759阿信屋®

Annual Report 2014/2015 年報

759阿信屋 Store®

759 Kawaiiland®

CEC-COILS®

CEC國際控股有限公司
CEC INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)
(於百慕達註冊成立之有限公司)

(Stock Code 股份代號：759)

Corporate Profile
公司簡介

CEC International Holdings Limited ("CEC International") is a small and medium-sized enterprise that upholds "progressive, determined, dedicated" as its main operating principle and is mainly engaged in design to manufacture of a wide range of electronic coils and local retail business.

「CEC國際控股有限公司」(簡稱:CEC國際)為一家奉行「循序、堅定、敬業」經營理念的中小型企業,業務包括設計以至生產各類型電子線圈及本地零售業務。

Founded in 1979, our electronic coils business has been evolving progressively to become one of the major manufacturers of electronic coils supplying to a multiple of industry segments, including telecommunications and information technology equipment, data networking and power conversion applications, office automation equipment, audio and visual products, home appliance and power tools. CEC International is an experienced and competitive player in the electronic coils arena, with large-scale manufacturing facilities, research and development, sales and customer services based in Mainland China and marketing centers established in Hong Kong China, Mainland China, Taiwan China and Singapore.

電子線圈業務始創於1979年,經過多年來不斷循序發展,至今已成為較具規模的電子線圈製造商,產品市場來自包括電訊及資訊科技設備、數據網絡及電壓轉換技術、辦公室自動化設備、影音產品,以及家居電器及電動工具等不同行業。CEC國際於電子線圈業務經驗豐富且具競爭力,在中國內地設有具規模之生產設施、研發部門、銷售與客戶服務、及遍佈中國香港、中國內地、中國台灣及新加坡之市場推廣中心。

759 STORE was established by the Group on 7 July 2010, as the Group started to develop its retail business with reference to the consumption model of Japanese localities. Adherent to the Group's objective of implementing "lower margin with high turnover" policy, 759 STORE, running with high inventory turnover rate, aimed to give desirable service to local Hong Kong residents, providing a relaxing shopping environment with wide range of products for our customers to choose. Our products not only came from Japan, but also Korea, Taiwan, other European countries, North America and South-east Asia regions. To provide our customers with a much comprehensive range of products to select, we did best to further increase the varieties of our products and, apart from food, we self-imported frozen food, alcohol beverages, household products, kitchenware, personal care and cosmetics goods, etc. Looking forward, 759 STORE will continue to serve Hong Kong local residents and provide comfortable, relaxing, diversified and much brand new shopping experience to our customers.

集團於2010年7月7日創立759阿信屋,參照日本生活區的消費模式開拓本地的零售業務。秉承集團薄利多銷的宗旨,759阿信屋採取高流量、多品種選擇性的策略,向顧客提供優閒的購物環境及稱心的服務,並以服務本港街坊為目標。除日本外,貨源亦來自韓國、台灣、歐洲各國、北美洲及東南亞地區。759阿信屋積極將進貨領域進一步擴大,除食品外、自行進口急凍食品、酒類、住宅用品、廚具、個人護理用品及化妝品等等,為本港顧客提供更全面的選擇。未來,759阿信屋將繼續致力為街坊服務,提供舒適悠閒、多元、具新意的購物體驗。

Listed on The Stock Exchange of Hong Kong Limited since November 1999, CEC International expects to progressively reinforce its corporate governance through the supervision by the capital market. CEC International is also dedicated to achieving sustainable development for its business, and to generate stable long-term return on shareholders' investment.

CEC國際於1999年11月在香港聯合交易所有限公司上市,期望通過資本市場的監督,有序按步完善公司之企業管治水平。並以努力不懈的態度持續發展企業之業務,為股東帶來穩紮之長期投資回報。

Contents

Corporate Information

DIRECTORS

Executive Directors
Mr. Lam Wai Chun
(Chairman and Managing Director)
Ms. Tang Fung Kwan
Mr. Ho Man Lee

Independent Non-executive Directors
Mr. Au Son Yiu
Mr. Goh Gen Cheung
Mr. Chan Chiu Ying
(appointed on 1 February 2015)
Dr. Tang Tin Sek
(passed away on 2 December 2014)

AUDIT COMMITTEE

Mr. Chan Chiu Ying *(Chairman)*
(appointed on 1 February 2015)
Mr. Au Son Yiu
Mr. Goh Gen Cheung
Dr. Tang Tin Sek
(passed away on 2 December 2014)

REMUNERATION COMMITTEE

Mr. Au Son Yiu *(Chairman)*
Mr. Goh Gen Cheung
Ms. Tang Fung Kwan
Mr. Chan Chiu Ying
(appointed on 1 February 2015)
Dr. Tang Tin Sek
(passed away on 2 December 2014)

NOMINATION COMMITTEE

Mr. Lam Wai Chun *(Chairman)*
Mr. Au Son Yiu
Mr. Goh Gen Cheung
Mr. Chan Chiu Ying
(appointed on 1 February 2015)
Dr. Tang Tin Sek
(passed away on 2 December 2014)

COMPANY SECRETARY

Ms. Ho Wing Yi

PRINCIPAL BANKERS

China Construction Bank
Standard Chartered Bank
(Hong Kong) Limited
The Hongkong and Shanghai
Banking Corporation Limited

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

2nd Floor, Hing Win Factory Building
110 How Ming Street
Kwun Tong, Kowloon
Hong Kong

HEADQUARTERS IN MAINLAND CHINA

Li Xin Jie, Yong An Lu
Dong Feng Zhen
Zhongshan
Guangdong
China

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants

LEGAL ADVISERS

F. Zimmern & Co.
Appleby

SHARE REGISTRARS AND TRANSFER OFFICES

Bermuda Principal Share Registrar
MUFG Fund Services
(Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

Hong Kong Branch Share Registrar
Computershare Hong Kong
Investor Services Limited
Shops 1712-1716
17th Floor
Hopewell Centre
183 Queen's Road East
Hong Kong

Websites: http://www.0759.com
http://www.ceccoils.com
http://www.irasia.com/listco/hk/cecint

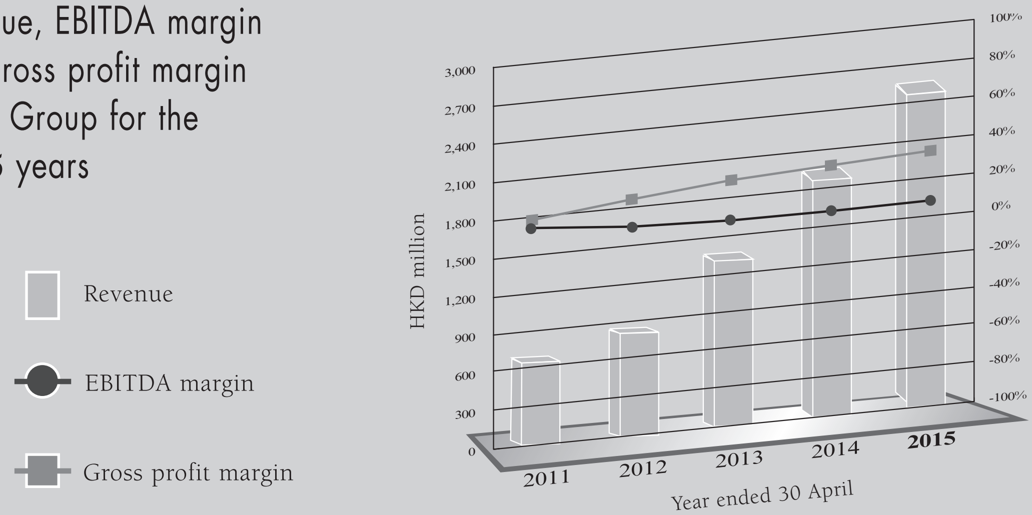
E-mail: info@ceccoils.com

Listed on The Stock Exchange of Hong Kong Limited

Stock Code: 759

Financial Highlights

Revenue, EBITDA margin and gross profit margin of the Group for the past 5 years



	As at 30 April/ Year ended 30 April		
	2015	2014	Change
	HK$'000	*HK$'000*	
Revenue	**2,422,372**	1,830,561	+32.3%
Profit attributable to equity holders of the Company	**27,708**	23,773	+16.6%
Total assets	**1,313,930**	1,137,838	+15.5%
Net assets	**557,858**	532,987	+4.7%
Per Share Data			
Basic earnings per share (HK cents)	**4.15**	3.57	+16.2%
Net assets per share (HK cents)	**83.7**	80.0	+4.6%
Financial Ratios			
Gross profit margin (%)	**31.8**	29.9	+1.9
EBITDA margin (%)	**5.6**	5.8	–0.2
Current ratio	**0.70**	0.77	–0.07
Interest coverage ratio	**7.10**	7.08	+0.02
Gearing ratio	**0.48**	0.42	+0.06

Definitions

Basic earnings per share = $\frac{\text{Profit attributable to equity holders of the Company}}{\text{Weighted average number of issued shares}}$

Net assets per share = $\frac{\text{Net assets}}{\text{Number of shares as at end of year}}$

Gross profit margin (%) = $\frac{\text{Gross profit X 100\%}}{\text{Revenue}}$

EBITDA margin (%) = $\frac{\text{Operating profit plus depreciation and amortisation X 100\%}}{\text{Revenue}}$

Current ratio = $\frac{\text{Current assets}}{\text{Current liabilities}}$

Interest coverage ratio = $\frac{\text{Operating profit plus depreciation and amortisation}}{\text{Interest expense less interest income}}$

Gearing ratio = $\frac{\text{Total borrowings less bank balances and cash}}{\text{Total borrowings less bank balances and cash plus total equity}}$

Five Years' Financial Summary

The results, assets and liabilities of the Group for the last five financial years are as follows:

	2015	2014	2013	2012	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Profit attributable to equity holders	**27,708**	23,773	20,150	15,500	28,590
Total assets	**1,313,930**	1,137,838	1,029,713	837,275	727,324
Total liabilities	**(756,072)**	(604,851)	(527,767)	(356,671)	(271,154)
	557,858	532,987	501,946	480,604	456,170

Management Discussion and Analysis

Dear Shareholders,

On behalf of the Board of Directors (the "Board") of CEC International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group"), I am pleased to present the sixteenth annual report of the Company since the listing of the Company's shares on The Stock Exchange of Hong Kong Limited on 15 November 1999.

2014/2015 SUMMARY OF RESULTS

– Revenue increased 32% to HK$2,422,372,000 (2014: HK$1,830,561,000);

– Profit attributable to equity holders of the Company increased 17% to HK$27,708,000 (2014: HK$23,773,000);

– Basic earnings per share was HK4.15 cents (2014: HK3.57 cents);

– Proposed final dividend of HK1.00 cent (2014: HK0.70 cent) per share;

– Net cash inflow from operating activities increased by 108% to HK$66,256,000 (2014: HK$31,797,000); and

– Gross profit margin increased by 1.9 percentage points to 31.8% (2014: 29.9%).

DIVIDEND

No interim dividend has been declared for the year ended 30 April 2015 (2014: Nil).

The Board has resolved to recommend, subject to the approval of the shareholders at the forthcoming annual general meeting of the Company, the payment of a final dividend of HK1.00 cent (2014: HK0.70 cent) per share for the year ended 30 April 2015 payable on or about 23 October 2015 to the shareholders whose names appear on the Company's register of members on 9 October 2015.

Management Discussion and Analysis

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 21 September 2015 to Friday, 25 September 2015 (both dates inclusive), during which period no transfer of shares of the Company will be effected. Shareholders whose names appear on the register of members of the Company on Friday, 25 September 2015 are entitled to attend and vote at the annual general meeting of the Company to be held on Friday, 25 September 2015 (the "2015 Annual General Meeting"). In order to qualify to attend and vote at the 2015 Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration by no later than 4:30 p.m. on Friday, 18 September 2015.

The proposed final dividend is subject to the passing of an ordinary resolution by the shareholders at the 2015 Annual General Meeting. For the purpose of determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Tuesday, 6 October 2015 to Friday, 9 October 2015 (both dates inclusive), during which period no transfer of shares of the Company will be effected. In order to be entitled to the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration by no later than 4:30 p.m. on Monday, 5 October 2015. Shareholders whose names appear on the Company's register of members on Friday, 9 October 2015, will be qualified for the proposed final dividend. The payment of final dividend will be made on or about Friday, 23 October 2015.

BUSINESS REVIEW

Overview

Reviewing the financial year 2014-2015 ("the Year"), the Group recorded total revenue of HK$2,422,372,000 (2014: HK$1,830,561,000), representing an increase of about 32% comparing with the corresponding period last year. The increase was mainly resulted from the operation of the retail business of 759 STORE that recorded revenue of HK$2,133,805,000 (2014: HK$1,442,981,000), an increase of about 48% comparatively. During the Year, 759 STORE added a number of 57 shops. As at 30 April 2015, the total number of shops reached 249 (2014: 192 shops), which included 5 restaurants and one bakery workshop. The overall gross profit margin of the Group was 31.8% (2014: 29.9%), an increase of 1.9 percentage points, which could be attributed to the increasingly higher proportion of high profit margin retail businesses, by 88% of total revenue (2014: 79%).

Management Discussion and Analysis

BUSINESS REVIEW *(continued)*

Overview *(continued)*

In the Year, the Group's consolidated profit amounted to HK$27,708,000 (2014: HK$23,773,000), representing an increase of 17% comparing with the corresponding period last year. Consolidated profit margin was 1.1% (2014: 1.3%). In the Year, the Group continued to scale back its manufacturing business and closed down the operation in the Nanjing plant with an one-off provision of HK$11,078,000 that included accounts receivable, inventories, and staff costs. There is also loss from operation of the Nanjing plant of HK$2,476,000 that occurred in the last year of the operation. Manufacturing business during the Year therefore recorded an operating loss of HK$13,263,000 (2014: operating profit of HK$1,577,000). With this attribute, retail business therefore became the major source of operating profit for the Group, which amounted to HK$68,637,000 (2014: HK$51,157,000), and an increase of 34%. As the Group continue to ramp up its retail business which continue to account for majority of its business, consolidated operating profit increased to HK$59,898,000 (2014: HK$46,560,000). And, the operating loss attributed to the manufacture business's production scale back, which resulted in an one-off provision and certain related expenses, was not deduction for tax purpose. Thus, the Year's tax expenditure increased significantly by 71% to HK$13,246,000 (2014: HK$7,760,000).

The management realizes that the Group falls short of a solid capital base, and requires enormous capital to develop its retail network. As a result, it is imperative that we should improve logistic efficiency and reduce inventory level (thus increasing inventory turnover) so that the escalating warehousing cost could be reduced, cash flow pressure could be alleviated, and most importantly operating capital could be deployed efficiently. In the Year, the retail business continued to develop and 57 shops were opened. Retail revenue thus increased by 48%, while inventory level also increased proportionately to a consolidated inventory of HK$297,760,000 as at 30 April 2015 (2014: HK$218,516,000), representing an increase of 36% over the previous year. Inventory turnover that reflects the average number of days required to consume the inventory was 57 days (2014: 54 days), slightly increased from a year before. As at 30 April 2015, total deposits, prepayment, and other receivables (including prepaid rents and deposits of retail shops) increased commensurately with the increase in the number of shops of 759 STORE to HK$130,523,000 (2014: HK$103,789,000), an increase of 26%. Accounts receivable reduced due to the scale back of the manufacturing business. As at 30 April 2015, accounts receivable amounted to HK$55,625,000 (2014: HK$86,402,000), decreased by 36% comparing with the previous financial year end. Excluding the impact of the retail business, accounts receivable turnover stood at 86 days, a decrease of 3 days comparing with the previous financial year end (2014: 89 days).

Management Discussion and Analysis

BUSINESS REVIEW *(continued)*

Retail business

759 STORE, established in July 2010, cultivates its retail business with reference to the Japanese livelihood consumption model. 759 STORE persists in the maxim of "lower margin with high turnover", and has therefore adopted the policy of quick turnover, wide varieties of selection, providing consumers with leisurely shopping environment, and satisfactory service. The objective is to provide an alternative yet unique choice for the mass neighborhood market. As at 30 April 2015, the Group's retail shops stood at a number of 249 (2014: 192) shops. Nowadays, the retail business of 759 STORE has transformed from just selling snacks and beverages in the initial stage to the current stage of more varieties of merchandise and new attempts. We have also properly explored beyond the retail market to span the mass livelihood market, including bakery workshops and restaurants. Currently, the Group's "759" branded shops are as follows:

759 STORE and 759 STORE SUPERMARKET
Sells mainly snacks, beverages, rice and grain, non-staple food, frozen food, alcohols, pet snacks, household goods, kitchenware, household electrical appliances, personal care supplies, cosmetics, supplies for babies, toys, novelties, accessories, etc.

759 KAWAIILAND and 759 SKYLAND
Specializes in selling personal care supplies, cosmetics, supplies for babies, toys, novelties, accessories, etc.

759 KAGUYA and 759 STORE HOUSEHOLD MARKET
Specializes in selling household goods, kitchenware, household electric appliances, etc.

759 SHINGUYA
Specializes in selling fashionable pajamas and beddings

759 TOYSLAND
Specializes in selling supplies for babies, toys, etc.

759 WONTON NOODLE; 759 CART NOODLE; 759 CHA CHAAN TENG; 759 CAFE
Provides restaurant services

759 BAKERY
Specializes in selling self-baked food and supplies packed breads to 759 STORE shops within the vicinity

Management Discussion and Analysis

BUSINESS REVIEW *(continued)*

Retail business *(continued)*

In the Year, retail business recorded a revenue of HK$2,133,805,000 (2014: HK$1,442,981,000), an increase of about 48% and representing 88% of the Group's total revenue (2014: 79%). As at 30 April 2015, we had 249 shops (2014: 192 shops), of which there were 5 restaurants and one bakery workshop. A total of 57 shops were added in the Year, representing an increase of 30%. 759 STORE aims at serving its neighborhood with shops branching across 18 districts, penetrating the residential area, into the shopping arcades and shops in both public and private estates. 759 STORE commands a total retail area of about 431,000 square feet (2014: 271,000 square feet), with average area per store of about 1,733 square feet (2014: 1,411 square feet). The increase in the average area per shop was attributable to the fact that newly added stores are bigger in size, thus furnishing more comfortable shopping environment for shoppers and providing sustainably increasing varied supplies of goods. In the Year, our merchandise covers snacks, beverages, rice and grain, non-staple foods, frozen foods, alcohols, pet snacks, household goods, kitchenware, household electric appliances, personal care supplies, cosmetics, supplies for babies, toys, novelties, accessories, etc. Shops of smaller areas and are located close to other shops are developed into boutique shops to cater for the special needs of the neighbors. In the Year, the overall rental market continued to see an upward trend in its rents and, therefore, total rental expenses for the Group increased to represent about 10.6% of retail business revenue (2014: 9.8%).

In terms of direct salary, the Group believes that only reasonable salary level can encourage various hierarchy of staff be settled in comfortable jobs, so that they will strive to work hard, thus serving our customers satisfactorily. The salary and allowances for our front-line staff force represented 7.9% of the segment's total revenue (2014: 8.1%). This reflects our front-line staff force have demonstrated a work efficiency that can slightly alleviate the impact from the upward trend of their salary. On the other hand, average front-line employees per shop stood at 4.0 persons (2014: 4.1 persons), roughly the same as a year before. The experience gained by our employees has enabled them to handle the expanded average floor area per shop, increasing varieties of goods, and expanding scale of sales.

Our retail business adopts a parallel import mode in container loads. Pricing is formulated based on predetermined percentages and parameters. As a result, consistent gross profit margin should be maintained level. The Year's gross profit of the retail business was HK$732,248,000 (2014: HK$488,720,000). Gross profit margin was at 34.3% (2014: 33.9%). The Group has continued to develop and increase the scale of its retail network. The policy of high turnover has enabled the Group to place stable, long-term and big orders to overseas distributors and manufacturers. In this way, because of the stable demand, suppliers can have more room to reduce its cost and provide competitive export prices to 759 STORE. The selling and distribution expenses, and administrative expenses were HK$553,968,000 and HK$107,793,000 respectively (2014: HK$350,278,000 and HK$86,820,000), representing an increase of 58% and 24% respectively. The increase in selling and distribution expenses were resulted from the increase in revenue that increased by 48% and the increase in rental expenses. And, provision in the Year for prepaid rental and rentals of the onerous contracts with respect to certain unsatisfactorily performed shops amounted to HK$6,051,000. On the administrative front, the resources of coil business located in Hong Kong and overseas were fully diverted, in the previous year and before, to the retail business. Currently, our existing organization structure and administrative system are resourcefully enough to cater for the business development in the Year and beyond. As a result, our administrative expenses remained stagnant and did not increase together with the increase in revenue. With the scale of retail business gradually expanding, the segment's operating profit in the Year amounted to HK$68,637,000 (2014: HK$51,157,000), representing an increase of 34%. Operating profit margin was 3.2% (2014: 3.5%).

Management Discussion and Analysis

BUSINESS REVIEW *(continued)*

Retail business *(continued)*

In the Year, the revenue of the retail business continued to grow. The establishment of a unique procurement and supply chain system has been the critical factor of 759 STORE's successful development. 759 STORE has been extremely persistent in pricing autonomy and flexibility, and is persistent in pricing with reasonable formulae. Therefore, we have to rely on self-import for developing our source of supply. Our procurement team is composed of the core staff who served the coil business in prior years. After a few years' development, our procurement commands a sourcing network that spans worldwide. 759 STORE has so far sourced from 63 (2014: 60) different countries and areas. Currently its merchandise categories includes snacks, beverages, rice and grain, non-staple food, frozen food, alcohols, pet snacks, household goods, kitchenware, household electric appliances, personal care supplies, cosmetics, supplies for babies, toys, novelties, accessories, etc. Merchandise sold during the Year aggregated 23,500 varieties (2014: 14,500). 759 STORE's imports from the international network are mainly from overseas manufacturers, farms, exporters and major local wholesalers. When pricing is made, we will base on the import price to formulate with constant percentages and parameters. When the price is workout, most often the price will be similar to the retail selling price in the place of origin. In this way, when customers shop on imported merchandises they just feel like shopping overseas with similar consumer prices of those sold overseas. Concerning the relationship with local suppliers, the founder has endeavored to develop the rapport with them. The development so far has not been encouraging due to the competitions and supplier's requirement on pricing constraints. Yet, we have made some progress in securing local suppliers who like to do business with us. As the suppliers do not want us to compete with superstores, the merchandise local suppliers have supplied us are mostly second/third-tier merchandise. And, it does not help the operation effectiveness of 759 STORE. Also, building rapport with local suppliers always comes with rumors and speculations, and competitions with our contenders, which tends to be not worthwhile. As such, while we will maintain long term and stable rapport with some of our existing local suppliers, we will not further our procurement effort with other local suppliers, and will only focus on self-import as our procurement strategy in the meantime.

