Kong, 24 June 2016

The Group strives to attain and maintain high standards of corporate governance best suited to the needs of its businesses and the best interests of its stakeholders as the board (the "Board") of directors (the "Directors") of the Company believes that effective governance is essential to the maintenance of the Group's competitiveness and to its healthy growth. The Company has adopted and applied the principles of the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The Company periodically reviews its corporate governance practices to ensure its continuous compliance with the CG Code. In the opinion of the Directors, the Company was in compliance with the applicable code provisions of the CG Code for the year ended 31 March 2016 and, where appropriate, the applicable recommended best practices of the CG Code, save and except for the following deviations:

Code Provision A.2.1

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

Mr. Zheng Andy Yi Sheng is the chairman and chief executive officer of the Company. In view of the scale of operations of the Company and the fact that daily operations of the Group's business is delegated to the senior executives and departments heads. The Board considers that vesting the roles of both chairman and chief executive officer in the same person can provide the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies.

Code Provision A.4.1

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. Independent Non-Executive Directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Articles of Association of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the year ended 31 March 2016.

THE BOARD OF DIRECTORS

Composition

As at 31 March 2016, the Board comprised two Executive Directors, being Mr. Zheng Andy Yi Sheng and Mr. Zheng Minsheng; three Independent Non-executive Directors, being Mr. Lau Kwok Hung, Mr. Ma Wenming and Mr. Fok Po Tin.

The Directors have brought a balance of valuable and diversified business and professional expertise, experiences and independent judgement to the Board for its sufficient and effective management of the Company's business.

The biographical details of the Directors are set out in the section headed "Biographical details of directors and senior management" in this annual report which demonstrate a diversity of skills, experience and qualification.

Relationship amongst Directors

Mr. Zheng Minsheng is the younger brother of Mr. Zheng Andy Yi Sheng.

Save as aforesaid, the Board members do not have any financial, business, family or other material and/or relevant relationship with each other.

Roles and Responsibilities of the Board

The Board is responsible for the leadership and control of the Company and oversees the Group's businesses, strategic decisions and performances and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. In practice, the Board takes responsibility for decision making in all major matters of the Company including: the approval and monitoring of all policy matters, the setting of objectives, annual budgets and overall strategies, material transactions (in particular those which may involve conflict of interests), appointment of directors and other significant financial and operational matters. The day-to-day management, administration and operation of the Company are delegated to the senior executives. These responsibilities include the implementation of decisions of the Board, the co-ordination and direction of day-to-day operation and management of the Company in accordance with the management strategies and plans approved by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by these senior executives and the Board has the full support of them to discharge its responsibilities.

All directors have full and timely access to all relevant information as well as the advice and services of the professional advisers, as and when required, with a view to ensuring that Board procedures and all applicable rules and regulations are followed.

The Company has arranged appropriate liability insurance for the Directors and the senior management of the Group to indemnify their liabilities arising out of corporate activities. The insurance coverage is reviewed on an annual basis.

The Board has delegated various responsibilities to the Board committees including the audit committee (the "Audit Committee"), the remuneration committee (the "Remuneration Committee"), and the nomination committee (the "Nomination Committee") and the corporate governance committee (the "CG Committee") (collectively, the "Board Committees"). Further details of these committees are set out below.

The Chairman and Chief Executive Office, Mr. Zheng Andy Yi Sheng, is responsible for setting the overall business strategies and management and ensuring the Board is functioning properly. He is also responsible for managing the Group's business, including implementing the Group's strategies, making day-to-day decisions.

The deputy general manager, Mr. Zheng Minsheng, is responsible for managing business operation, including procurement, production management, quality control.

The independent non-executive directors are independent of the management of the Group's business. They are professionals with substantial experience in accounting, banking, financial management, legal and business. The mix of skills and business experience is a major contribution to the future development of the Company. They ensure the Company maintains a high standard of financial and legal reporting and provide checks and balances to safeguard the interests of the shareholders.

Board Diversity

During the year, the Company adopted a Board Diversity Policy (the "Policy") which sets out the approach to diversify the Board. The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, professional and industry experience, skills, knowledge, and any other factors that the Board might consider relevant and applicable.

The Nomination Committee has set the measurable objectives based on gender, age, cultural and educational background, professional experience and skills and knowledge for the implementation of Board diversity of the Company. The Nomination Committee and the Board will review the Policy, as appropriate, to ensure its continued effectiveness from time to time.

Having reviewed the Policy and taken into account the measurable objectives, the Nomination Committee and the Board considered that the Board's composition has complied with the requirement of the Policy during the year.

Professional Development of the Directors

Upon appointment to the Board, Directors receive an induction package covering the general understanding of the Group and its businesses and operations. Meetings are also arranged with the Company's external legal adviser on directors' legal role and responsibilities.

All Directors are kept informed on a timely basis of major changes on the relevant laws, rules and regulations. Timely updates on the Group's financial performance, businesses and developments are also provided to the Directors. They also have full and timely access to information on the Group and independent professional advice at all times whenever deemed necessary.

The Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills for discharging their duties and responsibilities as Directors. The records of the Directors participated in the continuous professional development programmes during the years are as follows:

Name of Director	Attending training courses, seminars of conference	Reading materials or updates
Zheng Andy Yi Sheng		✓
Zheng Minsheng		✓
Lau Kwok Hung	✓	✓
Fok Po Tin	✓	✓
Ma Wenming		✓

BOARD MEETINGS

Four Board meetings were held for the year ended 31 March 2016. Ad-hoc meetings will also be convened if necessary to discuss the overall strategy as well as the operation and financial performance of the Group. Notice of Board meeting was sent to all Directors at least 14 days prior to a regular board meeting. Reasonable notices will be given to the Directors for ad-hoc board meetings. Directors may participate either in person or through electronic means of communications.

All relevant materials were sent to all the Directors relating to the matters brought before the meetings. All the Directors have been provided with sufficient resources to discharge their duties, and, upon reasonable request, the Directors will be able to seek independent professional advice in appropriate circumstances, at the Company's expenses. All Directors will have the opportunity to include matters in the agenda for Board meetings.

The attendance of each Director at the Company's general meetings and regular Board meetings held during the year ended 31 March 2016 was as follows:

	Meeting attended/held	
Name of Director	Regular Board Meeting	Annual General Meeting
Mr. Zheng Andy Yi Sheng	4/4	1/1
Mr. Zheng Minsheng	4/4	1/1
Mr. Lau Kwok Hung	4/4	1/1
Mr. Ma Wenming	3/4	0/1
Mr. Fok Po Tin	3/4	1/1

BOARD COMMITTEES

The Board has established four committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee and the CG Committee to oversee particular aspects of the Company's affairs. All committees are established with defined written terms of reference setting out their respective authorities and duties, which are available on the Company's website. The committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

Audit Committee

The Audit Committee is currently chaired by Mr. Lau Kwok Hung and its other members are Mr. Ma Wenming and Mr. Fok Po Tin. All of them are Independent Non-executive Directors who possess the relevant qualifications, experiences and skills to contribute to the financial, governance, internal controls and risk management of the Company.

The main duties of the Audit Committee include reviewing the financial statements and reports and considering any significant or unusual financial items; overseeing the relationship between the Company and the external auditors; and reviewing the adequacy and effectiveness of the Company's internal control. Details of the authority and duties of the Audit Committee are on the Company's website.

During the year ended 31 March 2016, the Audit Committee held two meetings, inter alia, to review the 2015 annual results and the interim results for the six months ended 30 September 2015 of the Group; to discuss the change of auditors of the Company; and to review the Group's internal control system including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function. During the year ended 31 March 2016, the Audit Committee met the external auditor twice to discuss any areas of concerns. Members and their attendance are as follows:

Name of Directors	Meeting Attendance/held
Mr. Lau Kwok Hung *(Chairman)*	2/2
Mr. Ma Wenming	2/2
Mr. Fok Po Tin	2/2

Remuneration Committee

The Remuneration Committee is currently chaired by Mr. Lau Kwok Hung, an Independent Non-executive Director, with Mr. Ma Wenming and Mr. Fok Po Tin as members. The Remuneration Committee is mainly responsible for making recommendations on and approving the remuneration policy and structure and remuneration packages of the Executive Directors and the senior management of the Group. Details of the authority and duties of the Remuneration Committee are available on the Company's website.

During the year ended 31 March 2016, the Remuneration Committee convened one meeting to review the remuneration package of the Directors and senior management. Members and their attendance are as follows:

Name of Directors	Meeting Attendance/held
Mr. Lau Kwok Hung *(Chairman)*	1/1
Mr. Ma Wenming	1/1
Mr. Fok Po Tin	1/1

Nomination Committee

The Nomination Committee is currently chaired by Mr. Zheng Andy Yi Sheng with Mr. Lau Kwok Hung and Mr. Fok Po Tin as members.

The Nomination Committee is responsible for, amongst other things, identifying individuals suitably qualified to become Board members, considering the re-appointment of Directors, reviewing the Board's diversity policy and relevant implementation of the diversity policy, and making recommendations to the Board in respect of the aforesaid matters. Details of the authority and duties of the Nomination Committee are available on the Company's website.

During the year ended 31 March 2016, the Nomination Committee convened one meeting to review the structure, size, composition and diversity of the Board and to consider, nominate and recommend re-appointment of Directors. Members and their attendance are as follows:

Name of Directors	Meeting Attendance/held
Mr. Zheng Andy Yi Sheng *(Chairman)*	1/1
Mr. Lau Kwok Hung	1/1
Mr. Fok Po Tin	1/1

Corporate Governance Committee

The CG Committee is currently chaired by Mr. Zheng Andy Yi Sheng with Mr. Zheng Minsheng and Mr. Lau Kwok Hung as members.

The CG Committee is responsible for, amongst other things, to evaluate and review the Company's policies and practices on corporate governance and make recommendation to the Board; review and monitor the training and continuous professional development of Directors and senior management; and monitor the Company's policies and practices on compliance with legal and regulatory requirement on corporate governance matters of our Group. Details of the authority and duties of the CG Committee are available on the Company's website.

