



Gold Tat Group International Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8266



ANNUAL REPORT 2015

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors (the “Directors”) of Gold Tat Group International Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

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Corporate Information

DIRECTORS

Executive Directors

Mr. So Loi Fat (*Chairman*)
Mr. Choi Ho Yan
Mr. So Haw, Herman
Mr. Su Minzhi (appointed on 8 April 2015)
Mr. Wong Shiu Wah, Williamson
(appointed on 3 March 2015)

Independent Non-executive Directors

Mr. Chiu Wai Piu
Mr. Tam Kin Yip (appointed on 3 March 2015)
Mr. Tam Yiu Cheung (appointed on 3 March 2015)

COMPLIANCE OFFICER

Mr. Choi Ho Yan

AUTHORISED REPRESENTATIVES

Mr. Choi Ho Yan
Mr. So Haw, Herman

COMPANY SECRETARY

Mr. Chan Wing Fai, *CPA*
(appointed on 11 June 2015)

AUDIT COMMITTEE

Mr. Tam Yiu Cheung (*Chairman*)
(appointed on 3 March 2015)
Mr. Chiu Wai Piu
Mr. Tam Kin Yip (appointed on 3 March 2015)

REMUNERATION COMMITTEE

Mr. Tam Yiu Cheung (*Chairman*)
(appointed on 3 March 2015)
Mr. Chiu Wai Piu
Mr. Tam Kin Yip (appointed on 3 March 2015)

NOMINATION COMMITTEE

Mr. Chiu Wai Piu (*Chairman*)
Mr. Tam Kin Yip (appointed on 3 March 2015)
Mr. Tam Yiu Cheung (appointed on 3 March 2015)
Mr. So Haw, Herman

AUDITOR

RSM Nelson Wheeler

LEGAL ADVISER

Michael Li & Co

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company
(Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong
Investor Services Limited
17M, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Suite 1006, 10th Floor
Ocean Centre, Harbour City
Tsim Sha Tsui
Kowloon, Hong Kong

PRINCIPAL BANKER

OCBC Wing Hang Bank Limited
The Hongkong and Shanghai Banking
Corporation Limited
Standard Chartered Bank (Hong Kong) Limited
Citibank (Hong Kong) Limited

WEBSITE

www.goldtatgroup.com

STOCK CODE

8266

Schedule of Principal Properties

The following list contains properties held by the Group as at 31 March 2015:

1. INVESTMENT PROPERTIES

Location	Term	Type	Group's interest
Flat A, 52nd Floor, Tower 2, Manhattan Hill, No. 1 Po Lun Street, Kowloon, Hong Kong N.K.M.L. No. 3	Medium Lease	Residential	100%
Flat B, 5th Floor, No. 75 Broadway Mei Foo Sun Chuen, Kowloon, Hong Kong The remaining portion of N.K.I.L. No. 5087	Medium Lease	Residential	75%

2. PROPERTIES UNDER DEVELOPMENT

Location	Particulars of occupancy	Type	The site and gross floor area	Group's interest
Two separate parcels of land located at Wumaling, Longtao, Jiangcheng District, Yangjiang City, Guangdong Province, the People's Republic of China (the "PRC")	Vacant land as at the date of the annual report	Residential/ Commercial	Site area – approximately 173,602 square feet Gross floor area – approximately 504,313 square feet	66.66%

Chairman's Statement

Dear shareholders,

On behalf of the Board, I wish to take this opportunity to express my sincere gratitude to our shareholders, business partners, suppliers and clients for their continued support to the Group.

The past financial year has been a challenging and a difficult one. In recent years, China's economy has been undergoing a difficult transition. Slower growth has seemed to become the new norm. In an environment where the overall economy is sluggish and consumer sentiment tends to be weak, most businesses, including ourselves, are facing enormous challenges of slow growth and margin erosion.

In such a difficult environment, all my colleagues continued to work hard as one united team and achieved positive revenue growth and limiting the amount of losses being made. For the year under review, the Group's turnover has increased by 26.5%, from approximately HK\$941,079,000 for 2014 to approximately HK\$1,190,641,000 for 2015; whereas loss for the year had been decreased to approximately HK\$1,552,000 from approximately HK\$149,457,000 a year ago. I would like to take this opportunity to thank all my colleagues for their effort and achievement.

Whereas we will be constantly reviewing on our business operations, we will also be monitoring our strategies in moving forward and continuing to look out for possible exciting opportunities so as to enhance our performances for the years ahead.

Moreover, the Group will continue to strive to enhance the operational efficiency of our respective business divisions, with an aim to further improve the profitability and shareholders' value. The Group will also actively adapt to the "New Normal" economic development to seize new opportunities and to respond to new challenges.

Last but not least, I would also like to thank my fellow directors for their guidance and advices that brought us across the past year and meet the challenges of the next.

By order of the Board

So Loi Fat
Chairman of the Board

Hong Kong, 26 June 2015

Management Discussion and Analysis

GENERAL

The Group had been participating in the following activities:

- Trading of Electronic Hardware Components (Display and Touch Panel Modules) with Compatibility Solutions Advisory Services; and
- Real Estate Development and Investment

BUSINESS REVIEW

Continuing Operations

Trading of Electronic Hardware Components (Display and Touch Panel Modules) with Compatibility Solutions Advisory Services

This business segment continued in performing well this year with a growth in revenue of 25.9%, from approximately HK\$939,668,000 for 2014 to approximately HK\$1,182,848,000 for 2015. This experienced and reputable unit continues to operate under the same management team. This business arm has maintained excellent agency service contracts of many years for the China market with two major renowned suppliers both listed on the Taiwan Stock Exchange, whilst the mechanised customers are amongst the largest names in China and Asia Pacific. On the other hand, the increase in its turnover was mainly due to successful expansion of its customers base during the year.

The main business of this unit is the trading of hardware electronic parts specifically relating to display and/or touch panel modules. Whereas the profit for the year for this segment has stayed similar with the previous year, the business unit has been striving in a fierce market despite its available finance budget. For the last year when smartphones had pretty much reached a high market penetration rate in markets such as the PRC and other developed markets. This is a clear signal when potential changes and possible changes in focus are needed. In view of this, our experienced management team will be closely monitoring any potential changes in the consumer markets and/or other related technological advancements so as to prep for any changes needed in lieu of such developments.

Real Estate Development and Investment

The Group has a real estate development portfolio of three and displayed the concentration effort in the area of Yangjiang City. The most notable project is Xiangjiang Peninsula, with stage two constructions underway and near its completion phase whereas the Group had also already begun the pre-sale of stage two. However, the progress of the pre-sale of stage two was slow and fell behind the management's expectation. In regard of this, the Group will keep a close eye on the progress of pre-sales activities of Xiangjiang Peninsula.

Management Discussion and Analysis

It was noted that despite a general downturn of the Chinese economy, the local appetite and sentiment for the real estate had maintained because of the general public's housing needs; however the sentiment remained conservative. The Group will continue with its cautious investment evaluation approach and along with more preparations aiming against possible adverse conditions.

Closer to home in Hong Kong, the Group has been enjoying the rental return from the leasing out of the properties notwithstanding the appraisal of the respective valuations.

Discontinuing Operations

Mobile data solution business

The Group discontinued its mobile application development and information technology consultant services business by entering into a sale and purchase agreement to dispose to a director of certain subsidiaries of the Company for a consideration of HK\$8,560,000. The disposal was completed on 19 December 2014.

Prospects

Despite the sale of the highly competitive mobile data solution business, the Group retained part of the game development business which may yield on possible profits given the time and resources we had invested. By way of streamlining the Group's business segments, focuses and resources will be allocated to our remaining business segments with a view to strength the Group's foundation.

Chinese real estate market in the past year is entering a period of adjustment, the growth rate of real estate investment decreased significantly. However, with a steady, positive and healthy development goal as enchanted and being implemented by the Central Government, long-term mechanism is being established to improve and enhance the state of the real estate market in China. Coupled with the control and reform policies such as the withdrawal of restricted measures imposed on loan to and purchase of properties, lowering of the Require Rate of Reserves and interest rates, the real estate market in first half of 2015 has gradually picked up. The transaction volume also increased moderately. With the next stage of reforms for the Chinese economy, a prudent monetary policy and proactive fiscal policy are to be expected so as to stimulate the real estate adjustment and make it be more market-oriented, and thus conducive to the medium and long term development and enhancement of the real estate market in China. The Group will continue to closely monitor the development of our projects in the Guangdong Province, and will actively review our development strategies so to capture new market opportunities.

