NEW ISLAND DEVELOPMENT HOLDINGS LIMITED
新洲發展控股有限公司*

*(Incorporated in Bermuda with limited liability)*

**(Stock Code : 377)**

# RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31st MARCH, 2014

## ANNUAL RESULTS

The board of directors ("the Board") of New Island Development Holdings Limited ("the Company") is pleased to announce the consolidated annual results of the Company and its subsidiaries ("the Group") for the year ended 31st March, 2014 together with comparative figures for the year ended 31st March, 2013.

* *For identification purpose only*

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

***For the year ended 31st March,***

| | *Notes* | **2014** **_HK$'000_** | 2013 *HK$'000* (restated) |
|---|---|---|---|
| **Continuing operations** | | | |
| Turnover | *3 & 4* | **677,189** | 655,146 |
| Cost of sales | | **(557,621)** | (527,404) |
| **Gross profit** | | **119,568** | 127,742 |
| Net realized gain on trading securities | | **1,576** | — |
| Net unrealized gain/(loss) on trading securities | | **154,584** | (16,192) |
| Other revenue | *5* | **2,720** | 1,979 |
| Other net loss | *5* | **(3,848)** | (2,121) |
| Selling and distribution costs | | **(48,840)** | (43,735) |
| Administrative expenses | | **(75,062)** | (70,247) |
| **Profit/(Loss) from operations** | | **150,698** | (2,574) |
| Finance costs | *6(a)* | **(2,980)** | (2,217) |
| **Profit/(Loss) before taxation** | *6* | **147,718** | (4,791) |
| Income tax | *7(a)* | **(25,497)** | (6,302) |
| **Profit/(Loss) from continuing operations** | | **122,221** | (11,093) |
| **Discontinued operation** | | | |
| Profit from discontinued operation | *10(a)* | **1,872** | 1,825 |
| **Profit/(Loss) for the year** | | **124,093** | (9,268) |
| **Attributable to:** | | | |
| Equity shareholders of the Company | | | |
| — from continuing operations | | **122,138** | (11,007) |
| — from discontinued operation | | **1,705** | 2,055 |
| | | **123,843** | (8,952) |
| Non-controlling interests | | | |
| — from continuing operations | | **83** | (86) |
| — from discontinued operation | | **167** | (230) |
| | | **250** | (316) |
| **Profit/(Loss) for the year** | | **124,093** | (9,268) |
| **Earnings/(Loss) per share** | *9* | ***HK cents*** | *HK cents* |
| Basic | | | |
| — from continuing operations | | **4.58** | (0.41) |
| — from discontinued operation | | **0.06** | 0.08 |
| Diluted | | | |
| — from continuing operations | | **4.58** | (0.41) |
| — from discontinued operation | | **0.06** | 0.08 |

*Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 8.*

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

***For the year ended 31st March,***

| | **2014** | 2013 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Profit/(Loss) for the year** | **124,093** | (9,268) |
| **Other comprehensive income for the year** | | |
| Items that may be reclassified subsequently to profit or loss: | | |
| Exchange differences on translation of financial statements of subsidiaries outside Hong Kong, net of nil tax | **5,552** | 4,426 |
| **Total comprehensive income/(loss) for the year** | **129,645** | (4,842) |
| **Attributable to:** | | |
| Equity shareholders of the Company | **129,395** | (4,526) |
| Non-controlling interests | **250** | (316) |
| **Total comprehensive income/(loss) for the year** | **129,645** | (4,842) |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

***At 31st March,***

| | *Notes* | **2014** **_HK$'000_** | 2013 *HK$'000* |
|---|---|---|---|
| **Non-current assets** | | | |
| Fixed assets | | | |
| — Property, plant and equipment | | **314,133** | 323,410 |
| — Prepaid leasehold land held for own use under operating leases | | **17,823** | 18,230 |
| Investment property | | **27,900** | — |
| | | **359,856** | 341,640 |
| Goodwill | | **—** | 930 |
| Intangible assets | | **—** | 1,260 |
| Deposits for purchases of machineries | | **10,986** | 9,891 |
| Other assets | | **—** | 2,230 |
| Deferred tax assets | | **2,499** | 2,149 |
| | | **373,341** | 358,100 |
| **Current assets** | | | |
| Trading securities | *11* | **183,838** | 30,131 |
| Inventories | | **99,095** | 74,944 |
| Trade and other receivables | *12* | **126,271** | 163,228 |
| Current tax recoverable | | **216** | 268 |
| Cash held on behalf of brokerage clients | | **—** | 24,358 |
| Cash and cash equivalents | | **99,444** | 87,094 |
| | | **508,864** | 380,023 |
| Assets classified as held for sale | *10(b)* | **94,405** | — |
| | | **603,269** | 380,023 |
| **Current liabilities** | | | |
| Bank loans | | **104,688** | 70,692 |
| Trade and other payables | *13* | **146,206** | 127,092 |
| Bills payable | | **22,315** | 32,517 |
| Current tax liabilities | | **2,243** | 3,848 |
| | | **275,452** | 234,149 |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