Electronic components manufacturing business

The Group's electronic components manufacture business and coil products are widely used in various electronic consumer products, such as mobile communication equipment, illuminating products, household appliances, computer and its peripheral products, and power supply devices. In the Year, the Group continued to reduce the electronic components manufacture business's scale in an orderly manner, maintain a low level of resources input, as well as utilize our well-established automated production facilities, focus on providing coil product, service and support for its international customers of years' partnership in the electronic industry. In the Year, the Group officially terminated the operation of the Nanjing workshop and made full provision for its relevant assets. As a result of the arrangement of the terminated production, the revenue of the segment of the electronic components manufacture business in the Year reduced by 26% to HK$285,771,000 (2014: HK$385,051,000).

Management Discussion and Analysis

BUSINESS REVIEW *(continued)*

Electronic components manufacturing business *(continued)*

Concerning the terminated Nanjing workshop, the Group made full provision which included prepaid rents, accounts receivable, inventories and staff costs, totaling HK$11,078,000, and current year's operating loss of HK$2,476,000. The aforesaid arrangement has negatively impacted the electronic components manufacturing business segment's gross profit margin and operating profit. Gross profit for the segment was HK$36,551,000 (2014: HK$56,589,000), representing a decline of 35%. Gross profit margin was also affected and stood at 12.8% (2014: 14.7%), reduced by about 1.9 percentage point. The segment's operating loss was HK$13,263,000 (2014: operating profit of HK$1,577,000). However, not taken into account the loss generated from the Nanjing workshop, the Group's electronic components manufacturing business, conducted mainly in the main factory in Zhongshan, still maintained positive operating results.

The Group's current manufacture business is mainly based in Zhongshan, Guangdong. With many years' development and investment, the manufacture base commands complete production facilities, well-established management process and highly integrated production. It mainly assembles coils and produces components for coils, which include ferrite cores, ceramic brackets, metallic parts, plastic accessories, molds, and packing material. The packing material manufacture department also supplies 759 STORE with necessary shopping plastic bags, and props for shop display purposes. The manufacture base is equipped with automated production facilities. Thus, under nowadays ever-increasing salary pay environment, the base can still maintain a economical production scale and competitive production cost, while capital expenditure was maintained at a relatively low level of HK$1,713,000 (2014: HK$3,525,000).

In the Year, the selling and distribution expenses of the electronic components manufacture business amounted to HK$7,705,000 (2014: HK$10,437,000), representing a reduction of 26% when compared with the previous year. This could be attributed to the decrease in total revenue of the segment. Administrative expenses were HK$38,989,000 (2014: HK$39,844,000). The balance of accounts receivable and inventory also reduced with the decline in revenue, which amounted to HK$49,020,000 and HK$70,268,000 respectively (2014: HK$80,582,000 and HK$84,474,000), representing a reduction of 39% and 17% respectively. The Group will proactively carry out its strict credit policy and inventory control, so that liquid capital will not be put under pressure.

Investment Properties

The rental income for the Group in the financial year was HK$2,796,000 (2014: HK$2,529,000), increased by 11%.

Management Discussion and Analysis

FINANCIAL REVIEW

Fund Surplus and Liabilities

As at 30 April 2015, the Group's bank balances and cash (denominated mainly in Hong Kong dollar, United States dollar and Renminbi) was HK$117,502,000 (2014: HK$110,385,000). As at 30 April 2015, the Group had aggregate banking facilities of HK$922,518,000 (2014: HK$609,325,000) for overdrafts, loans, trade financing, factoring of accounts receivable, etc. Unused facilities as at the same date amounted to approximately HK$295,765,000 (2014: HK$98,431,000). At 30 April 2015, the utilized banking facilities amounting to HK$626,753,000 (2014:HK$510,894,000) were secured by charges on the Group's certain land and buildings, investment properties, pledges of the Group's accounts receivable, bank deposits, and inventories. In addition, the Group is required to comply with certain restrictive financial covenants imposed by the major financing banks. As at 30 April 2015, the Group could comply with such financial covenants.

In the Year, because of the rapid development of the retail business, together with the purchase of warehouse and factory property in order to tackle the logistic requirement for business expansion, the Group's bank loans as at 30 April 2015 amounted to HK$623,011,000(2014: HK$499,085,000), increased by HK$123,926,000. As at 30 April 2015, the Group's gearing ratio* was 0.48 (2014: 0.42), which increased by 0.06 as compared with previous financial year. At the same time, the Group did not have any contingent liabilities (2014: Nil).

(The ratio of (total borrowings less bank balances and cash) over (total borrowings less bank balances and cash plus total equity))*

Assets

As at 30 April 2015, the Group had an inventory balance of HK$297,760,000 (2014: HK$218,516,000). The increase in inventory could be attributed to the inventory requirement of newly added shops. Besides, we have significantly increased the order of merchandise from overseas, such as Europe and the America. As at 30 April 2015, containers of goods still under shipment amounted to HK$69,995,000 (2014: HK$42,443,000), an increase of 65%. At the same time, the Group's aggregate prepayment, deposits, and other receivables (including prepaid rents and deposits) that amounted to HK$130,523,000 (2014: HK$103,789,000) has also increased together with the increase in the number of stores of 759 STORE.

Interest Expenses

In the Year, interest expense of the Group amounted to HK$19,010,000 (2014: HK$15,085,000), increased by 26%.

Management Discussion and Analysis

FINANCIAL REVIEW *(continued)*

Financial resources and capital structure

In the Year, the Group's net cash inflow was HK$ 6,605,000 (2014: HK$12,536,000 net cash outflow), while net cash inflow from operating activities was HK$66,256,000 (2014: HK$31,797,000),that increased by one-fold comparing with the previous financial year. The increase was mainly attributed to the rise in revenue and the increase in operating profit. During the Year, the Group's earnings before depreciation, interest and amortization went up by HK$28,092,000, while accounts receivable reduced by HK$26,956,000. All these had positive impacts on the net cash inflow from operating activities. Net cash outflow from investing activities amounted to HK$160,612,000 (2014: HK$81,572,000) in the Year, representing a significant increase of 97%. This could be attributable to the acquisition of certain properties that included warehouse and factory property, fitting-out of newly opened shops, which saw an investment of HK$97,245,000 and HK$44,061,000 respectively (2014: HK$16,270,000 and HK$37,809,000). During the Year, net cash inflow from financing activities amounted to HK$100,961,000 (2014: HK$37,239,000).

Cash Flow Summary

	2015	2014
	HK$'000	*HK$'000*
Net cash inflow from operating activities	**66,256**	31,797
Net cash outflow from investing activities	**(160,612)**	(81,572)
Net cash inflow from financing activities	**100,961**	37,239
Increase/(decrease) in cash and cash equivalents	**6,605**	(12,536)

As at 30 April 2015, the Group's net current liabilities was HK$219,682,000 (2014: HK$139,778,000) while current ratio stood at 0.70 time (2014: 0.77 time), which included pledge loans of approximately HK$160,218,000 (HK$43,993,000 repayable within one year; HK$116,225,000 repayable after one year). Such loan of HK$116,225,000 due for repayment after one year but contain a repayment on demand clause have been classified as current liabilities in accordance with the HK Interpretation 5, "Presentation of Financial Statements – Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause". Because of the expansion of the retail business in the past 12 months, the purchase of goods, prepaid rents and deposits have resulted in an additional cash outflow from operation. The Group did not resort to the capital market for additional funds. Instead, the Group relied on its internal resources and the banking facilities secured by charges on the Group's properties and other assets to support the additional cash flow required. After taking into account the available banking facilities, and the future demand for capital will be mitigated after the retail business development has entered into a consolidation stage, it is anticipated that in future the demand for capital funds will be relaxed. Hence the management believes that the Group is well positioned with operating fund to cope with its existing development plan.

Management Discussion and Analysis

FINANCIAL REVIEW *(continued)*

Charges on Assets

As at 30 April 2015, certain assets of the Group with an aggregate carrying value of approximately HK$448,844,000 (2014: HK$371,890,000) were pledged to secure banking facilities of the Group.

Exchange Risks

The Group's business is mainly conducted in Hong Kong, Mainland China and South-east Asia. The major revenue currencies are primarily denominated in Hong Kong dollar, Renminbi and United States dollars; whilst the major currencies in purchase commitments and operation costs are primarily denominated in Japanese Yen, United States dollars, Euro, Hong Kong dollar and Renminbi. The Group will endeavor to be vigilant in monitoring the fluctuation in exchange market, and will proactively adjust the combination of imported merchandise in order to offset the impact that may occur from currency fluctuation. Presently, if the exchange rates of Japanese Yen and Euro go up significantly, it will impact the Group's overall cost of imports. Because of this, the Group will pay vigilant attention to the fluctuation of Japanese Yen and Euro.

EMPLOYEES

As at 30 April 2015, the Group employed approximately 3,000 staff (2014: 3,100). The remuneration of the employees is determined by reference to market benchmark, individual performance, academic qualification and work experience, subject to periodic review. Other agreed employee benefits includes pension scheme, medical insurance, on-job training, education subsidy and other social security and paid leaves stipulated under the relevant jurisdiction of places of operation.

CORPORATE SOCIAL RESPONSIBILITIES

The Group is proactive in carrying out the responsibilities of a corporate citizen. By participating in various kinds of charitable, volunteer, and recreational activities, we have encouraged our staff force to care about the community and have promoted a sound mind in a sound body as well as their balanced development. We have also made donation to charitable organizations and educational institutions and have endeavored to participate in social welfare activities.

Management Discussion and Analysis

FUTURE PLAN AND OUTLOOK

Retail Business

Since 2010 July the retail business started, it had already been five years. Looking to the future, the Group had established a new scope for the next 5-years development, of which the main points were listed as follows:

From January 2015, the figures had revealed that total retail sales value in Hong Kong was reducing. In the meantime, since number of visitor arrivals also showed downward trend, the future of local retail market was not clear. Although our customer target of retail business were local resident, the retail business was still affected by Hong Kong general economic environment and consumer sentiment, in which the Group would foreseeably face much keen competition in future. Shop rental cost had still stayed as one of the significant factors in the development of the retail business. The founder deeply understood that property rent would be hard to come down so that he completely ruled out the possibility of cost reduction caused by waiting for property rent to come down. It could be described in Cantonese as "唔使預", meaning "no need to take into account". Rental level remaining high and not coming down was common factor faced by the whole retail market. The Group would insist to take "lower margin with high turnover" policy, studying the feasibility of providing much more discount offers to storecard holders in order to generally increase the turnovers in shops as much as possible, controlling the ratio of rent to turnover. The Group would also adopt the ratio of rent to turnover as the only one index in the decision of whether rental contracts in each shop could be renewed. The rental contract of some shops would not be renewed since their ratios of rent to turnover were not up to the standard.

The Group's retail business at the moment mainly carried「759 STORE」. The Group in the meantime opened various specialty shops such as「759 KAWAIILAND」 and「759 SKYLAND」which carried personal care items, cosmetics, baby items, toys, fine gift items and accessories,「759 KAGUYA」 and「759 STORE HOUSEHOLD MARKET」which carried household items, kitchen utensils, home electric appliances,「759 SHINGUYA」which carried fashionable pajamas, bedding items and「759 TOYSLAND」which carried toys. The business data so far gathered showed that, customers were much willing to give their patronage to shops of larger size in which more item categories and more products could be carried for customers to choose. Presently, the number of shops larger than 1,500 square feet represents approximately 40% of the total number of shops. The number of shops larger than 3,000 square feet represents about 12%, while these shops contributed 22% of the total revenue of retail business in the Year, much higher than the average. Though many sites in Hong Kong could still be considered as good sites for new shops, and the difficulty of opening next 100 new shops might relatively be not high and able to handle, the Group would not put increasing the total number of shops as development target, where the Group had no need and also no intention to open new shops in the way of stretching new shops into all possible areas, known as "planting flags". The Group would only find the sites of greater area and lower rent per sq ft. as potential sites of new shops, setting target as that the shops greater than 1,500 sq ft. should account for more than 65% of total shop number, gradually consolidating the item categories in various specialty shops, focusing on sculpturing「759 STORE」into「large grocery store」(small department store) in order to provide our customers much comprehensive range of items to choose.

Management Discussion and Analysis

FUTURE PLAN AND OUTLOOK *(continued)*

Retail Business *(continued)*

To match the scope of developing「759 STORE」into「large grocery store」(small department store), the Group would employ more frontline managerial staff of supermarket experience so as to strengthen the product display ability across various product categories coping with our high product flow rate policy. For salary cost, the Group expected that the labor market would still go tight. In addition to the effect of local rent and cost of living which kept rising, salary level would continue to stay in a trend of upward adjustment. The Group fully understood that only effective salary and remuneration scheme could make staff lead stable lifes and enjoy their careers, maintaining service standard and productivity. The Group will keep reviewing the reasonable level of basic salaries and performance-linked incentive program, including shop's performance on sales output in general and the promotion sales output of individual products on and off in certain periods, so as to encourage staff to work well along with "lower margin with high turnover" policy of the Group.

The Group adopted a self-import model in container loads, and at this moment had established a global sourcing network in which the number of countries or areas of origin had reached 63. The management considered that self-import model was an important factor of market differentiation for the retail business. We understood that supermarkets carried all kinds of products, displaying numerous product categories with the products that their brands were well known by the public. On the other hand, convenience stores widely spreaded in the city, providing extreme convenient services to the public. In between these two kinds of business models,「759 STORE」did not have wide coverage of products as supermarkets did and also was not convenient as convenience stores. In this connection, the only thing「759 STORE」could do was, continuously introducing more alternative products by expanding the scope of procurement and number of countries, especially those of brands famous overseas but not well known in HK market as alternative or supplementary items for standard products in current HK retail market. Looking into the future, based on business data so far collected, the Group planned to strengthen the supply of best-sellers by improving the procurement arrangement for the top 1000 items of customer favourites, so as to decrease the probability of short supply. On the other hand, the statistics of storecard usage showed that, around 480,000 customers shopped with storecards more than once a week, and about 1,150,000 customers shopped with storecards once or more in every 4 weeks. The management believed the statistics revealing that the number of customer patronage, relative to Hong Kong population, had gradually come into saturation that「759 STORE」had to expend the width of product variety in respect to the old weighting that snack took highest share. The Group planned to raise the shares of food groceries, household items and personal care items. Since agricultural items, fishes and meats mainly came from Europe, sourcing from Europe will be targeted to account for 35% of the total import, details of which are as follows.

Management Discussion and Analysis

FUTURE PLAN AND OUTLOOK *(continued)*

Retail Business *(continued)*

	Target	**2015**	2014
Japan	40%	**42.1%**	55.0%
Europe	35%	**15.6%**	13.6%
Korea	8%	**15.8%**	12.9%
Taiwan	5%	**9.2%**	9.4%
China	5%	**4.4%**	1.3%
Others	7%	**12.9%**	7.8%

	Target	**2015**	2014
Snack	30%	**48.9%**	60.2%
Cereals, oil and foodstuffs	38%	**36.5%**	32.9%
Household and Personal Care items	26%	**9.2%**	3.7%
Others	6%	**5.4%**	3.2%

The Group had completed the development of software and hardware regarding online sales platform for some time. It laid still for while since the Group had put its focus on developing and optimizing the retail business of brick and mortar shops. In the first quarter of the new financial year, the founder launched a 5-year "Youth Training Program" for those university graduates who wanted to develop their career in retail business. A number of fresh graduated university graduates had joined the Group under this program and their first mission was online sales. Coached by the founder himself, participants of the program was at this moment working hard to prepare and lead the newly established「759 ONLINE」, getting ready to start online sales business on 8 August 2015. Although the founder still had some concerns on heavy traffic in Hong Kong, expecting that the logistic cost for delivery would be high, he believed that online shopping was an inevitable trend and a good chance to train participants of the program as the future management of the retail business.「759 ONLINE」 did not have budget to "burn money". Balanced budget was the only standard for「759 ONLINE」to move on. The Group hoped that precious business data could be gathered after「759 ONLINE」was launched so as to support the long term development of the retail business.

On the other hand, the Group was planning to start its wholesale business in January 2016 with its own sales team, in consideration of whether recruiting sales professionals externally. Working along with the wholesales customer interface built in「759 ONLINE」, the Group considered small-sized retailers as its target customers of wholesale business, wholesaling the bestsellers that「759 STORE」 directly imported from overseas manufacturers. The management was studying in depth the feasibility on developing wholesales business, figuring out how to interact with wholesales customers. For retail network, the founder strongly insisted that HK was the only market and business area for「759 STORE」in the next 5 years and the Group would focus on providing Hong Kong locals much more shopping alternatives and much heartwarming services.

Management Discussion and Analysis

FUTURE PLAN AND OUTLOOK *(continued)*

Retail Business *(continued)*

Concerning the restaurant business, the Group now operates 7 restaurants. Running a restaurant is not the same as running a retail shop, creating certain pressure in operation management, workflow and human resources. As a result, the Group anticipates that more time is necessary to accumulate experience and operation data for future development.

In the past 5 years, the development of the Group's retail business was rapid in pace. Tremendous amount of funds was required to cope with the development. As such, the trust and support of our principal bankers to provide sufficient credit facilities to the Group are of paramount important. The founder will keep working together closely with our existing principal bankers, and will endeavor to update our bankers with our latest operation conditions in high transparency. Also, the bankers will fully understand the flow rate of our imported goods by processing our import trade finance bills. In the next five years, the Group will maintain prudency in its financial management to ensure that its sources of funds be deployed for developing the retail business, and in good order. It is also ensured that we will not invest in other projects which are not related to the Group's business.

Manufacturing business

In the Year, the Nanjing workshop was terminated and was withdrawn from production operation. The Nanjing company will be transformed to become the warehouse and procurement center for the Group in Eastern China. It will coordinate with our other subsidiaries in Chongqing, Xiamen and Zhongshan to explore premium Made-in-China products for Hong Kong's 759 STORE, thus providing more choices for our customers. On the other hand, after the termination of the Nanjing workshop, the Group's manufacturing business will be concentrated in the Guangdong province. The Group will continue to deploy a policy of contracting the business on a step-by-step basis and with a target that its profit and loss account be maintained at a positive level.

APPRECIATION

I would like to represent the management to give true gratitude to the kai-fong who supported 759 STORE, the clients of coils business, hard working staff, partner suppliers of retail and coils business and our essential financing banks.

Directors and Senior Management Profile

Directors

Executive Directors

Mr. LAM Wai Chun, aged 56, was appointed as an executive director of the Company with effect from 29 September 1999, and has been the Chairman and Managing Director of the Company since 4 October 1999 and 29 September 2009 respectively. He is also the Chairman of the Nomination Committee of the Company. Mr. Lam found the Group in 1979 and has over 44 years of experience in the coils manufacturing industry. Mr. Lam is the sole director of Ka Yan China Development (Holding) Company Limited and the managing director of Coils Electronic (Zhong Shan) Co., Ltd.

Ms. TANG Fung Kwan, aged 45, was appointed as an executive director of the Company with effect from 29 September 1999. She is responsible for the overall management of the procurement function of the Group's retail business. Ms. Tang is also a director of Coils Electronic (Zhong Shan) Co., Ltd. and 南京國仲磁性材料製品有限公司 (Nanjing Guo Zhong Magnetic Material Co., Ltd.). She is also a member of the Remuneration Committee and the Chairman of the Accounts Receivable Supervisory Committee of the Company. She has been admitted to the degree of Bachelor of Social Sciences with Honours in The University of Hong Kong in 1992, the degree of International Master of Business Administration in The University of South Australia, Australia, in 1998, the degree of Bachelor of Laws (LLB) in The Manchester Metropolitan University, United Kingdom, in 2006, the Postgraduate Certificate in Laws and the degree of Master of Laws in Arbitration and Dispute Resolution in The University of Hong Kong in 2008 and 2010 respectively. Ms. Tang joined the Group in 1993.

Mr. HO Man Lee, aged 35, was appointed as an executive director of the Company with effect from 27 September 2011. He is responsible for managing the Group's administration and personnel functions in Hong Kong and overseas, and co-ordinating the development of the Group's information system. Mr. Ho has been admitted to the degree of Bachelor of Computer Science with Honours in The Hong Kong University of Science and Technology in 2001 and the degree of Master of Business Administration in The Chinese University of Hong Kong in 2006. Mr. Ho joined the Group in 2001.

Independent Non-Executive Directors

Mr. AU Son Yiu, aged 69, was appointed as an independent non-executive director of the Company with effect from 29 September 1999. Mr. Au is also a member of the Audit Committee, the Nomination Committee and the Accounts Receivable Supervisory Committee as well as the Chairman of the Remuneration Committee of the Company. Mr. Au has extensive experience in the securities industry. He is a director of The Association of Former Council Members of The Stock Exchange of Hong Kong Limited and was a consultant to Dao Heng Securities Limited (1989-2008). He is also an independent non-executive director of Texwinca Holdings Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited. Until 31 January 2015, Mr. Au was also an independent non-executive director of Chun Wo Development Holdings Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited. In addition, Mr. Au is the Ex-Deputy Chairman of Hong Kong Clearing (1992-1994), the Ex-Council member of the Stock Exchange of Hong Kong Limited (1988-1994) and was a member of the Election Committee for the financial services subsector election for the 1998 Legislative Council.