During the year ended 31 March 2016, the CG Committee convened one meeting to review the structure, size, composition and diversity of the Board and to consider, nominate and recommend re-appointment of Directors. Members and their attendance are as follows:

Name of Directors	Meeting Attendance/held
Mr. Zheng Andy Yi Sheng *(Chairman)*	1/1
Mr. Zheng Minsheng	1/1
Mr. Lau Kwok Hung	1/1

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation and the true and fair presentation of the Group's financial statements 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. This responsibility includes designing, implementing and maintaining the necessary internal controls system, ensuring the Group's financial statements are free from material misstatement, applying the appropriate accounting policies and making reasonable accounting estimates. The responsibilities of external auditor are set out in the Independent Auditor's Report on page 28 of this annual report.

EXTERNAL AUDITOR'S REMUNERATION

The Company engaged PricewaterhouseCoopers as its external auditor for the year ended 31 March 2016. The Audit Committee has been notified of the nature and the service charges of non-audit services performed by PricewaterhouseCoopers and considered that these non-audit services have no adverse effect on the independence of the auditor. There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the external auditor. During the year ended 31 March 2016, the fee paid/ payable to PricewaterhouseCoopers in respect of its statutory audit services provided to the Company was approximately HK$1,630,000. Fees for non-audit services for the same period was approximately HK$200,000.

INTERNAL CONTROL

The Board, recognizing its overall responsibility in ensuring the system of internal controls of the Group and reviewing its effectiveness, is committed to implementing an effective and sound internal controls system to safeguard the interests of shareholders and the assets of the Group.

Procedures have been designed to (i) safeguard assets from inappropriate use; (ii) maintain proper accounting records; (iii) ensure compliance with applicable law, rules and regulations; and (iv) manage the risk of failure to achieve business objectives.

The internal controls system provides a reasonable, but not absolute, assurance that material untrue statements or losses are prevented, potential interruption of the Group's management system is detected, and risks existing in the course of arriving at the Group's objectives are properly managed. It could only manage, rather than eliminate, all risks of material misstatement, errors, loss or fraud.

During the year, the Board, through the Audit Committee, has been assessing and improving the effectiveness of the Group's internal controls system continuously, which covers financial, operational, and compliance controls as well as risk management function, in order to cope with the changing business environment.

SIGNIFICANT CHANGES IN CONSTITUTIONAL DOCUMENTS

There had been no significant changes in the constitutional documents of the Company during the year ended 31 March 2016.

COMPANY SECRETARY

The company secretary of the Company is Mr. Yu Wing Cheung who is a full time employee of the Company. He reports to the Chairman of the Board and the Chief Executive Officer and is responsible for advising the Board on compliance matters. Minutes of all meetings of the Board and the Committees, recording sufficient details of matters considered and decisions reached, are kept by the company secretary, and are open for inspection by the Directors upon request.

For the year ended 31 March 2016, Mr. Yu confirmed that he has taken no less than 15 hours of relevant professional training.

SHAREHOLDERS

Communications with Shareholders

The Board recognizes the importance of continuing communications with the Company's shareholders (the"Shareholders") and investors, and maintains ongoing dialogues with them through various channels. The formal communication channels between the Company and the Shareholders are announcements, circulars, press releases and interim and annual reports. All Shareholders' communications are available on the Company's website. An up-to-date consolidated version of the Articles of Association is available on the websites of the Company and the Stock Exchange.

Shareholders are encouraged to participate in annual general meetings and other general meetings of the Company which provide a useful forum for the Shareholders to exchange views with the Board. The Board members and management of the Company are available to answer Shareholders' questions and explain the procedures for demanding and conducting a poll, if necessary.

Shareholders' Rights

Pursuant to the Article of Association Shareholders holding not less than 10% of the paid-up capital of the Company at the date of deposit of written requisition to the Board or the company secretary, can at all times require a special general meeting to be called by the Board for addressing specific issues of the Company within 21 days from the date of deposit of such requisition to the Company's head office address in Hong Kong.

The Group recognizes Shareholders' rights in exercising control proportionate to their equity ownership. The Company has been conducting voting at the general meetings by way of poll, which is conducted and scrutinised by the Company's branch share registrar in Hong Kong. Procedures for conducting a poll are explained by the Chairman of the Board in the general meetings prior to the taking of the poll. Poll results are announced and posted on the websites of both the Company and Hong Kong Exchanges and Clearing Limited.

Shareholders' Enquiries and Proposals

Pursuant to the Article of Association, Shareholders may direct their enquiries about their shareholdings to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, in person or by post.

Enquiries and proposals by Shareholders requiring the Board's attention can be sent in writing to the Company Secretary at the Hong Kong head office address of the Company section to this annual report.

The Board is pleased to present the Environmental, Social and Governance Report illustrating the Group's performance in environmental, social and governance matters. This report is based on the guidelines on disclosure set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The reporting period covered by the Report is from 1 April 2015 to 31 March 2016.

ENVIRONMENTAL PROTECTION

The Group is aware of energy conservation and environmental protection. We adopted an environmental management guideline to minimize the adverse impacts of our operations on the environment and natural resources. We have our own sewage treatment station. Reclaimed water is used in irrigation. The Group installed the hot air ovens with energy-saving system in our workshop in Shantou and encourage staff to switch-off lights, computer and office equipment when not in use to reduce energy consumption in daily operation. In the last year, consumption of water and electricity in our Shantou factory reduced by approximately 17% and 16% respectively. The Group implemented internal procedures to prevent and manage pollution and commits to fulfill and comply with national and regional environmental protection regulations. Our production wastage are delivered to qualified disposal companies. We also encourage our staff to reduce waste and paper consumption by double-sided printing and wider use of electronic communication such as email instead of circulating hard copy documents.

WORKING CONDITIONS

The Group provides a work environment without any form of discrimination on ethnicity, gender, religion, age, disability or sexual orientation. We have a comprehensive management system of remuneration, motivation and performance appraisal. The Group adopted a Staff Manual with policies of the Group relating to human resources, covering areas such as compensation and dismissal, recruitment and promotion, working hours, rest periods, diversity, other benefits and welfare and safety guidelines. Analysis of workers hired by the factory in Shantou as at 31 March 2016 by age group and gender group are set out below:

	By Age Group				By Gender	
No. of workers	Under 20	20–35	36–50	Over 50	Male	Female
242	8	99	102	33	171	71

We granted share options to certain employees in January 2015 as rewards for their contribution to the Company and a method to retain quality staff members to continue to work for the Group.

Management is always encourage staff to pursue continuous education to expand their expertise constantly. Besides on-the-job training, the Group also offers subsidies for staff members' enrolment of continuing professional development courses.

The Group recognises the importance of work-life balance for the staff. Our factory plant in Shantou is equipped with basketball court, badminton and table tennis for employees' leisure. In addition, the Group organizes a tour once a year. In the last year, we organised a 3-day tour to Ningde, Fujian for our staff in Shantou.

HEALTH AND SAFETY

We provides a healthy and safe workplace for all employees in accordance with the relevant laws and regulations. We established safety guidelines and procedures against accident. We also organised activities to keep awareness of production health and safety. Our employees are equipped with sufficient labour protection supplies such as gloves, masks and work uniforms, etc., so as to ensure their safety and health.

OPERATING PRACTICES

The Group is in pursuit of mutual advancement with its business partners. We have established a long-term stable sincere cooperation and mutual benefits with our suppliers, as well as long-standing support from our customers. Riding on our success in the past, the Company will continue striving for building up a solid foundation for sustainable development.

Supply chain management

The Group will evaluate our suppliers in terms of their production management standard to ensure the long-term and stable supply of high-quality materials and provision of services from them. We conducted site visits to the plants of our suppliers to assess the examination procedure, warehousing management, production techniques, equipment and so on so as to identify the most suitable business partners. Raw materials from our suppliers have to undergo a strict examination process to ensure these materials are complied with the requirements set by us. We will also maintain close communication with our suppliers and will propose any improvement to them with a view to a better quality of the products.

Products responsibilities

To ensure that we provide the highest quality products to customers, the Group maintain a fully-equipped laboratory with appliances including a high performance liquid chromatography from the United States, Boruike thickness tester, W3/031 water vapour permeability tester for implementing our quality control procedures. Our workers carried out self-check of work in progress, such as the colour and surface effects after different printing procedures and the quality of paper edges after die-cutting procedures. Quality control staff inspected samples from the press stage to the post-press stage to conduct random inspection to identify possible defects. At the stage of final products, thorough quality checking will be performed according to various standards on physical and chemical properties etc. to assure our customers that the packaging materials delivered are of the best quality. In the last year, we received no complain from our customers. We will maintain smooth and effective communication channels with customers and to formulating cooperation terms that are mutually benefit.

Anti-corruption

The Group is committed to stringent compliance with the national laws and business ethics to comply with anti-corruption laws and prevent any malpractice or unethical practice. In the Group's staff manual, we implemented clear internal rules and regulations and will continues to require all members of staff to maintain honesty, refuse corruption and accept kickbacks. Management will from time to time review the practices and internal procedures of the Group to maintain a set of whistle-blowing procedures. There was no case of corruption occurred during the year under review.

COMMUNITY INVOLVEMENT

The Group strive to be a trusted and responsible member of the communities in which we work and live. Our subsidiary, Shantou Xinda Colour Printing & Packing Material Company Limited ("Shantou Xinda") was elected a council member of Charity Association of Longhu District in Shantou. Shantou Xinda actively participated in charities through education volunteer services and cooperate with local social organisations. We also encouraged employees in their participation in activities designed to provide support and comfort to the disadvantaged of society. Huaxi is committed to the continuous development of corporate and social responsibilities and its integration into the Group's operations.

pwc 羅兵咸永道

TO THE SHAREHOLDERS OF HUAXI HOLDINGS COMPANY LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Huaxi Holdings Company Limited (the "Company") and its subsidiaries set out on pages 29 to 76, which comprise the consolidated statement of financial position as at 31 March 2016, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of 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 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 consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 March 2016, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 24 June 2016

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	2016 HK$'000	2015 HK$'000
		Year ended 31 March	
Revenue	6	**252,368**	298,066
Cost of sales	7	**(158,160)**	(186,154)
Gross profit		**94,208**	111,912
Distribution costs	7	**(2,604)**	(2,949)
Administrative expenses	7	**(32,320)**	(28,148)
Other (losses)/gains — net	9	**(8,485)**	350
Operating profit		**50,799**	81,165
Finance income	10	**3,559**	5,283
Profit before income tax		**54,358**	86,448
Income tax expense	11	**(12,231)**	(16,112)
Profit for the year		**42,127**	70,336
Other comprehensive income			
Item that will not be reclassified to profit or loss:			
Currency translation difference		**(16,306)**	11
Other comprehensive income for the year		**(16,306)**	11
Total comprehensive income for the year		**25,821**	70,347
Profit/(loss) attributable to:			
Owners of the Company		**45,077**	70,667
Non-controlling interests		**(2,950)**	(331)
		42,127	70,336
Total comprehensive income attributable to:			
Owners of the Company		**29,081**	70,678
Non-controlling interests		**(3,260)**	(331)
		25,821	70,347
Earnings per share			
— Basic	12	**HK13.29 cents**	HK21.63 cents
— Diluted	12	**HK13.22 cents**	HK21.63 cents

