HUAXI HOLDINGS COMPANY LIMITED
華禧控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01689)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2015

PERFORMANCE HIGHLIGHTS

- Revenue was approximately HK$298.07 million for the year ended 31 March 2015, representing an increase of 12.6% from approximately HK$264.83 million for the year ended 31 March 2014

- Gross profit was approximately HK$111.91 million for the year ended 31 March 2015, representing an increase of 3.2% from approximately HK$108.41 million for the year ended 31 March 2014

- Profit attributable to owners of the Company for the year ended 31 March 2015 was approximately HK$70.67 million, representing an increase of 24.9% from approximately HK$56.58 million for the year ended 31 March 2014

- Earnings per share for the year ended 31 March 2015 were HK21.63 cents representing an increase of HK0.04 cents from HK21.59 cents for the year ended 31 March 2014

- A final dividend of HK8.00 cents per ordinary share for the year ended 31 March 2015 was proposed

- As at 31 March 2015, the Group had total cash (including cash and cash equivalents, bank deposits with maturity over three months and restricted cash at banks) of approximately HK$232.67 million

The board of directors (the "Board") of Huaxi Holdings Company Limited (the "Company") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (together, the "Group") for the year ended 31 March 2015 together with the comparative figures for the preceding year ended 31 March 2014.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2015

		Year ended 31 March	
		2015	2014
	Note	***HK$'000***	*HK$'000*
Revenue	*3*	**298,066**	264,830
Cost of sales	*4*	**(186,154)**	(156,423)
Gross profit		**111,912**	108,407
Distribution costs	*4*	**(2,949)**	(2,749)
Administrative expenses	*4*	**(28,148)**	(36,787)
Other gains — net		**350**	502
Operating profit		**81,165**	69,373
Finance income	*5*	**5,283**	2,590
Profit before income tax		**86,448**	71,963
Income tax expense	*6*	**(16,112)**	(15,384)
Profit for the year		**70,336**	56,579
Other comprehensive income			
Item that will not be reclassified to profit or loss:			
Currency translation difference		**11**	2,879
Other comprehensive income for the year		**11**	2,879
Total comprehensive income for the year		**70,347**	59,458
Profit/(loss) attributable to:			
Owners of the Company		**70,667**	56,579
Non-controlling interests		**(331)**	–
		70,336	56,579
Total comprehensive income attributable to:			
Owners of the Company		**70,678**	59,458
Non-controlling interests		**(331)**	–
		70,347	59,458
Earnings per share			
— Basic and diluted	*7*	**HK21.63 cents**	HK21.59 cents
Dividends	*8*	**40,710**	58,064

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2015

	Note	**31 March 2015** *HK$'000*	31 March 2014 *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**49,882**	46,784
Prepaid operating lease		**6,784**	6,944
Deferred tax assets		**1,083**	686
Prepayments		**13,142**	1,606
		70,891	56,020
Current assets			
Inventories		**33,075**	30,821
Trade receivables	*9*	**92,005**	81,589
Prepayments and other receivables		**14,005**	2,441
Restricted cash at banks		**52,088**	52,299
Bank deposits with maturity over three months		**42,674**	60,450
Cash and cash equivalents		**137,904**	53,226
		371,751	280,826
Total assets		**442,642**	336,846
EQUITY			
Equity attributable to owners of the Company			
Share capital		**3,393**	3,113
Other reserves		**202,698**	147,980
Retained earnings			
— Proposed final dividends		**27,140**	21,788
— Others		**82,851**	59,841
		316,082	232,722
Non-controlling interests		**7,711**	–
Total equity		**323,793**	232,722

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)
As at 31 March 2015

	Note	31 March 2015 HK$'000	31 March 2014 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		**4,388**	2,161
Current liabilities			
Trade and notes payables	*10*	**84,183**	73,508
Other payables		**20,587**	18,456
Amounts due to related parties		**–**	714
Current income tax liabilities		**9,691**	9,285
		114,461	101,963
Total liabilities		**118,849**	104,124
Total equity and liabilities		**442,642**	336,846
Net current assets		**257,290**	178,863
Total assets less current liabilities		**328,181**	234,883

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

1. GENERAL INFORMATION

Huaxi Holdings Company Limited 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 Group is principally engaged in manufacturing and sales of cigarette packing materials in the People's Republic of China (the "PRC").