Moving forward, the Group will continue to explore new investment opportunities, with a view to enhance the profitability of the Group as well the return and growth of the shareholders.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue and results

Revenue for the year ended 31 March 2015 increased by 26.5% from approximately HK\$941,079,000 for 2014 (restated) to approximately HK\$1,190,641,000 for 2015. The revenue was mainly contributed by the trading of electronic parts and components business.

Loss attributable to owners of the Company for the year ended 31 March 2015 decreased by 97.2% from approximately HK\$149,206,000 for 2014 to approximately HK\$4,108,000 for 2015. The loss per share was 0.17 HK cent (2014: 8.79 HK cents).

Segment Information

Trading of electronic parts and components

Revenue for the year ended 31 March 2015 increased by 25.9% from approximately HK\$939,668,000 for 2014 to approximately HK\$1,182,848,000 for 2015. The increase was mainly due to successful expansion of customers during the year. Profit for the year decreased by 20.4% from approximately HK\$8,113,000 for 2014 to approximately HK\$6,454,000 for 2015.

Property development

No revenue was generated and it recorded a loss of approximately HK\$6,273,000 for 2015 (2014: approximately HK\$103,695,000), a decrease of 94.0% from a year ago. The significant loss in last year was mainly due to the impairment loss of approximately HK\$99,336,000 in respect of investment in an associate.

Property investment

Revenue for the year ended 31 March 2015 increased by 452.3% from approximately HK\$1,411,000 for 2014 to approximately HK\$7,793,000 for 2015. Moreover, the segment turned from a loss of approximately HK\$1,380,000 for 2014 to a profit of approximately HK\$6,486,000 for 2015, which was mainly due to gain on change in fair value of the investment properties of approximately HK\$6,000,000 was recorded for 2015 while loss on change in fair value of approximately HK\$1,300,000 was recorded for 2014.

Liquidity and financial resources

The Group financed its operations with the revenue generated from its operations and banking facilities provided by its bankers in Hong Kong. The Group had total outstanding borrowings of approximately HK\$220,727,000 as at 31 March 2015 (2014: approximately HK\$281,931,000).

81.9% (2014: 48.8%) of the borrowings are considered as current liabilities and repayable within one year, none (2014: 37.0%) are repayable in two years and the remaining of 18.1% (2014: 14.2%) are repayable in seven years. HK and US dollar denominated borrowings accounted for 50.3% (2014: 58.9%) and 49.7% (2014: 41.1%) of the total borrowings respectively.

Management Discussion and Analysis

57.4% (2014: 47.4%) of the borrowings are interest bearing bank loans on floating rate terms, the effective annual interest rates range from 2.25% to 5.00%; 18.1% (2014: 14.2%) are seven-year 5% coupon straight bonds due 2020; 20.8% (2014: 29.9%) are 4% convertible bonds due 2015 and none (2014: 8.0%) are non-interest convertible bonds; 3.4% (2014: 0.3%) of borrowings are interest bearing other loans on fixed rate terms and the remaining 0.3% (2014: 0.2%) are interest bearing finance lease obligation at fixed interest rate.

At 31 March 2015, the Group had cash reserves of approximately HK\$58,470,000 (2014: approximately HK\$33,373,000). Most of the cash reserves were placed with major banks in Hong Kong and the PRC.

The gearing ratio as at 31 March 2015 was 85.1% (2014: 162.8%). The gearing ratio was derived by dividing the total borrowings including the bank and other loans, bonds, convertible bonds and finance lease payables of approximately HK\$220,727,000 (2014: approximately HK\$281,931,000) by the amount of shareholders' equity of approximately HK\$259,258,000 (2014: approximately HK\$173,228,000). The liquidity ratio of the Group, represented by a ratio between current assets over current liabilities, was 117.5% (2014: 127.9%).

The management of the Company will continue to make good efforts to improve the liquidity condition. Measures will include but not limited to tightening of costs control, expansion of current businesses, the securing of additional loan facilities and/or raising funds from the capital market.

FOREIGN EXCHANGE EXPOSURE

The income and expenditure of the Group are mainly denominated in HK dollar, US dollar and Renminbi, the impact of foreign exchange exposure to the Group is considered minimal in this respect and no hedging or other arrangements to reduce the currency risk have been implemented.

CAPITAL STRUCTURE

The capital of the Company comprises only ordinary shares. As at 31 March 2015, the total number of ordinary shares of the Company was 2,666,092,967 shares.

27,963,346 new shares were issued and allotted during the year upon exercise of share options granted by the Company. Share premium increased by approximately HK\$6,494,000 accordingly.

517,100,685 new shares were issued and allotted during the year as a result of the conversion of the convertible bonds. Share premium increased by approximately HK\$118,972,000 accordingly.

120,000,000 new shares were issued and allotted during the year as a result of the exercise of warrants. Share premium increased by approximately HK\$19,224,000 accordingly.

Save as disclosed above, there was no change in the capital structure of the Company during the year ended 31 March 2015.

Management Discussion and Analysis

SIGNIFICANT INVESTMENTS, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group did not have any significant external investment plans for the year ended 31 March 2015. There was no plan authorised by the Board for any material investments or other additions of capital assets at the date of this report.

MATERIAL ACQUISITIONS AND DISPOSALS

On 5 May 2014, the Group entered in to a sale and purchase agreement with a third party to dispose its 33.33% equity interest in Jun Feng Enterprise (HK) Limited at a consideration of HK\$330,000.

On 17 November 2014, the Company and Mr. Wong Ming Wai, a director of certain subsidiaries of the Company, entered into an agreement pursuant to which the Company agreed to sell and Mr. Wong Ming Wai agreed to purchase the entire equity interest in Mobile Telecom (BVI) Limited ("Mobile Telecom"), a wholly owned subsidiary of the Company, at a consideration of HK\$8,560,000. The disposal was completed on 19 December 2014. The principal activity of Mobile Telecom and its subsidiaries was provision of mobile data solution and related services. The Directors considered that the disposal represented a good opportunity for the Group to reallocate the financial and operational resources from Mobile Telecom and its subsidiaries to other business segments which may generate relatively higher return. The proceeds from the disposal was used as general working capital of the Group. Details of the transaction were set out in the Company's announcement on 17 November 2014.

Save as disclosed above, the Group did not make any material acquisitions or disposals during the year ended 31 March 2015.

CHARGES ON THE GROUP'S ASSETS

As at 31 March 2015, the Group pledged the following assets to secure loans and bank loan facilities of the Group:

- (i) the investment properties with fair value of HK\$45,700,000 (2014: HK\$39,700,000);
- (ii) the leasehold properties with carrying amount of approximately HK\$4,716,000 (2014: approximately HK\$4,826,000); and
- (iii) bank deposits of approximately HK\$26,227,000 (2014: approximately HK\$19,383,000).

And, two leased motor vehicles with carrying amounts of approximately HK\$818,000 (2014: a leased motor vehicle with carrying amount of approximately HK\$516,000) was charged to secure the Group's finance lease payables.

Management Discussion and Analysis

CONTINGENT LIABILITIES

As at 31 March 2015, ETC Technology Limited ("ETC") entered into a guarantee agreement with a bank providing a guarantee with respect to a mortgage loan granted by the bank to a related party of ETC since 2011, of which HK\$2,309,000 (2014: HK\$2,654,000) have been outstanding. Under the guarantee agreement, ETC would be liable to pay the bank should the bank be unable to recover the repayment of the loan in full from the related party. The fair value of the guarantee at date of inception was not material and was not recognised in the consolidated financial statements as the Directors considered that it was not probable that the repayment of the loan would be default.

Except for the above, the Group did not have any significant contingent liabilities as at 31 March 2015 (2014: Nil).

EMPLOYEE INFORMATION

As at 31 March 2015, the Group had an aggregate of 50 (2014: 56 (restated)) employees of which 28 (2014: 34 (restated)) were based in Hong Kong while the rest were located in the PRC. The Group's employees are remunerated in accordance with their work performance, experience and prevailing industry practices. Total staff costs, including Directors' emoluments, amounted to approximately HK\$18,546,000 for the year ended 31 March 2015 (2014: approximately HK\$18,214,000 (restated)). Share options and bonuses are also available to the Group's employees at the discretion of the Directors and depending upon the financial performance of the Group.