The notes on pages 34 to 76 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 March 2016 HK$'000	31 March 2015 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	*15*	**43,937**	49,882
Prepaid operating lease	*16*	**6,291**	6,784
Deferred tax assets	*17*	**2,063**	1,083
Prepayments for non-current assets	*18*	**13,361**	13,142
		65,652	70,891
Current assets			
Inventories	*19*	**33,248**	33,075
Trade receivables	*20*	**76,033**	92,005
Amount due from customer for contract work	*21*	**2,380**	–
Financial assets at fair value through profit or loss	*22*	**38,049**	–
Prepayments and other receivables	*23*	**8,373**	14,005
Restricted cash at banks	*24*	**39,194**	52,088
Bank deposits with maturity over three months		**–**	42,674
Cash and cash equivalents	*25*	**140,625**	137,904
		337,902	371,751
Total assets		**403,554**	442,642
EQUITY			
Equity attributable to owners of the Company			
Share capital	*26*	**3,393**	3,393
Other reserves	*27*	**191,600**	202,698
Retained earnings		**113,630**	109,991
		308,623	316,082
Non-controlling interests		**4,451**	7,711
Total equity		**313,074**	323,793

	Note	31 March 2016 HK$'000	31 March 2015 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	17	6,641	4,388
Current liabilities			
Trade and notes payable	28	60,946	84,183
Other payables and accruals	29	14,502	20,587
Amount due to a related party	32(c)	2,000	–
Current income tax liabilities		6,391	9,691
		83,839	114,461
Total liabilities		90,480	118,849
Total equity and liabilities		403,554	442,642

The notes on pages 34 to 76 form an integral part of these consolidated financial statements.

The financial statements on pages 29 to 76 were approved by the Board of Directors on 24 June 2016 and were signed on its behalf.

Zheng Andy Yi Sheng *Director*	**Zheng Minsheng** *Director*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company					
	Share capital HK$'000 *(Note 26)*	**Other reserves** HK$'000 *(Note 27)*	**Retained earnings** HK$'000	**Total** HK$'000	**Non-controlling interests** HK$'000	**Total** HK$'000
Year ended 31 March 2015						
Balance at 1 April 2014	3,113	147,980	81,629	232,722	–	232,722
Comprehensive income						
— Profit for the year	–	–	70,667	70,667	(331)	70,336
— Other comprehensive income	–	11	–	11	–	11
Total comprehensive income	–	11	70,667	70,678	(331)	70,347
Issuance of share *(Note 26(i))*	280	47,320	–	47,600	–	47,600
Share issuance expenses	–	(644)	–	(644)	–	(644)
Dividends	–	–	(35,358)	(35,358)	–	(35,358)
Value of employee services under share option scheme *(Note 27)*	–	1,084	–	1,084	–	1,084
Contribution from non-controlling interests	–	–	–	–	6,912	6,912
Value of serves received from non-controlling interests	–	–	–	–	1,130	1,130
Transfer to statutory reserves	–	6,947	(6,947)	–	–	–
Balance at 31 March 2015	3,393	202,698	109,991	316,082	7,711	323,793
Year ended 31 March 2016						
Balance at 1 April 2015	**3,393**	**202,698**	**109,991**	**316,082**	**7,711**	**323,793**
Comprehensive income						
— Profit for the year	**–**	**–**	**45,077**	**45,077**	**(2,950)**	**42,127**
— Other comprehensive income	**–**	**(15,996)**	**–**	**(15,996)**	**(310)**	**(16,306)**
Total comprehensive income	**–**	**(15,996)**	**45,077**	**29,081**	**(3,260)**	**25,821**
Dividends	**–**	**–**	**(40,710)**	**(40,710)**	**–**	**(40,710)**
Value of employee services under share option scheme *(Note 27)*	**–**	**4,170**	**–**	**4,170**	**–**	**4,170**
Transfer to statutory reserves	**–**	**728**	**(728)**	**–**	**–**	**–**
Balance at 31 March 2016	**3,393**	**191,600**	**113,630**	**308,623**	**4,451**	**313,074**

The notes on pages 34 to 76 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

		Year ended 31 March	
		2016	2015
	Note	**HK$'000**	HK$'000
Cash flows from operating activities			
Cash generated from operations	*30*	**58,748**	77,658
PRC enterprise income tax paid		**(14,258)**	(13,686)
Net cash generated from operating activities		**44,490**	63,972
Cash flows from investing activities			
Purchases of property, plant and equipment		**(2,579)**	(7,679)
Prepayment for an intangible asset		**–**	(12,625)
Decrease in restricted cash at banks		**12,894**	211
Decrease in bank deposits with maturity over three months		**42,674**	17,776
Purchase of financial assets at fair value through profit or loss		**(102,335)**	–
Disposal of financial assets at fair value through profit or loss		**52,676**	–
Interest income from other financial assets		**2,014**	1,401
Interest income from bank deposits		**1,545**	3,510
Net cash generated from investing activities		**6,889**	2,594
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		**–**	47,600
Costs paid in relation to issuance of ordinary shares		**–**	(644)
Increase/(decrease) in amounts due to related parties		**2,000**	(714)
Contribution from non-controlling interests		**–**	6,912
Dividends paid		**(40,710)**	(35,358)
Net cash (used in)/generated from financing activities		**(38,710)**	17,796
Net increase in cash and cash equivalents		**12,669**	84,362
Cash and cash equivalents at beginning of the year		**137,904**	53,226
Effect of change in exchange rate		**(9,948)**	316
Cash and cash equivalents at end of the year	*25*	**140,625**	137,904

The notes on pages 34 to 76 form an integral part of these consolidated financial statements.

1 GENERAL INFORMATION

Huaxi Holdings Company Limited (the "Company") was incorporated in the Cayman Islands on 29 April 2013 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is at the Clifton House, P.O. Box 1350, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands. The Company is an investment holding company. The Company and its subsidiaries (together, the "Group") are principally engaged in (i) manufacturing and sales of cigarette packing materials in the People's Republic of China (the "PRC"); (ii) development and sales of functional food products; and (iii) environmental treatment business.

The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 6 December 2013.

These consolidated financial statements are presented in thousands of Hong Kong dollar ("HK$"), unless otherwise stated. These consolidated financial statements have been approved by the Board of Directors (the "Board") of the Company for issue on 24 June 2016.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

These consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, which are carried at fair value.

The preparation of these consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to these consolidated financial statements are disclosed in Note 4.

(a) The following amendments to standards are mandatory for the first time for the financial year beginning on or after 1 April 2015. The Group has adopted these amendments to standards which are relevant to its operations.

Amendment from annual improvements to HKFRSs — 2010–2012 Cycle, on HKFRS 8, "Operating segments". The standard is amended to require disclosure of the judgements made by management in aggregating operating segments and a reconciliation of segment assets to the entity's assets when segment assets are reported.

Amendments from annual improvements to HKFRSs — 2010–2012 Cycle, on HKAS 16, "Property, plant and equipment" and HKAS 38, "Intangible assets". Both standards are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity used the revaluation model.

Amendment from annual improvements to HKFRSs — 2010–2012 Cycle, on HKAS 24, "Related party disclosures". The reporting entity is not required to disclose the compensation paid by the management entity (as a related party) to the management entity's employer or directors, but it is require to disclose the amounts charged to the reporting entity by the management entity for services provided.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

(a) *(continued)*

Amendment from annual improvements to HKFRSs — 2011–2013 Cycle, on HKFRS 3, "Business combinations". It clarifies that HKFRS 3 does not only apply to the accounting for the formation of any joint arrangement under HKFRS 11 in the financial statements of the joint arrangement.

Amendment from annual improvements to HKFRSs — 2011–2013 Cycle, on HKFRS 13, "Fair value measurement". It clarifies that the portfolio exception in HKFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of HKAS 39 or HKFRS 9.

Amendment from annual improvements to HKFRSs — 2011–2013 Cycle, on HKAS 40, "Investment property". It clarifies that the interrelationship between HKAS 40 and HKFRS 3 when classifying property as investment property or owner-occupied property.

(b) New Hong Kong Companies Ordinance (Cap. 622)

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

(c) The following new and amended standards and interpretations have been issued but are not effective for the financial year beginning 1 April 2015 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
Amendment to HKAS 1	Disclosure initiative	1 January 2016
Amendment to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
Amendment to HKAS 27	Equity method in separate financial statements	1 January 2016
Amendment to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: applying the consolidation exception	1 January 2016
Amendment to HKFRS 11	Accounting for acquisitions of interests in joint operations	1 January 2016
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
Annual improvements 2014	Changes from the 2012–2014 cycle of the annual improvements project	1 January 2016
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 16	Leases	1 January 2019
Amendment to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

Management has preliminarily assessed the impact of the above new and amended standards and interpretation and considered that there will not be any substantial changes to the Group's significant accounting policies and presentation of the financial statements in the next years.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) Business combinations

The Group applies the acquisition method to account for business combinations, except for those carried out under common control which are accounted for using the principles of merger accounting. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Subsidiaries *(continued)*

2.2.1 Consolidation *(continued)*

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions — that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company.

2.4 Foreign currency translation

2.4.1 Functional and presentation currency

Items included in the financial statements of each of the group entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). These financial statements is presented in HK$, which is the Group's and the Company's presentation currency. The functional currency of the group entities is Renminbi ("RMB").

2.4.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation when items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income within "Other (losses)/gains — net".

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.4 Foreign currency translation *(continued)*

2.4.3 Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that balance sheet;

- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

- all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at closing rate. Exchange differences arising are recognised in other comprehensive income.