The Company has its primary listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 6 December 2013.

These consolidated financial statements is presented in thousands of Hong Kong dollar ("HK$"), unless otherwise stated. These consolidated financial statements have been approved by the Board of the Company for issue on 19 June 2015.

2. BASIS OF PREPARATION

These consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). 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 consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

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.

(a) The following amendments to standards are mandatory for the first time for the year ended 31 March 2015. The Group has adopted these amendments to standards which are relevant to its operations.

Amendment to HKAS 32, "Financial instruments: Presentation" on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the consolidated financial statements.

Amendment to HKAS 10, 12 and HKAS 27, "Consolidation for investment entities" on the consolidation requirement on funds and similar entities. These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an "investment entity" definition and which display particular characteristics. Changes have also been made HKFRS 12 to introduce disclosures that an investment entity needs to make. The adoption of these amendments does not have any impact on the consolidated financial statements of the Group.

Amendments to HKAS 36, "Impairment of assets", on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in HKAS 36 by the issue of HKFRS 13. It also enhanced the disclosures of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The adoption of the amendments does not have an impact on the consolidated financial statements because the Group has no impairment of assets which is subject to the disclosures of HKAS 36 during the years presented.

Amendments from the 2010-2012 cycle of the annual improvements projects include amendment to HKFRS 2, "Share-based payment". The amendment clarifies the definition of a vesting condition and separately defines performance condition and service condition. The amendment did not have a significant effect on the consolidated financial statements. The adoption of the amended standards did not have any material impact on the consolidated financial statements.

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

(b) The following new and amended standards and interpretations have been issued but are not effective for the financial year beginning 1 April 2014 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
Amendment to HKAS19	Regarding defined benefit plans: employee contributions	1 July 2014
Annual improvements 2012	Changes from the 2010–2012 cycle of the annual improvements project	1 July 2014
Annual improvements 2013	Changes from the 2011–2013 cycle of the annual improvements project	1 July 2014
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
Amendment to HKFRS 11	Accounting for acquisitions of interests in joint operations	1 January 2016
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
Amendments to HKAS 16 and HKAS 41	Agriculture: bearer plants	1 January 2016
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	1 January 2016
Amendment to HKAS 27	Equity method in separate financial statements	1 January 2016
Annual improvements 2014	Changes from the 2012–2014 cycle of the annual improvements project	1 January 2016
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: applying the consolidation exception	1 January 2016
Amendments to HKAS 1	Disclosure initiative	1 January 2016
HKFRS 15	Revenue from Contracts with Customers	1 January 2017
HKFRS 9	Financial Instruments	1 January 2018

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

3. REVENUE AND SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker ("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 manufacture and sales of packaging materials for cigarette in the PRC (2014: same). Management reviews the operating results of the business as one segment to make decisions about resources to be allocated. Therefore, the directors consider that there is only one segment being used to make strategic decisions.

For the year ended 31 March 2015, the major operating entity of the Group is domiciled in the PRC and accordingly, majority of the Group's revenue were derived in the PRC (2014: same).

As at 31 March 2015, major of the non-current assets were located in the PRC (2014: same).

Revenue represents sales of cigarette packages and other products for the year as follow:

	Year ended 31 March	
	2015	2014
	HK$'000	*HK$'000*
Sales of cigarette packaging products	**297,204**	263,762
Other products	**862**	1,068
	298,066	264,830

4. EXPENSES BY NATURE

	Year ended 31 March	
	2015	2014
	HK$'000	*HK$'000*
Cost of inventories sold	**173,826**	153,566
Staff costs (including directors' emoluments)	**18,319**	13,172
Depreciation	**5,721**	5,344
Utilities	**3,865**	3,442
Business tax and other taxes	**3,305**	2,021
Transportation expenses	**2,235**	2,180
Operating lease rentals in respect of rented premises	**1,328**	332
Auditors' remuneration	**1,320**	1,758
Office expenses	**952**	733
Legal and professional fees	**934**	424
Travelling expenses	**776**	713
Entertainment expenses	**678**	450
Amortisation of prepaid operating lease	**166**	168
Reversal of impairment of inventories	**(194)**	(283)
Expenses related to the IPO	**–**	9,863
Donation	**–**	1,000
Other expenses	**4,020**	1,076
Total cost of sales, distribution costs and administrative expenses	**217,251**	195,959