Biographical Details of Directors and Senior Management

DIRECTORS

Executive Directors

Mr. So Loi Fat (“Mr. So”), aged 57, was appointed as an executive director and the chairman of the Company on 7 January 2014. Mr. So is responsible for formulating the overall business plan and the corporate strategies of the Group. Mr. So has over 30 years of experience in textile, mining and real estate development businesses in the PRC. Before his appointment as an executive director of the Company and the chairman of the Board, Mr. So was the general manager of a textile manufacturing company in the PRC and instrumental in promoting the company to become one of the well-known enterprises in Fujian Province, the PRC. In relation to Mr. So’s previous career history, he was the managing director of a company engaged in mining industry in the PRC where his responsibility was to oversee the development, layout and management of a goldmine and a coalmine located in Jiuquan district of Gansu Province, the PRC. In addition, Mr. So was also employed as the managing director of a company engaged in real estate development in the PRC and was responsible for overseeing the real estate projects in Beijing. Currently, Mr. So is a honorary life-chairman of the Association of Hong Kong Quanzhou Charity Promotion Limited and a honorary chairman of Chamber of Commerce of Fujian Gansu Province.

Mr. Choi Ho Yan (“Mr. Choi”), aged 39, was appointed as an executive director of the Company on 30 July 2010. Mr. Choi is responsible for the finance function and public relation of the Group. Mr. Choi graduated from the University of Hertfordshire, United Kingdom with a Bachelor of Accounting degree. Mr. Choi has over 14 years of experience in auditing, accounting, corporate finance and investor relations experience gained from his previous employment. Mr. Choi was an accountant at Ernst and Young from 1998 – 2004, overseeing audit work for projects related to initial public offerings of several companies, as well as other related work for listed companies. During his time as a chief financial officer for a company listed on the stock exchange of the Singapore Exchange Limited from 2004 – 2010, he oversaw the investor relations programme as well as the accounting and financial functions of that company. Mr. Choi also serves as an independent non-executive director of Time Watch Investments Limited (a company listed on the Main Board of the Stock Exchange, stock code: 2033).

Mr. So Haw, Herman (“Mr. Herman So”), aged 32, was appointed as an executive director of the Company on 7 June 2011. Mr. Herman So is responsible for the property investment and property development of the Group. Mr. Herman So attained his Bachelor of Mechanical Engineering (with honours and IMechE accreditation) in University of London, United Kingdom and Master of Oceanography (with IMarEST accreditation) in University of Southampton, United Kingdom in 2004 and 2005, respectively. Since his graduation, he has worked in Geotek Ltd. as a geophysicist/engineer for around 11 months and later pursued his career in the banking business. He has worked in China Construction Bank (Asia) Corp. Ltd., Hong Kong for more than 3.5 years. During that period, he has served a host of multi-national clients, including but not limited to corporate financing, and banking services. Prior to joining the Company, he worked as an executive director and vice general manager in a private business group, overseeing real estate development projects, commercial and residential re-design projects, and merger and acquisition projects of that private business group.

Biographical Details of Directors and Senior Management

DIRECTORS *(Continued)*

Executive Directors *(Continued)*

Mr. Wong Shiu Wah, Williamson (“Mr. Williamson Wong”), aged 53, was newly appointed as an executive director of the Company on 3 March 2015. Mr. Williamson Wong is a holder of a Master degree in Business Administration from the Chinese University of Hong Kong and a Master of Science degree in information systems from the Hong Kong Polytechnic University. Mr. Williamson Wong has been a fellow member of the Association of Chartered Certified Accountants in the United Kingdom since 1998. Before joining the Company, Mr. Williamson Wong has worked with various public and private companies in Hong Kong and in the United States of America as financial controller/officer/director. He has extensive experience in auditing, accounting, corporate finance and operations management and control in various industries. Mr. Williamson Wong has been appointed as the independent non-executive director of Abterra Ltd. (a company listed on the stock exchange of the Singapore Exchange Limited, stock code: L5I) (“Abterra”) since February 2010. He is presently the chairman of the audit committee and a member of the remuneration, nomination and employee share option scheme committees of Abterra.

Mr. Su Minzhi (“Mr. Su”), aged 30, was newly appointed as an executive director of the Company on 8 April 2015. Mr. Su has been an assistant to director of a property development company in the PRC since 2004. Mr. Su is responsible for financial management and investment analysis. Mr. Su has also involved in various property development projects and his major responsibilities in those projects were construction management, sales management and project controlling and supervising. Mr. Su has over 10 years’ experience in property development business in the PRC. In addition, Mr. Su assisted the property development company to acquire a mining company in the PRC in 2012. The mining company owns two mines in Gansu Province. Mr. Su has worked as assistant general manager of that mining company since September 2012 and he is responsible for business management and development. Mr. Su is the son of Mr. So Loi Fat, the chairman of the Board.

Independent non-executive Directors

Mr. Chiu Wai Piu (“Mr. Chiu”), aged 67, was appointed as an independent non-executive director of the Company on 30 July 2010. Mr. Chiu is a very experienced and reputable journalist and has over 40 years of experience in journalism. He has been a reporter, an editor, a main news assignment editor, a local news assignment editor, a managing editor and an editorial writer in newspapers and a senior research officer in “One Country Two Systems Research Institute”. Mr. Chiu has been the founding treasurer and the chairman of the “Hong Kong Federation of Journalists”. In 2006, he was elected as the Vice Secretary – General and Treasurer of the “Hong Kong Federation of Journalists”; and he was also elected as the Director-General in 2009. Mr. Chiu has, for many years, devoted himself wholeheartedly in boosting cooperation among local journalists, enhancing professional conduct of journalists and developing the relationship and advocating the interchange of knowledge between journalists in Hong Kong and Mainland China. His contribution in this field is highly praised and recognised. Mr. Chiu served as an independent non-executive director of Jiwa Bio-Pharm Holdings Limited (now known as U-Home Group Holdings Limited) (a company listed on the Main Board of the Stock Exchange, stock code: 2327) from September 2008 to September 2013. He is currently an independent non-executive director of the Global Strategic Group Limited (a company listed on GEM, stock code: 8007), which was appointed in October 2014.

Biographical Details of Directors and Senior Management

DIRECTORS *(Continued)*

Independent non-executive Directors *(Continued)*

Mr. Tam Yiu Cheung (“Mr. YC Tam”), aged 33, was newly appointed as an independent non-executive director of the Company on 3 March 2015. Mr. YC Tam is a fellow member of the Association of Chartered Certified Accountants in the United Kingdom and a charter holder of the Chartered Financial Analyst. He also holds a Bachelor degree in Accounting from the Hong Kong University of Science and Technology. Mr. YC Tam has over 10 years of experience in auditing, accounting and corporate finance fields gained from his previous employment. Mr. YC Tam was an accountant at KPMG and BDO Limited from 2004 to 2006 and 2008 to 2011 respectively, overseeing audit work for clients, including listed companies, from different industries. During his time as a financial controller for Abterra from 2011 to 2014, he oversaw the accounting and financial functions of that company.

Mr. Tam Kin Yip (“Mr. KY Tam”), aged 41, was newly appointed as an independent non-executive director of the Company on 3 March 2015. Mr. KY Tam is a practicing Barrister-At-Law in Hong Kong and has over 11 years’ experience in litigation. Mr. KY Tam became an associate of Hong Kong Institute of Arbitrators in 2006. Currently, Mr. KY Tam is an independent non-executive director of Zhi Cheng Holdings Limited (a company listed on GEM, stock code: 8130).

SENIOR MANAGEMENT

Mr. Wong Chun Wai (“Mr. Wong”), aged 41, is the former chief executive officer of the Group and currently a director of ETC Technology Limited, a subsidiary of the Company. Mr. Wong joined the Group on 17 December 2012. Mr. Wong has 16 years of experience in the electronic industry. He joined a subsidiary of the Company in year 2001 and was responsible for product research and development and liaison with customers in respect of the product specifications. Mr. Wong also involved in formulating marketing strategies and handling sales operation. Mr. Wong is currently focusing on corporate financing and maintaining both suppliers and customers’ relationships in order to further promote and launch new products to the market network of the trading of electronics parts and components business. Mr. Wong holds a bachelor degree in Art of Computing from The Hong Kong Polytechnic University and a master degree in Business Administration from The University of Northern Iowa.

Mr. Wong resigned as the chief executive officer of the Company with effect from 3 April 2015.