***At 31st March,***

| | *Notes* | **2014** | 2013 |
|---|---|---|---|
| | | ***HK$'000*** | *HK$'000* |
| Liabilities directly associated with assets classified as held for sale | *10(c)* | **45,809** | — |
| | | **321,261** | 234,149 |
| **Net current assets** | | **282,008** | 145,874 |
| **Total assets less current liabilities** | | **655,349** | 503,974 |
| **Non-current liabilities** | | | |
| Deferred tax liabilities | | **23,664** | 1,522 |
| **Net assets** | | **631,685** | 502,452 |
| **Capital and reserves** | | | |
| Share capital | *14* | **26,653** | 26,653 |
| Reserves | | **590,009** | 461,026 |
| **Total equity attributable to equity shareholders of the Company** | | **616,662** | 487,679 |
| **Non-controlling interests** | | **15,023** | 14,773 |
| **Total equity** | | **631,685** | 502,452 |

# NOTES

## 1. BASIS OF PREPARATION

The annual results set out in the announcement do not constitute the Group's financial statements for the year ended 31st March, 2014 but are extracted from those financial statements. The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

## 2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- Amendments to HKAS 1 "*Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*"
- HKFRS 10 "*Consolidated Financial Statements*"
- HKFRS 12 "*Disclosure of Interests in Other Entities"*
- HKFRS 13 "*Fair Value Measurement*"
- *Annual Improvements to HKFRSs 2009-2011 Cycle*
- Amendments to HKFRS 7 "*Financial Instruments*: *Disclosures – Offsetting Financial Assets and Financial Liabilities*"

These amendments do not have any material impact on the financial statements in the current and previous periods.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

## 3. TURNOVER

The principal activities of the Group are (1) sale and manufacturing of high quality multi-colour packaging products, carton boxes, books, brochures and other paper products; (2) provision of finance; (3) securities investments; and (4) property investments. Turnover represents the invoiced value of goods sold, interest income from the provision of finance and rental income from property investments, net of sales tax, returns and discounts. The Group's significant category of turnover from continuing operations recognized during the year is as follows:

| | **2014** | 2013 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | | (restated) |
| Sales of printing products | **676,146** | 654,981 |
| Interest income from provision of finance | **685** | 165 |
| Rental income from property investments | **358** | — |
| | **677,189** | 655,146 |

## 4. SEGMENT REPORTING

The Group manages its businesses by divisions, which are organized by a mixture of both business lines and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following five reportable segments. No operating segments have been aggregated to form the following reportable segments:

**Continuing operations**

— Printing: Sale and manufacturing of high quality multi-colour packaging products, carton boxes, books, brochures and other paper products in Hong Kong, Dongguan, Shanghai and Hunan

— Provision of financing services: Provision of finance

— Securities Investments: Investment activities in equity securities

— Property investments: Property rental services

**Discontinued operation**

— Provision of brokerage services: Provision of securities brokerage and margin financing services

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all non-current and current assets. Segment liabilities include current and non-current liabilities attributable to the individual segments.

Turnover and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortization of assets attributable to those segments. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

## 4. SEGMENT REPORTING *(Continued)*

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31st March, 2014 and 2013 is set out below.