2.5 Prepaid operating lease

Prepaid operating lease is stated at cost less accumulated amortisation. Cost mainly represents consideration paid for the rights to use the land from the date the respective rights were granted. Amortisation of prepaid operating lease is calculated on a straight-line over the period of the rights of 50 years.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

2.6 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the periods in which they are incurred. Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

• Plant and buildings	3–20 years
• Machinery	5–10 years
• Office equipment	3–5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Property, plant and equipment *(continued)*

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other (losses)/gains — net" in consolidated statement of comprehensive income.

Assets under construction represent buildings under construction, and are stated at cost. Costs include construction and acquisition costs. No provision for depreciation is made on assets under construction until such time as the relevant assets are completed and ready for intended use. When the assets concerned are brought into use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated above.

2.7 Intangible assets

Separately acquired patents are shown at historical cost. Patents have finite useful lives and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives of ten years.

2.8 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.9 Financial assets

2.9.1 Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if it is acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets.

The Group's loans and receivables comprise "Trade receivables", "Prepayments and other receivables", "Restricted cash at banks", "Bank deposits with maturity over three months" and "Cash and cash equivalents" in the consolidated statement of financial position.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.9 Financial assets *(continued)*

2.9.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "Financial assets at fair value through profit or loss" category are presented in the income statement within "Other (losses)/gains — net" in the period in which they arise.

2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.11 Impairment of financial assets

Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of fair value of an instrument using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable distribution costs.

2.13 Construction contracts

A construction contract is defined by HKAS 11, 'Construction contracts', as a contract specifically negotiated for the construction of an asset.

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the stage of completion. Contract costs are recognised as expenses by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

The Group uses the 'percentage-of-completion' method to determine the appropriate amount to recognise in a given period in respect of its environmental treatment business. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion.

In the statement of financial position, the Group reports the net contract position for each contract as either an asset or a liability. A contract represents an asset (amounts due from customers for contract works) where costs incurred plus recognised profits (less recognised losses) exceed progress billings; a contract represents a liability (amounts due from customers for contract works) where the opposite is the case.

2.14 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.15 Cash and cash equivalents

In the consolidated statements of cash flows, cash and cash equivalents includes cash in hand and deposits held at call with banks. Bank deposits which are restricted to use are included in "Restricted cash at banks". Restricted cash at banks are excluded from cash and cash equivalents in the consolidated statements of cash flows.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.16 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.17 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.18 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.18.1 Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group entities operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2.18.2 Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax liability is provided on temporary differences arising on investment in a subsidiary, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investment in a subsidiary, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.18 Current and deferred income tax *(continued)*

2.18.3 Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.19 Employee retirement benefits

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the PRC government.

The Group also participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance ("MPF Scheme"), which is a defined contribution retirement scheme for all employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income. The assets of this pension scheme are held separately from those of the Group in independently administered funds.

The Group's contributions to the defined contribution retirement schemes are expensed as incurred.

2.20 Share-based payments

The Group operates a number of equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specified period of time).

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.20 Share-based payments *(continued)*

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (and share premium).

2.21 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied or services provided, stated net of value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

(a) Sales of goods

Sales of goods are recognised when a group entity has delivered products to the customer; the customer has accepted the products and collectability of the related receivables is reasonably assured.

(b) Construction contracts

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contact by reference to the stage of completion. When it is probable that total contract costs will exceed total revenue, the expected loss is recognised as an expense immediately.

(c) Rendering of services

Revenue from maintenance service is recognised when service is provided.

(d) Interest income

Interest income is recognised using the effective interest method.

2.22 Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

- it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.23 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Receipts or payments made under operating leases (net of any incentives received from the lessor) are recognised as income or expenses in consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

2.24 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholder or directors, where appropriate.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the financial department under policies approved by the Board.

3.1.1 Market risk

(a) *Foreign exchange risk*

The Group's operates in the PRC with most transactions being settled in RMB, which is the functional currency of all of the group companies. Certain transactions are settled in HK$. The Group currently does not have a foreign currency hedging policy, and manages its foreign currency risk by closely monitoring the movement of the foreign currency rates.

The carrying amount of the Group's foreign currency denominated monetary assets and liabilities are as follows:

	31 March 2016 HK$'000	31 March 2015 HK$'000
Denominated in HK$		
— Cash and cash equivalents	**70**	40,973
— Bank deposits with maturity over three months	**–**	42,674
— Financial assets at fair value through profit or loss	**24,431**	–
— Trade receivables	**–**	961
— Other receivables	**883**	689
— Amount due to a related party	**(2,000)**	–
— Other payables and accruals	**(1,517)**	(1,131)
	21,867	84,166
Denominated in US$		
— Cash and cash equivalents	**313**	538

As at 31 March 2016, if RMB had strengthened/weakened by 2% against the relevant foreign currencies with all other variables held constant, post-tax profit for the year would have been approximately HK$450,000 (2015: HK$1,603,000) lower/higher.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

3.1.1 Market risk *(continued)*

(b) Cash flow and fair value interest rate risk

Other than deposits held in banks which are interest bearing, the Group does not have other significant interest bearing assets and liabilities.

The annual interest rates of the Group's deposits held in banks throughout the year ranged from 0.35% to 2.16% (2015: 0.35% to 3.79%). As at 31 March 2016, if the market interest rates had been 50 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been HK$800,000 (2015: HK$967,000) higher/lower, mainly as a result of higher/lower interest income on bank deposits.

(c) Price risk

The Group is exposed to equity securities price risk because certain investments held by the Group are stated at fair value. The Group is not exposed to significant commodity price risk. Also, the Group has not entered into any long-term contracts with its suppliers but it can usually pass on any material fluctuations in raw materials prices to its customers. To manage its price risk arising from investments in equity securities, investment limits have been set by the Group.

As at 31 March 2016, if the price of the listed securities has increased/decreased by 10% with all other variables being held constant, post-tax profit for the year would have increased/decreased by HK$3,198,000 (2015: Nil).

3.1.2 Credit risk

The Group's maximum exposure to credit risk in relation to financial assets is the carrying amounts of cash and cash equivalents, bank deposits with maturity over three months, restricted cash at banks, trade receivables and other receivables.

As at 31 March 2016, substantially all the Group's bank deposits are deposited with major financial institutions incorporated in the PRC and Hong Kong, which management believes are of high credit quality without significant credit risk (2015: same).

As at 31 March 2016, approximately 89.2% (2015: 92.6%) of the Group's trade receivables were due from the top five largest customers, while approximately 65.1% (2015: 65.6%) of the Group's trade receivables were due from the largest customer, which are prominent cigarette manufacturers in the PRC.

All of the Group's trade receivables and other receivables have no collateral. However, the Group has policies in place to ensure that sales are made to customers with appropriate credit history and the Group performs periodic credit evaluations of its customers. The Group assesses the credit quality of each customer by taking into account its financial position, past experience and other factors. Credit limit are reviewed on periodic basis, and the finance department is responsible for such monitoring procedures. In determining whether provision for impairment of receivables is required, the Group takes into consideration the future cash flows, ageing status and the likelihood of collection. In this regards, the directors of the Company are satisfied that the risks are minimal and adequate provision, if any, has been made in the consolidated financial statements after assessing the collectability of individual debts. Further quantitative disclosures in respect of trade receivables and other receivables are set out in Note 20 and 23.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

3.1.3 Liquidity risk

To manage the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents and bank deposits with maturity over three months deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group expects to fund its future cash flow needs through internally generated cash flows from operations.

The table below set out the Group's financial liabilities by relevant maturity grouping at each balance sheet date. Trade and notes payable and other payables and accruals due within 12 months equal their carrying balances, as the impact of discounting is not significant. The amounts disclosed in the table are the contractual undiscounted cash flows.

	31 March 2016 HK$'000	31 March 2015 HK$'000
Less than one year:		
Trade and notes payable	60,946	84,183
Other payables and accruals	7,141	6,919
Amount due to a related party	2,000	–
	70,087	91,102

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net borrowings divided by total capital. Net borrowings are calculated as borrowings less cash and cash equivalents. Total capital is calculated as "total equity" as shown in the financial statements plus net borrowings.

No gearing ratio is presented as the Group had net cash surplus as at 31 March 2016 (2015: same).

3.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The difference levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.3 Fair value estimation *(continued)*

The following table presents the Group's financial assets that are measured at fair value at 31 March 2016:

	Level 1 HK$'000
Assets	
— Financial assets at fair value through profit or loss	38,049

No financial assets that were measured at fair value existed at 31 March 2015.

There were no transfers between level 1, 2 and 3 during the year.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The carrying values less impairment provision of trade and other receivables and payables are a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments used in preparing these financial statements are evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

4.1 Percentage of completion of construction works

The Group recognises revenue according to the percentage of completion of the individual contract of construction. The percentage of completion is determined by the aggregated costs for the individual contract incurred at the end of the reporting period compared with the estimated budget cost. Because of the nature of activity undertaken in construction contracts, the date at which the contract activity is entered into and the date when the activity is completed usually fall into different accounting period. The Group reviews and revises the estimates of contract revenue, contract costs, variation orders and contract claims prepared for each construction contract as the contract progresses and regularly reviews the progress of the contracts.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS *(continued)*

4.2 Estimation of foreseeable losses in respect of construction works

Management estimates the amount of foreseeable losses of construction works based on the management budgets prepared for the construction works. Budgeted construction income is determined in accordance with the terms set out in the relevant contracts. Budgeted construction costs which mainly comprise service charges of work forces engaged and costs of materials are prepared by management on the basis of quotations from time to time provided by the major labour agencies, suppliers and vendors involved and experience of management. In order to keep the budget accurate and up-to-date, management conducts periodic review on the management budgets by comparing the budgeted amounts to the actual amounts incurred. Items that are subject to significant variances and impact the amount of provision of foreseeable losses of construction contracts include the changes in estimations or the actual costs incurred for materials, staff costs, the amount of variation orders and claims as compared to management's budget.

4.3 Income taxes and deferred taxation

The Group is primarily subject to income taxes in the PRC and Hong Kong. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provision in the period in which such determination is made.

4.4 Estimated impairment of property, plant and equipment and prepayment for non-current assets

Property, plant and equipment and prepayment for non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. The recoverable amounts have been determined based on the higher of value-in-use calculations or fair value less costs to sell calculations. The calculations require the use of judgements and estimates. Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell and net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could affect the net present value used in the impairment test and as a result affect the Group's financial position and results of operations.