Directors and Senior Management Profile

Mr. GOH Gen Cheung, aged 68, was appointed as an independent non-executive director of the Company with effect from 1 December 2005 and is a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. Mr. Goh has over 30 years of treasury, finance and banking experience. He is an associate member of The Hong Kong Institute of Bankers and obtained a Master's degree in Business Administration from the University of East Asia, Macau in 1987. Mr. Goh is also an independent non-executive director of Beijing Properties (Holdings) Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited. He was also an independent non-executive director of Yuhua Energy Holdings Limited (formerly known as Shinhint Acoustic Link Holdings Limited), a company listed on the Main Board of The Stock Exchange of Hong Kong Limited, until 30 November 2014.

Mr. Chan Chiu Ying, aged 56, was appointed as an independent non-executive director of the Company with effect from 1 February 2015 and is the Chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee of the Company. Mr. Chan has over 20 years' experience in the fields of accounting, securities and corporate finance spanning from regulatory to investment advisory and management of listed companies in Hong Kong. Mr. Chan holds a Master degree in Business Administration from the University of Bradford, the United Kingdom and is an advisor providing corporate and strategic advisory services in Hong Kong and China. He is a fellow of the Hong Kong Institute of Certified Public Accountants. He is also an associate of the Chartered Institute of Management Accountants, the United Kingdom and a member of the Hong Kong Securities and Investment Institute. Until 31 January 2015, Mr. Chan was also an independent non-executive director of Chun Wo Development Holdings Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited.

Senior Management

Group Consultant

Professor ZHU Yuhe, aged 77, is the consultant of the Group. He is a former independent non-executive director of the Company (appointed on 1 April 2007 and retired on 27 September 2013). Professor Zhu is a professor of School of Humanities and Social Sciences in Tsinghua University ("Tsinghua") in charge of some advanced courses relating to China's conditions and China's political economics. He is the standing director of 中國老教授協會 (China Senior Professor Association) and the Vice Chairman of 國傑老教授科學技術諮詢開發研究院 (Guojie Senior Professor Science and Technology Development Academy). Professor Zhu graduated from Tsinghua in electrical engineering in 1960 and was subsequently sent to Renmin University of China for further studies on modern history of China by Tsinghua. Professor Zhu has 45 years' extensive teaching experience in history, philosophy and political economics at Tsinghua and also held offices in Tsinghua, including the Director of Department of History, the Vice Dean of School of Humanities and Social Sciences and the teaching adviser of the President of Tsinghua during various periods.

Company Secretary

Ms. HO Wing Yi, aged 41, is the head of accounting of the Group, responsible for the Group's financial reporting and corporate finance functions. Ms. Ho is also the company secretary of the Company. She worked in an international firm of certified public accountants and has over 7 years of experience in auditing. Ms. Ho has been admitted to the degree of Bachelor of Accountancy with Honours and the degree of Master of Business Administration in The Hong Kong Polytechnic University in 1996 and 2007 respectively. She is also a fellow member of The Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. Ms. Ho joined the Group in 2003.

Directors and Senior Management Profile

Electronic Components Manufacturing Business

Ms. MAI Shaoling, aged 51, is the head of factory affairs of Coils Electronic (Zhong Shan) Co., Ltd. responsible for managing the factory affairs of Zhongshan main plant as well as the operation of the restaurant business. Ms. Mai is also the Party branch secretary of 中共中山市東鳳鎮高雅線圈製品有限公司 (Zhongshan Dong Feng Zhen Coils Electronic Company Limited). She has over 32 years of experience in administration. Ms. Mai joined the Group in 1983.

Mr. WANG Zhengwen, aged 47, is the head of finance of Coils Electronic (Zhong Shan) Co., Ltd. responsible for the accounts management of Zhongshan main plant. He graduated from the Beijing University of Finance and Economics in 1990 and obtained the qualification of accountant from the Ministry of Finance, People's Republic of China. Mr. Wang joined the Group in 1998.

Ms. HUANG Shaobing, aged 36, is the head of business, responsible for the management of sales functions of the Group. She has over 17 years of working experience in management of coil products procurement as well as sales and marketing. Ms. Huang joined the Group in 1998.

Ms. POH Po Leng, aged 46, is the head of business of CEC-Coils Singapore Pte Ltd. responsible for the development of the Group's business in the Far East and the purchasing of Southeast Asian food products of 759 STORE. She previously worked in several prestigious Japanese electronic product manufacturers. Ms. Poh joined the Group in 2000.

Mr. SHINODA Akira, aged 65, is the chief head of quality of Coils Electronic (Zhong Shan) Co., Ltd. responsible for the management of quality and production technique of Zhongshan main plant and the development of the Japanese supplier relationship of 759 STORE. He has over 44 years of experience in production engineering of electronic components. Mr. Shinoda joined the Group in 2010.

Mr. ZHAO Xiangqun, aged 53, is the head of engineering and quality responsible for the management of the engineering and quality functions of the Group's electronic components manufacturing business. He has been admitted to the degree of Bachelor of Science in Physics and the degree of Master of Science in Gravitational Physics in the Sun Yat-Sen University, Guangdong Province, Mainland China, in 1986 and 1989 respectively. Mr. Zhao joined the Group in 2001.

Mr. LAO Xin, aged 43, is the head of administration of Coils Electronic (Zhong Shan) Co., Ltd. responsible for the management of the Group's administration and personnel functions in Mainland China. He has been admitted to the degree of Bachelor of History in the Renmin University of China, Mainland China in 1994 and the degree of Master of Business Administration in The Hong Kong Polytechnic University in 2006. Mr. Lao joined the Group in 1995.

Retail Business

Purchasing Management

Ms. SIU Pui Yan, aged 33, is the purchasing manager of retail business, responsible for coordinating the purchases and supplies of the retail business. She has been admitted to the degree of Bachelor of Business Administration in Lingnan University, Hong Kong in 2003. Ms. Siu joined the Group in 2010.

Ms. LAI Wanru, aged 43, is the head of purchasing of Coils Electronic (Zhong Shan) Co., Ltd. responsible for the purchase, materials procurement and logistics management functions of the Group's coil business as well as the purchasing of Taiwan food products of 759 STORE. Ms. Lai has over 25 years of experience in materials procurement, coils production as well as sales and marketing. She has been admitted to the executive diploma in Management Studies in The Hong Kong Polytechnic University in 2005. Ms. Lai joined the Group in 1990.

Directors and Senior Management Profile

Mr. MORI Kenji, aged 40, is the business development manager of purchasing of retail business, responsible for the purchasing of Japanese snacks and food products of 759 STORE. Mr. Mori has over 15 years of experience in such areas as retail of snack, confectionary and grocery, purchase management, etc. Mr. Mori joined the Group in 2011.

Mr. FUKUOKA Kazuaki, aged 51, is the business development manager of purchasing of retail business, responsible for the development of sourcing in Japan of 759 STORE. Mr. Fukuoka has over 29 years of experience in such areas as retail of snack, confectionary and grocery, shop management, visual merchandising, layout design, etc. Mr. Fukuoka joined the Group in 2011.

Mr. YANG Yong, aged 40, is the head of purchasing in China of retail business, responsible for the purchasing of Mainland China products of 759 STORE. He has over 21 years of working experience in management of coil products procurement as well as sales and marketing. Mr. Yang joined the Group in 1994.

Quality Management

Mr. HE Guogao, aged 49, is the head of quality assurance responsible for the management of food quality and labeling functions. He has been admitted to the degree of Bachelor of Engineering in Automation in the Lanzhou University of Technology (formerly known as the Gansu University of Technology), Mainland China, in 1988 and the degree of Master of Business Administration in The Hong Kong Polytechnic University in 2006. Mr. He joined the Group in 2001.

Mr. CAO Huizhong, aged 45, is the quality assurance manager responsible for the management of food quality and labeling functions. He has been admitted to the degree of Master of Business Administration in The Hong Kong Polytechnic University in 2006. Mr. Cao joined the Group in 1994.

Information Technology Management

Mr. QING Liang, aged 37, is the head of information system responsible for managing the development and application of information system. Mr. Qing has been admitted to the degree of Bachelor of Computer Science and Technology with Honours in the Chongqing Jiaotong University, Mainland China (formerly known as the Chongqing Jiaotong Institute) in 2000. Mr. Qing joined the Group in 2002.

Shop Management

Mr. YIP Chi Ping, aged 50, is the general manager of shop operation responsible for the management of shop operation of 759 STORE. Mr. Yip worked in a large-scale chained supermarket and has over 29 years of experience in retail operations and merchandising. Mr. Yip joined the Group in 2013.

Mr. MA Hei Shing, aged 48, is the deputy general manager of shop operation responsible for the management of shop operation of 759 Kawaiiland. Mr. Ma has over 28 years of experience in retail industry. Mr. Ma joined the Group in 2012.

Mr. LAU Chi Chiu, aged 48, is the general manager assistant of shop operation responsible for regional shop management of 759 STORE. Mr. Lau worked in a large-scale chained supermarket and has over 25 years of experience in shop operations. Mr. Lau joined the Group in 2013.

Mr. NG Yau Shing, aged 39, is the general manager assistant of shop operation responsible for regional shop management of 759 STORE. Mr. Ng worked in a large-scale chained supermarket and has over 19 years of experience in shop operations. Mr. Ng joined the Group in 2013.

Directors and Senior Management Profile

Retail Management

Ms. WONG Sin Kam, aged 53, is the head of property management department responsible for coordinating the leasing function of 759 STORE. She has over 33 years of working experience in related field. Ms. Wong joined the Group in 1990.

Mr. NG Hoi Yiu, aged 33, is the shop leasing manager responsible for managing the leasing of shops of 759 STORE. He has been admitted to the degree of Bachelor of Electronic and Communication Engineering in The University of Hong Kong in 2003 and the degree of Master of Science in Engineering Business Management jointly awarded by The University of Warwick, United Kingdom and The Hong Kong Polytechnic University in 2011. Mr. Ng joined the Group in 2003.

Mr. CHAU Wai Cheong, aged 46, is the shop leasing manager responsible for managing the leasing of shops of 759 STORE. He worked as a reporter for the finance page in a local Chinese newspaper for over 16 years. Mr. Chau joined the Group in 2014.

Mr. HO Kwok Keung, aged 57, is the head of engineering (interior fitting out) responsible for managing the fitting-out and its maintenance of the retail shops. He is a former executive director of the Company (appointed on 20 December 2002 and resigned on 14 August 2003). He has over 39 years of experience in electronics and electrical industry. Mr. Ho joined the Group in 1996.

Mr. CHUA You Sing, aged 67, is the head of logistic responsible for the transportation and logistic management of 759 STORE. He is a former executive director of the Company (appointed on 1 May 2005 and retired on 27 September 2007). Mr. Chua has over 45 years' extensive experience in management and electronic manufacturing business. Mr. Chua joined the Group in 2005.

Mr. CHAN Yuk Lun, aged 47, is the head of warehouse responsible for the warehouse management of 759 STORE. He has been admitted to the degree of Bachelor of Business Administration with Honours in Bolton Institute, United Kingdom, in 2000 and the degree of Master of Business Administration in The Open University of Hong Kong in 2005. Mr. Chan joined the Group in 1992.

Mr. SIN Kin Lok, aged 29, is the manager of personnel department responsible for the daily personnel management of 759 STORE. He has been admitted to the degree of Bachelor of Arts in Human Resources Management in the Northumbria University, United Kingdom, in 2007. Mr. Sin joined the Group in 2012.

Mr. YAU Tat Wing, aged 34, is the design manager of marketing department responsible for managing the advertising design function of 759 STORE. Mr. Yau has been admitted to the degree of Bachelor of Arts in Graphic Design in The University of Huddersfield, United Kingdom, in 2010. He has over 15 years of experience in advertising design. Mr. Yau joined the Group in 2012.

Ms. CHAN Wing Lam, aged 33, is the interior design manager responsible for managing the shop design function of 759 STORE. She has over 9 years of experience in interior design of retail shops. Ms. Chan joined the Group in 2014.

759 Online (Youth Training Program)

Ms. LEE Tsz Kei, aged 22, is the department officer of 759 Online responsible for coordinating the online sales business – 759 Online. She has been admitted to the degree of Bachelor of Business Administration in Operations Management and Management with Honours in The Hong Kong University of Science and Technology in 2015. Ms. Lee joined the Group in 2015.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The board of directors (the “Board”) of the Company believes that good corporate governance is not only in the interest of the Company and its shareholders as a whole, but also increasingly important for maintaining and promoting investor confidence. The Board is responsible for ensuring a high quality of corporate governance. The Company has adopted the principles and complied with the Corporate Governance Code (the “Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) for the year ended 30 April 2015, except for the following deviations:

1. Under code provision A.2.1 of the Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual.

   Before 29 September 2009, the roles of the Chairman of the Board and the chief executive officer of the Company (the “CEO”) were performed by two different executive directors of the Company. Due to the re-allocation of the respective duties of the executive directors of the Company, Mr. Lam Wai Chun, the Chairman of the Board, has been appointed as the Managing Director of the Company with effect from 29 September 2009 and has carried out the responsibilities of the CEO since then. This constitutes a deviation from code provision A.2.1 which stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. However, as Mr. Lam Wai Chun is the founder of the Group and possesses substantial and valuable experience in the industry that is relevant to the Group’s operation, the Board believes that vesting the roles of the Chairman of the Board and the CEO in the same person will provide the Company with strong and consistent leadership and promote effective and efficient formulation and implementation of business decisions and strategies and considers that such structure is currently in the best interests of the Company and its shareholders as a whole.

2. Under code provision E.1.2 of the Code, the Chairman of the Board should attend the annual general meeting of the Company.

   The Chairman of the Board did not attend the Annual General Meeting of the Company held on 25 September 2014 (the “2014 AGM”) due to illness at the material time. Ms. Tang Fung Kwan, the executive director of the Company, who took the chair of the 2014 AGM and other members of the Board (including the chairman of each of the Audit Committee and the Remuneration Committee and the members of the Nomination Committee) attended the 2014 AGM to ensure effective communication with the shareholders of the Company.

Save as disclosed above, the Company considers that sufficient measures have been taken to ensure that the Company’s corporate governance practices are no less exacting than those in the Code.

DIRECTORS’ 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 as its own code of conduct regarding directors’ securities transactions. Following specific enquiry by the Company, all of the directors of the Company confirmed compliance with the required standard set out in the Model Code at the applicable times for the period from 1 May 2014 to 30 April 2015.

Corporate Governance Report

BOARD OF DIRECTORS

The Board currently comprises three executive directors, namely Mr. Lam Wai Chun (Chairman and Managing Director), Ms. Tang Fung Kwan and Mr. Ho Man Lee; and three independent non-executive directors, namely Mr. Au Son Yiu, Mr. Goh Gen Cheung and Mr. Chan Chiu Ying. The number of independent non-executive directors of the Company represents half of the Board and there is one independent non-executive director who possesses appropriate professional qualifications, accounting and related financial management expertise required under Rule 3.10(2) of the Listing Rules.

The Company has received from each of the independent non-executive directors an annual written confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all independent non-executive directors are independent. To the best knowledge of the directors, the members of the Board have no financial, business, family or other material/relevant relationship with each other. Mr. Au Son Yiu, who has served as independent non-executive director for more than nine years, shall retire and, being eligible, offer himself for re-election as an independent non-executive director of the Company at the forthcoming annual general meeting of the Company. Pursuant to code provision A.4.3 of the Code, further appointment of Mr. Au as an independent non-executive director should be subject to separate resolution to be approved by the shareholders of the Company. In this regard, a resolution will be proposed at the forthcoming annual general meeting of the Company for further appointment of Mr. Au as an independent non-executive director. The Nomination Committee of the Company has reviewed and assessed his annual confirmation of independence based on the independence factors set out in Rule 3.13 of the Listing Rules. With his extensive experience and sharp business acumen, Mr. Au has provided valuable independent advice for the Group's business development in his previous tenures. As Mr. Au is not involved in the day-to-day management of the Company and there is no evidence that his independence would be affected by his length of term, the Board considers that Mr. Au will continue to provide valuable contributions to the Company and the shareholders as a whole.

In accordance with the Company's Bye-laws, one-third of the directors shall retire from office by rotation at each annual general meeting and each of their re-election is subject to a vote of shareholders. Every director is subject to retirement by rotation at least once every three years.

The Board determines the objectives, strategies and policies of the Group. In addition, the Board monitors and controls the operating and financial performance in pursuit of the Group's strategic objectives. The day-to-day management of the Group's business is delegated to the Managing Director and the management of the Group under the supervision of the executive directors of the Company. The functions and powers that are so delegated are reviewed periodically to ensure that they remain appropriate. Matters reserved for the Board are those affecting the Group's overall strategic policies, financial objectives, dividend policy, changes in accounting policies, material acquisition and disposal of assets, investments and capital projects, banking facilities, provision of guarantees and indemnities, determination and adoption of documents (including the publication of announcements, reports and statements to shareholders) that are required by the Company's constitutional documents, statutes and other applicable regulations and monitoring the compliance with corporate governance practices and applicable laws and regulations as well as the financial covenants imposed by banks.

Corporate Governance Report

BOARD OF DIRECTORS *(continued)*

During the year under review, the key non-routine matters addressed by the Board included approving the re-appointment of the executive directors, the appointment of an independent non-executive director, the remuneration packages of the executive directors and the senior management of the Group, considering the environmental, social and governance reporting requirements of the Listing Rules, as well as making proposals to the shareholders of the remuneration of independent non-executive directors.

With the support of the executive directors and the management of the Group, the Chairman seeks to ensure that all directors are properly briefed on issues arising at Board meetings and receive adequate information, which are complete and reliable, in a timely manner. Each of the directors keeps abreast of his/her responsibilities as a director of the Company and of the conduct, business activities and development of the Company. Monthly updates are provided to directors to ensure that they are aware of the business and regulatory environment in which the Group conducts its business.

The Company renewed the directors' and officers' liability insurance for members of the Board in January 2015 to provide protection against claims arising from the lawful discharge of duties by the directors.

BOARD MEETINGS

The Board meets regularly to review the financial and operating performance of the Group each financial year. Regular Board meetings are held at least four times per year. The directors may attend Board meetings in person or by means of a conference telephone, electronic or other communication in accordance with the Company's Bye-laws.

ATTENDANCES OF MEETINGS

The number of meetings of the Board and its committees during the year ended 30 April 2015, the individual attendance of each Board and committee member at these meetings and the attendance of the Board members at the 2014 AGM are set out below:

Directors	Board	Audit Committee	Remuneration Committee	Nomination Committee	Accounts Receivable Supervisory Committee	2014 AGM
Executive Directors						
Lam Wai Chun	6/6	–	–	2/2	–	0/1
Tang Fung Kwan	6/6	–	4/4	–	1/1	1/1
Ho Man Lee	6/6	–	–	–	–	1/1
Independent Non-Executive Directors						
Au Son Yiu	6/6	4/4	4/4	2/2	1/1	1/1
Goh Gen Cheung	6/6	4/4	4/4	2/2	–	1/1
Chan Chiu Ying *(appointed on 1 February 2015)*	1/1	1/1	–	–	–	–
Tang Tin Sek *(passed away on 2 December 2014)*	3/3	2/2	2/2	1/1	–	1/1

Corporate Governance Report

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Before 29 September 2009, Mr. Lam Wai Chun is the Chairman of the Board and Ms. Tang Fung Kwan, the Deputy Chairman and Managing Director of the Company, assumed the role of the chief executive officer ("CEO") described in Appendix 14 to the Listing Rules. Due to the re-allocation of the respective duties of the executive directors of the Company, Mr. Lam Wai Chun has been appointed as the Managing Director of the Company with effect from 29 September 2009 and has carried out the responsibilities of the CEO since then. As Mr. Lam Wai Chun is the founder of the Group and possesses substantial and valuable experience in the industry that is relevant to the Group's operation, the Board believes that vesting the roles of the Chairman of the Board and the CEO in the same person will provide the Company with strong and consistent leadership and promote effective and efficient formulation and implementation of business decisions and strategies and considers that such structure is currently in the best interests of the Company and its shareholders as a whole.

NON-EXECUTIVE DIRECTORS

All the three non-executive directors are independent and have entered into their respective letters of appointment for a term of two years.

INDUCTION AND DEVELOPMENT

Upon their appointments, directors will meet with our external legal adviser and be advised on the legal and other duties and obligations they have as directors of a listed company. An induction session was held for Mr. Chan Chiu Ying who joined the Board newly in February 2015. Throughout the course of their directorship, directors are updated on any developments or changes affecting the Company and their obligations to it monthly and at regular Board meetings.

Directors' training is an ongoing process. All directors are encouraged to attend relevant training courses at the Company's expense. During the year ended 30 April 2015, the Company has sponsored the directors and relevant staff to attend a summit relating to the business environment in which the Group operates. In addition, all directors, namely Mr. Lam Wai Chun, Ms. Tang Fung Kwan, Mr. Ho Man Lee, Mr. Au Son Yiu, Dr. Tang Tin Sek, Mr. Goh Gen Cheung and Mr. Chan Chiu Ying had participated in continuous professional development programmes by attending external conferences and seminars organized by professional bodies, to develop and refresh their knowledge and skills in relation to their contribution to the Board. The Company has received from all directors of their respective training records for the year ended 30 April 2015.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Board established a Remuneration Committee on 18 March 2005 with written terms of reference, which are available on the Company's website (www.0759.com), setting out the duties (containing the minimum specific duties as set out in the Code) and authority of the Remuneration Committee. The principal duties of the Remuneration Committee are to make recommendations to the Board on (i) the Company's policy and structure for all remuneration and fees of directors of the Company and senior management of the Group, (ii) the remuneration packages of individual executive directors of the Company and senior management of the Group, including benefits in kind, pension rights and compensation payments, and (iii) the remuneration of non-executive directors of the Company, as well as to review and approve the management's remuneration proposals.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT *(continued)*

In determining the emolument of directors of the Company and senior management of the Group, the Remuneration Committee takes into consideration factors such as salaries or fees paid by comparable companies, time commitment and responsibilities of the directors and senior management, employment conditions elsewhere in the Group, desirability performance-based remuneration, the operating results of the Group, individual performance and prevailing market conditions. The director's fee of each of the independent non-executive directors is subject to the approval of the Company's shareholders at the annual general meetings.