### (a) Reportable segment turnover, profit or loss, assets and liabilities

| | Continuing operations | | | | | | | | | | Discontinued operation | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Printing | | Provision of financing services | | Securities investments | | Property investments | | Sub-total | | Provision of brokerage services | | Total | |
| For the year ended | **2014** | 2013 | **2014** | 2013 | **2014** | 2013 | **2014** | 2013 | **2014** | 2013 | **2014** | 2013 | **2014** | 2013 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| | | | | | | | | | | (restated) | | (restated) | | (restated) |
| Turnover from external customers | **676,146** | 654,981 | **685** | 165 | **—** | — | **358** | — | **677,189** | 655,146 | **11,428** | 6,435 | **688,617** | 661,581 |
| Inter-segment turnover | **—** | — | **—** | — | **—** | — | **—** | — | **—** | — | **98** | — | **98** | — |
| **Reportable segment turnover** | **676,146** | 654,981 | **685** | 165 | **—** | — | **358** | — | **677,189** | 655,146 | **11,526** | 6,435 | **688,715** | 661,581 |
| Net profit/ (loss) for the year | **(10,051)** | 5,302 | **546** | 105 | **133,146** | (16,487) | **(1,341)** | — | **122,300** | (11,080) | **1,872** | 1,825 | **124,172** | (9,255) |
| Inter-segment profit/(loss) | **6,769** | — | **(479)** | — | **(4,625)** | 2,589 | **(351)** | — | **1,314** | 2,589 | **(1,314)** | (2,589) | **—** | — |
| **Reportable segment profit/ (loss)** | **(3,282)** | 5,302 | **67** | 105 | **128,521** | (13,898) | **(1,692)** | — | **123,614** | (8,491) | **558** | (764) | **124,172** | (9,255) |
| **Net realized gain on trading securities** | **—** | — | **—** | — | **1,576** | — | **—** | — | **1,576** | — | **—** | — | **1,576** | — |
| **Net unrealized gain/(loss) on trading securities** | **—** | — | **—** | — | **154,584** | (16,192) | **—** | — | **154,584** | (16,192) | **—** | — | **154,584** | (16,192) |
| Bank interest income | **903** | 649 | **—** | — | **5** | — | **—** | — | **908** | 649 | **19** | 25 | **927** | 674 |
| Depreciation and amortization | **(39,487)** | (39,134) | **—** | — | **—** | — | **—** | — | **(39,487)** | (39,134) | **(82)** | (164) | **(39,569)** | (39,298) |
| Finance costs | **(2,843)** | (2,217) | **—** | — | **—** | — | **(137)** | — | **(2,980)** | (2,217) | **(11)** | — | **(2,991)** | (2,217) |
| Gain/(loss) on disposal of property, plant and equipment | **166** | (1,700) | **—** | — | **—** | — | **—** | — | **166** | (1,700) | **—** | (17) | **166** | (1,717) |
| Write-down of inventories | **(3,639)** | (3,405) | **—** | — | **—** | — | **—** | — | **(3,639)** | (3,405) | **—** | — | **(3,639)** | (3,405) |
| Fair value adjustment on investment property | **—** | — | **—** | — | **—** | — | **(1,433)** | — | **(1,433)** | — | **—** | — | **(1,433)** | — |
| **Reportable segment assets** | **719,408** | 675,433 | **4,269** | 2,173 | **183,951** | 30,140 | **27,972** | — | **935,600** | 707,746 | **94,405** | 89,507 | **1,030,005** | 797,253 |
| **Reportable segment liabilities** | **250,004** | 208,317 | **4,204** | 2,086 | **69,154** | 43,764 | **29,664** | — | **353,026** | 254,167 | **46,099** | 41,567 | **399,125** | 295,734 |

Turnover of the largest customer of HK$111,244,000 (2013: HK$121,394,000) was derived from sales of printing products, representing 16% (2013: 18%) of the Group's turnover for the year.

4. **SEGMENT REPORTING** *(Continued)*

**(b) Reconciliations of reportable segment turnover, profit or loss, assets and liabilities:**

**2014**

| | Continuing operations *HK$'000* | Discontinued operation *HK$'000* | The Group *HK$'000* |
|---|---|---|---|
| **Turnover** | | | |
| Reportable segment turnover | 677,189 | 11,526 | 688,715 |
| Elimination of inter-segment turnover | — | (98) | (98) |
| Consolidated total turnover | 677,189 | 11,428 | 688,617 |
| **Profit** | | | |
| Reportable segment profit derived from the Group | 123,614 | 558 | 124,172 |
| Elimination of inter-segment profit | (1,314) | 1,314 | — |
| Unallocated corporate loss | (79) | — | (79) |
| Consolidated total profit | 122,221 | 1,872 | 124,093 |
| **Assets** | | | |
| Reportable segment assets | 935,600 | 94,405 | 1,030,005 |
| Elimination of inter-segment receivables | (89,282) | — | (89,282) |
| | 846,318 | 94,405 | 940,723 |
| Unallocated corporate assets | 35,887 | — | 35,887 |
| Consolidated total assets | 882,205 | 94,405 | 976,610 |
| **Liabilities** | | | |
| Reportable segment liabilities | 353,026 | 46,099 | 399,125 |
| Elimination of inter-segment payables | (88,992) | (290) | (89,282) |
| | 264,034 | 45,809 | 309,843 |
| Unallocated corporate liabilities | 35,082 | — | 35,082 |
| Consolidated total liabilities | 299,116 | 45,809 | 344,925 |

4. **SEGMENT REPORTING** *(Continued)*

(b) **Reconciliations of reportable segment turnover, profit or loss, assets and liabilities:** *(Continued)*