4.5 Estimated impairment of inventories

The Group estimates the net realisable value of inventories. Net realisable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs to completion and estimated costs necessary to make the sale and related taxes. Even if the Group has made stock provision for the expected impairment at its best estimate, there is a possibility that changes in market conditions will alter the result.

4.6 Estimated impairment of receivables

The Group records impairment of receivables based on an assessment made by management on the recoverability of trade and other receivables. Provisions are applied where events or changes in circumstances indicate that the balances may not be collectible. Impairment assessment requires the use of judgment and estimates. Where the expectation is different from the original estimate, such difference will impact both the carrying value of trade and other receivables and the impairment charge in the period in which such estimate has been changed.

5 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company.

For the year ended 31 March 2015, the Group is principally engaged in the manufacturing and sales of packaging materials for cigarette in the PRC (the "Cigarette Packaging Business"), which contributed to more than 90% of the Group's revenue and assets.

For the year ended 31 March 2016, the Group diversified its business into manufacturing and sales of biotechnology products (the "Biotechnology Business") and environmental treatment business (the "Environmental Treatment Business"). The two segments are both in preliminary stage of development, which contributed to less than 10% of the Group's key financial indicators and are therefore not separately disclosed.

The CODM assesses the performance of the operating segments based on a measure of operating profit excluding other gains or losses arising from financial assets at fair value through profit or loss.

Segment assets exclude financial assets at fair value through profit or loss and deferred tax assets. Segment liabilities exclude current income tax liabilities and deferred tax liabilities.

Capital expenditures comprise additions to property, plant and equipment and intangible assets.

The segment results and other segment items of the Group for the year ended 31 March 2016 are as follows:

	Cigarette Packaging Business HK$'000	All Other Segments HK$'000	Group HK$'000
Revenue	249,549	2,819	252,368
Segment results	68,923	(6,514)	62,409
Other gains or losses			(11,610)
Operating profit			50,799
Finance income			3,559
Profit before income tax			54,358
Income tax expense			(12,231)
Profit for the year			42,127
Other segment item			
Depreciation and amortisation	(5,493)	(72)	(5,565)

5 SEGMENT INFORMATION *(continued)*

The segment results and other segment items of the Group for the year ended 31 March 2015 are as follows:

	Cigarette Packaging Business HK$'000	All Other Segments HK$'000	Group HK$'000
Revenue	298,066	–	298,066
Segment results	81,840	(675)	81,165
Operating profit			81,165
Finance income			5,283
Profit before tax			86,448
Income tax expense			(16,112)
Profit for the year			70,336
Other segment item			
Depreciation and amortisation	(5,885)	(2)	(5,887)

The segment assets and liabilities at 31 March 2016 are as follows:

	Cigarette Packaging Business HK$'000	**All Other Segments HK$'000**	**Inter-segment Elimination HK$'000**	**Group HK$'000**
Segment assets	**361,675**	**23,951**	**(22,184)**	**363,442**
Financial assets at fair value through profit or loss				**38,049**
Deferred tax assets				**2,063**
Total assets				**403,554**
Segment liabilities	**76,210**	**23,422**	**(22,184)**	**77,448**
Current income tax liabilities				**6,391**
Deferred tax liabilities				**6,641**
Total liabilities				**90,480**
Capital expenditures	**1,267**	**468**	**–**	**1,735**

5 SEGMENT INFORMATION *(continued)*

The segment assets and liabilities at 31 March 2015 are as follows:

	Cigarette Packaging Business HK$'000	All Other Segments HK$'000	Inter-segment Elimination HK$'000	Group HK$'000
Segment assets	437,575	16,609	(12,625)	441,559
Deferred tax assets				1,083
Total assets				442,642
Segment liabilities	103,898	13,497	(12,625)	104,770
Current income tax liabilities				9,691
Deferred tax liabilities				4,388
Total liabilities				118,849
Capital expenditures	8,719	49	–	8,768

6 REVENUE

	Year ended 31 March	
	2016 **HK$'000**	2015 HK$'000
Sales of cigarette packaging products	**249,177**	297,204
Sales of biotechnology products	**391**	–
Sales of other products	**372**	862
Revenue from construction contract *(Note 21)*	**2,428**	–
	252,368	298,066

Except for the two customers below, no other customers individually accounted for more than 10% of the Group's revenue for the year ended 31 March 2016 (2015: same):

	Year ended 31 March	
	2016 **HK$'000**	2015 HK$'000
Customer A	**52.1%**	57.7%
Customer B	**27.1%**	17.2%
	79.2%	74.9%

All of the Group's sales are carried out by its subsidiaries in the PRC for the year ended 31 March 2016 (2015: same).

7 EXPENSES BY NATURE

	Year ended 31 March	
	2016	2015
	HK$'000	HK$'000
Cost of inventories sold	**140,255**	173,826
Staff costs (including directors' emoluments) *(Note 8)*	**27,076**	18,319
Depreciation *(Note 15)*	**5,402**	5,721
Utilities	**3,276**	3,865
Business tax and other taxes	**3,116**	3,305
Transportation expenses	**2,145**	2,235
Operating lease rentals in respect of rented premises	**1,861**	1,328
Auditors' remuneration	**1,630**	1,320
Raw materials consumed and subcontracting cost for construction contract	**1,031**	–
Office expenses	**942**	952
Travelling expenses	**825**	776
Legal and professional fees	**677**	934
Entertainment expenses	**456**	678
Amortisation of prepaid operating lease *(Note 16)*	**163**	166
Reversal of impairment of inventories *(Note 19)*	**(281)**	(194)
Other expenses	**4,510**	4,020
Total cost of sales, distribution costs and administrative expenses	**193,084**	217,251

8 STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	Year ended 31 March	
	2016	2015
	HK$'000	HK$'000
Salaries, wages, bonuses, welfare and other benefits	**21,416**	16,123
Contributions to pension plans	**1,490**	1,112
Value of employee services under share option scheme *(Note 27)*	**4,170**	1,084
	27,076	18,319

8 STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS) *(continued)*

(a) Directors and the chief executive's emoluments

The remuneration of each director of the Company for the year ended 31 March 2016 is set out below:

	Fees HK$'000	Salaries and allowances HK$'000	Discretionary bonus HK$'000	Employer's contribution to retirement benefit schemes HK$'000	Value of employee services under share option scheme HK$'000	Total HK$'000
Mr. Zheng Andy Yi Sheng *(i)*	**500**	**118**	**–**	**11**	**–**	**629**
Mr. Zheng Minsheng	**400**	**118**	**–**	**11**	**83**	**612**
Mr. Lau Kwok Hung	**100**	**–**	**–**	**–**	**28**	**128**
Mr. Ma Wenming	**100**	**–**	**–**	**–**	**28**	**128**
Mr. Fok Po Tin	**100**	**–**	**–**	**–**	**28**	**128**
	1,200	**236**	**–**	**22**	**167**	**1,625**

The remuneration of each director of the Company for the year ended 31 March 2015 is set out below:

	Fees HK$'000	Salaries and allowances HK$'000	Discretionary bonus HK$'000	Employer's contribution to retirement benefit schemes HK$'000	Value of employee services under share option scheme HK$'000	Total HK$'000
Mr. Zheng Andy Yi Sheng *(i)*	500	118	–	11	–	629
Mr. Zheng Minsheng	400	118	–	11	22	551
Mr. Lau Kwok Hung	102	–	–	–	7	109
Mr. Ma Wenming	102	–	–	–	7	109
Mr. Fok Po Tin	102	–	–	–	7	109
	1,206	236	–	22	43	1,507

(i) Mr. Zhang Andy Yi Sheng is the chief executive officer of the Group.

(ii) Mr. Zheng Andy Yi Sheng and Mr. Zheng Minsheng were appointed as executive directors of the Company on 24 August 2014. Mr. Lau Kwok Hung, Mr. Ma Wenming and Mr. Fok Po Tin were appointed as independent non-executive directors of the Company on 24 August 2014. These five directors mentioned above were re-elected as directors of the Company on 28 August 2015.

8 STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS) *(continued)*

(b) Benefits and interests of directors

The following disclosures are made pursuant to section 383(1)(b) to (f) of the Companies Ordinance (Cap. 622) and Parts 2 to 4 of the Companies (Disclosure of Information about Benefits of Directors) Regulation Cap. 622G:

For the year ended 31 March 2016, no retirement benefits, payments or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the directors; nor are any payable (2015: same). No consideration was provided to or receivable by third parties for making available directors' services (2015: same). There are no loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate and connected entities (2015: same).

No director of the Company and their connected entities had a material interest, directly or indirectly, in any significant transactions, arrangements and contracts in relation to the Company's business to which the Company was or is a party that subsisted at the end of the year ended 31 March 2016 or at any time during the year (2015: same).

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included 2 directors (2015: 2), whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining 3 individuals (2015: 3) during the year are as follows:

	Year ended 31 March	
	2016	2015
	HK$'000	HK$'000
Salaries, wages, bonuses, welfare and other benefits	**1,436**	1,159
Contributions to retirement schemes	**50**	28
Value of employee services under share option scheme	**173**	54
	1,659	1,241

The emoluments of these remaining individuals of the Group fell within the following bands:

	Year ended 31 March	
	2016	2015
Emolument bands		
— Nil to HK$1,000,000	**3**	3

(d) Senior management's emoluments by band

The senior management's (excluding the directors and the five highest paid individuals) emoluments fell within the following bands:

	Year ended 31 March	
	2016	2015
Emolument bands		
— Nil to HK$1,000,000	**5**	4

9 OTHER (LOSSES)/GAINS — NET

	Year ended 31 March	
	2016	2015
	HK$'000	HK$'000
Foreign exchange gains	**3,125**	350
Dividend income from financial assets at fair value through profit or loss	**731**	–
Loss on disposal of financial assets at fair value through profit or loss	**(7,706)**	–
Unrealised loss on changes in fair value of financial assets at fair value through profit or loss	**(4,635)**	–
	(8,485)	350

10 FINANCE INCOME

	Year ended 31 March	
	2016	2015
	HK$'000	HK$'000
Interest income from bank deposits	**1,545**	3,882
Interest income from other financial assets *(Note (a))*	**2,014**	1,401
	3,559	5,283

(a) Other financial assets comprised certain non-derivative wealth management products with fixed or determinable payment terms of less than 14 days from a financial institution. As at 31 March 2016, all such other financial assets were redeemed.