The emoluments of the members of the senior management by band for the year ended 30 April 2015 is set out below:

	Number of members	
Emolument bands	**2015**	2014
Nil to HK$1,000,000	**31**	23

Further particulars regarding Directors' emoluments and the 5 highest paid individuals as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in note 23 to the financial statements.

During the year ended 30 April 2015, the Remuneration Committee held four meetings. The works performed by the Remuneration Committee included making recommendation to the Board of the remuneration packages (including the relevant service agreements and supplemental agreements, if any) of executive directors and certain members of the senior management, the terms and conditions of the letters of appointment for independent non-executive directors, the directors' fees of independent non-executive directors and the additional remuneration for each of the chairmen of the Audit Committee and the Remuneration Committee, reviewing the remuneration policy and the remuneration packages of the senior management of the Group, as well as reviewing and determining the upper limit of revised salary for the senior management. No director has taken part in any discussion about his/her own remuneration.

The Remuneration Committee currently comprises four members including one executive director, namely Ms. Tang Fung Kwan, and three independent non-executive directors, namely Mr. Au Son Yiu (chairman of the Remuneration Committee), Mr. Goh Gen Cheung and Mr. Chan Chiu Ying.

NOMINATION COMMITTEE

The Board established a Nomination Committee on 21 March 2012 with written terms of reference, which are available on the Company's website (www.0759.com), setting out the duties (containing the minimum specific duties as set out in the Code) and authority of the Nomination Committee. The principal duties of the Nomination Committee are to review the structure, size, composition and diversity (including the skills, knowledge and experience) of the Board, to make recommendations on any proposed changes to the Board to complement the Company's corporate strategy and to assess the independence of independent non-executive directors of the Company. The Nomination Committee currently comprises four members including one executive director, namely Mr. Lam Wai Chun (chairman of the Nomination Committee), and three independent non-executive directors, namely Mr. Au Son Yiu, Mr. Goh Gen Cheung and Mr. Chan Chiu Ying.

Corporate Governance Report

NOMINATION COMMITTEE *(continued)*

The Company recognizes the importance of the diversity of the composition of the Board for the sustainable and balanced development of the Group in the long term. On 26 August 2013, the Board adopted a policy (the "Board Diversity Policy") that sets out the approach to achieving the Board's diversity. Selection of candidates for the Board will be based on a range of perspectives, including but not limited to gender, age, cultural and educational background, experience, professional qualifications, expertise, skills and the business plans of the Group at the material time. All appointment of directors of the Company will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The Nomination Committee will monitor the implementation of the Board Diversity Policy and, for the purpose of ensuring its effectiveness, the Nomination Committee will review this policy and recommend any revisions to the Board for consideration and approval, when necessary.

The Nomination Committee held two meetings during the year ended 30 April 2015. The Nomination Committee reviewed the structure, size, composition and diversity of the Board, assessed the independence of independent non-executive directors, considered the re-election of retiring directors and made recommendations to the Board on the appointment of an independent non-executive director and the re-appointment of two executive directors.

AUDITOR'S REMUNERATION

During the year ended 30 April 2015, the fees paid/payable to the external auditor of the Company, PricewaterhouseCoopers, amounted to approximately HK$2,650,000 for statutory audit services and approximately HK$97,700 for non-audit services (comprising tax and other services) rendered to the Group.

AUDIT COMMITTEE

The Board established the Audit Committee in September 1999 with written terms of reference (containing the minimum specific duties as set out in the Code), which are available on the Company's website (www.0759.com). The Audit Committee currently comprises three independent non-executive directors, namely Mr. Chan Chiu Ying (chairman of the Audit Committee), Mr. Au Son Yiu and Mr. Goh Gen Cheung. The chairman of the Audit Committee has the appropriate professional qualifications and extensive experience in accounting, securities and corporate finance. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the annual report of the Company for the year ended 30 April 2015.

The principal duties of the Audit Committee are to review and oversee the Group's financial reporting system, internal control procedures, risk management, internal and external audit functions, to review the Group's financial information and to oversee the relationship with external auditors.

Regular meetings have been held by the Audit Committee since its establishment. The Audit Committee meets at least twice per financial year in accordance with its terms of reference. During the year under review, the Audit Committee discharged its duties by reviewing the audit findings, systems of internal control of the Group, internal audit plan and schedule, internal audit reports on the effectiveness of internal control of the Group and the financial reporting matters (including announcements, financial reports and accounts relating to the interim and annual results of the Company before submission to the Board for approval, the accounting principles and practices adopted by the Group and compliance), approving the terms of engagement of the Company's external auditor and discussing with the Company's external auditor the nature and scope of the audit. Two post-meeting sessions with the external auditor in the absence of management have been held during the year ended 30 April 2015.

Corporate Governance Report

OTHER BOARD COMMITTEE

The Board has established an Accounts Receivable Supervisory Committee on 27 September 2006 with written terms of reference to deal with matters relating to credit control of the Group (including reviewing the effectiveness of credit control systems, making recommendations to the Board and formulating long-term strategy and related policy on credit control of the Group) within the authority as delegated by the Board.

The Accounts Receivable Supervisory Committee currently comprises two members including one executive director, namely Ms. Tang Fung Kwan (chairman of the Accounts Receivable Supervisory Committee), and one independent non-executive director, namely Mr. Au Son Yiu.

COMPANY SECRETARY

The Company Secretary is an employee of the Company and is appointed by the Board. The Company Secretary is responsible for facilitating the procedures and activities of the Board and its committees as well as good communication flow among the Board members, shareholders and the senior management.

During the year ended 30 April 2015, Ms. Ho Wing Yi, the company secretary of the Company (the "Company Secretary"), undertook no less than 15 hours of relevant professional training to keep abreast of latest legislative and regulatory changes and to refresh her skills and knowledge.

INTERNAL CONTROL

The Board is responsible for maintaining sound and effective internal control systems covering all material controls, including financial, operational and compliance control and risk management functions. The systems are designed to provide reasonable, but not absolute, assurance against misstatement, losses, errors or fraud.

To enhance the standard of the internal control systems, the Company continues to engage an external audit firm to carry out an on-going project to conduct internal independent review and to evaluate all the shops and major operations of the Group in order to ensure that:–

– proper segregation of duties and controls have been established by the management of the Group and the above controls are functioned as intended;

– procedures have been designed for safeguarding the Group's assets against unauthorized use or disposition;

– all applicable laws, rules and regulations are complied with;

– the internal control functions are properly integrated into the daily operations of the Group;

– adequate measures and control systems have been deployed for mitigating the financial and operational risks exposure by the Group; and

– control weaknesses, findings and improvement processes are reported to the Audit Committee regularly.

An effective cash management system has been established to oversee the Group's cash operations.

Corporate Governance Report

INTERNAL CONTROL *(continued)*

During the year ended 30 April 2015, the Board through the Audit Committee reviewed the effectiveness of the Group's internal control systems, including the approval of audit planning and procedures as well as the assessment and review of internal audit reports in order to ensure that a sound and adequate control environment have been installed in the Group.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company acknowledge their responsibility for preparing the financial statements of the Group, which give a true and fair view and are prepared in accordance with statutory requirements and applicable accounting standards with appropriate accounting policies applied on consistent basis, and ensuring the publication of the Group's financial statements in a timely manner.

The directors of the Company have continued to adopt the going concern basis in preparing the financial statements. The Board endeavours to ensure a balanced, clear and understandable assessment of the Group's performance and prospects in financial reporting.

The responsibilities of the Company's external auditor with respect to financial reporting are set out in the Independent Auditor's Report on page 42 of this annual report.

INSIDE INFORMATION

With respect to procedures and internal controls for the handling and dissemination of inside information, the Company is fully aware of its obligations under the new Part XIVA of the Securities and Futures Ordinance, Chapter 571 effective from 1 January 2013 and the Listing Rules. In December 2013, a policy has been adopted by the Board which sets out guidelines to the directors, officers and all relevant employees of the Group to ensure inside information of the Company is to be disseminated to the public in equal and timely manner.

INVESTOR RELATIONS, SHAREHOLDERS' RIGHTS AND COMMUNICATIONS

A Shareholders Communication Policy was adopted in March 2012 to ensure that shareholders of the Company are provided with ready, equal and timely access to balanced and understandable information about the Company. The policy is posted on the Company's website and is regularly reviewed to ensure its effectiveness.

The Company has established different communication channels with its shareholders and the investors, including (i) the annual general meetings of the Company which provide a forum for its shareholders to raise comments and exchange views with the Board and (ii) updated company news and published announcements of the Group which are available on the websites of the Stock Exchange and the Company.

The Company arranges for the notice to its shareholders to be sent at least 20 clear business days before each of the annual general meetings of the Company in accordance with Code Provision E.1.3 of the Code. Separate resolutions are proposed at annual general meeting on each substantially separate issue, including the re-election of each individual director.

Corporate Governance Report

INVESTOR RELATIONS, SHAREHOLDERS' RIGHTS AND COMMUNICATIONS *(continued)*

Pursuant to the Bye-laws 58 of the Bye-laws of the Company, any shareholder holding not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by depositing a written requisition to the Board or the Secretary of the Company at 2nd Floor, Hing Win Factory Building, 110 How Ming Street, Kwun Tong, Kowloon, Hong Kong, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition and such meeting shall be held within two (2) months after the deposit of such requisition. Any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The chairman of meeting will explain the poll voting procedures at the relevant general meeting and answer any questions from shareholders on voting by poll.

The Board always welcomes shareholders' views and input. Shareholders may at any time send their enquiries by addressing them to the Company Secretary by post to 2nd Floor, Hing Win Factory Building, 110 How Ming Street, Kwun Tong, Kowloon, Hong Kong or by email at secretary@ceccoils.com.

CONTINUOUS CORPORATE GOVERNANCE ENHANCEMENT

The Board is committed to progressively reinforce its corporate governance including giving closer attention to any regulatory changes with a view to maintaining a corporate culture built on ethics and integrity and increasing shareholder value as a whole.

Report of the Directors

The Directors of the Company (the "Directors") has pleasure in presenting this report together with the audited financial statements for the year ended 30 April 2015.

Principal activities and geographical analysis of operations

The Company is an investment holding company. Its subsidiaries are principally engaged in (i) retail of food and beverage, household and personal care products; (ii) design, development, manufacture and sale of a wide range of coils, ferrite powder and other electronic components; and (iii) investment property holding.

An analysis of the Group's performance for the year by operating segment is set out in note 5 to the financial statements.

Results and appropriations

The results of the Group for the year ended 30 April 2015 are set out in the consolidated income statement on page 46 of this annual report.

No interim dividend has been declared for the year ended 30 April 2015 (2014: Nil). The board of directors of the Company (the "Board") has resolved to recommend, subject to the approval of the shareholders at the forthcoming annual general meeting of the Company, the payment of a final dividend of HK1.00 cent (2014: HK0.70 cent) per share for the year ended 30 April 2015 payable on or about 23 October 2015 to the shareholders whose names appear on the Company's register of members on 9 October 2015.

Reserves

Movements in the reserves of the Group and of the Company during the year ended 30 April 2015 are set out in note 16 to the financial statements.

Donations

Charitable and other donations made by the Group during the year ended 30 April 2015 amounted to HK$243,000 (2014: HK$610,000).

Property, plant and equipment

Details of the movements in property, plant and equipment of the Group during the year ended 30 April 2015 are set out in note 7 to the financial statements.

Principal investment properties

Details of the principal properties of the Group held for investment purposes are set out on page 112 of this annual report.

Share capital

Details of the movements in the share capital of the Company are set out in note 15 to the financial statements.

Report of the Directors

Distributable reserves

As at 30 April 2015, the Company's contributed surplus of HK$131,338,000 (2014: HK$131,338,000) (subject to provisions under the Companies Act 1981 of Bermuda (as amended)) and retained earnings of HK$10,289,000 (2014: HK$9,952,000) were available for distribution to the equity holders of the Company.

Pre-emptive rights

There is no provision for pre-emptive rights under the Company's Bye-laws and the laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to the existing shareholders of the Company.

Purchase, sale or redemption of the Company's listed shares

The Company had not redeemed any of its listed shares during the year ended 30 April 2015. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company's listed shares during the year ended 30 April 2015.

Directors

The Directors who held office during the year ended 30 April 2015 and up to the date of this report were:

Executive Directors

Mr. Lam Wai Chun	*(Chairman and Managing Director)*
Ms. Tang Fung Kwan	
Mr. Ho Man Lee	

Independent non-executive Directors

Mr. Au Son Yiu	
Mr. Goh Gen Cheung	
Mr. Chan Chiu Ying	*(appointed on 1 February 2015)*
Dr. Tang Tin Sek	*(passed away on 2 December 2014)*

Pursuant to Bye-law 87 of the Company's Bye-laws, Mr. Lam Wai Chun and Mr. Au Son Yiu shall retire by rotation at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election.

In accordance with Bye-law 86(2) of the Company's Bye-laws, Mr. Chan Chiu Ying will hold office until the forthcoming annual general meeting of the Company and, being eligible, offers himself for re-election.

Report of the Directors

Directors *(continued)*

The Company has received from each independent non-executive Director an annual confirmation of their independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Company considers such Directors to be independent. Mr. Au Son Yiu has served as an independent non-executive Director for more than nine years. Pursuant to the code provision A.4.3 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, further appointments of Mr. Au as an independent non-executive Director should be subject to separate resolutions to be approved by the shareholders of the Company. In this regard, a resolution will be proposed at the forthcoming annual general meeting of the Company for any further appointment of Mr. Au as an independent non-executive Director.

The Nomination Committee of the Company has reviewed and assessed his annual confirmation of independence based on the independence factors set out in Rule 3.13 of the Listing Rules. With his extensive experience and sharp business acumen, Mr. Au has provided valuable independent advice for the Group's business development in his previous tenures. As Mr. Au is not involved in the day-to-day management of the Company and there is no evidence that his independence would be affected by his length of term, the Board considers that Mr. Au will continue to provide valuable contributions to the Company and the shareholders as a whole.

Directors' service contracts

Mr. Lam Wai Chun entered into a service agreement with the Company on 27 September 1999 for an initial period of three years commencing on 1 October 1999 and continuing thereafter until terminated by either party giving to the other not less than six months' notice in writing terminating on or after the expiry of the initial term of three years. This service agreement is exempt from the shareholders' approval requirement pursuant to Rule 13.69 of the Listing Rules.

Save as disclosed above, none of the Directors who will be proposed for re-election at the forthcoming annual general meeting has entered into a service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

Directors' interests in contracts of significance

No contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any of the Directors had a material interest, whether directly or indirectly, subsisted at or at any time during the year ended 30 April 2015.

Report of the Directors

Interests of directors and chief executive in securities

As at 30 April 2015, the interests of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO") as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

(a) Shares of the Company

	Number of shares of HK$0.10 each held				
Name of director	Personal interests *(Note 2)*	Corporate interests	Trusts interests	Total interests	Percentage of issued share capital
Mr. Lam Wai Chun	29,955,188	442,295,660 (Note 3)	442,295,660 (Note 3)	472,250,848 (Note 3)	70.89%
Ms. Tang Fung Kwan	4,194,611	–	–	4,194,611	0.63%
Mr. Ho Man Lee	30,000	–	–	30,000	0.0045%
Mr. Au Son Yiu	3,001,440	–	–	3,001,440	0.45%

Notes:

1. All the above interests in the shares of the Company were long positions.

2. Personal interests were interests held by the relevant directors as beneficial owners.

3. The 442,295,660 shares were held by Ka Yan China Development (Holding) Company Limited, a wholly-owned subsidiary of Ka Yan China Investments Limited. The entire issued share capital of Ka Yan China Development (Holding) Company Limited was ultimately held by HSBC International Trustee Limited as trustee of a discretionary trust (the "Trust") founded by Mr. Lam Wai Chun. Being a founder of the Trust, Mr. Lam Wai Chun was deemed to be interested in all the shares held by Ka Yan China Development (Holding) Company Limited for the purpose of the SFO. The corporate interests and trusts interests in 442,295,660 shares refer to the same shares in the Company and duplicated with each other. Accordingly, Mr. Lam Wai Chun's total interests in 472,250,848 shares in the Company was arrived at after eliminating the duplications.

Report of the Directors

Interests of directors and chief executive in securities

(b) Shares of associated corporation(s) of the Company

Coils Electronic Co., Limited

Name of director	Number of non-voting deferred shares of HK$1.00 each held				Percentage of issued non-voting deferred shares
	Personal interests	Corporate interests	Family interests	Total interests	
Mr. Lam Wai Chun *(Notes 4, 5 and 6)*	7,500,000	6,000,000	500,000	14,000,000	100%

Notes:

4. Mr. Lam Wai Chun held 7,500,000 non-voting deferred shares of HK$1.00 each, representing approximately 53.57% of the 14,000,000 non-voting deferred shares of HK$1.00 each issued by Coils Electronic Co., Limited, in which Coils International Holdings Limited, a direct wholly-owned subsidiary of the Company, held the entire issued ordinary share capital.

5. 6,000,000 non-voting deferred shares of HK$1.00 each were held by Ka Yan China Development (Holding) Company Limited and 500,000 non-voting deferred shares of HK$1.00 each were held by Ms. Law Ching Yee, the spouse of Mr. Lam Wai Chun, representing approximately 42.86% and approximately 3.57% of the 14,000,000 non-voting deferred shares of HK$1.00 each in the share capital of Coils Electronic Co., Limited respectively. Mr. Lam Wai Chun was deemed to be interested in all these shares under the SFO by virtue of, (i) for the shares held by Ka Yan China Development (Holding) Company Limited, the reason as set out in Note 3 to sub-paragraph (a) above and, (ii) for the shares held by Ms. Law Ching Yee, being the spouse of Ms. Law Ching Yee.

6. All the above interests in the non-voting deferred shares of Coils Electronic Co., Limited held or deemed to be held by Mr. Lam Wai Chun were long positions.

7. Mr. Lam Wai Chun held shares in certain subsidiaries as trustee for their holding companies.

Save as disclosed above, as at 30 April 2015, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be entered into the register kept by the Company pursuant to Section 352 of SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or the Model Code.

Save as disclosed above, as at 30 April 2015, neither the Directors or chief executive of the Company nor their spouses or children under the age of 18 had been granted any rights to subscribe for any equity or debt securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), or had exercised such rights.

Report of the Directors

Directors' rights to acquire shares or debentures

At no time during the year ended 30 April 2015 was the Company, its subsidiaries, its fellow subsidiaries or its holding companies a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Interests of shareholders discloseable under the SFO

As at 30 April 2015, according to the register kept by the Company under Section 336 of the SFO, the following persons, other than the Directors or chief executive of the Company, had an interest or short position 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:

Shares of the Company

Substantial shareholders (as defined in the Listing Rules)

	Number of shares of HK$0.10 each held				Percentage of
Name	**Beneficial owner**	**Family interests**	**Corporate interests**	**Trusts interests**	**issued share capital**
Ms. Law Ching Yee	–	472,250,848 *(Note 2)*	–	–	70.89%
Ka Yan China Development (Holding) Company Limited	442,295,660 *(Notes 2 and 3)*	–	–	–	66.39%
Ka Yan China Investments Limited	–	–	442,295,660 *(Notes 2 and 3)*	–	66.39%
HSBC International Trustee Limited	–	–	–	442,295,660 *(Notes 2 and 3)*	66.39%

Report of the Directors

Interests of shareholders discloseable under the SFO *(continued)*

Notes:

1. All the above interests in the shares of the Company were long positions.

2. Of the 472,250,848 shares, 442,295,660 shares were held by Ka Yan China Development (Holding) Company Limited, a wholly-owned subsidiary of Ka Yan China Investments Limited. The entire issued share capital of Ka Yan China Development (Holding) Company Limited was ultimately held by the Trust founded by Mr. Lam Wai Chun. The remaining 29,955,188 shares were held by Mr. Law Wai Chun as beneficial owner. Ms. Law Ching Yee, being the spouse of Mr. Lam Wai Chun, was deemed to be interested in all the shares held by her spouse, for the purpose of the SFO.

3. The interests in 442,295,660 shares held by Ka Yan China Investments Limited, the ultimate holding company of the Company, and HSBC International Trustee Limited refer to the same shares and duplicated with each other. Such shares formed the shares in which Ka Yan China Development (Holding) Company Limited was interested. As at 30 April 2015, the actual number of shares held by Ka Yan China Investments Limited, Ka Yan China Development (Holding) Company Limited and HSBC International Trustee Limited in the Company which duplicated with one another was 442,295,660 shares.

Save as disclosed above, the Company had not been notified of any other person (other than a director or a chief executive of the Company) who had an interest (whether direct or indirect) in 5% or more of the shares comprised in the relevant share capital or a short position which were required to be recorded in the register kept by the Company pursuant to Section 336 of the SFO as at 30 April 2015.

Management contracts

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

Emolument Policy

The Board, with the benefit of the advice from the Remuneration Committee, formulated the employee emolument policy of the Group on the basis of their merits, qualifications and competence.

The basis of determining the remuneration of the Directors is set out under the section headed “Remuneration of Directors and Senior Management” of the Corporate Governance Report on pages 28 to 29 of this annual report.

Report of the Directors

Major suppliers

The percentages of purchases for the year attributable to the Group's major suppliers are as follows:

Purchases	
– the largest supplier	31%
– five largest suppliers combined	46%

None of the Directors, nor any of their respective associates or a shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) has an interest in any of the Group's five largest suppliers.

Major customers

During the year, the Group sold less than 5% of its goods and services to its five largest customers.

Related party transactions

Details of significant related party transactions entered into by the Group are set out in note 32 to the financial statements which did not constitute notifiable connected transactions under the Listing Rules.

Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at 29 July 2015 being the latest practicable date prior to the printing of this annual report, the Company has maintained the prescribed amount of public float as required under the Listing Rules during the year ended 30 April 2015 and up to the date of this report.