2013

| | Continuing operations *HK$'000* | Discontinued operation *HK$'000* | The Group *HK$'000* (restated) |
|---|---|---|---|
| **Loss** | | | |
| Reportable segment loss derived from the Group | (8,491) | (764) | (9,255) |
| Elimination of inter-segment profit | (2,589) | 2,589 | — |
| Unallocated corporate loss | (13) | — | (13) |
| Consolidated total (loss)/profit | (11,093) | 1,825 | (9,268) |
| **Assets** | | | |
| Reportable segment assets | 707,746 | 89,507 | 797,253 |
| Elimination of inter-segment receivables | (95,099) | — | (95,099) |
| | 612,647 | 89,507 | 702,154 |
| Unallocated corporate assets | 35,969 | — | 35,969 |
| Consolidated total assets | 648,616 | 89,507 | 738,123 |
| **Liabilities** | | | |
| Reportable segment liabilities | 254,167 | 41,567 | 295,734 |
| Elimination of inter-segment payables | (80,749) | (14,350) | (95,099) |
| | 173,418 | 27,217 | 200,635 |
| Unallocated corporate liabilities | 35,036 | — | 35,036 |
| Consolidated total liabilities | 208,454 | 27,217 | 235,671 |

## 4. SEGMENT REPORTING *(Continued)*

### (c) Geographical information

As the Group's business participates in only one geographical location classified by the location of assets, i.e. the People's Republic of China ("PRC"), including Hong Kong, no separate geographical segment analysis based on the location of assets is presented. The following table sets out information about the geographical location of turnover from external customers. The geographical location of customers is based on the location at which the goods are delivered to:

| | **2014** | 2013 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | | (restated) |
| Continuing operations | | |
| The PRC | | |
| — Hong Kong | **103,816** | 105,486 |
| — Other areas of the PRC | **318,479** | 319,022 |
| | **422,295** | 424,508 |
| The United States ("U.S.") | **100,190** | 108,351 |
| Europe | **67,823** | 49,148 |
| Other countries | **86,881** | 73,139 |
| | **677,189** | 655,146 |
| Discontinued operation | | |
| — Hong Kong | **11,428** | 6,435 |
| | **688,617** | 661,581 |

## 5. OTHER REVENUE AND NET LOSS

The Group's significant category of other revenue and net loss from continuing operations recognized during the year is as follows:

| | **2014** | 2013 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | | (restated) |
| **Other revenue** | | |
| Bank interest income | **908** | 649 |
| Other income | **1,812** | 1,330 |
| | **2,720** | 1,979 |
| **Other net loss** | | |
| Net gain/(loss) on disposal of property, plant and equipment | **166** | (1,700) |
| Net exchange loss | **(2,581)** | (421) |
| Fair value adjustment on investment property | **(1,433)** | — |
| | **(3,848)** | (2,121) |

## 6. PROFIT/(LOSS) BEFORE TAXATION

Profit/(Loss) before taxation from continuing operations is arrived at after charging/(crediting):

| | | **2014** | 2013 |
|---|---|---|---|
| | | ***HK$'000*** | *HK$'000* |
| | | | (restated) |
| **(a)** | **Finance costs** | | |
| | Interest on bank advances and other borrowings wholly repayable within five years | **2,082** | 1,379 |
| | Interest on other bank loans | **898** | 838 |
| | | **2,980** | 2,217 |
| **(b)** | **Staff costs (excluding directors' remuneration)#** | | |
| | Contributions to defined contribution retirement plans | **15,076** | 12,988 |
| | Salaries, wages and other benefits | **173,767** | 158,471 |
| | | **188,843** | 171,459 |
| **(c)** | **Other items** | | |
| | Cost of inventories sold# | **557,621** | 527,404 |
| | Auditor's remuneration | | |
| | — audit services | **1,082** | 924 |
| | — tax services | **—** | 28 |
| | Depreciation# | | |
| | — owned assets | **38,752** | 38,409 |
| | Amortization of land lease premium# | **735** | 725 |
| | Operating lease charges for land and buildings# | **4,557** | 3,409 |
| | Reversal of impairment loss on trade debtors | **—** | (11) |
| | Fair value adjustment on investment property | **1,433** | — |

\# Cost of inventories includes HK$173,582,000 (2013: HK$159,293,000) relating to staff costs, depreciation expenses, amortization of land lease premium, and operating lease charges, which amount is also included in the respective amounts disclosed separately above for each of these types of expenses.