Report of the Directors

The Directors hereby submit their report together with the audited consolidated financial statements of the Group for the year ended 31 March 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is principally engaged in trading of electronic parts and components in relation to display modules and touch panel modules. During the year, the Company discontinued the operations of mobile application development and information technology services. Details of disposal were set out in the Company's announcement dated 17 November 2014.

An analysis of the Group's performance by operating segments for the year ended 31 March 2015 is set out in note 10 to the consolidated financial statements.

Particulars of the Company's subsidiaries and associates as at 31 March 2015 are set out in notes 24 and 27 respectively to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2015 and the state of affairs of the Company and the Group as at that date are set out in the consolidated financial statements on pages 38 to 144.

The Directors do not recommend the payment of a dividend (2014: Nil).

RESERVES

Details of movements in the reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity and note 43 to the consolidated financial statements.

DISTRIBUTION RESERVES

No distribution reserves of the Company was recorded as at 31 March 2015. Under section 34 of the Companies Law (Revised) of the Cayman Islands, the share premium is available for distribution to shareholders subject to the provisions of the articles of association of the Company, and no distribution may be paid to shareholders out of the Company's share premium unless the Company shall be able to pay its debts as they fall due in the ordinary course of business.

FIXED ASSETS

Details of the movements in property, plant and equipment and investment properties of the Group during the year are set out in notes 20 and 21 respectively to the consolidated financial statements.

PRINCIPAL PROPERTIES

Details of the principal properties held for development and for investment purposes of the Group as at 31 March 2015 are set out on page 4 of the annual report.

Report of the Directors

SHARE CAPITAL

Details of the movements in share capital of the Company during the year are set out in note 42 to the consolidated financial statements.

CONVERTIBLE BONDS

Particulars of convertible bonds of the Group and the Company as at 31 March 2015 are set out in note 37 to the consolidated financial statements.

WARRANTS

Particulars of warrants of the Group and the Company as at 31 March 2015 are set out in note 35 to the consolidated financial statements.

BORROWINGS

Details of the Group's and the Company's borrowings as at 31 March 2015 are set out in note 36 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association and there is no restriction against such rights under the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

FIVE YEAR FINANCIAL SUMMARY

A summary of the Group's results and assets and liabilities for the last five financial years is set out on page 144 of the annual report.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

SHARE OPTIONS

Pre-IPO Share Option Scheme

The Company adopted the Pre-IPO Share Option Scheme on 27 March 2003, pursuant to which certain Directors and participants have been granted options to subscribe for shares.

The Pre-IPO Share Option Scheme has expired on 27 March 2013. The unexercised options under the Pre-IPO Share Option Scheme will continue to be valid and exercisable subject to the provisions of the scheme until the end of the exercise periods.

Report of the Directors

SHARE OPTIONS *(Continued)*

Pre-IPO Share Option Scheme *(Continued)*

Movements in the outstanding share options granted under the Pre-IPO Share Option Scheme during the year ended 31 March 2015 are set out below.

Name	Date of grant	Number of Share Options				Outstanding as at 31 March 2015	Approximate percentage of the issued share capital	Option period	Consi-deration for the grant of the option HK\$	Exercise price per share HK\$
		Outstanding as at 1 April 2014	Granted during the year	Exercised during the year	Lapsed during the year					
Other Participants										
Employees in aggregate (Note 1)	9 February 2007	12,565	–	–	(12,565)	–	–	9 February 2007 – 8 February 2017	1.00	0.078 (Adjusted)
	12 February 2008	25,130	–	–	(25,130)	–	–	12 February 2008 – 11 February 2018	1.00	0.152 (Adjusted)
		37,695	–	–	(37,695)	–	–			

Note:

1. Employees working under employment contracts that are regarded as “continuous contracts” for the purpose of the Employment Ordinance (Chapter 57 of the laws of Hong Kong).
2. 37,695 share options have been lapsed in January 2015.

Report of the Directors

SHARE OPTIONS (Continued)

Share Option Scheme

(i) 2003 Share Option Scheme

The 2003 Share Option Scheme has been terminated on 25 March 2013. The unexercised options under the 2003 Share Option Scheme will continue to be valid and exercisable subject to the provisions of the scheme until the end of the exercise periods.

Movements in the outstanding share options granted under the 2003 Share Option Scheme during the year ended 31 March 2015 are set out below.

Name	Date of grant	Number of Share Options					Outstanding as at 31 March 2015	Approximate percentage of the issued share capital	Option period	Consi-deration for the grant of the option <i>HK\$</i>	Exercise price per share <i>HK\$</i>
		Outstanding as at 1 April 2014	Transferred from/(to) other category during the year	Granted during the year	Exercised during the year	Lapsed during the year					
Executive Directors											
Mr. Chan Wai Kwong, Peter	29 June 2011	3,000,000	(3,000,000)	-	-	-	-	-	29 June 2011 – 28 June 2021	1.00	0.140
Mr. Choi Ho Yan	29 June 2011	3,000,000	-	-	-	-	3,000,000	0.113%	29 June 2011 – 28 June 2021	1.00	0.140
Mr. So Haw, Herman	29 June 2011	1,000,000	-	-	-	-	1,000,000	0.038%	29 June 2011 – 28 June 2021	1.00	0.140
Independent non-executive Directors											
Mr. Chiu Wai Piu	29 June 2011	500,000	-	-	-	-	500,000	0.019%	29 June 2011 – 28 June 2021	1.00	0.140
Mr. Cheung Kwan Hung, Anthony	29 June 2011	500,000	-	-	(500,000) <i>(Note 2)</i>	-	-	-	29 June 2011 – 28 June 2021	1.00	0.140
Mr. Heung Chee Hang, Eric	29 June 2011	500,000	-	-	(500,000) <i>(Note 2)</i>	-	-	-	29 June 2011 – 28 June 2021	1.00	0.140
Other Participants											
Employees in aggregate <i>(Note 1)</i>	17 February 2010	314,126	-	-	(163,346) <i>(Note 3)</i>	(150,780) <i>(Note 4)</i>	-	-	17 February 2010 – 16 February 2020	1.00	0.107 (Adjusted)
	29 June 2011	4,000,000	3,000,000	-	-	-	7,000,000	0.263%	29 June 2011 – 28 June 2021	1.00	0.140
		12,814,126	-	-	(1,163,346)	(150,780)	11,500,000	0.431%			

Notes:

- Employees working under employment contracts that are regarded as “continuous contracts” for the purpose of the Employment Ordinance (Chapter 57 of the laws of Hong Kong).
- The weighted average closing price of Shares immediately before the date on which the options were exercised was HK\$0.191.
- The weighted average closing price of Shares immediately before the date on which the options were exercised was HK\$0.189.
- 150,780 share options have been lapsed in January 2015.

Report of the Directors

SHARE OPTIONS (Continued)

Share Option Scheme (Continued)

(ii) 2013 Share Option Scheme

The Company adopted the 2013 Share Option Scheme on 25 March 2013, pursuant to which certain Directors and participants have been granted options to subscribe for shares.

Movements in the outstanding share options granted under the 2013 Share Option Scheme during the year ended 31 March 2015 are set out below.

Name	Date of grant	Number of Share Options					Outstanding as at 31 March 2015	Approximate percentage of the issued share capital	Option period	Consi-deration for the grant of the option HK\$	Exercise price per share HK\$
		Outstanding as at 1 April 2014	Transferred from/(to) other category during the year	Granted during the year	Exercised during the year	Lapsed during the year					
Executive Directors											
Mr. Chan Wai Kwong, Peter	28 March 2013	3,000,000	(3,000,000)	-	-	-	-	-	28 March 2013 – 27 March 2023	1.00	0.150
Mr. Choi Ho Yan	28 March 2013	3,000,000	-	-	-	-	3,000,000	0.113%	28 March 2013 – 27 March 2023	1.00	0.150
Mr. So Haw, Herman	28 March 2013	3,000,000	-	-	-	-	3,000,000	0.113%	28 March 2013 – 27 March 2023	1.00	0.150
Independent non-executive Directors											
Mr. Chiu Wai Piu	28 March 2013	1,150,000	-	-	-	-	1,150,000	0.043%	28 March 2013 – 27 March 2023	1.00	0.150
Mr. Cheung Kwan Hung, Anthony	28 March 2013	1,150,000	-	-	(1,150,000) (Note 2)	-	-	-	28 March 2013 – 27 March 2023	1.00	0.150
Mr. Heung Chee Hang, Eric	28 March 2013	1,150,000	-	-	(1,150,000) (Note 2)	-	-	-	28 March 2013 – 27 March 2023	1.00	0.150
Chief Executive											
Mr. Wong Chun Wai	28 March 2013	3,000,000	-	-	-	-	3,000,000	0.113%	28 March 2013 – 27 March 2023	1.00	0.150
Other Participants											
Employees in aggregate (Note 1)	28 March 2013	47,000,000	3,000,000	-	(12,500,000) (Note 2)	-	37,500,000	1.407%	28 March 2013 – 27 March 2023	1.00	0.150
Other eligible participants	28 March 2013	35,000,000	-	-	(12,000,000) (Note 2)	(22,000,000) (Note 3)	1,000,000	0.038%	28 March 2013 – 27 March 2023	1.00	0.150
		97,450,000	-	-	(26,800,000)	(22,000,000)	48,650,000	1.825%			

Notes:

- Employees working under employment contracts that are regarded as “continuous contracts” for the purpose of the Employment Ordinance (Chapter 57 of the laws of Hong Kong).
- The weighted average closing price of the Shares immediately before the date on which the options were exercised was HK\$0.189.
- 22,000,000 share options have been lapsed in January 2015.