5. FINANCE INCOME

	Year ended 31 March	
	2015	2014
	HK$'000	*HK$'000*
Interest income derived from bank deposits	**3,882**	2,590
Interest income derived from other financial assets	**1,401**	–
	5,283	2,590

6. INCOME TAX EXPENSE

	Year ended 31 March	
	2015	2014
	HK$'000	*HK$'000*
Current income tax		
— PRC corporate income tax	**14,282**	12,269
Deferred income tax		
— PRC corporate income tax	**(397)**	(74)
— Withholding income tax for profit to be distributed from the PRC	**2,227**	3,189
	16,112	15,384

7. 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 numbers of ordinary shares in issue during the year.

	Year ended 31 March	
	2015	2014
Profit attributable to owners of the Company *(HK$'000)*	**70,667**	56,579
Weighted average numbers of ordinary shares in issue	**326,728,000**	262,104,000
Basic earnings per share	**HK21.63 cents**	HK21.59 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.

For the year ended 31 March 2015, as the average market share price of the ordinary shares during the year was lower than the subscription price of the share options, diluted earnings per share is the same as basic earnings per share.

8. DIVIDENDS

	Year ended 31 March	
	2015	2014
	HK$'000	*HK$'000*
Interim dividends, paid *(Note (a))*	**13,570**	–
Proposed final dividends *(Note (b))*	**27,140**	21,788
Special dividends, paid	**–**	36,276
	40,710	58,064

(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 2015.

(b) Proposed final dividends

A final dividend of HK8.00 cents per ordinary share in respect of the year ended 31 March 2015, totalling approximately HK$27,140,000, were proposed by the Board on 19 June 2015. 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.

9. TRADE RECEIVABLES

	31 March 2015	31 March 2014
	HK$'000	*HK$'000*
Trade receivables	**92,005**	81,589

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

	31 March 2015	31 March 2014
	HK$'000	*HK$'000*
Less than 30 days	**89,913**	76,886
31 days to 60 days	**1,653**	3,301
61 days to 90 days	**–**	750
91 days to 180 days	**252**	35
Over 180 days	**187**	617
	92,005	81,589

As at 31 March 2015, trade receivables of HK$439,000 (2014: HK$652,000) were past due but not impaired. These relate to two independent customers for whom there is no financial difficulty and the executive directors; based on past experience, consider that those amounts can be recovered.

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

	31 March 2015	31 March 2014
	HK$'000	*HK$'000*
Denominated in RMB	**91,044**	80,636
Denominated in HK$	**961**	953
	92,005	81,589

10. TRADE AND NOTES PAYABLES

	31 March 2015	31 March 2014
	HK$'000	*HK$'000*
Trade payables	**31,416**	20,927
Notes payable — bank acceptance notes	**52,767**	52,581
	84,183	73,508

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

	31 March 2015	31 March 2014
	HK$'000	*HK$'000*
Within 90 days	**30,001**	20,172
90 to 180 days	**501**	600
Over 180 days	**914**	155
	31,416	20,927

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business and Operations Review

The economic growth in China slowed down and increased by 7.4% in 2014 and the average nominal disposable income of urban residents grew by 9.0%. In 2014, sales in the PRC tobacco market recorded an increase of approximately 1.6%. Demand of cigarette in the consumer market is expected to have steady growth in the coming year.

In March 2014, the policy, Administrative Measures on Cigarette Brand Specifications (卷煙品牌規格管理辦法) was implemented to encourage cigarette manufacturer to focus on building up top-tier brands. Our major customers are key cigarette manufacturers in the PRC manufacturing several well-known brands. The Group's revenue during the year under review was approximately HK$298.07 million which represented an increase of approximately HK$33.24 million or 12.6% as compared with the last financial year. Increase in turnover is mainly resulted from manufacture of transfer printing cardboard and transfer art paper to our new customers. The following table sets forth the breakdown of the Group's revenue for the financial year ended 31 March 2015 ("FY2015") and 31 March 2014 ("FY2014").