## 7. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

### (a) Taxation from continuing operations in the consolidated statement of profit or loss represents:

| | **2014** | 2013 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | | (restated) |
| **Current tax — Hong Kong Profits Tax** | | |
| Provision for the year | **210** | 238 |
| Under-provision in respect of prior years | **353** | 46 |
| | **563** | 284 |
| **Current tax — Outside Hong Kong** | | |
| Provision for the year | **3,005** | 6,992 |
| Under-provision in respect of prior years | **20** | 214 |
| | **3,025** | 7,206 |
| **Deferred tax** | | |
| Origination and reversal of temporary differences | **21,909** | (1,188) |
| | **25,497** | 6,302 |

**Hong Kong Profits Tax**

The provision for Hong Kong Profits Tax for the year ended 31st March, 2014 is calculated at 16.5% (2013: 16.5%) of the estimated assessable profits for the year, taking into account an one-off reduction of 75% of the tax payable for the year of assessment 2012/13 subject to a ceiling of HK$10,000 allowed by the Hong Kong Special Administrative Region Government for each business.

**PRC Corporate Income Tax**

The Company's subsidiaries in the PRC are subject to PRC Corporate Income Tax. The statutory income tax rate adopted by the Company's subsidiaries in the PRC is 25% (2013:25%).

**Bermuda/Samoa Income Tax**

Pursuant to the rules and regulations of Bermuda and Samoa, the Company and the Company's subsidiaries are not subject to any income tax in Bermuda and Samoa.

**U.S. Corporate Income Tax**

The Company's subsidiaries in the U.S. are subject to U.S. Corporate Income Tax at a rate of 15% (2013: 15%).

## 8. DIVIDEND

The directors of the Company do not recommend the payment of a final dividend for the year ended 31st March, 2014 (2013: HK$Nil).

## 9. EARNINGS/(LOSS) PER SHARE

### (a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the consolidated profit attributable to equity shareholders of the Company for the year (1) from continuing operations of HK$122,138,000 (2013: loss of HK$11,007,000 (restated)) and (2) from discontinued operation of HK$1,705,000 (2013: HK$2,055,000 (restated)) and on the number of 2,665,290,000 (2013: 2,665,290,000) shares in issue during the year.

### (b) Diluted earnings/(loss) per share

There were no dilutive potential shares during the years ended 31st March, 2014 and 2013, and diluted earnings/(loss) per share are the same as basic earnings/(loss) per share.

## 10. ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATION

During the year ended 31st March, 2014, the Group has entered into a conditional Sales and Purchase Agreement with Mr. Law Man Lung ("Mr. Law") to dispose its 70% of the issued share capital of CEPA Alliance Holdings Limited and its subsidiary, CEPA Alliance Securities Limited (together referred to as "CEPA Group") at a total cash consideration of HK$34,800,000, subject to the approval of Securities and Futures Commission of Hong Kong. Deposit of HK$17,400,000 has been received from Mr. Law as at 31st March, 2014. The disposal is not completed as at 31st March, 2014 and it is expected to be completed within the next twelve months. Accordingly, the assets and liabilities attributable to CEPA Group, which are expected to be sold within twelve months, have been classified as a disposal group held for sale and are presented separately in the consolidated statement of financial position (see note 10(b) and (c)). In addition, the operating profit of HK$1,872,000 for the year ended 31st March, 2014 is presented as a discontinued operation in the financial statements. The presentation of comparative information in respect of the year ended 31st March, 2013 has been re-presented to the current year's presentation.

### (a) Results of the discontinued operation

| | **2014** | 2013 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Turnover | **11,428** | 6,435 |
| Commission rebate expenses | **(1,714)** | (179) |
| Other revenue | **525** | 79 |
| Other net loss | — | (17) |
| Administrative expense | **(8,546)** | (4,264) |
| Finance costs | **(112)** | (185) |
| **Profit before taxation** | **1,581** | 1,869 |
| Income tax | **291** | (44) |
| **Profit for the year** | **1,872** | 1,825 |
| Attributable to equity shareholders of the Company | **1,705** | 2,055 |
| Attributable to non-controlling interests | **167** | (230) |
| **Profit for the year** | **1,872** | 1,825 |
| **Cash flows of the discontinued operation:** | | |
| Net cash (used in)/generated from operating activities | **(4,299)** | 1,188 |
| Net cash used in investing activities | **(69)** | (207) |
| Net cash from financing activities | **—** | — |
| **Net cash flows** | **(4,368)** | 981 |

## 10. ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATION *(Continued)*

### (b) Assets classified as held for sale

| | *Notes* | **2014** |
|---|---|---|
| | | ***HK$'000*** |
| Goodwill | | **930** |
| Property, plant and equipment | | **447** |
| Other assets | | **2,350** |
| Intangible asset | | **1,260** |
| Deferred tax assets | | **215** |
| Trade and other receivables | *12* | **34,214** |
| Cash held on behalf of brokerage clients | | **39,301** |
| Cash and cash equivalents | | **15,688** |
| **Assets classified as held for sale** | | **94,405** |

### (c) Liabilities directly associated with assets classified as held for sale

| | *Notes* | **2014** |
|---|---|---|
| | | ***HK$'000*** |
| Trade and other payables | *13* | **45,809** |
| **Liabilities directly associated with assets classified as held for sale** | | **45,809** |

The net proceeds less cost to sell of the disposal are expected to exceed the net carrying amount of the relevant assets and liabilities and accordingly, no impairment loss has been recognized and the disposal group is stated at the lower of carrying amount and fair value less cost to sell.