Five years' financial summary

A summary of the Group's financial information for the last five financial years is set out on page 5 of this annual report.

Auditor

The financial statements of the Company have been audited by PricewaterhouseCoopers who will retire and, being eligible, offer itself for re-appointment at the forthcoming annual general meeting of the Company.

On behalf of the Board

LAM WAI CHUN
Chairman

Hong Kong, 29 July 2015

Independent Auditor's Report

pwc

羅兵咸永道

TO THE SHAREHOLDERS OF CEC INTERNATIONAL HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of CEC International Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 43 to 111, which comprise the consolidated and company statements of financial position as at 30 April 2015, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of 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 predecessor Hong Kong Companies Ordinance (Cap.32), and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda 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 state of affairs of the Company and of the Group as at 30 April 2015, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the predecessor Hong Kong Companies Ordinance (Cap.32).

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 29 July 2015

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Consolidated Statement of Financial Position

As at 30 April 2015

	Note	2015 HK$'000	2014 HK$'000
ASSETS			
Non-current assets			
Land use rights	6	**19,694**	20,173
Property, plant and equipment	7	**595,408**	502,163
Investment properties	8	**92,277**	81,460
Available-for-sale financial assets	10	**541**	9,120
Prepaid rent on operating leases	13	**77,514**	61,280
Deposits paid for acquisition of property, plant and equipment		**1,705**	3,636
Deferred tax assets	18	**2,895**	2,194
		790,034	680,026
Current assets			
Inventories	11	**297,760**	218,516
Accounts and bills receivables	12	**55,625**	86,402
Deposits, prepayments and other receivables	13	**53,009**	42,509
Pledged bank deposits	14	**49,116**	30,906
Cash and cash equivalents	14	**68,386**	79,479
		523,896	457,812
Total assets		**1,313,930**	1,137,838
EQUITY			
Share capital	15	**66,619**	66,619
Reserves	16		
Proposed final dividend		**6,662**	4,663
Others		**484,577**	461,705
Total equity		**557,858**	532,987

Consolidated Statement of Financial Position

As at 30 April 2015

	Note	2015 HK$'000	2014 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	18	**1,599**	633
Provision for reinstatement cost	20	**10,895**	6,628
		12,494	7,261
Current liabilities			
Borrowings	17	**623,011**	499,085
Accounts payable	19	**25,355**	23,770
Accruals and other payables	20	**77,050**	63,559
Taxation payable		**18,162**	11,176
		743,578	597,590
Total liabilities		**756,072**	604,851
Total equity and liabilities		**1,313,930**	1,137,838
Net current liabilities		**(219,682)**	(139,778)
Total assets less current liabilities		**570,352**	540,248

The financial statements were approved by the Board of Directors on 29 July 2015 and were signed on its behalf.

Lam Wai Chun
Director

Tang Fung Kwan
Director

The accompanying notes are an integral part of these financial statements.

Statement of Financial Position

As at 30 April 2015

	Note	2015 HK$'000	2014 HK$'000
ASSETS			
Non-current assets			
Investments in subsidiaries	9	**231,700**	233,422
Current assets			
Deposits, prepayments and other receivables	13	**115**	111
Amounts due from subsidiaries	9	**6,662**	4,663
Cash and cash equivalents	14	**85**	92
		6,862	4,866
Total assets		**238,562**	238,288
EQUITY			
Share capital	15	**66,619**	66,619
Reserves	16		
Proposed final dividend		**6,662**	4,663
Others		**165,082**	166,744
Total equity		**238,363**	238,026
Current liabilities			
Accruals and other payables	20	**199**	262
Total liabilities		**199**	262
Total equity and liabilities		**238,562**	238,288
Net current assets		**6,663**	4,604
Total assets less current liabilities		**238,363**	238,026

The financial statements were approved by the Board of Directors on 29 July 2015 and were signed on its behalf.

Lam Wai Chun	**Tang Fung Kwan**
Director	*Director*

The accompanying notes are an integral part of these financial statements.

Consolidated Income Statement

For the year ended 30 April 2015

	Note	2015 HK$'000	2014 HK$'000
Revenue	5	**2,422,372**	1,830,561
Cost of sales	22	**(1,651,133)**	(1,283,190)
Gross profit		**771,239**	547,371
Other gains/(losses), net	21	**5,763**	(4,037)
Selling and distribution expenses	22	**(561,673)**	(360,716)
General and administrative expenses	22	**(155,431)**	(136,058)
Operating profit		**59,898**	46,560
Finance income		**66**	58
Finance costs		**(19,010)**	(15,085)
Finance costs, net	24	**(18,944)**	(15,027)
Profit before income tax		**40,954**	31,533
Income tax expense	25	**(13,246)**	(7,760)
Profit attributable to equity holders of the Company	26	**27,708**	23,773
Earnings per share, basic and diluted, attributable to equity holders of the Company	27	**HK4.15 cents**	HK3.57 cents

The accompanying notes are an integral part of these financial statements.

Dividend	28	**6,662**	4,663

Consolidated Statement of Comprehensive Income

For the year ended 30 April 2015

	2015 HK$'000	2014 HK$'000
Profit for the year	**27,708**	23,773
Other comprehensive income		
Item that will not be reclassified subsequently to profit or loss		
Revaluation surplus on buildings	–	7,450
Items that have been or may be reclassified subsequently to profit or loss		
Change in fair value of available-for-sale financial assets	343	(566)
Realisation of investment revaluation reserve upon disposal of available-for-sale financial assets	(387)	–
Currency translation differences	1,870	3,715
Total comprehensive income for the year attributable to equity holders of the Company	**29,534**	34,372

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Changes In Equity

For the year ended 30 April 2015

	Attributable to equity holders of the Company		
	Share capital *(Note 15)* *HK$'000*	**Reserves** *(Note 16)* *HK$'000*	**Total** *HK$'000*
Balance at 1 May 2013	66,619	435,327	501,946
Profit for the year			
Other comprehensive income:	–	23,773	23,773
Change in fair value of available-for-sale financial assets	–	(566)	(566)
Currency translation differences	–	3,715	3,715
Revaluation surplus upon transfer from buildings to investment properties	–	7,450	7,450
Total comprehensive income	–	34,372	34,372
Transactions with owners:			
2012/2013 final dividend	–	(3,331)	(3,331)
Balance at 30 April 2014	66,619	466,368	532,987
Balance at 1 May 2014	66,619	466,368	532,987
Profit for the year	–	27,708	27,708
Other comprehensive income:			
Change in fair value of available-for-sale financial assets	–	343	343
Currency translation differences	–	1,870	1,870
Realisation of investment revaluation reserve upon disposal of available-for-sale financial assets	–	(387)	(387)
Total comprehensive income	–	29,534	29,534
Transactions with owners:			
2013/2014 final dividend	–	(4,663)	(4,663)
Balance at 30 April 2015	66,619	491,239	557,858

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 April 2015

	Note	2015 HK$'000	2014 HK$'000
Cash flows from operating activities			
Cash generated from operations	29 (a)	72,251	35,461
Hong Kong profits tax paid		(5,699)	(3,541)
Overseas tax paid		(296)	(170)
Hong Kong tax refunded		–	47
Net cash generated from operating activities		66,256	31,797
Cash flows from investing activities			
Purchase of property, plant and equipment		(168,214)	(77,936)
Deposits paid for acquisition of property, plant and equipment		(1,705)	(3,636)
Proceeds from disposal of property, plant and equipment		385	–
Receipt from disposal of available-for-sale financial assets		8,922	–
Net cash used in investing activities		(160,612)	(81,572)
Cash flows from financing activities			
Proceeds from borrowings		1,481,279	1,146,222
Repayments of borrowings		(1,339,185)	(1,087,335)
Increase in pledged bank deposits		(18,210)	(3,290)
Interest received		66	58
Interest paid		(18,326)	(15,085)
Dividend paid		(4,663)	(3,331)
Net cash generated from financing activities		100,961	37,239
Increase/(decrease) in cash and cash equivalents		6,605	(12,536)
Exchange difference		470	1,950
Cash and cash equivalents at the beginning of the year		46,006	56,592
Cash and cash equivalents at the end of the year	29 (b)	53,081	46,006

The accompanying notes are an integral part of these financial statements.

Notes to the Financial Statements

1 General information

CEC International Holdings Limited (the "Company") is an investment holding company. Its subsidiaries are principally engaged in (i) retail of food and beverage, household and personal care products, (ii) design, development, manufacture and sale of a wide range of coils, ferrite powder and other electronic components, and (iii) investment property holding. The Company and its subsidiaries are collectively referred to as "the Group" in the consolidated financial statements.

The Company is incorporated as an exempted company in Bermuda with limited liability. The address of its registered office is Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda.

The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 1999. Its immediate holding company and ultimate holding company are Ka Yan China Development (Holding) Company Limited and Ka Yan China Investments Limited, respectively, both incorporated in the British Virgin Islands.

These consolidated financial statements are presented in thousands of Hong Kong dollars, unless otherwise stated.

These consolidated financial statements have been approved for issue by the board of directors (the "Board") of the Company on 29 July 2015.

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

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") and under historical cost convention, as modified by the revaluation of investment properties and available-for-sale financial assets which are carried at fair value.

In accordance with the transitional arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit" as set out in sections 76 to 87 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), 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 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 the consolidated financial statements, are disclosed in Note 4.

Notes to the Financial Statements

2 Summary of significant accounting policies *(continued)*

2.1 Basis of preparation *(continued)*

Since the establishment of the coils business, the Group's operation has been financed both by bank borrowings and internal resources. As at 30 April 2015, the Group's current liabilities exceeded its current assets by HK$219,682,000. This liquidity shortfall was attributable to (i) bank borrowings contractually due for repayment after one year contain a repayment on demand clause amounting to HK$116,225,000 being classified as current liabilities in accordance with HK Interpretation 5, "Presentation of Financial Statements – Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause"; and (ii) certain of the Group's non-current assets including property, plant and equipment as at 30 April 2015 were financed mainly by the Group's internal funding and short-term borrowings. Among the bank borrowings, HK$415,305,000 were import and trust receipts loans, while the remaining balances were term loans, bank advance for factored receivables and overdrafts (see Note 17). In addition, as at 30 April 2015, the Group had unutilized bank facilities of HK$295,765,000 (see Note 31).

The management always closely monitors the Group's financial performance and liquidity position. In preparing the Group's financial statements for the year ended 30 April 2015, the management has taken into account all information that could reasonably be expected to be available. In particular, the management has prepared cash flow projection of the Group covering a period of not less than twelve months from the balance sheet date on the basis that (i) the Group will continue to generate positive cash flow from operations, (ii) the Group will have continuous financial support from its banks in the coming twelve months from the balance sheet date; and (iii) the banks will not exercise their discretions to demand immediate repayment of the Group's borrowings in the coming twelve months. The directors hence believe that the bank borrowings will be repaid in accordance with the scheduled dates set out in the relevant loan agreements and that the banking facilities with the principal banks will be renewed when their current terms expire given the good track records and relationship the Group has with the banks. The directors, after considering the cash flow projection and after taking into account the reasonably possible changes in the operational performance and the continuous availability of the banking facilities, are of the opinion that the Group will have adequate financial resources to support its operations and will be able to meet its liabilities as and when they fall due within the next twelve months from 1 May 2015. Accordingly, the directors have prepared the consolidated financial statements on a going concern basis.

Notes to the Financial Statements

2 Summary of significant accounting policies *(continued)*

2.1 Basis of preparation *(continued)*

New/revised standards and interpretations and amendments to existing standards effective during the year ended 30 April 2015

The following standards have been adopted by the Group for the first time for the financial year beginning on or after 1 May 2014:

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 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of Cash-generating Units 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 amendments did not have a significant impact on the Group's financial statements.

There are no other new standards or amendments and interpretations to existing standards that are effective for the first time for the financial year beginning on or after 1 May 2014 that are expected to have a material impact on the Group's result and financial position.

Notes to the Financial Statements

2 Summary of significant accounting policies *(continued)*

2.1 Basis of preparation *(continued)*

New/revised standards and interpretations and amendments to existing standards have been issued but are not effective

The following new/revised standards and interpretations and amendments to existing standards have been issued but are not mandatory for the year ended 30 April 2015:

HKAS 19 (Amendment)	Defined benefits plan(1)
Annual improvement project	Annual improvement 2010-2012 cycle(1)
	Annual improvement 2011-2013 cycle(1)
	Annual improvement 2012-2014 cycle(2)
HKFRS 11 (Amendment)	Accounting for acquisitions of interests in a joint operation (2)
HKAS 16 and HKAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation(2)
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture(2)
HKAS 27 (Amendment)	Equity accounting in Separate Financial Statements(2)
HKFRS 10, 12 and HKAS 28 (Amendment)	Investment entities: applying the consolidation exception(2)
HKAS 1 (Amendment)	The disclosure initiative(2)
HKFRS 15	Revenue from contracts with customers(3)
HKFRS 9	Financial instruments(4)
HKFRS 9 (Amendment)	General hedge accounting(4)

(1) Effective for the Group for annual period beginning on 1 May 2015
(2) Effective for the Group for annual period beginning on 1 May 2016
(3) Effective for the Group for annual period beginning on 1 May 2017
(4) Effective for the Group for annual period beginning on 1 May 2018

The Group is in the process of making an assessment on the impact of these new/revised standards and interpretations and amendments to existing standards and have, on a preliminary basis, concluded that such new/revised standards, interpretations and amendments will not have a significant impact on its results of operation and financial position.

Notes to the Financial Statements

2 Summary of significant accounting policies *(continued)*

2.1 Basis of preparation *(continued)*

New/revised standards and interpretations and amendments to existing standards have been issued but are not effective (continued)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) came 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.

2.2 Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 30 April. All subsidiaries incorporated in Mainland China adopt 31 December as their financial year end for statutory purpose. For the purpose of preparing the Group's consolidated financial statements, management accounts of these subsidiaries as at and for the twelve months ended 30 April 2014 and 2015 were used, after making adjustments which are considered necessary by the directors of the Company for compliance with HKFRS.

(a) Subsidiaries

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 fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred 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. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Notes to the Financial Statements

2 Summary of significant accounting policies *(continued)*

2.2 Consolidation *(continued)*

(a) Subsidiaries (continued)

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 asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

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 this 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 consolidated income statement.

(b) Associated company

An associated company is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investment in an associated company is accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in an associated company includes goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associated company, any difference between the cost of the associate and the Group's share of the net fair value of the associated company's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associated company is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

Notes to the Financial Statements

2 Summary of significant accounting policies *(continued)*

2.2 Consolidation *(continued)*

(b) Associated company (continued)

The Group's share of post-acquisition profit or loss is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associated company, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associated company.

The Group determines at each reporting date whether there is any objective evidence that the investment in an associated company is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associated company and its carrying value and recognises the amount adjacent to 'other gains/(losses), net' in the consolidated income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associated company are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associated company. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gain or losses on dilution of equity interest in an associated company is recognised in the consolidated income statement.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors that make strategic decisions.

Notes to the Financial Statements

2 Summary of significant accounting policies *(continued)*

2.4 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in Hong Kong dollars (HK$), which is the Company's functional and presentation currency.

(b) *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 where 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 income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security, and other changes in the carrying amount of the security. Translation differences are recognised in profit or loss, and other changes in carrying amount are recognised in equity.

(c) *Group companies*

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

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) 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 dates of the transactions); and

(iii) all resulting exchange differences are recognised as a separate component of equity.

Notes to the Financial Statements

2 Summary of significant accounting policies *(continued)*

2.4 Foreign currency translation *(continued)*

(c) Group companies (continued)

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the consolidated income statement as part of the gain or loss on sale.

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 the closing rate.

2.5 Property, plant and equipment

Land and buildings comprise mainly factories, retail outlets and offices. Leasehold land classified as financial lease and all other property, plant and equipment is stated at historical cost less depreciation and impairment loss, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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 income statement during the financial period in which they are incurred.

If an item of property, plant and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in property revaluation reserve. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to retained profits.

Notes to the Financial Statements

2 Summary of significant accounting policies *(continued)*

2.5 Property, plant and equipment *(continued)*

Leasehold land classified as finance lease commences amortisation from the time when the land interest becomes available for its intended use. Amortisation on leasehold land classified as finance lease and depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives. The principal annual rates are as follows:

– Leasehold land classified as finance lease	Over the period of the lease
– Buildings	2.5%
– Machinery	10%
– Furniture and equipment	16.7% to 25%
– Motor vehicles	16.7% to 30%
– Leasehold improvements	33% or over the lease period, whichever is shorter

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 (Note 2.7).

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

2.6 Investment properties

Investment property comprising residential and office buildings, is held for long-term rental yields and is not occupied by the Group. Investment property is carried at fair value, representing open market value determined annually by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as offer prices, recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the consolidated income statement as part of "other gains/(losses), net".

Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were a finance lease.

Investment property is measured initially at its cost, including related transaction costs.

Notes to the Financial Statements

2 Summary of significant accounting policies *(continued)*

2.7 Impairment of investments in subsidiaries and other non-financial assets

Assets that have an indefinite useful life are not subject to amortisation, but are at least tested annually for impairment. 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 an impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment testing of the investments in subsidiaries is required upon receiving dividends 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.

2.8 Financial assets

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale financial assets. 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) 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 maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. Loans and receivables are classified as accounts and bills receivables, deposits and other receivables and cash and bank balance in the consolidated statement of financial position (Note 2.11 and 2.12).

2 Summary of significant accounting policies *(continued)*

2.8 Financial assets *(continued)*

(b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months from the end of the reporting period.

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. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences are recognised in the consolidated income statement, and other changes in carrying amount are recognised in equity. Changes in the fair value of monetary securities classified as available-for-sale and non-monetary securities classified as available-for-sale are recognised in equity.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in “Other gains/(losses), net” in the consolidated income statement as ‘Gain on disposal of available-for-sale financial assets’. Dividends on available-for-sale equity instruments are recognised in the consolidated income statement when the Group’s right to receive payments is established.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the consolidated income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the consolidated income statement as part of other income when the Group’s right to receive payments is established.

Notes to the Financial Statements

2 Summary of significant accounting policies *(continued)*

2.8 Financial assets *(continued)*

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the profit or loss – is removed from equity and recognised in the consolidated income statement. Impairment losses recognised in the profit or loss on equity instruments are not reversed through the consolidated income statement. Impairment testing of accounts and other receivables is described in Note 2.11.

2.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet 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.

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method and excludes borrowing costs. For the manufacturing operations, the cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). For retail business, the cost includes all expenditures including material cost and shipping cost in bringing the inventory to its present location. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Notes to the Financial Statements

2 Summary of significant accounting policies *(continued)*

2.11 Accounts 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.

Accounts and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of accounts and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indictors that the accounts receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated income statement. When accounts and other receivables are uncollectible, they are written off against the allowance account for accounts and other receivables.

2.12 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statements of financial position.

2.13 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.

2.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Notes to the Financial Statements

2 Summary of significant accounting policies *(continued)*

2.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated income statement, 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.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of each reporting period in the countries where the Company's subsidiaries and associated company 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. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) 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 end of the reporting period 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.

Notes to the Financial Statements

2 Summary of significant accounting policies *(continued)*

2.15 Current and deferred taxation *(continued)*

(b) *Deferred income tax (continued)*

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries and associates, 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. Generally the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the group the ability to control the reversal of the temporary difference not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries and associates 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.

(c) *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.

2.16 Accounts and other payables

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

2.17 Employee benefits

(a) *Employee leave entitlements*

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity or paternity leave are not recognised until the time of leave.

Notes to the Financial Statements

2 Summary of significant accounting policies *(continued)*

2.17 Employee benefits *(continued)*

(b) *Pension obligations*

The Group participated in a number of defined contribution plans, the assets of which are generally held in separate trustee-administered funds.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses in the consolidated income statement when they are due and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(c) *Termination benefits*

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax interest rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense in the consolidated income statement.

Notes to the Financial Statements

2 Summary of significant accounting policies *(continued)*

2.19 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown, net of value-added tax, returns and discounts and after eliminating sales within the Group. Revenue is recognised as follows:

(a) Sale of goods (electronic components manufacturing) – 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) Sale of goods (retail) – sales of goods are recognised at the point of sales to the customers.

(c) Rental income – rental income is recognised on a straight line basis over the lease term.

(d) Dividend income – dividend income is recognised when the right to receive payment is established.

(e) Interest income – interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

2.20 Leases

(a) Operating lease

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

Notes to the Financial Statements

2 Summary of significant accounting policies *(continued)*

2.20 Leases *(continued)*

(b) Finance lease

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other short-term and other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2.21 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders for final dividend and the board of directors for interim dividend.

2.22 Financial guarantees

A financial guarantee (a kind of insurance contract) is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the original or modified terms of a debt instrument. The Group does not recognise liabilities for financial guarantees at inception, but perform a liability adequacy test at each reporting date by comparing its carrying amount of the net liability regarding the financial guarantee with its present legal or constructive obligation amount. If the carrying amount of the net liability is less than its present legal or constructive obligation amount, the entire difference is recognised in the consolidated income statement immediately.

2.23 Provision for reinstatement cost

Provision for reinstatement cost represents the present value of the estimated cost for the restoration work of the Group's leased retail shops agreed to be carried out upon the expiry of the relevant leases using a risk-free pre-tax interest rate. The provision has been determined by the directors based on their best estimates. The related reinstatement costs have been included as leasehold improvement in the consolidated statement of financial position (see Note 2.5).

Notes to the Financial Statements

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: foreign exchange risk, credit risk, liquidity risk and cash flow interest-rate risk. The policies on how to mitigate these risks are set out below. The Group regularly monitors its exposure and currently considers not necessary to hedge any of these financial risks.

(a) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions, recognised assets and liabilities and net investments are denominated in a currency that is not the functional currency of the Group's entities.

The Group operates mainly in Mainland China and Hong Kong with most of the sales transactions being denominated in Renminbi, Hong Kong dollars and United States dollars. The Group's purchases were mainly settled in Hong Kong dollars, Renminbi, United States dollars, Japanese Yen and Euro.