Report of the Directors

SHARE OPTIONS *(Continued)*

Share Option Scheme *(Continued)*

The following is a summary of the principal terms of the 2013 Share Option Scheme:

(a) Purpose

The purpose of the 2013 Share Option Scheme is to enable the Company to grant options to the participants in order to recognise and motivate the contribution of the participants to the Company and/or its subsidiaries.

(b) Participants

The participants of the 2013 Share Option Scheme include full time or part time employees of the Group (including any directors, whether executive or non-executive and whether independent or not, of the Company or any subsidiary) and any supplier, consultants, agents and advisers or any person who, in the sole discretion of the Board, has contributed or may contribute to the Group.

(c) Maximum number of shares available for issue

The maximum number of Shares which may be issued upon exercise of all options to be granted under the 2013 Share Option Scheme and any other share option schemes of the Company adopted by the Group must not, in aggregate, exceed 10% of the shares in issue as at the date of the adoption of the 2013 Share Option Scheme (the "Scheme Mandate Limit"), unless shareholders' approval has been obtained in general meeting to refresh the Scheme Mandate Limit. Options lapsed in accordance with the terms of the 2013 Share Option Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit.

As at the date of the annual report, a total of 38,688,837 shares which represented 1.45% of the issued share capital of the Company shall be the maximum number of shares available for issue at the date of the annual report.

(d) Maximum entitlement of each participant

The total number of shares issued and to be issued upon exercise of the options granted to each participant or grantee (including exercised and outstanding options) in any twelve (12)-month period up to the date of grant shall not exceed 1% of the shares in issue at the date of grant.

(e) Grant and acceptance of options

An offer of the grant of an option shall be made to participants in writing (and unless so made shall be invalid) in such form as the Board may from time to time determine and shall remain open for acceptance by the participant concerned for a period of 28 days from the date upon which it is made provided that no such offer shall be open for acceptance after the earlier of the 10th anniversary of the date of the adoption of the 2013 Share Option Scheme or the termination of the 2013 Share Option Scheme. The amount payable on acceptance of an option is HK\$1.00.

Report of the Directors

SHARE OPTIONS *(Continued)*

Share Option Scheme *(Continued)*

(f) Time of exercise of options

The period under which an option may be exercised shall be such period as the Board may in its absolute discretion determine at the time of making an offer for the grant of an option, but in any event no later than 10 years from the date of grant but subject to the early termination of the 2013 Share Option Scheme.

(g) Price of shares

The exercise price for shares under the 2013 Share Option Scheme may be determined by the Board at its absolute discretion but in any event will not be less than the highest of: (i) the closing price of the shares as stated in the daily quotations sheets of the Stock Exchange on the date of grant, which must be a business day; (ii) the average closing price of the shares as stated in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding the date of grant, and (iii) the nominal value of a share.

(h) Remaining life of the 2013 Share Option Scheme

The 2013 Share Option Scheme shall be valid and effective for a period of 10 years ending on 24 March 2023.

DIRECTORS

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

Executive Directors

Mr. So Loi Fat *(Chairman)*
Mr. Chan Wai Kwong, Peter (resigned on 13 October 2014)
Mr. Choi Ho Yan
Mr. So Haw, Herman
Mr. Wong Shiu Wah, Williamson (appointed on 3 March 2015)
Mr. Su Minzhi (appointed on 8 April 2015)

Independent non-executive Directors

Mr. Chiu Wai Piu
Mr. Cheung Kwan Hung, Anthony (resigned on 3 March 2015)
Mr. Heung Chee Hang, Eric (resigned on 3 March 2015)
Mr. Tam Kin Yip (appointed on 3 March 2015)
Mr. Tam Yiu Cheung (appointed on 3 March 2015)

Mr. Chan Wai Kwong, Peter resigned as executive Director on 13 October 2014, and Mr. Cheung Kwan Hung, Anthony and Mr. Heung Chee Hang, Eric resigned as independent non-executive Directors on 3 March 2015 due to their other business commitments.

Report of the Directors

DIRECTORS *(Continued)*

In accordance with Article 86(3) of the Company's articles of association, Mr. Wong Shiu Wah, Williamson, Mr. Su Minzhi, Mr. Tam Kin Yip and Mr. Tam Yiu Cheung will hold office only until the forthcoming annual general meeting of the Company and, being eligible, offers themselves for re-election.

In accordance with Article 87 of the Company's articles of association, Mr. Chiu Wai Piu will retire by rotation at the forthcoming annual general meeting of the Company and, being eligible, offer himself for re-election.

Independent non-executive Directors were appointed for an initial term of 2 years. The term of appointment of Mr. Chiu Wai Piu will expire on 29 July 2016 while Mr. Tam Kin Yip and Mr. Tam Yiu Cheung will expire on 3 March 2017.

Emoluments of the Directors and the five highest paid individuals

Details of the Directors' emoluments and of the five highest paid individuals in the Group are set out in note 15 to the consolidated financial statements.

The emoluments of the Directors are subject to review by the Remuneration Committee. Their emoluments are determined with reference to their roles and responsibilities in the Group and the prevailing market conditions.

The Company has adopted share option scheme as an incentive to Directors and eligible employees, details of the share option scheme are set out in the Share Options section above and in note 44 to the consolidated financial statements.

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of Directors and senior management at the date of this report are set out in the Biographical Details of Directors and Senior Management section on pages 12 to 14 of this report.

Report of the Directors

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

As at 31 March 2015, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), 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 which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange, were as follows:

Aggregate long positions in the shares and underlying shares of the Company

Name of Director/ chief executive	Capacity	Nature of interest	Number of shares held	Number of shares issuable under share options granted (Note 1)	Total	Approximate percentage of the issued share capital
Directors:						
Mr. Choi Ho Yan	Beneficial owner	Personal interest	–	6,000,000	6,000,000	0.23%
Mr. So Haw, Herman	Beneficial owner	Personal interest	–	4,000,000	4,000,000	0.15%
Mr. Chiu Wai Piu	Beneficial owner	Personal interest	–	1,650,000	1,650,000	0.06%
Chief executive:						
Mr. Wong Chun Wai	Beneficial owner	Personal interest	18,720,000	3,000,000	21,720,000	0.81%

Note:

- Details are set out in the Share Options section above. All of the share options are physically settled equity derivatives

Report of the Directors

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION *(Continued)*

Aggregate long positions in the shares and underlying shares of the Company *(Continued)*

Save as disclosed above, as at 31 March 2015, none of the Directors and chief executive of the Company has or was deemed to have any interests or short positions in any shares, debentures or underlying shares of the Company and its associated corporations (within the meaning of Part XV of the SFO), 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 (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, DEBENTURES AND UNDERLYING SHARES OF THE COMPANY

The register of substantial shareholders required to be kept under section 336 of Part XV of the SFO shows that as at 31 March 2015, the Company had been notified of the following substantial shareholders' interest and short positions, being 5% or more of the issued share capital of the Company.