11 INCOME TAX EXPENSE

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and is exempted from Cayman Islands income tax. The Company's direct subsidiaries in the British Virgin Islands was incorporated under the International Business Companies Act of the British Virgin Islands and is exempted from British Virgin Islands income tax.

Except for loss related to investment in financial assets, no provision for Hong Kong profits tax was provided as the Company and the Group did not have assessable profit in Hong Kong for the year. The profit of the group entities in Hong Kong is mainly derived from dividend income from subsidiaries and interest income from banks in PRC, which is not subject to Hong Kong profits tax.

Pursuant to the Enterprise Income Tax Law of the PRC (the "EIT Law") and the Implementation Rules of the EIT Law, the EIT is unified at 25% for all types of entities, effective from 1 January 2008.

On 9 October 2014, the Group's major operating subsidiary in the PRC was awarded High and New Technology Enterprise Certificate ("Certificate") which is effective for three years commencing on 1 January 2014. The applicable income tax rate is 15% for the year ended 31 March 2016 (2015: 15%).

11 INCOME TAX EXPENSE *(continued)*

According to the EIT Law and Implementation Rules, starting from 1 January 2008, a withholding tax of 10% will be levied on the immediate holding companies outside the PRC when their PRC subsidiaries declare dividend out of profits earned after 1 January 2008. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong and fulfil requirements under the tax treaty agreements between the relevant authorities of the PRC and Hong Kong.

	Year ended 31 March	
	2016	2015
	HK$'000	HK$'000
Current income tax		
— PRC corporate income tax	**11,031**	14,282
Deferred income tax		
— PRC corporate income tax	**(1,053)**	(397)
— Withholding income tax for profit to be distributed from the PRC	**2,253**	2,227
	12,231	16,112

No income tax charges relating to components of other comprehensive income existed for the year ended 31 March 2016 (2015: nil).

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profit/loss of the consolidated entities as follows:

	Year ended 31 March	
	2016	2015
	HK$'000	HK$'000
Profit before income tax	**54,358**	86,448
Calculated at applicable corporate income tax rate	**8,154**	12,967
Effect of expenses not deductible for income tax	**1,824**	918
Withholding income tax for profit to be distributed from the subsidiary in the PRC	**2,253**	2,227
	12,231	16,112

12 EARNINGS PER SHARE

(a) Basic

Basic earnings per share are calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 March	
	2016	2015
Profit attributable to owners of the Company (HK$'000)	**45,077**	70,667
Weighted average number of ordinary shares in issue	**339,250,000**	326,728,000
Basic earnings per share	**HK13.29 cents**	HK21.63 cents

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares being ordinary shares to be issued under the share option scheme. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options under the share option scheme. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share option scheme.

	Year ended 31 March	
	2016	2015
Profit attributable to owners of the company (HK$'000)	**45,077**	70,667
Weighted average number of ordinary shares in issue	**339,250,000**	326,728,000
Adjustments for share options	**1,723,000**	–
Weighted average number of ordinary shares for diluted earnings per share	**340,973,000**	326,728,000
Diluted earnings per share	**HK13.22 cents**	HK21.63 cents

13 DIVIDENDS

	Year ended 31 March	
	2016	2015
	HK$'000	HK$'000
Interim dividends, paid *(Note (a))*	**13,570**	13,570
Proposed final dividends *(Note (b))*	**20,355**	27,140
	33,925	40,710

13 DIVIDENDS *(continued)*

(a) Interim dividends, paid

An interim dividend of HK4.00 cents per ordinary share, totalling approximately HK$13,570,000 were declared and paid during the year ended 31 March 2016.

(b) Proposed final dividends

A final dividend of HK6.00 cents per ordinary share in respect of the year ended 31 March 2016, totalling approximately HK$20,355,000, was proposed by the Board on 24 June 2016. Such final dividends are subject to approval by the shareholders at the upcoming annual general meeting. The accompanying financial statements have not reflected the declaration of such dividends.

14 SUBSIDIARIES

(a) Details of the principal subsidiaries at 31 March 2016 are set out below.

Name	Place and date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Attributable equity interest to the Company's shareholder	Principal activities
Directly held by the Company:				
Esteem Joy Limited	British Virgin Islands 13 April 2015	US$1	100%	Investment holding
Xinda Capital Limited	British Virgin Islands 21 May 2013	US$50,000	100%	Investment holding
Indirectly held by the Company:				
Xin Da (Hong Kong) Investment Trading Company Limited	Hong Kong 13 June 2013	HK$1	100%	Investment holding
Shantou Xinda Colour Printing & Packing Material Co. Ltd. *(i)*	PRC 14 May 1992	HK$35,000,000	100%	Design, printing and sale of cigarette packages
Huazhang Investments Company Limited *(ii)*	Hong Kong 12 November 2014	HK$16,412,600	51%	Investment holding
Huazhang Biological Technology (Shanghai) Co., Ltd *(iii)* ("Huazhang Shanghai")	PRC 17 December 2014	RMB13,000,000	51%	Biological technology research and related products trading
Heihe Huazhang Agricultural Science and Technology Development Co., Ltd *(iv)* ("Huazhang Heihe")	PRC 14 January 2015	RMB10,000,000 *(v)*	51%	Agricultural science and technology related service
Guangdong Foxin Environmental Management Co., Ltd ("GD Foxin") *(vi)*	PRC 15 July 2015	RMB10,000,000 *(vii)*	51%	Environmental treatment service

14 SUBSIDIARIES *(continued)*

(a) *(continued)*

(i) Shantou Xinda Colour Printing & Packing Material Co. Ltd. is a wholly foreign owned enterprise established in the PRC to be operated for 30 years up to 13 May 2022.

(ii) On 22 June 2015, the subsidiary increased its registered capital from HK$100 to HK$16,412,600.

(iii) Huazhang Shanghai is a wholly foreign owned enterprise established in the PRC to be operated for 30 years up to 16 December 2044.

(iv) Huazhang Heihe is established in the PRC with an infinite operating period.

(v) Registered capital of Huazhang Heihe amounting to RMB5,780,000 is yet to be paid up as at 31 March 2016.

(vi) GD Foxin is a wholly foreign owned enterprise established in the PRC to be operated for 15 years up to 15 July 2030.

(vii) Registered capital of GD Foxin amounting to RMB5,267,000 is yet to be paid up as at 31 March 2016.

(b) Material non-controlling interests

The total non-controlling interest for the year ended 31 March 2016 is HK$4,451,000 (2015: HK$7,711,000), which is attributed to Huazhang Investments Company Limited and its three subsidiaries, all being 51% subsidiaries of the Group ("the Huazhang Group").

(i) Significant restrictions

Cash of HK$991,000 (2015: HK$3,636,000) are held in the PRC by the Huazhang Group and are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital outside China, other than through normal dividends.

(ii) Summarised financial information on subsidiaries with material non-controlling interests

Set out below are the summarised financial information for the Huazhang Group that have non-controlling interests that are material to the Group before inter-company elimination. There is no dividend paid to non-controlling interests. During the year, the Huazhang Group is principally engaged in development and sales of functional food products and environmental treatment business.

14 SUBSIDIARIES *(continued)*

(b) Material non-controlling interests *(continued)*

(ii) Summarised financial information on subsidiaries with material non-controlling interests *(continued)*

Summarised financial position of the Huazhang Group

	31 March 2016 HK$'000	31 March 2015 HK$'000
Non-current:		
Prepayment for non-current assets	**12,000**	12,625
Other non-current assets	**626**	65
Total non-current net assets	**12,626**	12,690
Current:		
Inventories	**1,956**	–
Amount due from customer for contract work	**2,380**	–
Other current assets	**7,173**	3,919
Amounts due to related parties	**(13,814)**	–
Other current liabilities	**(1,238)**	(872)
Total current net assets	**(3,543)**	3,047
Net assets	**9,083**	15,737

Summarised statement of comprehensive income of the Huazhang Group

	Year ended 31 March	
	2016 HK$'000	2015 HK$'000
Revenue	**2,819**	–
Profit before income tax	**(6,208)**	(675)
Profit after income tax	**(6,021)**	(675)
Other comprehensive income	**(633)**	–
Total comprehensive income	**(6,654)**	(675)
Total comprehensive income allocated to non-controlling interests	**(3,260)**	(331)

15 PROPERTY, PLANT AND EQUIPMENT

	Plant and buildings HK$'000	Machinery HK$'000	Office equipment HK$'000	Total HK$'000
At 1 April 2014				
Cost	38,304	40,016	2,276	80,596
Accumulated depreciation	(14,598)	(18,338)	(876)	(33,812)
Net book amount	23,706	21,678	1,400	46,784
Year ended 31 March 2015				
Opening net book amount	23,706	21,678	1,400	46,784
Exchange differences	28	23	–	51
Additions	299	8,416	53	8,768
Depreciation	(1,725)	(3,637)	(359)	(5,721)
Closing net book amount	22,308	26,480	1,094	49,882
At 31 March 2015				
Cost	38,652	48,483	2,329	89,464
Accumulated depreciation	(16,344)	(22,003)	(1,235)	(39,582)
Net book amount	22,308	26,480	1,094	49,882
Year ended 31 March 2016				
Opening net book amount	**22,308**	**26,480**	**1,094**	**49,882**
Exchange differences	**(1,070)**	**(1,176)**	**(32)**	**(2,278)**
Additions	**224**	**961**	**550**	**1,735**
Depreciation	**(1,596)**	**(3,083)**	**(723)**	**(5,402)**
Closing net book amount	**19,866**	**23,182**	**889**	**43,937**
At 31 March 2016				
Cost	**36,965**	**47,126**	**2,791**	**86,882**
Accumulated depreciation	**(17,099)**	**(23,944)**	**(1,902)**	**(42,945)**
Net book amount	**19,866**	**23,182**	**889**	**43,937**

As at 31 March 2016, all plant and buildings were located in the PRC (2015: same).