As at 30 April 2015, if Hong Kong dollars had strengthened/weakened by 5% against Renminbi with all other variables held constant, post-tax profit for the year would have been approximately HK$157,000(2014: HK$114,000) lower/higher, mainly as a result of foreign exchange losses/gains on translation of Renminbi denominated monetary assets of the Group's entities whose functional currencies are in Hong Kong dollars.

As Hong Kong dollars are pegged with United States dollars, the Group considers the foreign exchange risk arisen from United States dollars is low.

As at 30 April 2015, if Hong Kong dollars had strengthened/weakened by 5% against Japanese Yen with all other variables held constant, post-tax profit for the year would have been approximately HK$6,196,000 (2014: HK$5,739,000) higher/lower mainly as a result of foreign exchange gains/losses on translation of Japanese Yen denominated payables and borrowings.

As at 30 April 2015, if Hong Kong dollars had strengthened/weakened by 5% against Euro with all other variables held constant, post-tax profit for the year would have been approximately HK$1,133,000 (2014: HK$770,000) higher/lower mainly as a result of foreign exchange gains/losses on translation of Euro denominated payables and borrowings.

Notes to the Financial Statements

3 Financial risk management *(continued)*

3.1 Financial risk factors *(continued)*

(b) Credit risk

Credit risk is managed on a group basis. The Group's financial assets mainly comprise accounts and bills receivable, other receivables and bank balances. The amounts of those assets stated in the consolidated statement of financial position represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group's credit risk is concentrated on a number of major and long established customers in relation to the electronic components manufacturing business. Sales to the top five customers accounted for approximately 29% of the Group's segment sales in relation to the electronic components manufacturing business; while as at 30 April 2015, approximately 20% of the Group's accounts receivables was due from five customers. The Group has policies in place to ensure that sales are made to customers with appropriate credit history and to limit the amount of credit exposure to individual customer. The Group reviews the recoverable amount of each individual accounts receivable at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. The Group's past experience in collection of accounts receivable falls within the recorded allowances. For retail business, all transactions are settled in cash or other form of electronic monies and therefore no credit risk is anticipated.

The credit risk on bills receivable and cash at banks is limited because the counterparties are major financial institutions located in Hong Kong and Mainland China.

The Company has no significant exposure to credit risk because the Company's assets are mainly relating to balances with subsidiaries.

Notes to the Financial Statements

3 Financial risk management *(continued)*

3.1 Financial risk factors *(continued)*

(c) *Liquidity risk*

The Group's management regularly monitors current and expected liquidity requirements to ensure that sufficient reserves of cash and adequate amount of committed credit facilities are available to meet the Group's liquidity requirements in the short and long term. At 30 April 2015, the Group's current liabilities exceeded its current assets by approximately HK$219,682,000, as a result of (i) certain bank borrowings contractually due for repayment after one year that contain a repayment on demand clause were being classified as current liabilities in accordance with the HK Interpretation 5, "Presentation of Financial Statements – Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause"; and (ii) certain of the Group's non-current assets as at 30 April 2015 was financed mainly by the Group's internal fundings and short-term borrowings. As described more fully in Note 2.1, management believes that there is no significant liquidity risk in view of the expected cashflow from operations and continuous support from the Group's banks in the coming twelve months. In addition, the directors have strong control in place to ensure that all covenants with banks are complied with at the end of each reporting period.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Notes to the Financial Statements

3 Financial risk management *(continued)*

3.1 Financial risk factors *(continued)*

(c) Liquidity risk (continued)

	On demand[#] HK$'000	Less than 1 year HK$'000
Group		
At 30 April 2015		
Borrowings	**623,011**	**–**
Accounts payable	**–**	**25,355**
Other payables	**–**	**52,784**
Interest payable	**8,278**	**–**
	631,289	**78,139**
Group		
At 30 April 2014		
Borrowings	499,085	–
Accounts payable	–	23,770
Other payables	–	46,005
Interest payable	9,588	–
	508,673	69,775

(#) The Group's bank borrowings contain a repayment on demand clause which can be exercised by the banks at their discretion. The analysis shows the cash outflow based on the earliest period in which the Group would be required to repay the borrowings if the lenders were to invoke their unconditional rights to call the loans with immediate effect.

Notes to the Financial Statements

3 Financial risk management *(continued)*

3.1 Financial risk factors *(continued)*

(d) Cash flow interest rate risk

The Group's interest-rate risk mainly arises from pledged bank deposits, bank balances and borrowings. The Group regularly seeks the most favourable interest rates available for its bank deposits and borrowings. Bank deposits and borrowings issued at variable rates expose the Group to cash flow interest rate risk. Information relating to the interest rates and terms of the Group's bank deposits and borrowings are disclosed in Notes 14 and 17. As at 30 April 2015, 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$2,111,000 (2014: HK$1,625,000) lower/higher, mainly as a result of higher/lower interest income on bank deposits net off with higher/lower interest expense on borrowings.

The Group has not entered into any interest rate swaps to hedge its exposure to interest rate risks.

3.2 Capital risk 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, issue new shares or sell assets to reduce debt.

Notes to the Financial Statements

3 Financial risk management *(continued)*

3.2 Capital risk management *(continued)*

The Group monitors capital on the basis of the gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated statement of financial position) less bank balances and cash. Total capital is calculated as "equity", as shown in the consolidated statement of financial position, plus net debt. The gearing ratios at 30 April 2015 and 2014 were as follows:

	2015	2014
	HK$'000	*HK$'000*
Total borrowings *(Note 17)*	**623,011**	499,085
Less: Bank balances and cash (including pledged bank deposits) *(Note 14)*	**(117,502)**	(110,385)
Net debt	**505,509**	388,700
Total equity	**557,858**	532,987
Total capital	**1,063,367**	921,687
Gearing ratio	**48%**	42%

3.3 Fair value estimation

The carrying value less impairment provision of receivables is a reasonable approximation of its fair value. 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.

The fair value of financial instruments traded in active markets (such as available-for-sale financial assets) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

Notes to the Financial Statements

3 Financial risk management *(continued)*

3.3 Fair value estimation *(continued)*

The Group adopted the amendment to HKFRS 7 for financial instruments that are measured in the consolidated statement of financial position at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices 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 or indirectly (level 2).
- Inputs for the asset or liability that are not based on observable market data (level 3).

The following table presents the Group's assets that are measured at fair value at 30 April 2015:

	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Available-for-sale financial assets				
– Equity securities	**541**	**–**	**–**	**541**

The following table presents the Group's assets that are measured at fair value at 30 April 2014:

	Level 1	Level 2	Level 3	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Available-for-sale financial assets				
– Principal-guaranteed investment fund	–	8,904	–	8,904
– Equity securities	216	–	–	216
Total	216	8,904	–	9,120

There were no transfers between levels 1 and 2 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.

Notes to the Financial Statements

3 Financial risk management *(continued)*

3.3 Fair value estimation *(continued)*

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.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are 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 have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of property, plant and equipment

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts of property, plant and equipment and land use rights have been determined based on value-in-use calculations, taking into account latest market information and past experience. These calculations and valuations 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.

Notes to the Financial Statements

4 Critical accounting estimates and judgements *(continued)*

(b) Fair value of investment properties

The Group carries its investment properties at fair value with changes in the fair values recognised in consolidated income statement. It obtains independent valuations at least annually. At the end of each reporting period, the management update their assessment of the fair value of each property, taking into account the most recent independent valuations.

(c) Provision for current taxation and deferred taxation

The Group is subject to taxation in several jurisdictions. Significant judgement is required in determining the amount of the provision for taxation and the timing of payment of the related taxation. There are many transactions and calculations for which the ultimate tax 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 differences will impact the income tax and deferred tax provisions in the periods in which such determination are made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred taxation assets and taxation in the periods in which such estimate is changed.

(d) Write-downs of inventories to net realisable value

Net realisable value of inventories is the estimated selling prices in the ordinary course of business, less estimated selling expenses. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of change in customer taste and competitor actions in response to severe industry cycle. The Group reassesses these estimates at the end of each reporting period.

(e) Impairment of accounts and other receivables

The Group's management determines the provision for impairment of accounts and other receivables based on an assessment of the recoverability of the receivables. This assessment is based on the credit history of its customers and other debtors and current market conditions, and requires the use judgements and estimates. Management reassesses the provision at the end of each reporting period.

(f) Estimation of reinstatement provision of retail shops

Most of the Group's retail shops are leased under operating lease and are subject to reinstatement obligation as stipulated in the lease agreements. Management assesses the amount of provision made for each shop based on various factors, including the size of the shop, the complexity of refurbishment and specific requirement from landlords. The Group's management assess the adequacy of such provision at the end of each reporting period.

Notes to the Financial Statements

5 Segment information

The Executive Directors of the Group ("Management") reviews the Group's internal reports periodically in order to assess performance and allocate resources. Management has determined the operating segments based on these reports and assess the business principally based on natures of products sold.

During the year, the Group has three reporting segments, namely (i) retail business; (ii) electronic components manufacturing ("Coils Business"); and (iii) investment property holding. Segment information provided to Management for decision-making is measured in a manner consistent with that in the financial statements.

The segment information provided to the Management for the reportable segments for the years ended 30 April 2015 and 2014 is as follows:

	Retail business		Electronic components manufacturing		Investment property holding		Eliminations		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue										
External sales	**2,133,805**	1,442,981	**285,771**	385,051	**2,796**	2,529	**–**	–	**2,422,372**	1,830,561
Intersegment sales	**–**	–	**–**	–	**1,585**	1,571	**(1,585)**	(1,571)	**–**	–
	2,133,805	1,442,981	**285,771**	385,051	**4,381**	4,100	**(1,585)**	(1,571)	**2,422,372**	1,830,561
Segment results										
Operating profit/(loss)	**68,637**	51,157	**(13,263)**	1,577	**11,957**	1,592			**67,331**	54,326
Corporate expenses									**(7,433)**	(7,766)
Finance costs, net									**(18,944)**	(15,027)
Profit before income tax									**40,954**	31,533
Income tax expense									**(13,246)**	(7,760)
Profit for the year									**27,708**	23,773
Depreciation and amortisation	**58,237**	36,348	**16,421**	23,545	**–**	11			**74,658**	59,904
Closure cost of a factory of the Coils Business	**–**	–	**11,078**	–	**–**	–			**11,078**	–
Total distribution cost and administrative expenses	**661,761**	437,098	**46,694**	50,281	**1,216**	1,629			**709,671**	489,008
Additions to non-current assets (other than financial instruments)	**184,440**	104,021	**1,713**	5,665	**–**	–			**186,153**	109,686

Notes to the Financial Statements

5 Segment information *(continued)*

	Retail business		Electronic components manufacturing		Investment property holding		Eliminations		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**874,412**	653,769	**351,055**	407,743	**93,095**	82,188	**(7,727)**	(8,259)	**1,310,835**	1,135,441
Unallocated assets										
– Deferred income tax									**2,895**	2,194
– Corporate assets									**200**	203
Total assets									**1,313,930**	1,137,838
Segment liabilities	**82,785**	61,724	**29,975**	32,095	**8,068**	8,135	**(7,727)**	(8,259)	**113,101**	93,695
Borrowings									**623,011**	499,085
Unallocated liabilities										
– Deferred income tax									**1,599**	633
– Taxation payable									**18,162**	11,176
– Corporate liabilities									**199**	262
Total liabilities									**756,072**	604,851

Geographical information

	Revenue		Non-current assets	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The PRC (including the Hong Kong Special Administrative Region)	**2,315,925**	1,717,863	**789,959**	679,922
Other regions	**106,447**	112,698	**75**	104
	2,422,372	1,830,561	**790,034**	680,026

Revenue by geographical location is determined on the basis of the destination of shipment or place of sales to the customers.

Non-current assets by geographical location are determined based on the location of the relevant assets.

The Group has a large number of customers. For the year ended 30 April 2015, no revenue was derived from transactions with a single external customer representing 10% or more of the Group's total revenue (2014: same).

Notes to the Financial Statements

6 Land use rights

The Group's interests in land use rights represent prepaid operating lease payments and their net book values are analysed as follows:

	Group **2015** *HK$'000*	2014 *HK$'000*
In Mainland China, held on:		
Land use rights of between 10 to 50 years	**18,280**	18,737
Land use rights of over 50 years	**1,414**	1,436
	19,694	20,173

Movements of the land use rights during the year are as follows:

	Group **2015** *HK$'000*	2014 *HK$'000*
At 1 May	**20,173**	20,645
Exchange differences	**66**	73
Amortisation (included in cost of sales)	**(545)**	(545)
At 30 April	**19,694**	20,173

Notes to the Financial Statements

7 Property, plant and equipment

Group

	Land and buildings HK$'000	Leasehold improvements HK$'000	Machinery HK$'000	Furniture and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Year ended 30 April 2014						
Opening net book amount	336,106	31,952	84,779	24,640	3,223	480,700
Exchange differences	1,202	–	447	30	9	1,688
Additions	16,270	37,809	1,592	21,685	3,792	81,148
Disposal/written off	–	(276)	(1,578)	(376)	–	(2,230)
Transfer from investment properties *(Note 8)*	7,420	–	–	–	–	7,420
Transfer to investment properties *(Note 8)*	(4,238)	–	–	–	–	(4,238)
Depreciation	(9,909)	(20,456)	(19,125)	(7,769)	(2,100)	(59,359)
Impairment	–	–	(2,862)	(57)	(47)	(2,966)
Closing net book amount	346,851	49,029	63,253	38,153	4,877	502,163
At 30 April 2014						
Cost	393,908	89,239	732,527	117,019	16,818	1,349,511
Accumulated depreciation and impairment	(47,057)	(40,210)	(669,274)	(78,866)	(11,941)	(847,348)
Net book amount	346,851	49,029	63,253	38,153	4,877	502,163
Year ended 30 April 2015						
Opening net book amount	346,851	49,029	63,253	38,153	4,877	502,163
Exchange differences	664	–	513	68	4	1,249
Additions	97,245	44,061	591	26,252	3,701	171,850
Disposal	–	(662)	(3,891)	(70)	–	(4,623)
Depreciation	(10,832)	(34,051)	(12,801)	(13,973)	(2,456)	(74,113)
Impairment	–	(1,118)	–	–	–	(1,118)
Closing net book amount	433,928	57,259	47,665	50,430	6,126	595,408
At 30 April 2015						
Cost	491,942	129,405	693,756	142,838	20,549	1,478,490
Accumulated depreciation and impairment	(58,014)	(72,146)	(646,091)	(92,408)	(14,423)	(883,082)
Net book amount	433,928	57,259	47,665	50,430	6,126	595,408

Notes to the Financial Statements

7 Property, plant and equipment *(continued)*

The Group's interests in land at their net book values are analysed as follows:

	2015 HK$'000	2014 HK$'000
In Hong Kong, held on:		
– Leases between 10 to 50 years	**168,904**	128,111

During the year, depreciation expense of approximately HK$22,275,000 (2014: HK$27,165,000), HK$44,988,000 (2014: HK$27,190,000) and HK$6,850,000 (2014: HK$5,004,000) was charged to cost of sales, selling and distribution expenses and administrative expenses respectively.

Land and buildings with an aggregate carrying amount of approximately HK$312,615,000 as at 30 April 2015 (2014: HK$256,161,000) were pledged against certain of the Group's borrowing (Note 31).

8 Investment properties

	Group 2015 HK$'000	2014 HK$'000
At 1 May	**81,460**	76,065
Fair value gains *(Note 21)*	**10,732**	1,159
Transfer from property, plant and equipment, net	**–**	11,688
Transfer to property, plant and equipment	**–**	(7,420)
Exchange difference	**85**	(32)
At 30 April	**92,277**	81,460

The Group's interests in investment properties at their net book values are analysed as follows:

	Group 2015 HK$'000	2014 HK$'000
In Hong Kong, held on leases between 10 to 50 years	**79,930**	68,920
In PRC, held under land use rights between 10 to 50 years	**12,347**	12,540
	92,277	81,460

The period of leases whereby the Group leases out its investment properties under operating leases ranges from 1 to 2 years.

Notes to the Financial Statements

8 Investment properties *(continued)*

Investment properties with an aggregate carrying amount of approximately HK$79,930,000 as at 30 April 2015 (2014: HK$68,920,000) were pledged against certain of the Group's borrowings (Note 31).

The consolidated income statement includes rental income from investment property of HK$2,796,000 (2014: HK$2,529,000) and related direct operating expenses of approximately HK$356,000 (2014: HK$467,000).

The Group's investment properties were valued at 30 April 2015 by Castores Magi (Hong Kong) Limited, an independent professionally qualified valuer who holds a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. The revaluation gains or losses are included in 'Other gains/(losses), net' in the consolidated income statement (Note 21).

The Group reviews the valuation performed by independent valuer for financial reporting purposes. Discussion of valuation process and results are held between management and independent qualified valuer once a year for financial reporting purposes.

The following table analyses the fair value hierarchy of the investment properties.

Fair value hierarchy	**Fair value measurements at 30 April 2015 using**		
Description	**Quoted prices in active markets for identical assets (Level 1)** *HK$'000*	**Significant other observable inputs (Level 2)** *HK$'000*	**Significant unobservable inputs (Level 3)** *HK$'000*
Recurring fair value measurements:			
Investment properties	–	–	**92,277**

Fair value hierarchy	Fair value measurements at 30 April 2014 using		
Description	Quoted prices in active markets for identical assets (Level 1) HK$'000	Significant other observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000
Recurring fair value measurements:			
Investment properties	–	–	81,460

Notes to the Financial Statements

8 Investment properties *(continued)*

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between Levels 1, 2 and 3 during the year.

Fair value is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

The investment properties were revalued on an open market basis. Fair value of the investment properties is derived from comparing the properties to be valued directly with other comparable properties in close proximity, which have recently transacted or offered. However, given the heterogeneous nature of the properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration. The most significant impact into this valuation approach is price per square feet.

There was no change to the valuation technique with that of prior year.

9 Investments in subsidiaries – Company

	2015	2014
	HK$'000	*HK$'000*
Unlisted investments, at cost	**137,348**	137,348
Due from subsidiaries	**94,352**	96,074
	231,700	233,422

The amounts due from subsidiaries included above were unsecured, interest free and not repayable within the next twelve months from 30 April 2015 (2014: same).

Other balances with subsidiaries are current in nature, unsecured, interest free and have no fixed terms of repayment.

Notes to the Financial Statements

9 Investments in subsidiaries – Company *(continued)*

The following is a list of the subsidiaries of the Company as at 30 April 2015:

Name	Place of incorporation operation	Principal activities	Particulars of issued share capital/ registered capital	Interest held (a)
CEC-Coils Singapore Pte Ltd.	Singapore	Sale of coils and other electronic components	Ordinary S$1,500,000	100%
北京高雅恒健科技有限公司 (CEC-Technology Beijing Limited) (c)	Mainland China	Property investment holding	Registered capital US$750,000	100%
CEC-Technology Limited	Hong Kong	Investment holding	Ordinary HK$10,000	100%
重慶高雅科技有限公司 (Chongqing CEC-Technology Limited) (c)	Mainland China	Provision of information technology services and manufacture and sale of coils and electronic components	Registered capital HK$2,900,000	100%
Coils Electronic Co., Limited	Hong Kong	Investment holding; manufacture and sale of coils and other electronic components; retail business	Ordinary HK$2 Non-voting deferred HK$14,000,000 (b)	100%
Coils Electronic (Zhong Shan) Co., Ltd. (c)	Mainland China	Manufacture and sale of coils and other electronic components	Registered capital US$31,366,980	100%
Coils International Holdings Limited (a)	British Virgin Islands	Investment holding	Ordinary US$10,000	100%
Coils Investment (BVI) Limited	British Virgin Islands	Investment holding	Ordinary US$1	100%
Coils Property Management Limited	Hong Kong	Property investment holding	Ordinary HK$200,000	100%
Gaozhou Coils Electronic Co. Ltd. (c)	Mainland China	Manufacture and sale of coils and other electronic components	Registered capital US$500,000	100%

Notes to the Financial Statements

9 Investments in subsidiaries – Company *(continued)*

Name	Place of incorporation operation	Principal activities	Particulars of issued share capital/ registered capital	Interest held (a)
Good Signal Holdings Limited	British Virgin Islands	Investment holding	Ordinary US$100	100%
南京國仲磁性材料製品有限公司 (Nanjing Guo Zhong Magnetic Material Co., Ltd.) (c)	Mainland China	Manufacture and sale of ferrite powder	Registered capital US$2,780,000	100%
Xiamen Coils Electronic Co., Ltd. (c)	Mainland China	Manufacture and sale of coils and other electronic components	Registered capital HK$9,567,620	100%
Zhongshan Coils Metalwork Co., Ltd. (c)	Mainland China	Manufacture of coils and plastic bags	Registered capital US$755,000	100%
Zhongshan CEC-Coils Food Co, Limited (c)	Mainland China	Inactive	Registered capital (d) US$1,000,000	100%
Xiamen Guo Zhong Food Co Ltd (c)	Mainland China	Packaging food	Registered capital US$500,000	100%

The underlying value of the investments in subsidiaries is, in the opinion of Directors, not less than the carrying value as at 30 April 2015.

As at 30 April 2015, the Company had given guarantees to banks and financial institutions of approximately HK$626,753,000 (2014: HK$510,893,000) to secure banking facilities of certain subsidiaries.

None of the subsidiaries had any loan capital in issue at any time during the year ended 30 April 2015 (2014: Nil).

Notes to the Financial Statements

9 Investments in subsidiaries – Company *(continued)*

Notes:

(a) The shares in Coils International Holdings Limited are held directly by the Company. The shares in other subsidiaries are held indirectly by the Company.

(b) The non-voting deferred shares of Coils Electronic Co., Limited are owned by Mr. Lam Wai Chun, Ms. Law Ching Yee and Ka Yan China Development (Holding) Company Limited, the intermediate holding company of the Company. Holders of the non-voting deferred shares have no voting rights, are not entitled to dividends unless the net profit of Coils Electronic Co., Limited exceeds HK$100,000,000,000,000, and are not entitled to any distributions upon winding up unless a sum of HK$100,000,000,000,000 has been distributed to the holders of the ordinary shares.