Aggregate long positions in the shares and underlying shares of the Company

Name of substantial shareholders	Capacity	Nature of interest	Number of shares held	Number of underlying shares held under equity derivatives	Total	Approximate percentage of the issued share capital
Mr. Fang Gang	Interest in controlled corporation	Corporate interest <i>(Note 1,2)</i>	433,808,000	466,198,979	900,006,979	33.75%
Fuze Investments Limited	Beneficial owner	Corporate interest <i>(Note 1,2)</i>	433,808,000	466,198,979	900,006,979	33.75%
Mr. Tang Hon Kwong	Security interest in shares	Personal interest <i>(Note 1,2)</i>	433,808,000	466,198,979	900,006,979	33.75%
China Oil Resources Group Limited ("China Oil")	Beneficial owner	Corporate interest <i>(Note 3)</i>	355,571,722	–	355,571,722	13.34%
PetroAsian Energy Holdings Limited ("PetroAsian Energy")	Interest in controlled corporation	Corporate interest <i>(Note 3)</i>	355,571,722	–	355,571,722	13.34%

Report of the Directors

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, DEBENTURES AND UNDERLYING SHARES OF THE COMPANY *(Continued)*

Aggregate long positions in the shares and underlying shares of the Company *(Continued)*

Notes:

1. Fuze Investments Limited, a company incorporated in the British Virgin Islands with limited liability, is an investment holding company which is direct and wholly owned by Mr. Fang Gang. Fuze Investments Limited pledged the 433,808,000 shares held by it to Mr. Tang Hon Kwong.
2. All underlying shares represent the new ordinary shares to be issued upon conversion of convertible bonds with principal amount of HK\$45,687,500 at an initial conversion price of HK\$0.098 per conversion share.
3. China Oil is wholly and beneficially owned by PetroAsian Energy. PetroAsian Energy is a company incorporated in the Cayman Islands whose shares are listed on the Main Board (Stock Code: 850).

Save as disclosed above, the Directors and the chief executive of the Company were not aware of any person (other than the Directors or chief executive of the Company the interests of which were disclosed above) who has an interest or short position in the securities of the Company that were required to be entered in the register of the Company pursuant to section 336 of the SFO as at 31 March 2015.

MANAGEMENT CONTRACTS

No contracts, other than the service contracts of the Directors, concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

MAJOR SUPPLIERS AND CUSTOMERS

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

Purchases

– the largest supplier	34.41%
– five largest suppliers in aggregate	95.77%

Sales

– the largest customer	22.95%
– five largest customers in aggregate	50.56%

None of the Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in these major suppliers or customers.

Report of the Directors

CONNECTED TRANSACTIONS

On 17 November 2014 (after trading hours of the Stock Exchange), the Company entered into an agreement with Mr. Wong Ming Wai, who was a connected person at the subsidiary level of the Company, that the Company agreed to sell and Mr. Wong Ming Wai agreed to buy the entire issued share capital of Mobile Telecom (BVI) Limited, at a consideration of HK\$8,560,000. Mobile Telecom (BVI) Limited is an ex-subsidiary of the Company. This transaction was completed on 19 December 2014, and such transaction constituted a discloseable transaction under the GEM Listing Rules.

Save as disclosed above, there were no other transactions to be disclosed as connected transactions.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, it is confirmed that there is sufficient public float of at least 25% of the Company's issued shares at 26 June 2015.

RETIREMENT BENEFIT COSTS

The retirement schemes of the Company and its subsidiaries are primarily in form of contributions to Hong Kong mandatory provident fund and China statutory public welfare fund.

CORPORATE GOVERNANCE

A report on the principle corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 28 to 35 of this report.

DIRECTORS'S INTEREST IN COMPETING BUSINESS

During the year, none of the Directors or the controlling shareholders or their respective associates (as defined in the GEM Listing Rules) of the Company had an interest in a business which competed with or might compete with the business of the Group.

Report of the Directors

AUDITORS

RSM Nelson Wheeler was first appointed as auditor of the Company on 30 April 2012 upon the resignation of Ting Ho Kwan & Chan.

The consolidated financial statements for the year ended 31 March 2015 have been audited by RSM Nelson Wheeler who will retire and, being eligible, offers themselves for re-appointment. A resolution for re-appointment of RSM Nelson Wheeler as auditor of the Company will be proposed at the forthcoming annual general meeting of the Company.

On behalf of the Board

Wong Shiu Wah, Williamson

Executive Director

Hong Kong, 26 June 2015

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance practices enhancing greater transparency and quality of disclosure as well as more effective internal control.

During the year ended 31 March 2015, the Company has complied with the code provisions of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 of the GEM Listing Rules except for the deviations from code provisions A.6.7 and E.1.2 which are explained in the relevant sections below.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding Directors' securities transactions of the Company. The Company has made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings and its code of conduct regarding securities transactions by the Directors throughout the year ended 31 March 2015.

The Company's code of conduct also applies to all employees who are likely to be in the possession of inside information of the Company. No incident of non-compliance of the Company's code of conduct by the employees was noted by the Company.

BOARD OF DIRECTORS

The board of Directors (the "Board") of the Company currently comprises a total of eight Directors, with five executive Directors namely Mr. So Loi Fat (as Chairman), Mr. Choi Ho Yan, Mr. So Haw, Herman, Mr. Wong Shiu Wah, Williamson and Mr. Su Minzhi and three independent non-executive Directors namely Mr. Chiu Wai Piu, Mr. Tam Kin Yip and Mr. Tam Yiu Cheung. A list containing the names of the Directors and their roles and functions is published on the Company's website and the GEM website at www.hkgem.com. Mr. Wong Shiu Wah, Williamson is working for a business consultancy firm in Hong Kong as a director and this business consultancy firm had a previous business relationship with Mr. So Loi Fat. Besides, Mr. Su Minzhi is the son of Mr. So Loi Fat. Save as disclosed, to the best knowledge of the Company, there is no financial, business, family or other material or relevant relationship between the members of the Board.

The Company complies at all times during the year under review with the minimum requirements under the Rules 5.05(1), 5.05(2) and 5.05A of the GEM Listing Rules respectively relating to the appointment of at least three independent non-executive Directors and one of which should have appropriate professional qualifications or accounting or related financial management expertise and the independent non-executive Directors represent at least one-third of the Board. Their biographies are set out in the Biographical Details of Directors and Senior Management section on pages 12 to 14 of this report.

The Board is collectively responsible for formulating the strategic business development, reviewing and monitoring the business performance of the Group. Key and important decisions shall be fully discussed at the board meetings. All Directors have been fully consulted about any matters proposed for inclusion in the notice of board meeting. Matters requiring the Board's approval include review of overall policies, corporate plan of the Company, investment plans which would involve significant risks for the Company, major organisation changes, significant sales, transfers, or other dispositions of property or assets, approval of the annual report, interim report, quarterly report and approval of interim dividend and recommendation of the final dividend, other matters relating to the Company's business which in the judgment of the executive Directors are of such significance as to merit the Board's consideration.

Corporate Governance Report

BOARD OF DIRECTORS *(Continued)*

The Company has received from each of its independent non-executive Directors an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules and the Company considers that all independent non-executive Directors meet the guidelines for assessing independence set out in Rule 5.09 of the GEM listing Rules and are independent in accordance with terms of the guidelines.

Eleven Board meetings and one general meetings were held during the year ended 31 March 2015. The attendance record of each Director is as follows:

Name of Director	Number of meetings attended/held	
	Board	Annual General Meeting
<i>Executive Directors</i>		
Mr. So Loi Fat (<i>Chairman</i>)	5/11	0/1
Mr. Chan Wai Kwong, Peter (<i>Note 1</i>)	4/11	0/1
Mr. Choi Ho Yan	11/11	1/1
Mr. So Haw, Herman	11/11	1/1
Mr. Wong Shiu Wah, Williamson (<i>Note 3</i>)	1/11	N/A
Mr. Su Minzhi (<i>Note 2</i>)	N/A	N/A
<i>Independent non-executive Directors</i>		
Mr. Chiu Wai Piu	10/11	1/1
Mr. Cheung Kwan Hung, Anthony (<i>Note 4</i>)	10/11	1/1
Mr. Heung Chee Hang, Eric (<i>Note 4</i>)	9/11	0/1
Mr. Tam Kin Yip (<i>Note 3</i>)	N/A	N/A
Mr. Tam Yiu Cheung (<i>Note 3</i>)	N/A	N/A

Note:

1. Mr. Chan Wai Kwong, Peter resigned as an executive Director with effect from 13 October 2014.
2. Mr. Su Minzhi was appointed as an executive Director with effect from 8 April 2015.
3. Mr. Wong Shiu Wah, Williamson was appointed as an executive Director and each of Mr. Tam Kin Yip and Mr. Tam Yiu Cheung was appointed as an independent non-executive Directors, all with effect from 3 March 2015.
4. Mr. Cheung Kwan Hung, Anthony and Mr. Heung Chee Hang, Eric resigned as independent non-executive Directors with effect from 3 March 2015.