	FY2015		FY2014	
	HK$'000	***%***	*HK$'000*	*%*
Inner Frame paper	**136,641**	**45.8**	152,489	57.6
Cigarette box frame paper	**44,672**	**15.0**	24,565	9.3
Tipping paper	**82,251**	**27.6**	67,773	25.6
Cigarette trademark label	**12,932**	**4.3**	15,529	5.9
Cigarette paper box	**2,924**	**1.0**	2,757	1.0
Transfer printing cardboard and transfer art paper	**17,753**	**6.0**	–	–
Sales from processing services and other	**893**	**0.3**	1,717	0.2
Total	**298,066**	**100.0%**	264,830	100.0%

Gross Profit and Gross Profit Margin

The gross profit of the Group in the period under review reported approximately HK$111.91 million (2014: HK$108.41 million), an increase of approximately HK$3.51 million compared with last financial year. The overall gross profit margin slightly decreased by 3.4% compared with last financial year from 40.9% in FY2014 to 37.5% in FY2015. There were no substantial increase in costs of certain materials in FY2015 and the success rate for finished products has improved. However, the overall gross profit margin decreased which was resulted from sales of semi-finished products, transfer printing cardboard and transfer art paper, with a lower gross margin.

Distribution expenses of the Group increased by approximately HK$0.20 million or 7.3% from approximately HK$2.75 million in FY2014 to approximately HK$2.95 million in FY2015 in line with increase of sales and also saved in effective logistics in procurement of raw materials and delivery of goods.

The Group's administrative expenses in FY2015 was approximately HK$28.15 million decreased by approximately HK$8.64 or 23.5% compared with HK$36.79 million in FY2014. The decrease of administrative expenses was due to the one-off listing expenses of approximately HK$9.86 million and increase in salary for senior administrative staff recruited, including share based payment in related to options granted to eligible participants in January 2015, and expenses for professionals in related to compliance matter after listing of the Company.

Taxation of the Group in FY2015 was approximately HK$16.11 million which was increased by approximately HK$0.73, compared with FY2014, in line with the profit before taxation (FY2014: HK$15.38 million). On 9 October 2014, Shantou Xinda Colour Printing & Packing Material Company Limited, a indirectly wholly owned subsidiary of the Company was awarded 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

Despite the unfavourable factors including slowdown in growth of economy in the PRC, the policy against corruption and bribery and the policy to impose a tight control against smoking in public area, with a smoking population of over 300 million in the PRC, the cigarette market is still expect to have a steady growth. The Group will also dedicate more efforts on bolstering relations with existing customers and explore new markets to expand our market share and enhance our market position.

Besides the cigarette packages packing material business, the Group has also been actively looking for new investments and business opportunities in order to diversify its existing business with a view to achieving better growth potential and enhancing shareholders' return. In the period under review, the Group diversified its business into the biotechnology sector which has market potential. The Group entered into a Development Agreement with Yangtze Delta Region Institute of Tsinghua University on the research to cultivate varieties of rice and wheat with high-resistant starch and to develop high-resistant starch food applicable for the diabetes.

Looking forward, the new business will usher in long and favourable economic and social benefits for the Company. The Board believes that the diversifying operations of the Group will broaden our income and avoid from reliance in one single business so as to deliver attractive returns to the shareholders.

FINAL DIVIDEND

The Board has recommended to declare a final dividend of HK8.00 cents per ordinary share for the year ended 31 March 2015 (the "Final Dividend") (31 March 2014: HK7.00 cents) whose names appear on the Register of Members of the Company on 4 September 2015. During the current year, the Board declared and paid an interim dividend of HK4.00 cents per share for the six months ended 30 September 2014. The proposed Final Dividend are 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 18 September 2015.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2015, the Group's total cash and cash equivalents amounted to approximately HK$232.67 million including restricted cash of HK$52.09 million, bank deposit with maturity over three months of HK$42.67 million and cash and cash equivalent HK$137.91 million (31 March 2014: HK$165.98 million).

In the FY2015, the Group's net cash generated from operating activities, investing activities and financing activities amounted to approximately HK$63.97 million, HK$2.59 million and HK$17.80 million respectively. The Group primarily uses cash inflow of operating activities and banking facilities to satisfy the requirement of working capital.