(c) 重慶高雅科技有限公司 (Chongqing CEC-Technology Limited), Coils Electronic (Zhong Shan) Co., Ltd., Gaozhou Coils Electronic Co. Ltd., Xiamen Coils Electronic Co., Ltd. and Zhongshan Coils Metalwork Co., Ltd. are wholly foreign owned enterprises established in Mainland China to be operated for 15 years up to August 2017, April 2016, November 2019, December 2022 and February 2016, respectively.

南京國仲磁性材料製品有限公司 (Nanjing Guo Zhong Magnetic Material Co., Ltd.) is a wholly foreign owned enterprise established in Mainland China to be operated for 30 years up to April 2033. During the year ended 30 April 2015, the manufacturing operations of this entity were ceased. Details refer to Note 22.

北京高雅恒健科技有限公司 (CEC-Technology Beijing Limited) is a wholly foreign owned enterprise established in Mainland China to be operated for 10 years up to October 2016.

Zhongshan CEC-Coils Food Co., Limited is a wholly foreign owned enterprise established in Mainland China to be operated for 11 years up to January 2023.

Xiamen Guo Zhong Food Co Ltd is a wholly foreign owned enterprise established in Mainland China to be operated for 20 years up to April 2032.

(d) Zhongshan CEC-Coils Food Co., Limited was established with registered capital of US$1,000,000. As at 30 April 2015, the Group had outstanding commitments of approximately US$750,012 for capital contribution to the subsidiary.

Notes to the Financial Statements

10 Available-for-sale financial assets

	Group 2015 HK$'000	2014 HK$'000
Equity securities listed in Hong Kong	**541**	216
Principal-guaranteed investment fund	**–**	8,904
	541	9,120

Available-for-sale financial assets are denominated in the following currencies:

	Group 2015 HK$'000	2014 HK$'000
Hong Kong dollars	**541**	216
United States dollars	**–**	8,904
	541	9,120

As at 30 April 2014, the Group's investment fund was pledged as collateral for the Group's borrowings.

11 Inventories

	Group 2015 HK$'000	2014 HK$'000
Retail business		
– Merchandise	**227,492**	134,042
Electronic components manufacturing		
– Raw materials	**44,622**	49,136
– Work-in-progress	**10,052**	13,908
– Finished goods	**15,594**	21,430
	297,760	218,516

The cost of inventories recognised as expense and included in "cost of sales" amounted to approximately HK$1,514,355,000 (2014: HK$1,101,451,000).

As at 30 April 2015, certain of the Group's inventories were pledged as collateral for the Group's import and trust receipts loans arrangements (Note 31).

Notes to the Financial Statements

12 Accounts and bills receivables

	Group 2015 HK$'000	2014 HK$'000
Accounts receivables	**60,196**	78,506
Less: provision for impairment of receivables	**(10,238)**	(6,528)
Accounts receivables – net	**49,958**	71,978
Bills receivables	**5,667**	14,424
Accounts and bills receivables – net	**55,625**	86,402

The ageing analysis of accounts receivables is as follows:

	Group 2015 HK$'000	2014 HK$'000
0-30 days	**31,510**	42,790
31-60 days	**12,225**	18,257
61-90 days	**5,041**	8,738
91-120 days	**1,718**	2,984
Over 120 days	**9,702**	5,737
	60,196	78,506
Less: provision for impairment of receivables	**(10,238)**	(6,528)
	49,958	71,978

As at 30 April 2015 and 30 April 2014, the carrying amount of accounts and bills receivables approximated its fair value.

The Group performs on-going credit and collectability evaluation of each customer. The Group primarily offers an average credit period ranging from 30 to 120 days to its non-retail business customers (2014: 30 to 120 days).

As at 30 April 2015, a subsidiary of the Company factored receivables of approximately HK$7,183,000 (2014: HK$6,999,000) (the "Factored Receivables") to banks for cash under receivables purchase agreements. As the subsidiary of the Company still retained the risks associated with the default and delay in payment by the customers, the financial asset derecognition conditions as stipulated in HKAS 39 have not been fulfilled. Accordingly, the proceeds from the factoring of trade receivables have been accounted for as the Group's liabilities and included in borrowings as "bank advances for factored receivables" (Note 17).

Notes to the Financial Statements

12 Accounts and bills receivables *(continued)*

As at 30 April 2015, accounts receivables of HK$7,079,000 (2014: HK$10,746,000) were past due but not impaired. These relate to a number of customers for whom there is no significant defaults in the past. The ageing analysis of these trade receivable is as follows:

	Group	
	2015	2014
	HK$'000	*HK$'000*
Overdue by 0 – 3 months	**7,079**	10,746

As at 30 April 2015, accounts receivables of HK$10,238,000 (2014: HK$6,528,000) were impaired. The individually impaired receivables mainly relate to customers which are in unexpected difficult economic situations or have delayed repayment for a prolonged period of time in which HK$3,652,000 were provided in relation to closure of a factory of the Coils Business. The ageing of these trade receivable is as follows:

	Group	
	2015	2014
	HK$'000	*HK$'000*
Up to 3 months	**771**	2,125
Overdue by more than 3 months	**9,467**	4,403
	10,238	6,528

Movements on the provision for impairment of receivables are as follows:

	Group	
	2015	2014
	HK$'000	*HK$'000*
At 1 May	**6,528**	5,898
Provision for impairment	**3,821**	1,041
Write-off of provision	**(111)**	(411)
At 30 April	**10,238**	6,528

The creation and release of provision for impaired receivables have been included in general and administrative expenses in the consolidated income statement (Note 22).

As at 30 April 2015, bills receivable of HK$5,667,000 (2014: HK$14,424,000) represent bank acceptance notes with maturity dates of six months or less from the end of the reporting period (2014: same).

Notes to the Financial Statements

12 Accounts and bills receivables *(continued)*

The carrying amounts of the Group's accounts and bills receivables are denominated in the following currencies:

	Group	
	2015	2014
	HK$'000	*HK$'000*
Hong Kong dollars	**16,541**	19,697
Renminbi	**19,749**	40,585
United States dollars	**18,724**	25,624
Other currencies	**611**	496
	55,625	86,402

13 Deposits, prepayments and other receivables

	Group		Company	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Prepayments and deposits for purchase of inventories	**16,273**	17,541	**–**	–
Prepaid rent on operating leases	**106,560**	79,426	**–**	–
Other deposits and other receivables	**7,690**	6,822	**115**	111
	130,523	103,789	**115**	111
Less:				
Non-current portion of prepaid rent on operating lease	**(77,514)**	(61,280)	**–**	–
	53,009	42,509	**115**	111

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

	Group	
	2015	2014
	HK$'000	*HK$'000*
Hong Kong dollars	**3,793**	3,684
Renminbi	**3,326**	2,710
Japanese Yen	**3,912**	4,542
Other currencies	**571**	422
	11,602	11,358

As at 30 April 2015 and 30 April 2014, the carrying amount of deposits and other receivables approximated its fair value.

Notes to the Financial Statements

14 Pledged bank deposits and cash and cash equivalents

	Group		Company	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Cash and cash equivalents	**68,386**	79,479	**85**	92
Pledged bank deposits	**49,116**	30,906	**–**	–
	117,502	110,385	**85**	92

The pledged bank deposits and cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong dollars	**74,901**	87,695	**85**	92
Renminbi	**10,292**	9,226	**–**	–
United States dollars	**26,926**	9,862	**–**	–
Other currencies	**5,383**	3,602	**–**	–
	117,502	110,385	**85**	92

Notes:

(a) The effective interest rate on pledged deposits was approximately 0.24% (2014: 0.14%) per annum. These deposits have a weighted average maturity of 132 (2014: 56) days.

(b) The conversion of Renminbi ("RMB") denominated balances into foreign currencies and repatriation of RMB out of China is subject to the rules and regulations of foreign exchange promulgated by the government of the Mainland China. As at 30 April 2015, the Group's cash and cash equivalents amounting to HK$7,722,000 (2014: HK$7,328,000) were denominated in RMB and deposited with banks in the PRC.

(c) As at 30 April 2015, the Group's bank deposits of approximately HK$49,116,000 (2014: HK$30,906,000) were pledged as collateral for the Group's borrowings (Note 31).

Notes to the Financial Statements

15 Share capital

	2015 Number of shares	2015 HK$'000	2014 Number of Shares	2014 HK$'000
Authorised:				
Shares of HK$0.10 each	**1,000,000,000**	**100,000**	1,000,000,000	100,000
Issued and fully paid:				
Shares of HK$0.10 each				
At 1 May and at 30 April	**666,190,798**	**66,619**	666,190,798	66,619

16 Reserves

Group

	Share premium HK$'000	Capital redemption reserve HK$'000	Capital reserve *(note a)* HK$'000	Investment revaluation reserve HK$'000	Property revaluation reserve *(note b)* HK$'000	Statutory reserves *(note c)* HK$'000	Exchange reserve HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 May 2013	25,075	5,042	13,934	1,013	3,124	19,632	104,044	263,463	435,327
Currency translation differences	–	–	–	–	–	–	3,715	–	3,715
Change in fair value of available-for-sale financial assets *(Note 10)*	–	–	–	(566)	–	–	–	–	(566)
Revaluation surplus upon transfer from buildings to investment properties	–	–	–	–	7,450	–	–	–	7,450
Profit for the year	–	–	–	–	–	–	–	23,773	23,773
2012/2013 final dividend	–	–	–	–	–	–	–	(3,331)	(3,331)
At 30 April 2014	25,075	5,042	13,934	447	10,574	19,632	107,759	283,905	466,368

Notes to the Financial Statements

16 Reserves *(continued)*

Group *(continued)*

	Share premium HK$'000	Capital redemption reserve HK$'000	Capital reserve *(note a)* HK$'000	Investment revaluation reserve HK$'000	Property revaluation reserve *(note b)* HK$'000	Statutory reserves *(note c)* HK$'000	Exchange reserve HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 May 2014	25,075	5,042	13,934	447	10,574	19,632	107,759	283,905	466,368
Currency translation differences	–	–	–	–	–	–	1,870	–	1,870
Change in fair value of available-for-sale financial assets *(Note 10)*	–	–	–	343	–	–	–	–	343
Realisation of investment revaluation reserve upon disposal of available-for-sale financial assets	–	–	–	(387)	–	–	–	–	(387)
Profit for the year	–	–	–	–	–	–	–	27,708	27,708
2013/2014 final dividend	–	–	–	–	–	–	–	(4,663)	(4,663)
At 30 April 2015	25,075	5,042	13,934	403	10,574	19,632	109,629	306,950	491,239

Notes:

(a) Capital reserve represents the difference between the nominal value of the Company's shares issued and the combined share capital of the subsidiaries acquired through an exchange of shares pursuent to the reorganisation in 1999.

(b) Property revaluation reserve represents revaluation surplus arising from the fair value change of land and buildings at the time of transfer from properties, plant and equipment to investment properties in prior years.

(c) In accordance with the laws and regulations of Mainland China, the Group's subsidiaries in Mainland China are required to set aside certain portion of their retained earnings to a statutory reserve account and a corporate development reserve account. The statutory reserve account can only be used to make up losses incurred or increase registered capital while the corporate development reserve account can be used for expansion of the production and operation or increase registered capital of respective subsidiaries in Mainland China. The percentage of appropriation is determined by the board of directors of respective subsidiaries in Mainland China.

Notes to the Financial Statements

16 Reserves *(continued)*

Company

	Share premium HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 May 2013	25,075	5,042	131,338	13,283	174,738
2012/13 final dividend	–	–	–	(3,331)	(3,331)
At 30 April 2014	25,075	5,042	131,338	9,952	171,407
2013/14 final dividend	–	–	–	(4,663)	(4,663)
Profit for the year	–	–	–	5,000	5,000
At 30 April 2015	25,075	5,042	131,338	10,289	171,744

Contributed surplus of the Company represents the difference between the norminal value of the Company's shares issued and the aggregate net asset value of the subsidiaries acquired through an exchange of shares pursuant to the reorganisation in 1999. Under the Companies Act 1981 of Bermuda (as amended), contributed surplus is distributable to shareholders subject to the condition that subsequent to the payment of dividend or any distribution, (i) the Company will be able to pay its liabilities as they become due, and (ii) the realisable value of the Company's assets would not be less than the aggregate of its liabilities and its issued share capital and share premium.

17 Borrowings

	Group	
	2015 **HK$'000**	2014 HK$'000
Import and trust receipts loans	**415,305**	306,588
Other bank loans	**185,218**	152,025
Bank advances for factored receivables	**7,183**	6,999
Bank overdrafts	**15,305**	33,473
Total borrowings	**623,011**	499,085

The maturity of borrowings is analysed as follows:

	Group	
	2015 **HK$'000**	2014 HK$'000
Within one year	**506,786**	401,117
Between one and two years	**41,215**	30,993
Between two and five years	**74,777**	64,621
More than five years	**233**	2,354
	623,011	499,085

Notes to the Financial Statements

17 Borrowings *(continued)*

The above amounts due are based on the scheduled repayment dates set out in the loan agreement and ignore the effect of any repayment on demand clause.

As at 30 April 2015 and 30 April 2014, the ranges of effective interest rates of loans of major currencies were as follows:

	Group							
	2015				2014			
	HK$	**US$**	**JPY**	**EUR**	HK$	US$	JPY	EUR
	%	**%**	**%**	**%**	%	%	%	%
Borrowings	**1.03-6.25**	**2.18-3.85**	**2.70-3.28**	**2.63-2.70**	1.01-6.25	2.16-3.99	2.54-3.51	2.33-3.46

The carrying amounts of borrowings approximate their fair values.

The carrying amounts of the borrowings are denominated in the following currencies:

	Group	
	2015	2014
	HK$'000	*HK$'000*
Hong Kong dollars	**338,898**	273,251
Japanese Yen	**152,207**	139,386
United States dollars	**95,839**	64,636
Euro	**28,402**	18,527
Others	**7,665**	3,285
	623,011	499,085

Details of the Group's banking facilities and pledges of assets are set out in Note 31.

18 Deferred income tax

Deferred tax is calculated on temporary differences under the liability method using tax rates enacted or substantively enacted by the end of the reporting period in the respective jurisdictions.

The movements of the net deferred tax (assets)/liabilities are as follows:

	Group	
	2015	2014
	HK$'000	*HK$'000*
At 1 May	**(1,561)**	554
Charged/(credited) to consolidated income statement *(Note 25)*	**265**	(2,083)
Payment of dividend withholding tax upon distribution of unremitted profits	**–**	(32)
At 30 April	**(1,296)**	(1,561)

Notes to the Financial Statements

18 Deferred income tax *(continued)*

Movements of the deferred tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year are as follows:

Group

Deferred tax assets	**Provisions**		**Tax losses**		**Total**	
	2015	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
At 1 May	**148**	1,516	**4,403**	646	**4,551**	2,162
Credited/(charged) to consolidated income statement	**1,617**	(1,368)	**(3,013)**	3,757	**(1,396)**	2,389
At 30 April	**1,765**	148	**1,390**	4,403	**3,155**	4,551

Deferred tax liabilities	**Accelerated depreciation allowance**		**Withholding tax**		**Total**	
	2015	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
At 1 May	**2,990**	2,684	**–**	32	**2,990**	2,716
(Credited)/charged to consolidated income statement	**(1,131)**	306	**–**	–	**(1,131)**	306
Payment of dividend withholding tax upon distribution of unremitted profits	**–**	–	**–**	(32)	**–**	(32)
At 30 April	**1,859**	2,990	**–**	–	**1,859**	2,990

Notes to the Financial Statements

18 Deferred income tax *(continued)*

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the consolidated statement of financial position:

	Group	
	2015	2014
	HK$'000	*HK$'000*
Deferred tax assets	**2,895**	2,194
Deferred tax liabilities	**(1,599)**	(633)
	1,296	1,561

Deferred tax assets are recognised for tax losses carry-forwards to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group has unrecognised tax losses of approximately HK$63,309,000 (2014: HK$25,116,000) to carry forward against future taxable income. These tax losses are subject to approval by the tax authorities of places of operation of the Company and the subsidiaries. Unrecognised tax losses of HK$7,021,000 (2014: HK$9,462,000) have no expiry date, the remaining losses will expire at variable dates up to and including 2019.

Pursuant to the Corporate Income Tax Law and its implementation rules, effective from 1 January 2008, certain non-resident enterprises (for instance, those without an establishment or place of business in the PRC or which have an establishment or place of business in the PRC whose relevant income is not effectively connected with the establishment or a places of business in PRC) are subject to withholding tax at the rate of 5% or 10% on various types of passive income such as dividend derived from sources within the PRC.

The Group is subject to withholding tax on distributions of profits generated after 31 December 2007 from the Group's foreign-invested enterprises in the PRC. As all of the Group's foreign-invested enterprises are directly and wholly owned by a Hong Kong incorporated subsidiary, a rate of 5% is applicable to the calculation of this withholding tax. Deferred tax liabilities of HK$88,000 have not been provided for (2014: HK$15,000) as there are no expected dividends to be distributed from the Group's foreign-invested enterprises in the foreseeable future in respect of the profits generated after 31 December 2007.

Notes to the Financial Statements

19 Accounts payable

The ageing analysis of accounts payable is as follows:

	Group	
	2015	2014
	HK$'000	*HK$'000*
0-30 days	**17,268**	20,413
31-60 days	**4,249**	2,443
61-90 days	**3,202**	641
91-120 days	**278**	64
Over 120 days	**358**	209
	25,355	23,770

The carrying amounts of the Group's accounts payable are denominated in the following currencies:

	Group	
	2015	2014
	HK$'000	*HK$'000*
Hong Kong dollars	**3,924**	4,148
Renminbi	**18,289**	11,676
Japanese Yen	**101**	4,074
United States dollars	**2,085**	2,625
Other currencies	**956**	1,247
	25,355	23,770

Notes to the Financial Statements

20 Accruals and other payables

	Group		Company	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Receipts in advance	**1,982**	1,684	**–**	–
Salaries and other staff welfare payable	**32,666**	28,868	**–**	–
Rental and store utilities payable	**17,925**	15,628	**–**	–
Provision for reinstatement cost	**14,218**	8,070	**–**	–
Other taxes payable	**670**	2,167	**–**	–
Interest payable	**2,193**	1,509	**–**	–
Others	**18,291**	12,261	**199**	262
	87,945	70,187	**199**	262
Less:				
Non-current portion of provision for reinstatement cost	**(10,895)**	(6,628)	**–**	–
	77,050	63,559	**199**	262

21 Other gains/(losses), net

	2015	2014
	HK$'000	*HK$'000*
Fair value gains on investment properties *(Note 8)*	**10,732**	1,159
Net loss on disposal of property, plant and equipment	**(4,238)**	(2,230)
Impairment loss on properties, plant and equipment *(Note 7)*	**(1,118)**	(2,966)
Gain on disposal of available-for-sale financial assets	**387**	–
	5,763	(4,037)

Notes to the Financial Statements

22 Expenses by nature

Expenses included in cost of sales, selling and distribution expenses, and general and administrative expenses are analysed as follows:

	2015 HK$'000	2014 HK$'000
Auditors' remuneration	2,928	2,322
Amortisation of land use rights *(Note 6)*	545	545
Cost of inventories recognised as expenses included in cost of sales	1,514,355	1,101,451
Depreciation of property, plant and equipment *(Note 7)*	74,113	59,359
Direct operating expenses arising from investment properties that generate rental income	356	467
Employee benefit expenses (including directors' emoluments) *(Note 23)*	335,916	307,935
Net exchange (gains)/losses		
– recognised in cost of sales	(14,046)	(7,118)
– recognised in general and administrative expenses	(1,516)	(402)
Operating lease rentals		
– basic rent (i)	227,365	132,074
– turnover rent	11,163	16,306
Provision for impairment of accounts receivable *(Note 12)*	169	1,041
Provision for impairment of inventories	1,875	12,958
Closure cost of a factory of the Coils Business (ii)	11,078	–
Utility expenses	70,864	51,994
Freight and transportation	46,665	34,810
Other expenses	86,407	66,222
Total cost of sales, selling and distributable expenses and general and administrative expenses	2,368,237	1,779,964

Notes:

(i) Included in the operating lease rentals was provision for prepaid rental and rentals of the onerous contracts with respect to certain loss-making retail stores amounting to HK$6,051,000 (2014: Nil).

(ii) During the year, the Group ceased operations of one of its factories in Nanjing, the PRC. In this accordance, the Group incurred one-off closure cost amounting to approximately HK$11,078,000, which comprised staff redundancy cost of approximately HK$1,893,000, and provision for inventories of HK$3,388,000, accounts receivable of HK$3,652,000 and prepayments of HK$2,145,000.

Notes to the Financial Statements

23 Employee benefit expenses

	2015	2014
	HK$'000	*HK$'000*
Wages and salaries	**313,849**	285,082
Pension costs – defined contribution plans *(Note a)*	**18,169**	18,762
Staff welfare	**3,898**	4,091
	335,916	307,935

(a) **Pension costs – defined contribution plans**

The Group has arranged for certain of its employees (including executive directors) in Hong Kong to participate in a defined contribution provident fund under the Occupational Retirement Schemes Ordinance (the "ORSO Scheme"), which is managed by an independent trustee. Each of the Group and its employees make monthly contributions to the scheme at 5% to 10% and 5%, respectively of the employees' basic salaries. The employees are entitled to receive their entire contributions and the accrued interest thereon, and 100% of the Group's employer contributions and the accrued interest thereon upon retirement or leaving the Group after completing one year of service. The forfeited contributions made by the Group and related accrued interest are used to reduce the Group's employer contribution. This scheme is not available for new employees who joined after 1 December 2000.