Under the code provision A.6.7, independent non-executive Directors should attend general meetings of the Company. Mr. Heung Chee Hang, Eric was unable to attend the annual general meeting (the "AGM") of the Company held on 25 August 2014 due to his other business engagements.

Under the code provision E.1.2, the chairman of the Board should attend the AGM. Mr. So Loi Fat, the chairman of the Board, was unable to attend the AGM due to sickness. Two (out of four) executive Directors and the chairman of audit, remuneration and nomination committee of the Board and the financial controller of the Company attended the AGM. The Company considers that their presence is sufficient for (i) answering question from and (ii) effective communication with shareholders attended at the AGM.

Corporate Governance Report

BOARD OF DIRECTORS *(Continued)*

All Directors have been provided with monthly updates by the Group's management, giving a balanced and understandable assessment of the Group's performance, position, recent developments and prospects in sufficient detail to keep them abreast of the Group's affairs and facilitate them to discharge their duties under the relevant requirements of the GEM Listing Rules.

DIRECTORS' LIABILITIES INSURANCE

The Company has arranged appropriate insurance cover for the Directors' and Officers' liabilities in respect of potential legal actions against the Directors and officers of the Company. Such Directors' and Officers' liability insurance was reviewed and renewed annually. Throughout the year ended 31 March 2015, no claims under the insurance policy were made.

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

Development and training of Directors is an ongoing process so that they can perform their duties appropriately. The company secretary of the Company regularly circulates details of training courses which may be of interest to Directors.

Training was provided for Mr. Wong Siu Wah, Williamson, Mr. Tam Yiu Cheung and Mr. Tam Kin Yip for their joining the Board in March 2015, and Mr. Su Minzhi for his joining the Board in April 2015. The training covers an overview of directors' responsibilities, a briefing on the Group's culture and business as well as other key governance issues. During the year, all Directors have received regular updates on the Company's business and written materials describing changes to the GEM Listing Rules and other relevant rules and regulations. All Directors have been required to provide the Company with their training records for the year ended 31 March 2015. All Directors have participated in appropriate continuous professional development activities during the year under review.

CHAIRMAN AND CHIEF EXECUTIVE

Under the code provision A.2.1, the roles of chairman and chief executive should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

The chairman is responsible for management of the Board and strategic planning of the Group, ensures that the Board works effectively and discharges its responsibilities, encourages all Directors to make a full and active contribution to the Board's affairs and taking the lead to ensure that the Board acts in the best interests of the Group. Mr. So Loi Fat held the offices of chairman of the Board since January 2014.

The role of chief executive officer is responsible to undertake the day-to-day management of the Group's business. Following the resignation from the post of chief executive of the Company of Mr. Wong Chun Wai on 3 April 2015 due to his personal intention to spend more time with his family, the role of chief executive has been left vacant. The Board has been in the process of identifying a suitable candidate to fill the role of chief executive.

Corporate Governance Report

BOARD COMMITTEES

The Board has established three committees, namely, the Nomination Committee, the Remuneration Committee and the Audit Committee, for overseeing particular aspects of the Company's affairs.

Nomination Committee

The Nomination Committee was established on 30 March 2012. It currently consists of three independent non-executive Directors namely Mr. Chiu Wai Piu (as Chairman), Mr. Tam Kin Yip and Mr. Tam Yiu Cheung and one executive Director namely Mr. So Haw, Herman.

The Nomination Committee is mainly responsible for reviewing the structure, the size and composition of the Board and making recommendations to the Board regarding any proposed changes; identifying individuals suitably qualified to become Board members and make recommendations to the Board in this regard; and assessing the independence of independent non-executive Directors.

During the year ended 31 March 2015, three Nomination Committee meetings were held. One was held to assess the annual confirmation of independence received from each of the independent non-executive Directors, every Nomination Committee member has abstained from assessing his own independence; and the remaining two were held to consider and recommend to the Board for the appointment of two non-executive Directors and one executive Director. The attendance of members at the Nomination Committee meeting is set out below:

Name of Nomination Committee member	Number of meetings attended/held
Mr. Chiu Wai Piu (<i>Chairman</i>)	3/3
Mr. Cheung Kwan Hung, Anthony (resigned on 3 March 2015)	3/3
Mr. Heung Chee Hang, Eric (resigned on 3 March 2015)	3/3
Mr. So Haw, Herman	3/3
Mr. Tam Kin Yip (appointed on 3 March 2015)	N/A
Mr. Tam Yiu Cheung (appointed on 3 March 2015)	N/A

Remuneration Committee

The Remuneration Committee was established in May 2005. It currently consists of three independent non-executive Directors namely Mr. Tam Yiu Cheung (as Chairman), Mr. Chiu Wai Piu and Mr. Tam Kin Yip.

The Remuneration Committee is mainly responsible for reviewing the management's remuneration proposal, and making recommendations to the Board on remuneration policy of the Company and remuneration packages of Directors and senior management.

Corporate Governance Report

BOARD COMMITTEES *(Continued)*

Remuneration Committee *(Continued)*

During the year ended 31 March 2015, four Remuneration Committee meetings were held. The attendance of members at the Remuneration Committee meetings is set out below:

Name of Remuneration Committee member	Number of meetings attended/held
Mr. Cheung Kwan Hung, Anthony (<i>Chairman</i>) (resigned on 3 March 2015)	4/4
Mr. Tam Yiu Cheung (<i>Chairman</i>) (appointed on 3 March 2015)	N/A
Mr. Chiu Wai Piu	4/4
Mr. Heung Chee Hang, Eric (resigned on 3 March 2015)	4/4
Mr. Tam Kin Yip (appointed on 3 March 2015)	N/A

The Remuneration Committee has adopted the model that it will review the proposals made by the management on the remuneration package of individual executive Directors and senior management and make recommendations to the Board.

During the year under review, work performed by the Remuneration Committee included (i) reviewing and approving the remuneration packages of the Directors and senior management and (ii) reviewing on the policy and structure of the remuneration package of the Directors and senior management.

Details of the remuneration of each of the Directors for the year under review are set out in note 15 to the consolidated financial statements.

Audit Committee

Audit Committee was established on 30 March 2002. It currently consists of three independent non-executive Directors namely Mr. Tam Yiu Cheung (as Chairman), Mr. Chiu Wai Piu and Mr. Tam Kin Yip.

The audit committee is mainly responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of such auditor; reviewing and monitoring the external auditor's independence; reviewing the quarterly reports, interim report and annual report and accounts of the Group; and overseeing the Company's financial reporting system and internal control procedures.

Corporate Governance Report

BOARD COMMITTEES *(Continued)*

Audit Committee *(Continued)*

During the year ended 31 March 2015, four Audit Committee meetings were held, two of which were held with the external auditor. The committee of members at the Audit Committee is set out below:

Name of Audit Committee member	Number of meetings attended/held
Mr. Cheung Kwan Hung, Anthony (<i>Chairman</i>) (resigned on 3 March 2015)	4/4
Mr. Tam Yiu Cheung (<i>Chairman</i>) (appointed on 3 March 2015)	N/A
Mr. Chiu Wai Piu	4/4
Mr. Heung Chee Hang, Eric (resigned on 3 March 2015)	3/4
Mr. Tam Kin Yip (appointed on 3 March 2015)	N/A

The following is a summary of work performed by the Audit Committee during the year ended 31 March 2015:

- (i) review of the annual report and the annual results announcement for the year ended 31 March 2014, with a recommendation to the Board for approval;
- (ii) review and approval of RSM Nelson Wheeler's confirmation of independence, its report for the year ended 31 March 2014, with a recommendation to the Board for the re-appointment of RSM Nelson Wheeler at the 2014 annual general meeting;
- (iii) review of the internal control report and consideration of the internal audit work plan;
- (iv) review of the quarterly report and the quarterly results announcement for the three months ended 30 June 2014, with a recommendation to the Board for approval;
- (v) review of the interim report and the interim results announcement for the six months ended 30 September 2014, with a recommendation to the Board for approval;
- (vi) review of the quarterly report and the quarterly results announcement for the nine months ended 31 December 2014, with a recommendation to the Board for approval;
- (vii) discuss with the external auditor the audit planning work (including the nature and scope of the audit and reporting obligations) in respect of the audit of the 2015 annual results of the Group, and approval of its audit fees.