## 11. TRADING SECURITIES

| | **2014** | 2013 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Financial assets at fair value through profit or loss: | | |
| Listed equity securities at fair value | | |
| — in Hong Kong | **183,838** | 30,131 |

Investments in trading securities are stated at fair value at the end of the reporting period.

## 12. TRADE AND OTHER RECEIVABLES

| | **2014** | 2013 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Trade debtors | **126,679** | 161,699 |
| Less: allowance for doubtful debts | **(7,751)** | (7,747) |
| | **118,928** | 153,952 |
| Other receivables | **3,752** | 5,991 |
| Loans and receivables | **122,680** | 159,943 |
| Deposits and prepayments | **3,591** | 3,285 |
| | **126,271** | 163,228 |

All trade and other receivables, apart from deposits of the Group amounting to HK$1,415,000 (2013: HK$1,249,000), are expected to be recovered or recognized as expenses within one year. Other receivables, deposits and prepayments are neither past due nor impaired.

As disclosed in note 10, certain receivables from customers of the securities brokerage business amounting to HK$33,884,000, other receivables amounting to HK$117,000 and deposits and prepayments amounting to HK$213,000, of which loans to margin clients amounting to HK$9,067,000, are classified as assets held for sale as at 31st March, 2014. The receivables are neither past due nor impaired. As at 31st March, 2014, the total undiscounted market value of securities pledged as collateral in respect of the loans to margin client was approximately HK$16,887,000.

The loans to margin clients bear variable interest at commercial rate and are current and repayable on demand. Margin clients are required to pledge securities collateral to the Group in order to obtain credit facilities for securities trading. Any excess in the lending ratio will trigger a margin call which the clients have to make good the shortfall. The amount of credit facilities granted to them is determined by the discounted value of securities accepted by the Group.

**Ageing analysis**

Included in trade and other receivables are trade debtors (net of allowance for doubtful debts) with the following ageing analysis:

| | **2014** | 2013 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Current | **110,356** | 144,063 |
| Less than one month past due | **2,287** | 3,171 |
| One to three months past due | **6,103** | 4,584 |
| Over three months past due | **182** | 2,134 |
| | **118,928** | 153,952 |

## 12. TRADE AND OTHER RECEIVABLES *(Continued)*

Credit evaluations of trade debtors are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. These receivables are due within 30 to 90 days from the date of billing. Normally, the Group does not obtain collateral from those customers. The credit terms of receivables from customers of the securities brokerage business were in accordance with the securities brokerage industry practice.

## 13. TRADE AND OTHER PAYABLES

| | **2014** | 2013 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Trade creditors | **78,653** | 74,961 |
| Other payables and accrued charges | **67,553** | 52,131 |
| | **146,206** | 127,092 |

All of the trade and other payables are financial liabilities measured at amortized cost and are expected to be settled within one year.

**Included in trade and other payables are trade creditors with the following ageing analysis:**

| | **2014** | 2013 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Current and less than one month past due | **61,376** | 69,853 |
| One to three months past due | **11,934** | 4,050 |
| More than three months past due | **5,343** | 1,058 |
| | **78,653** | 74,961 |

Trade payables to certain margin and cash clients arising from the business of dealing in securities bear variable interest at commercial rates, and are repayable on demand subsequent to settlement date. As at 31st March, 2014, there was an amount of approximately HK$39,301,000 (2013: HK$24,358,000) in respect of the clients' undrawn monies which arose from securities brokerage transactions. As disclosed in note 10, trade and other payables amounting to HK$45,809,000, of which client's undrawn monies which arose from securities brokerage transaction of HK$39,301,000, was classified as liabilities directly associated with assets classified as held for sale at as 31st March, 2014.

## 14. SHARE CAPITAL

| | Ordinary shares *'000* | Amount *HK$'000* |
|---|---|---|
| ***Authorized:*** | | |
| 40,000,000,000 shares of HK$0.01 each at 31st March, 2013 and 2014 | **40,000,000** | **400,000** |
| ***Issued and fully paid:*** | | |
| 2,665,290,000 shares of HK$0.01 each at 31st March, 2013 and 2014 | **2,665,290** | **26,653** |

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

## 15. COMPARATIVE FIGURES

Certain comparative figures have been adjusted in order to conform to the current year's presentation.