From 1 December 2000, companies within the Group in Hong Kong have participated in the Mandatory Provident Fund Scheme under the Mandatory Provident Fund Schemes Ordinance (the "MPF Scheme"), a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, each of the Group and its employees make monthly contributions to the scheme at 5% to 10% and 5%, respectively of the employees' relevant income as defined under the Mandatory Provident Fund Schemes Ordinance with the maximum mandatory contributions by each of the Group and its employees limited to HK$1,250 per month before 1 June 2014 and HK$1,500 per month thereafter, and further contributions are voluntary. The mandatory contributions are fully and immediately vested in the employees as accrued benefits. The employees are entitled to receive their entire voluntary contributions and 100% of the Group's employer voluntary contributions upon retirement or leaving the Group after completing one year of service. The forfeited voluntary contributions made by the Group are used to reduce the Group's employer voluntary contributions.

Notes to the Financial Statements

23 Employee benefit expenses *(continued)*

(a) Pension costs – defined contribution plans *(continued)*

As stipulated by the rules and regulations in Mainland China, the Group contributes to state-sponsored retirement plans for its employees in Mainland China. The Group contributes to the retirement plans at rates of approximately 14% to 33% of the basic salaries of its employees in Mainland China and has no further obligation for the actual payment of pensions or post-retirement benefits. The state-sponsored retirement plans are responsible for the entire pension obligations payable to retired employees.

The employees of the Company's subsidiary in Singapore are members of the Central Provident Funds (the "Funds") operated by the government of Singapore. The subsidiary contributes to the Funds approximately 17% of the salaries of its employees, and has no further obligation for the actual payment of pensions or post-retirement benefits beyond the contributions.

During the year ended 30 April 2015, aggregate contributions made by the Group to the aforementioned schemes amounted to approximately HK$18,169,000 (2014: HK$18,762,000), with no deduction of forfeited contributions (2014: Nil). As at 30 April 2015, there were no material forfeitures available to offset the Group's future contributions.

(b) Directors' and senior management's emoluments

The aggregate amounts of emoluments paid and payable to directors of the Company during the year are as follows:

	2015	2014
	HK$'000	*HK$'000*
Directors' fees for independent non-executive directors	**1,357**	1,570
Other emoluments for executive directors		
– basic salaries, allowances and other benefits in kind	**3,397**	3,551
– contributions to pension schemes	**247**	262
	5,001	5,383

No directors waived any emoluments during the year (2014: Nil). No incentive payment for joining the Group or compensation for loss of office was paid or payable to any directors during the year.

Notes to the Financial Statements

23 Employee benefit expenses *(continued)*

(b) Directors' and senior management's emoluments *(continued)*

The remuneration of the Directors for the year ended 30 April 2015 is set out below:

	Fees *HK$'000*	Basic salaries and allowances *HK$'000*	Employer's contribution to pension schemes *HK$'000*	2015 Total *HK$'000*
Executive directors:				
Mr. Lam Wai Chun	–	1,304	100	1,404
Ms. Tang Fung Kwan	–	1,381	123	1,504
Mr. Ho Man Lee	–	712	24	736
Independent non-executive directors:				
Mr. Chan Chiu Ying *(appointed on 1 February 2015)*	125	–	–	125
Mr. Au Son Yiu	480	–	–	480
Mr. Goh Gen Cheung	420	–	–	420
Dr. Tang Tin Sek *(passed away on 2 December 2014)*	332	–	–	332
	1,357	3,397	247	5,001

The remuneration of the Directors for the year ended 30 April 2014 is set out below:

	Fees *HK$'000*	Basic salaries and allowances *HK$'000*	Employer's contribution to pension schemes *HK$'000*	2014 Total *HK$'000*
Executive directors:				
Mr. Lam Wai Chun	–	1,304	100	1,404
Ms. Tang Fung Kwan	–	1,351	120	1,471
Mr. Ho Man Lee	–	641	24	665
Ms. Li Hong *(resigned on 1 October 2013)*	–	255	18	273
Independent non-executive directors:				
Dr. Tang Tin Sek	498	–	–	498
Mr. Au Son Yiu	480	–	–	480
Mr. Goh Gen Cheung	420	–	–	420
Professor Zhu Yuhe *(retired on 27 September 2013)*	172	–	–	172
	1,570	3,551	262	5,383

Notes to the Financial Statements

23 Employee benefit expenses *(continued)*

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two (2014: two) directors whose emoluments are reflected in the analysis presented above. The emoluments paid/payable to the remaining three (2014: three) individuals during the year are as follows:

	2015	2014
	HK$'000	*HK$'000*
Basic salaries, allowances and other benefits in kind	**2,461**	2,318
Contributions to pension schemes	**66**	63
	2,527	2,381

The emoluments fell within the following band:

	Number of individuals	
	2015	2014
Emolument bands		
Nil to HK$1,000,000	**3**	3

No emoluments were paid to individuals as an inducement to join the Group or as compensation for loss of office.

(d) Senior management's emoluments by band

The senior management's emolument fell within the following bands:

	Number of members	
	2015	2014
Emolument bands		
Nil to HK$1,000,000	**31**	23

Notes to the Financial Statements

24 Finance costs, net

	2015	2014
	HK$'000	*HK$'000*
Interest expense on bank borrowings *(Note)*		
– wholly repayable within five years	**18,213**	14,116
– not wholly repayable within five years	**797**	969
Total interest expense incurred during the year	**19,010**	15,085
Interest income from bank deposits	**(66)**	(58)
	18,944	15,027

Note:

The classification by repayment period is based on the scheduled repayment dates set out in the loan agreements and ignore the effect of any repayment on demand clause.

25 Income tax expense

The amount of income tax expense charged to the consolidated income statement represents:

	2015	2014
	HK$'000	*HK$'000*
Hong Kong profits tax		
– current tax	**12,699**	9,737
– (over)/under-provision in prior years	**(89)**	32
Overseas income tax including Mainland China		
– current tax	**371**	146
– over-provision in prior years	**–**	(72)
Deferred income tax *(Note 18)*	**265**	(2,083)
Total income tax expense	**13,246**	7,760

The Company is incorporated in Bermuda and is exempted from income tax in Bermuda until year 2035. Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profit for the year. Subsidiaries of the Group in Mainland China are subject to Mainland China enterprise income tax at the rate of 25% (2014: 25%) on their taxable income determined according to Mainland China tax laws. Other overseas income tax has been calculated on the estimated assessable profits for the year at the rates prevailing in the respective jurisdictions.

Notes to the Financial Statements

25 Income tax expense *(continued)*

The reconciliation between the Group's actual tax charge and the amount which is calculated based on the domestic tax rates in the respective territories is as follows:

	2015	2014
	HK$'000	*HK$'000*
Profit before income tax	**40,954**	31,533
Tax calculated at weighted average domestic tax rates applicable to profits in the respective territories	**4,718**	3,685
Tax effect on income not subject to income tax	**(1,760)**	(274)
Tax effect on expenses not deductible for income tax purposes	**3,332**	2,501
Utilisation of previously unrecognised tax losses	**(515)**	(272)
Unrecognised tax losses	**4,632**	2,018
Over provision in prior years	**(86)**	(40)
Others	**2,925**	142
	13,246	7,760

26 Profit for the year of the Company

The profit of the Company dealt with in the financial statements of the Company amounted to HK$5,000,000 (2014: Nil).

27 Earnings per share

The calculation of basic earnings per share is based on the consolidated profit attributable to equity holder of approximately HK$27,708,000 (2014: HK$23,773,000) and the weighted average number of 666,190,798 (2014: 666,190,798) shares in issue during the year.

For the years ended 30 April 2015 and 30 April 2014, diluted earnings per share equals basic earnings per share as there was no dilutive potential share.

28 Dividend

	2015	2014
	HK$'000	*HK$'000*
Proposed final dividend of HK 1.00 cent (2014: HK0.70 cent) per share	**6,662**	4,663

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. These financial statements do not reflect this dividend payable.

Notes to the Financial Statements

29 Notes to the consolidated statement of cash flows

(a) Cash generated from operations

	2015 HK$'000	2014 HK$'000
Profit for the year	**27,708**	23,773
Adjustments for:		
– income tax expense	**13,246**	7,760
– Interest income	**(66)**	(58)
– Interest expense	**19,010**	15,085
– Amortisation of land use rights	**545**	545
– Depreciation of property, plant and equipment	**74,113**	59,359
– Net loss on disposal of property, plant and equipment	**4,238**	2,230
– Provision for impairment of accounts receivable	**3,821**	1,041
– Accelerated rents and write off of prepaid rents	**3,509**	–
– Fair value gains on investment properties	**(10,732)**	(1,159)
– Impairment loss on property, plant and equipment	**1,118**	2,966
– Gain on disposal of available-for-sale financial assets	**(387)**	–
	136,123	111,542
Changes in working capital:		
– Increase in inventories	**(79,244)**	(55,495)
– Decrease in accounts and bills receivables	**26,956**	19,485
– Increase in prepayments, deposits and other receivables	**(30,243)**	(44,068)
– Increase/(decrease) in accounts payable	**1,585**	(8,582)
– Increase in accruals and other payables	**17,074**	12,579
Cash generated from operations	**72,251**	35,461

29 Notes to the consolidated statement of cash flows *(continued)*

(a) Cash generated from operations *(continued)*

In the consolidated statement of cash flows, proceeds from disposal of property, plant and equipment comprises:

	2015 *HK$'000*	2014 *HK$'000*
Net book value *(Note 7)*	4,623	2,230
Net loss on disposal of property, plant and equipment *(Note 21)*	(4,238)	(2,230)
Proceeds from disposal of property, plant and equipment	385	–

(b) Cash, cash equivalents and bank overdrafts include the following for the purpose of the consolidated statement of cash flows:

	2015 *HK$'000*	2014 *HK$'000*
Cash and cash equivalents	68,386	79,479
Bank overdrafts	(15,305)	(33,473)
	53,081	46,006

30 Commitments and contingent liabilities

(a) Capital commitments in respect of property, plant and equipment:

	Group	
	2015 *HK$'000*	2014 *HK$'000*
Contracted but not provided for	1,657	3,422

The Company did not have significant capital commitments as at 30 April 2015 (2014: Nil).

(b) Operating lease commitments – where the Group is the lessee

At 30 April 2015, the Group had future aggregate minimum lease payments in respect of rented premises under non-cancellable operating leases as follows:

	2015 *HK$'000*	2014 *HK$'000*
Not later than one year	234,642	173,367
Later than one year and not later than five years	262,032	236,914
Over five years	667	–
	497,341	410,281

The above lease commitments do not include commitments for additional rentals payable, if any, when turnover of individual retail outlets exceeds a pre-determined level as it is not possible to determine in advance the amount of such additional rentals.

Notes to the Financial Statements

30 Commitments and contingent liabilities *(continued)*

(c) Operating leases – where the Group is the lessor

At 30 April 2015, the Group had future minimum lease payments receivable under non-cancellable operating leases as follows:

	2015	2014
	HK$'000	*HK$'000*
Not later than one year	**3,393**	2,241
Later than one year and not later than five years	**1,315**	1,221
	4,708	3,462

31 Banking facilities and pledge of assets

As at 30 April 2015, the Group had aggregate banking facilities of approximately HK$922,518,000 (2014: HK$609,325,000) for overdrafts, loans and trade financing, factoring of accounts receivable etc. Unused facilities as at the same date amounted to approximately HK$295,765,000 (2014: HK$98,431,000). These facilities were secured by corporate guarantees executed by the Company and certain of its subsidiaries and the followings:

(a) pledges of the Group's land and buildings of approximately HK$312,615,000 (2014: HK$256,161,000) (Note 7).

(b) pledges of the Group's investment properties of approximately HK$79,930,000 (2014: HK$68,920,000) (Note 8).

(c) pledges of the Group's factored accounts receivable of approximately HK$7,183,000 (2014: HK$6,999,000) (Note 12).

(d) pledges of the Group's bank deposits of approximately HK$49,116,000 (2014: HK$30,906,000) (Note 14).

(e) charges over certain of the Group's inventories held under import and trust receipts loans arrangements (Note 11).

In addition, the Group is required to comply with certain restrictive financial covenants imposed by the banks.

Notes to the Financial Statements

32 Related party transactions

Related party is a party that is related to the Group if directly, or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with the Group (including the Company or its wholly or non-wholly owned subsidiaries); or the party has an interest in the Group that gives it significant influence over the Group; or the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual who is a member of the key management personnel of the Group or its parent.

Except as otherwise stated, during the year, the Group had the following related party transactions, which were carried out in the normal course of the Group's business at mutually agreed prices:

		2015	2014
		HK$'000	*HK$'000*
(a)	Rental expense paid to a related company which is owned by directors of the Company	606	664
	Rental expense paid to a director of the Company	294	294
	Commission paid to a related company	–	700

(b) Key management compensation is as below:

	2015	2014
	HK$'000	*HK$'000*
Wages and salaries	4,754	5,121
Pension costs – defined contribution plans	247	262
	5,001	5,383

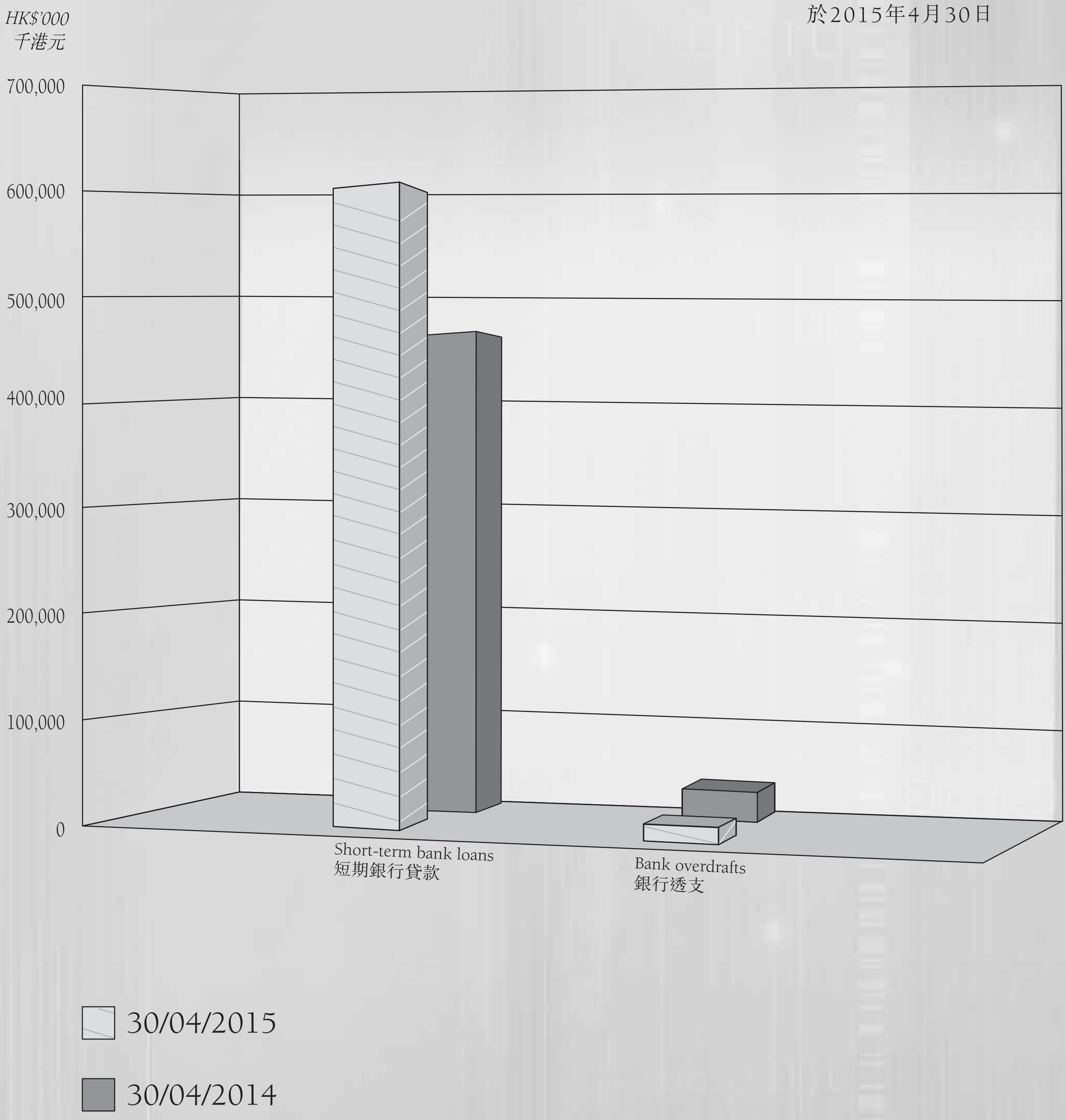
Schedule of Principal Investment Properties

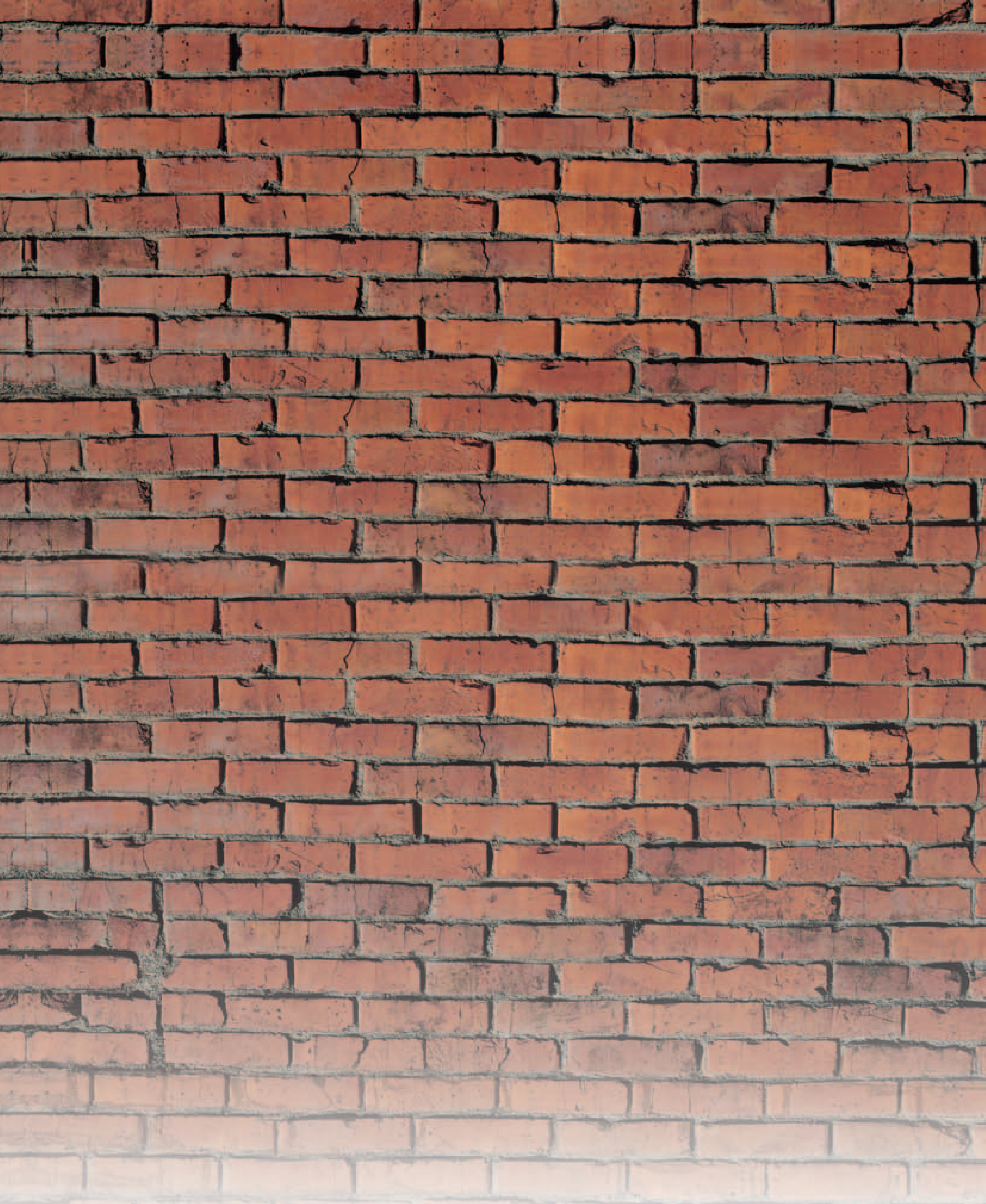
All properties held for investment are under medium-term leases. Major investment properties of the Group are set out below:

	Address	Lot No.	Existing use
1.	Unit 1012A and 1012B on level 10, No. 8 Caihetang Road, Haidian District, Beijing, The PRC	IV-1-4-82(1)	Office Premises
2.	Shop No.4 on Ground Floor, Richland Garden, No. 138 Wu Chui Road, Tuen Mun, New Territories, Hong Kong	Tuen Mun Town Lot No. 333	Shop
3.	Shop No.33 on Ground Floor, Richland Garden, No. 138 Wu Chui Road, Tuen Mun, New Territories, Hong Kong	Tuen Mun Town Lot No. 333	Shop
4.	Shop No.45 on Ground Floor, Richland Garden, No. 138 Wu Chui Road, Tuen Mun, New Territories, Hong Kong	Tuen Mun Town Lot No. 333	Shop
5.	Flat H on 23rd Floor of Tower 5 of Aegean Coast No.2 Kwun Tsing Road, Tuen Mun, New Territories, Hong Kong	Tuen Mun Town Lot No. 374	Residential
6.	Flat No.7 on 11th Floor of Block E, Amoy Gardens, Phase 1, No. 77 Ngau Tau Kok Road, Ngau Tau Kok, Kowloon, Hong Kong	Section E of New Kowloon Inland Lot No. 53 and the others	Residential
7.	Flat A7 on 40th Floor of Block A and portion A7 of Roof, Tak Bo Garden, No.3 Ngau Tau Kok Road, Kowloon Bay, Hong Kong	Section A of New Kowloon Inland Lot No. 2695 and the others	Residential

Summary
of credit facilities utilisation
融資信貸動用摘要

As at 30 April 2015
於2015年4月30日





香 港 九 龍 觀 塘 巧 明 街 1 1 0 號 興 運 工 業 大 廈 2 樓
2nd Floor, Hing Win Factory Building, 110 How Ming Street, Kwun Tong, Kowloon, Hong Kong