15 PROPERTY, PLANT AND EQUIPMENT *(continued)*

Depreciation of the property, plant and equipment has been charged to profit or loss as follows:

	Year ended 31 March	
	2016	2015
	HK$'000	HK$'000
Cost of sales	**3,060**	3,247
Administrative expenses	**2,342**	2,474
Total	**5,402**	5,721

16 PREPAID OPERATING LEASE

The balance represented prepaid operating lease payments for land located in the PRC for a lease term of 50 years in the PRC. The movements are as follows:

	Year ended 31 March	
	2016	2015
	HK$'000	HK$'000
At beginning of the year		
Cost	**8,552**	8,541
Accumulated amortisation	**(1,768)**	(1,597)
Net book amount	**6,784**	6,944
For the year		
Opening net book amount	**6,784**	6,944
Exchange differences	**(330)**	6
Amortisation charges	**(163)**	(166)
Closing net book amount	**6,291**	6,784
At end of the year		
Cost	**8,129**	8,552
Accumulated amortisation	**(1,838)**	(1,768)
Net book amount	**6,291**	6,784

Amortisation of the Group's prepaid operating lease has been charged to profit or loss as follows:

	Year ended 31 March	
	2016	2015
	HK$'000	HK$'000
Cost of sales	**30**	31
Administrative expenses	**133**	135
Total	**163**	166

17 DEFERRED INCOME TAX

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	31 March 2016 HK$'000	31 March 2015 HK$'000
Deferred income tax assets	**2,063**	1,083
Deferred income tax liabilities	**(6,641)**	(4,388)

The gross movements in the deferred income tax assets/(liabilities) are as follows:

	Year ended 31 March	
	2016 HK$'000	2015 HK$'000
At beginning of the year	**(3,305)**	(1,475)
Exchange differences	**(73)**	–
Tax charged to the consolidated income statement	**(1,200)**	(1,830)
At end of the year	**(4,578)**	(3,305)

The movements in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred income tax assets

	Temporary difference on depreciation HK$'000	**Temporary difference on accrual** HK$'000	**Temporary difference on inventory provision** HK$'000	**Temporary difference on fair value losses of listed securities** HK$'000	**Temporary difference on tax losses** HK$'000	**Total** HK$'000
At 1 April 2014	433	182	71	–	–	686
Tax credited/(charged) to the consolidated income statement	84	342	(29)	–	–	397
At 31 March 2015	517	524	42	–	–	1,083
Tax (charged)/credited to the consolidated income statement	(9)	18	(41)	898	187	1,053
Exchange differences	(24)	(27)	(1)	(18)	(3)	(73)
At 31 March 2016	**484**	**515**	**–**	**880**	**184**	**2,063**

17 DEFERRED INCOME TAX *(continued)*

Deferred income tax liabilities

	Recognised for withholding tax in the PRC HK$'000
At 1 April 2014	2,161
Tax charged to the consolidated income statement	2,227
At 31 March 2015	4,388
Tax charged to the consolidated income statement	2,253
At 31 March 2016	**6,641**

As at 31 March 2016, the Group had unrecognised deferred income tax liabilities of HK$4,986,000, that would otherwise be payable as withholding tax in respect of the undistributed profits of a PRC subsidiary (2015: HK$4,215,000). No provision has been made in respect of such withholding tax as the directors have confirmed that such profits will not be distributed out of the PRC in the foreseeable future. Unremitted earnings in this respect amounted to approximately HK$99,729,000 as at 31 March 2016 (2015: HK$84,302,000).

As at 31 March 2016, the Group has unrecognised deferred tax assets of approximately HK$1,204,000 (2015: Nil) with respect to tax losses amounting to HK$4,816,000 of certain subsidiaries in the PRC that can be utilised to offset against future taxable profit of those subsidiaries. Such tax losses will expire in 2021.

18 PREPAYMENTS FOR NON-CURRENT ASSETS

	31 March 2016 **HK$'000**	31 March 2015 HK$'000
Prepayment for an intangible asset *(Note (a))*	**12,000**	12,625
Prepayments for properties, plant and equipment	**1,361**	517
	13,361	13,142

(a) During the year ended 31 March 2015, a subsidiary of the Group entered into an agreement with an independent third party ("the Vendor") to purchase the rights to use a series of technologies and patents relating to development of a high-resistant starch content product (the "Biotechnology Business") at consideration of RMB10,000,000 (equivalent to HK$12,625,000). During the year ended 31 March 2016, the Group continued to develop such technology and have made application to the relevant government regulatory duties for registration of certain patents. It is expected that the relevant technology will be put into production in the year ending 31 March 2017, upon when the prepayment will be transferred to intangible asset.

19 INVENTORIES

	31 March 2016 HK$'000	31 March 2015 HK$'000
Raw materials	13,799	21,640
Finished goods	19,449	11,716
	33,248	33,356
Less: provision for impairment	–	(281)
	33,248	33,075

Movements in provision for impairment of inventories are as follows:

	Year ended 31 March	
	2016 HK$'000	2015 HK$'000
At beginning of the year	281	475
Reversal of impairment of inventories	(281)	(194)
At end of the year	–	281

20 TRADE RECEIVABLES

	31 March 2016 HK$'000	31 March 2015 HK$'000
Trade receivables	76,033	92,005

(a) Ageing analysis of trade receivables at respective balance sheet dates is as follows:

	31 March 2016 HK$'000	31 March 2015 HK$'000
Less than 30 days	56,061	89,913
31 days to 60 days	13,414	1,653
61 days to 90 days	4,787	–
91 days to 180 days	1,771	252
Over 180 days	–	187
	76,033	92,005

As at 31 March 2016, trade receivables of HK$1,771,000 (2015: HK$439,000) were past due but not impaired. These relate to three (2015: two) independent customers for whom there is no financial difficulty and the directors, based on past experience, consider that those amounts can be recovered.

20 TRADE RECEIVABLES *(continued)*

(b) The carrying amounts of the Group's trade receivable are denominated in the following currencies:

	31 March 2016 HK$'000	31 March 2015 HK$'000
Denominated in RMB	76,033	91,044
Denominated in HK$	–	961
	76,033	92,005

As at 31 March 2016, the Group's maximum exposure to credit risk was the carrying value of each class of trade receivables mentioned above. The Group does not hold any collateral as security (2015: same).

21 AMOUNT DUE FROM CUSTOMER FOR CONTRACT WORKS

	31 March 2016 HK$'000	31 March 2015 HK$'000
Aggregate costs incurred	2,428	–
Exchange differences	(48)	–
Less: progress billings	–	–
	2,380	–

Construction works are related to Environmental Treatment Business entered in by the Group in late February 2016. For the year ended 31 March 2016, contract revenue was recognised only to the extent of contract costs incurred, as the construction progress was still in preliminary stage.

22 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 March 2016 HK$'000	31 March 2015 HK$'000
Listed securities — held for trading		
— Equity securities — denominated in HK$	24,431	–
— Equity securities — denominated in RMB	13,618	–
	38,049	–

23 PREPAYMENTS AND OTHER RECEIVABLES

	31 March 2016 HK$'000	31 March 2015 HK$'000
Advance to suppliers and services providers	6,044	60
Other prepayments	–	503
Other receivables *(Note (a))*	2,329	13,442
	8,373	14,005

23 PREPAYMENTS AND OTHER RECEIVABLES *(continued)*

(a) The carrying amounts of the Group's other receivables are denominated in the following currencies:

	31 March 2016 HK$'000	31 March 2015 HK$'000
Denominated in RMB	1,446	12,753
Denominated in HK$	883	689
	2,329	13,442

(b) As at 31 March 2016, the Group's maximum exposure to credit risk was the carrying value of other receivables mentioned above. The Group does not hold any collateral as security (2015: nil).

24 RESTRICTED CASH AT BANKS

	31 March 2016 HK$'000	31 March 2015 HK$'000
Denominated in RMB	39,194	52,088

As at 31 March 2016, the Group placed cash deposits of approximately HK$39,194,000 (2015: HK$52,088,000) with designated banks as collateral for the Group's notes payable.

The effective interest rate on restricted cash at banks was 2.01% (2015: 2.54%) per annum. These deposits have an average maturity of 180 days (2015: 180 days).

The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

25 CASH AND CASH EQUIVALENTS

	31 March 2016 HK$'000	31 March 2015 HK$'000
Cash at bank and on hand	140,625	137,904

Cash and cash equivalents were denominated in the following currencies:

	31 March 2016 HK$'000	31 March 2015 HK$'000
Denominated in RMB	140,242	96,393
Denominated in HK$	70	40,973
Denominated in US$	313	538
	140,625	137,904

25 CASH AND CASH EQUIVALENTS *(continued)*

The Group's cash and bank balances of HK$140,242,000 (2015: HK$96,393,000) denominated in RMB were deposited with banks in the PRC. The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

26 SHARE CAPITAL

Authorised share capital	Number of ordinary shares	HK$
At 1 April 2014, 31 March 2015 and 2016	2,000,000,000	20,000,000

Issued share capital	Number of issued shares	Share capital
		HK$
At 1 April 2014	311,250,000	3,112,500
Issuance of ordinary share *(Note (i))*	28,000,000	280,000
At 31 March 2015 and 31 March 2016	339,250,000	3,392,500

(i) On 12 September 2014, the Company issued 28,000,000 ordinary shares of HK$0.01 each at HK$1.70 per share. Total proceeds from issuance of such new shares before issuance expenses amounted to HK$47,600,000.

27 OTHER RESERVES

	Share premium HK$'000	Statutory reserves HK$'000 *(Note(a))*	Exchange reserves HK$'000	Capital reserves HK$'000 *(Note(b))*	Share-based compensation reserves HK$'000 *(Note (c))*	Other reserves HK$'000	Total HK$'000
Year ended 31 March 2015							
Balance at 1 April 2014	84,258	14,320	14,128	35,000	–	274	147,980
Issuance of ordinary shares	47,320	–	–	–	–	–	47,320
Share issuance expenses	(644)	–	–	–	–	–	(644)
Value of employee services under share option scheme	–	–	–	–	1,084	–	1,084
Transfer to statutory reserves	–	6,947	–	–	–	–	6,947
Currency translation differences	–	–	11	–	–	–	11
Balance at 31 March 2015	130,934	21,267	14,139	35,000	1,084	274	202,698
Year ended 31 March 2016							
Balance at 1 April 2015	**130,934**	**21,267**	**14,139**	**35,000**	**1,084**	**274**	**202,698**
Value of employee services under share option scheme	**–**	**–**	**–**	**–**	**4,170**	**–**	**4,170**
Transfer to statutory reserves	**–**	**728**	**–**	**–**	**–**	**–**	**728**
Currency translation differences	**–**	**–**	**(15,996)**	**–**	**–**	**–**	**(15,996)**
Balance at 31 March 2016	**130,934**	**21,995**	**(1,857)**	**35,000**	**5,254**	**274**	**191,600**

(a) Statutory reserves

In accordance with relevant rules and regulations in the PRC, all the PRC companies that operated exclusively with foreign capitals are required to transfer an amount of not less than 10% of profit after taxation calculated under PRC accounting standards and regulations to the reserve fund, until the accumulated total of the fund reaches 50% of their registered capital. The statutory reserve fund can only be used, upon approval by the relevant authority, to offset previous years' losses or to increase the capital of respective companies. The appropriation to the enterprise expansion fund is solely determined by the board of directors of the PRC companies. The enterprise expansion fund can only be used to increase capital of the respective companies or to expand their production operations upon approval by the relevant authority.