Fund raising activities during the year

On 12 September 2014, the Company completed a placement and issued 28,000,000 new ordinary shares of HK$0.01 each (aggregate nominal value of HK$280,000) to independent third parties at the price of HK$1.70 per share pursuant to the placing agreement dated 18 August 2014. The closing market price on the date of issue was at HK$1.85 per share. Net proceeds of approximately HK$46.8 million were received and used to enhance its capital base and broaden its shareholders' base.

Borrowings and gearing ratio

The Group did not have any borrowing as at 31 March 2015 and 2014.

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 maintained in Hong Kong Dollars. Presently, the Group has no hedging policy with respect to the foreign exchange exposure.

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

Capital expenditure

In the FY2015, the Group's total capital expenditure amounted to approximately HK$20.38 million (FY:2014: HK$5.76 million), which was used in the acquisition of property, plant and equipment.

Charge on assets

As at 31 March 2015, the Group placed cash deposits of approximately HK$52.09 million with designated banks as collateral for Group's notes payable (31 March 2014: HK$52.30 million).

Contingent liability

The Group has no significant contingent liabilities as at 31 March 2015 (31 March 2014: Nil).

Capital commitments

As at 31 March 2015, the Group had capital commitments for the amount of approximately HK$0.67 million (31 March 2014: HK$3.69 million) for acquisition of property, plant and equipment.

Significant Investments, Material Acquisitions and Disposal of Subsidiaries and Associated Companies

There was no significant investment, material acquisition or disposal of subsidiaries and associated companies by the Company in the FY2015 and FY2014.

HUMAN RESOURCES

As at 31 March 2015, the Group employed a total of 269 (31 March 2014: 255) permanent employees in PRC and Hong Kong. Total employee remuneration (including directors' emoluments and benefits) in FY2015 amounted to HK$18.32 million (FY2014: HK$13.17 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.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 March 2015.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING AND FINAL DIVIDEND

The AGM is scheduled to be held on 28 August 2015. The register of members of the Company will be closed from 26 August 2015 to 28 August 2015, both days inclusive, for the purpose of identifying Shareholders who are entitled to attend 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 Shops 1712–1716, 17/F Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on 25 August 2015.

The register of members of the Company will be closed from 7 September 2015 to 8 September 2015, 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 Shops 1712–1716, 17/F Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on 4 September 2015.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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 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 2015 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 will not impair the balance of power and authority between the Board and the management of the Company.

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.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 2015.

REVIEW OF FINANCIAL STATEMENTS BY THE AUDIT COMMITTEE

During the year, the audit committee (the "Audit Committee") of the Board comprises three independent non-executive Directors, namely Mr. Lau Kwok Hung (chairman of the Audit Committee), Mr. Ma Wenming and Mr. Fok Po Tin. Mr. Lau has appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.21 of the Listing Rules.

The primary functions and duties of the Audit Committee are to recommend the appointment, re-appointment and removal of the external auditor, oversee the integrity of financial information of the Company and its disclosure, provide independent review of the effectiveness of the financial controls, internal control and risk management systems of the Group, and review the accounting principles and practices adopted by the Group. The full terms of reference of the Audit Committee are posted on the websites of the Stock Exchange and the Company.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the annual results of the Group for the year ended 31 March 2015 and discussed the overall effectiveness of the internal control system of the Group with the management of the Company.

PUBLICATION OF THE ANNUAL REPORT

The annual report of the Company for the year ended 31 March 2015 containing all the information required by the Listing Rules will be despatched to the Shareholders and available on the websites of the Stock Exchange (http://www.hkex.com.hk) and the Company (www.huaxihds.com.hk) in due course.

ACKNOWLEDGEMENT

On behalf of the Board, I would also like to take this opportunity to express my gratitude to all our staff for their dedication and hard work, plus my sincere appreciation to all customers, business partners and shareholders for their continuing supports.

By order of the Board
Huaxi Holdings Company Limited
Zheng Andy Yi Sheng
Chairman

Hong Kong, 19 June 2015

As at the date of this announcement, the Board comprises Mr. Zheng Andy Yi Sheng and Mr. Zheng Minsheng as executive directors; and Mr. Ma Wenming, Mr. Lau Kwok Hung and Mr. Fok Po Tin as independent non-executive directors.