## BUSINESS REVIEW AND OUTLOOK

For the review year, the Group discontinued its brokerage of securities services business and continued to engage in the businesses of (1) sale and manufacturing of high quality multi-colour packaging products, carton boxes, books, brochures and other paper products; (2) provision of finance; (3) securities investments; and (4) property investments.

**Continuing operations**

Despite the macroeconomic environment remained uncertain, the Group reported turnover of approximately HK$677.2 million for the year under review ("Review Year"), which mainly comprised of turnover from sales of printing products of approximately HK$676.1 million, provision of finance of approximately HK$0.7 million and rental income of approximately HK$0.4 million. The sale of printing products slightly increased by approximately 3.2% compared to approximately HK$655.0 million for the last corresponding year ("Corresponding Year") for which the sales to Europe and other countries representing a growth of 26.5% for the Corresponding Year. This was attributed to the growth in our existing clients.

Gross profit margin has slightly smoothened down to approximately 17.7% during the Review Year from approximately 19.5% during the Corresponding Year. Gross profit decreased by approximately 6.4% to approximately HK$119.6 million for the Review Year, it mainly caused by operating cost increases related to adverse currency fluctuations, social insurance and increases in wages in recruiting local staff in the PRC.

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In line with the increase in turnover, selling and distribution costs during the Review Year increased by approximately 11.7% to approximately HK$48.8 million, standing at approximately 7.2% of turnover, it is mainly due to increase of commission, freight with different terms of sales and increase in parallel with increase of sale. Notwithstanding stringent cost control measures adopted by the Group under difficult operating conditions, administrative expenses have increased by approximately 6.9% to approximately HK$75.1 million during the Review Year. It was caused by increase in directors' remuneration and compliance to requirements of the government for environmental, social insurance, safety and welfare.

Finance costs increased by approximately 34.4% to approximately HK$3.0 million. The increase was mainly due to an additional mortgage loan of the investment property and a machine loan during the year under review.

The substantial increase in fair values of listed trading securities due to the substantial increase in the market prices of certain listed securities held by the Group, the Group recorded a substantial unrealized gain of approximately HK$154.6 million during the Review Year. The Group recorded a fair value adjustment on investment property of approximately HK$1.4 million during the Review Year due to decrease in the market value of investment property which has been accounted in other net loss.

As a result of the combined effects of the foregoing, profit before taxation for the Review Year of HK$147.7 million as compared with a loss before taxation of approximately HK$4.8 million for the Corresponding Year. Tax expense outside Hong Kong decreased while there was a deferred tax expenses for unrealized gain on trading securities for the Review Year. Consequently the tax expenses increased to approximately HK$25.5 million during the Review Year.

**Discontinued operation**

The brokerage of securities services division recorded turnover of approximately HK$11.4 million during the Review Year compared with turnover of approximately HK$6.4 million during the Corresponding Year. Operating profit margin decreased to approximately 16.4% during the Review Year from approximately 28.4% during the Corresponding Year. Operating profit remained stable to approximately HK$1.9 million for the Review Year. On 28th March, 2014, the Group entered into a conditional sale and purchase agreement to dispose of its brokerage of securities services business at a consideration of HK$34.8 million. As disclosed in the annual report of the Company for the year ended 31st March, 2013, the Group acquired its brokerage of securities services business with a view to diversify the business of the Group. However, the performance of brokerage of securities services business had not been satisfactory after the acquisition and the Board does not foresee that there will be any substantial improvement in the near future. Therefore, the Board considers it appropriate to dispose of its brokerage of securities services business.

**BUSINESS REVIEW AND OUTLOOK (Continued)**

As a result, profit attributable to equity shareholders was approximately HK$123.8 million for the Review Year compared to loss attributable to equity shareholders of approximately HK$9.0 million for the Corresponding Year.

Looking forward, we believe the coming year is full of challenges though a more stable in USA market and a better outlook in Europe market. The Group will strengthen our productivity in investment of machineries in automation and increase production capacity in looking forward to increasing orders. On the other hand, we would implement stringent cost control in tackling rising labour costs, inflated materials and high cost in compliance with the government requirements.

However, in view of the competitive printing industry with the decreasing profit margin, the Group is exploring other investment opportunities and may streamline its existing business in order to improve the performance of the Group and enhance our shareholders returns including but not limited to diversify the Group's business into the property sector. Further to the acquisition of an investment property in July 2013, the Group is ongoing considering the feasibility studies on re-zoning proposals from our consultants in the Group's land in Dalingshan, Dongguan, the People's Republic of China since last year. The Group is still discussing and studying different proposals from the consultants and will release our progress in due course.