(b) Capital reserves

The Group's capital reserves represent deemed contribution by the controlling shareholder Mr. Zheng Andy Yi Sheng to a subsidiary of the Group.

27 OTHER RESERVES *(continued)*

(c) Share-based compensation reserves

On 15 January 2015, the Company granted share options to the certain directors, employees and consultants of the Group under a share option scheme (the "Share Option Scheme"). Under the Share Option Scheme, the option holders are entitled to acquire aggregate of 30,000,000 ordinary shares of the Company at an exercise price of HK$2.58 each. All the options under the Share Option Scheme will not be exercisable within the first 12 months after the grant date as of 15 January 2015.

Vesting period	Expiry dates	Exercise price	Number of outstanding shares as at 31 March	
			2016	2015
1 year from 15 January 2015	14 January 2020	HK$2.58	**6,852,500**	7,500,000
2 years from 15 January 2015	14 January 2020	HK$2.58	**6,852,500**	7,500,000
3 years from 15 January 2015	14 January 2020	HK$2.58	**6,852,500**	7,500,000
4 years from 15 January 2015	14 January 2020	HK$2.58	**6,852,500**	7,500,000
			27,410,000	30,000,000

Movement in the number of share options outstanding is as follows:

	Year ended 31 March	
	2016	2015
At 1 April	**30,000,000**	–
Granted	**–**	30,000,000
Forfeited	**(2,590,000)**	–
At 31 March	**27,410,000**	30,000,000

The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The fair value of options granted was HK$0.33 per option, which was determined using the Binomial Option Pricing Model by an independent valuer as at date of grant. The significant inputs into the model were share price of HK$2.55 at the grant date, exercise price shown above, expected volatility of 27.15%, expected dividend yield of 6.29%, an expected option life of five years, and an annual risk-free interest rate of 1.1% per year. No options were exercised during the year (2015: Nil).

The total expenses recognised for employee services received in respect of the Share Option Scheme for the year ended 31 March 2016 was HK$4,170,000 (2015: HK$1,084,000).

28 TRADE AND NOTES PAYABLE

	31 March 2016 HK$'000	31 March 2015 HK$'000
Trade payables *(Note (a))*	**21,447**	31,416
Notes payable — bank acceptance notes	**39,499**	52,767
	60,946	84,183

28 TRADE AND NOTES PAYABLE *(continued)*

(a) The ageing analysis of trade payables of the Group is as follows:

	31 March 2016 HK$'000	31 March 2015 HK$'000
Within 90 days	**20,720**	30,001
90 to 180 days	**727**	501
Over 180 days	**–**	914
	21,447	31,416

(b) The Group's trade payables were interest-free and denominated in RMB.

29 OTHER PAYABLES AND ACCRUALS

	31 March 2016 HK$'000	31 March 2015 HK$'000
Accrual for staff costs and allowances	**4,390**	3,258
Other tax payables	**7,361**	13,668
Other accruals	**2,751**	3,661
	14,502	20,587

The carrying amounts of the Group's other payables and accruals are denominated in the following currencies:

	31 March 2016 HK$'000	31 March 2015 HK$'000
Denominated in RMB	**12,985**	19,456
Denominated in HK$	**1,517**	1,131
	14,502	20,587

The fair value of these balance approximate their carrying amounts at 31 March 2016 (2015: same).

30 CASH GENERATED FROM OPERATIONS

Reconciliation of profit before income tax to net cash generated from operations.

	Year ended 31 March 2016 HK$'000	Year ended 31 March 2015 HK$'000
Profit before income tax	**54,358**	86,448
Adjustments for:		
— Depreciation	**5,402**	5,721
— Reversal of impairment of inventories	**(281)**	(194)
— Amortisation	**163**	166
— Other gains/(losses)	**8,485**	(350)
— Finance income	**(3,559)**	(5,283)
— Value of services received from non-controlling interest	**–**	1,130
— Value of employee services under share option scheme	**4,170**	1,084
Changes in working capital:		
— Inventories	**108**	(2,060)
— Amount due from customer for contract work	**(2,380)**	–
— Trade receivables	**15,972**	(10,416)
— Prepayments and other receivables	**5,632**	(11,394)
— Trade and notes payable	**(23,237)**	10,675
— Other payables and accruals	**(6,085)**	2,131
Cash generated from operations	**58,748**	77,658

31 COMMITMENTS

(a) Capital commitments

As at 31 March 2016 and 31 March 2015, the Group had the following capital commitments:

	31 March 2016 HK$'000	31 March 2015 HK$'000
Capital expenditure in respect of the acquisition of machinery contracted for but not provided	**2,155**	674

(b) Operating lease commitments

At 31 March 2016 and 2015, the Group had future aggregate minimum lease payments in respect of rented premises under non-cancellable operating leases as follows:

	31 March 2016 HK$'000	31 March 2015 HK$'000
Not later than one year	**1,838**	843
Later than one year and not later than two years	**1,274**	–
Later than two years	**609**	–
	3,721	843

32 RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties:

Name	Relationship
Mr. Zheng Andy Yi Sheng	Controlling Shareholder
Mr. Zheng Minsheng	Executive director and the deputy general manager of the Group and the younger brother of Mr. Zheng Andy Yi Sheng
Mr. Zhang Liang	Key management of a non-wholly owned subsidiary
Shanghai Fo Xin Ai Jian River Management Co. Ltd.	Company controlled by Mr. Zhang Yongtai, a director of a non-wholly owned subsidiary

(b) Key management compensations

Key management compensations for the years ended 31 March 2015 and 2016 were set out below.

	Year ended 31 March	
	2016	2015
	HK$'000	HK$'000
Salaries, wages, bonuses, welfare and other benefits	**3,408**	2,676
Contributions to pension plans	**354**	71
Value of employee services under Share Option Scheme	**618**	137
	4,380	2,884

(c) Balances with related parties

	31 March 2016	31 March 2015
	HK$'000	HK$'000
Amount due to a related party		
— Mr. Zheng Andy Yi Sheng	**2,000**	–
Amount due from related parties (included in Prepayments and other receivables)		
— Mr. Zhang Liang	**130**	–
— Shanghai Fo Xin Ai Jian River Management Co. Ltd.	**4,440**	–
	4,570	–
Other payables:		
— Mr. Zheng Andy Yi Sheng	**250**	625
— Mr. Zheng Minsheng	**500**	100
	750	725

33 FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

	31 March 2016 HK$'000	31 March 2015 HK$'000
ASSETS		
Non-current assets		
Investments in subsidiaries	**82,674**	82,615
Current assets		
Prepayments and other receivables	**199**	157
Amounts due from subsidiaries	**72,392**	80,533
Cash and cash equivalents	**24**	309
	72,615	80,999
Total assets	**155,289**	163,614
EQUITY		
Equity attributable to owners of the Company		
Share capital	**3,393**	3,393
Other reserves	**128,125**	131,547
Retained earnings	**20,355**	27,198
	151,873	162,138
LIABILITIES		
Current liabilities		
Other payables and accruals	**1,416**	1,091
Amount due to a related party	**2,000**	–
Amount due to a subsidiary	**–**	385
	3,416	1,476
Total liabilities	**3,416**	1,476
Total equity and liabilities	**155,289**	163,614

The financial statement was approved by the Board of Directors on 24 June 2016 and were signed on its behalf.

Zheng Andy Yi Sheng
Director

Zheng Minsheng
Director

33 FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY *(continued)*

	Share premium HK$'000	Exchange reserves HK$'000	Share-based compensation reserve HK$'000	Retained earnings HK$'000	Total HK$'000
Year ended 31 March 2015					
Balance at 1 April 2014	84,258	(412)	–	24,214	108,060
Profit for the year	–	–	–	38,342	38,342
Issuance of ordinary shares	47,320	–	–	–	47,320
Share issuance expenses	(644)	–	–	–	(644)
Dividend	–	–	–	(35,358)	(35,358)
Value of employee services under share option scheme	–	–	1,084	–	1,084
Currency translation differences	–	(59)	–	–	(59)
Balance at 31 March 2015	130,934	(471)	1,084	27,198	158,745
Year ended 31 March 2016					
Balance at 1 April 2015	**130,934**	**(471)**	**1,084**	**27,198**	**158,745**
Profit for the year	**–**	**–**	**–**	**33,867**	**33,867**
Dividend	**–**	**–**	**–**	**(40,710)**	**(40,710)**
Value of employee services under share option scheme	**–**	**–**	**4,170**	**–**	**4,170**
Currency translation differences	**–**	**(7,592)**	**–**	**–**	**(7,592)**
Balance at 31 March 2016	**130,934**	**(8,063)**	**5,254**	**20,355**	**148,480**

RESULTS

	Year ended 31 March				
	2016	2015	2014	2013	2012
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**252,368**	298,066	264,830	278,983	265,821
Profit from operation activities	**50,799**	81,165	69,373	53,982	33.392
Finance income	**3,559**	5,283	2,590	2,280	1,613
Profit before income tax	**54,358**	86,448	71,963	56,262	35,005
Income tax expenses	**(12,231)**	(16,112)	(15,384)	(11,524)	(5,317)
Profit for the year	**42,127**	70,336	56,579	44,738	29,688
Attributable to					
Owner of the Company	**45,077**	70,667	56,579	44,738	29,688
Non-controlling interest	**(2,950)**	(331)	–	–	–
Profit for the year attributable to owners of the Company	**42,127**	70,336	56,579	44,738	29,688
Assets, Liabilities and Non-controlling Interests					
Total assets	**403,554**	442,642	336,846	263,183	215,792
Total liabilities	**(90,480)**	(118,849)	(104,124)	(113,359)	(111,191)
Non-controlling interests	**4,451**	7,711	–	–	–
Total equity attributable to owners of the Company	**313,074**	323,793	232,722	149,824	104,601

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