## FINANCIAL AND CAPITAL RESOURCES

### Capital structure

As at 31st March, 2014, the Group had bank loans and bills payable denominated in Hong Kong dollars, totaling approximately HK$127.0 million (2013: HK$103.2 million). Of these borrowings, approximately HK$55.4 million (2013: HK$44.7 million) were secured by fixed assets with an aggregate carrying value of approximately HK$101.7 million (2013: HK$75.3 million).

As at 31st March, 2014, the Group had total equity of HK$631.7 million (2013: HK$502.5 million).

### Liquidity and leverage

As at 31st March, 2014, the Group had current assets of HK$603.3 million (2013: HK$380.0 million) comprising cash and cash equivalents of HK$99.4 million (2013: HK$87.1 million), and current liabilities of HK$321.3 million (2013: HK$234.1 million). The Group's current ratio (defined as current assets divided by current liabilities) was at a healthy ratio of 1.9 (2013: 1.6).

The Group's gearing ratio is defined by its net debt-to-capital ratio (defined as total interest-bearing borrowings less cash and cash equivalents divided by total equity) of the Group as at 31st March, 2014 which was approximately 4.4% (2013: 3.2%).

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

### Capital investments

During the Review Year, the Group expended a total of approximately HK$65.3 million (2013: HK$26.2 million) on fixed asset investments, of which approximately HK$29.6 million (2013: HK$6.8 million) was on land and buildings. These fixed asset investments and the daily operating activities of the Group were funded by retained earnings, bank borrowings and by the cash flows generated from the Group's operations.

## FINANCIAL AND CAPITAL RESOURCES (Continued)

### Foreign currency management

The monetary assets and liabilities and business transactions of the Group are mainly carried and conducted in Hong Kong Dollars, Renminbi and US Dollars. The Group maintained a prudent position in its foreign currency risk management. To a large extent, foreign exchange risks were minimized by matching the foreign currency monetary assets versus the corresponding currency monetary liabilities, and foreign currency revenues versus the corresponding currency expenditures.

## CAPITAL COMMITMENTS

Capital commitments outstanding at 31st March, 2014 not provided for in the financial statements were as follows:

| | **2014** | 2013 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Contracted for | **10,609** | 4,435 |

## STAFF

As at 31st March, 2014, the Group had a total staff of 2,873 (2013: 2,875), of which 2,808 (2013: 2,824) were employed in the People's Republic of China for the Group's manufacturing and distribution businesses.

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

## REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the year ended 31st March, 2014 have been agreed by the Group's auditor, Grant Thornton Hong Kong Limited, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Grant Thornton Hong Kong Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Grant Thornton Hong Kong Limited on the preliminary announcement.

## CORPORATE GOVERNANCE

The Company has applied the principles and complied with the code provisions of the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange") (the "Listing Rules") for the year ended 31st March, 2014, except for the deviation of code provision of the CG Code as expressly below.

### Code Provision E.1.2

The Code Provision E.1.2 of the CG Code stipulates that the chairman of the board should attend the annual general meeting. The Chairman of the Board, Mr. Suen Cho Hung, Paul, was unable to attend the annual general meeting of the Company held on 16th August, 2013 as he had other important business engagement. However, Mr. Lo Ming Chi, Charles an Executive Director and the Chief Executive Officer of the Company had chaired the meeting in accordance with Article 63 of the Company's Articles of Association.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors ("Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the year ended 31st March, 2014.

## AUDIT COMMITTEE

The audit committee comprises three Independent Non-executive Directors and reports directly to the Board. The audit committee meets regularly with the Group's senior management and the Company's external auditor to review the financial reporting and internal control systems of the Group as well as the financial statements of the Company. The audit committee has reviewed the annual results of the Group for the year ended 31st March, 2014.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the year ended 31st March, 2014, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares.

## FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31st March, 2014 (2013: HK$Nil).

## PUBLICATION OF FINAL RESULTS AND 2014 ANNUAL REPORT

The final results announcement of the Company is published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.newisland.com). The annual report will be dispatched to the shareholders of the Company and will be available on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.newisland.com) in due course.

## ANNUAL GENERAL MEETING

The Annual General Meeting ("AGM") of the Company will be held on 13th August, 2014. A notice convening the AGM will be published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.newisland.com) and will be dispatched to the shareholders of the Company.

By Order of the Board
New Island Development Holdings Limited
**LO Ming Chi, Charles**
*Executive Director and Chief Executive Officer*

Hong Kong, 24th June, 2014

*As at the date of this announcement, the Board comprises Mr. Suen Cho Hung, Paul (Chairman), Mr. Lo Ming Chi, Charles (Chief Executive Officer) and Ms. Chan Yuk Yee as Executive Directors; and Dr. Wong Yun Kuen, Mr. Pun Chi Ping and Mr. Ip Man Tin, David as Independent Non-executive Directors.*