Prior to the commencement of the audit of the Group's 2015 consolidated financial statements, the Audit Committee received written confirmation from the external auditor of its independence.

Corporate Governance Report

AUDITOR'S REMUNERATION

The analysis of the auditor's remuneration for the year ended 31 March 2015 is presented as follows:

	Fees paid/payable <i>HK\$</i>
Statutory audit services	1,020,000
Non-statutory audit services	9,000

The non-statutory audit services represented the tax services during the year.

ACCOUNTABILITY AND AUDIT

The Directors acknowledged its responsibility for preparing the consolidated financial statements. The Directors ensured in preparing of the consolidated financial statements for the year ended 31 March 2015, which give a true and fair view of the state of affairs of the Group and the Company and of the results and cash flows for that period, in accordance with statutory requirements and applicable accounting standards.

The statement of the auditors of the Company about their reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report.

INTERNAL CONTROL

During the year ended 31 March 2015, the internal auditor conducted selective reviews of the adequacy and effectiveness of the Group's system of internal controls over financial, operational, compliance controls and risk management functions. The results were assessed by the internal auditor and reported to the Audit Committee, which then reviewed and reported the same to the Board.

COMPANY SECRETARY

Following the resignation of Ms. Chang Kam Lai and Mr. Leung Wai Hong as company secretary of the Company on 29 August 2014 and 22 May 2015 respectively, Mr. Chan Wing Fai was appointed by the Board as company secretary of the Company on 11 June 2015. Ms. Chang Kam Lai is a member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants, and Mr. Leung Wai Hong and Mr. Chan Wing Fai are the members of the Hong Kong Institute of Certified Public Accountants.

During the year ended 31 March 2015, Ms. Chang Kam Lai and Mr. Leung Wai Hong undertook over 15 hours of professional training to update their skills and knowledge.

Corporate Governance Report

SHAREHOLDERS' RIGHTS

Procedures to convene an extraordinary general meeting

Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company may request the Board to convene an extraordinary general meeting pursuant to the article 58 of the articles of association of the Company. The requisition must state the purposes of the meeting, and must be signed by the requisitionist(s) and deposited at the registered office of the Company for the attention of the company secretary of the Company.

If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may convene a meeting, but such meeting shall be held within two months after the deposit of requisition.

Procedures by which enquiries may be put to the Board

Shareholders should direct their enquiries about their shareholdings to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M, Hopewell Centre, 183 Queen's Road East, Hong Kong.

Other shareholders' enquiries can be directed in writing with contact details (including name, address, telephone number and email address) to the Company's principal place of business in Hong Kong.

Procedures for putting forward proposals at a general meeting

Proposals shall be directed in writing with contact details (including name, address, telephone number and email address) to the Company's principal place of business in Hong Kong.

The Board will verify the requisition and upon confirming that the requisition is proper and in order, the Board will proceed with the necessary procedures.

INVESTORS RELATIONS

The Company's website offers communication channel between the Company and its shareholders and investors. Apart from disclosure of all necessary information to the shareholders in compliance with the GEM Listing Rules, news update of Company's business development and operation are available on the Company's website.

CONSTITUTIONAL DOCUMENTS

During the year ended 31 March 2015, there were no changes to the memorandum and articles of association of the Company. An up to date consolidated version of the memorandum and articles of association of the Company is available on the website of the Company and the GEM.

Independent Auditor's Report



29th Floor
Caroline Centre
Lee Gardens Two
28 Yun Ping Road
Hong Kong

TO THE SHAREHOLDERS OF GOLD TAT GROUP INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Gold Tat Group International Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 38 to 143, which comprise the consolidated and Company statements of financial position as at 31 March 2015, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

Independent Auditor's Report

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 judgement, 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 31 March 2015, and of the Group's results 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 Hong Kong Companies Ordinance.

RSM Nelson Wheeler
Certified Public Accountants

Hong Kong, 26 June 2015

Consolidated Statement of Profit or Loss

For the year ended 31 March 2015

	Note	2015 HK\$'000	2014 HK\$'000 (Restated)
Continuing operations			
Turnover	8	1,190,641	941,079
Cost of sales		(1,138,726)	(899,361)
Gross profit		51,915	41,718
Other net income	9	16,618	190
Employment costs		(18,546)	(18,214)
Research and development expenses		(3,506)	(2,653)
Depreciation		(1,980)	(885)
Transportation expenses		(4,809)	(4,321)
Other operating expenses		(30,729)	(52,173)
Profit/(loss) from operations		8,963	(36,338)
Finance costs	11	(11,794)	(12,700)
Impairment losses on investments in associates	27	–	(99,336)
Share of losses of associates		(1,190)	(108)
Loss before tax		(4,021)	(148,482)
Income tax expense	12	(1,436)	(1,447)
Loss for the year from continuing operations	13	(5,457)	(149,929)
Discontinued operations			
Profit for the year from discontinued operations	14	3,905	472
Loss for the year		(1,552)	(149,457)

Consolidated Statement of Profit or Loss

For the year ended 31 March 2015

	Note	2015 HK\$'000	2014 HK\$'000 (Restated)
Attributable to:			
Owners of the Company			
– Continuing operations		(7,598)	(150,787)
– Discontinued operations		3,490	1,581
		(4,108)	(149,206)
Non-controlling interests			
– Continuing operations		2,141	858
– Discontinued operations		415	(1,109)
		2,556	(251)
Loss per share (HK cents)	18		
<i>From continuing and discontinued operations</i>			
Basic		(0.17)	(8.79)
Diluted		N/A	N/A
<i>From continuing operations</i>			
Basic		(0.32)	(8.88)
Diluted		N/A	N/A

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2015

	Note	2015 HK\$'000	2014 HK\$'000 (Restated)
Loss for the year		(1,552)	(149,457)
Other comprehensive income:			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		15	(77)
Exchange differences reclassified to profit or loss on disposal of foreign operations		(518)	–
Other comprehensive income for the year, net of tax	19	(503)	(77)
Total comprehensive income for the year		(2,055)	(149,534)
Attributable to:			
Owners of the Company			
– Continuing operations		(7,604)	(150,895)
– Discontinued operations		2,972	1,581
		(4,632)	(149,314)
Non-controlling interests			
– Continuing operations		2,162	889
– Discontinued operations		415	(1,109)
		2,577	(220)

Consolidated Statement of Financial Position

As at 31 March 2015

	Note	2015 HK\$'000	2014 HK\$'000
Non-current assets			
Property, plant and equipment	20	13,795	12,455
Investment properties	21	45,700	39,700
Goodwill	22	24,911	24,911
Intangible assets	23	–	62
Available-for-sale financial assets	26	–	–
Investments in associates	27	161,699	162,889
		246,105	240,017
Current assets			
Inventories	28	32,162	42,496
Trade, bills and other receivables, deposits and prepayments	29	128,298	150,622
Due from an associate	27	48,028	45,680
Properties under development	30	61,014	60,660
Derivative financial assets	31	–	–
Put Option of convertible bonds	37	4,690	3,885
Mandatory Conversion Option of convertible bonds	37	–	940
Pledged bank deposits	32	26,227	19,383
Bank and cash balances	32	58,470	33,373
		358,889	357,039
Current liabilities			
Trade and other payables and receipt in advance	33	102,589	116,923
Due to a non-controlling shareholder	34	372	844
Due to an associate	27	21,497	14,157
Call Option of convertible bonds	37	1	30
Bank and other loans	36	134,077	134,447
Liability components of convertible bonds	37	45,922	2,472
Finance lease payables	38	727	479
Warrants	35	–	9,348
Current tax liabilities		377	447
		305,562	279,147
Net current assets		53,327	77,892
Total assets less current liabilities		299,432	317,909

Consolidated Statement of Financial Position

As at 31 March 2015

	Note	2015 HK\$'000	2014 HK\$'000
Non-current liabilities			
Liability components of convertible bonds	37	–	104,503
Long term bonds	39	40,000	40,000
Deferred tax liabilities	40	174	178
		40,174	144,681
NET ASSETS		259,258	173,228
Capital and reserves			
Share capital	42	20,847	15,659
Reserves	43(a)	175,550	98,225
Equity attributable to owners of the Company		196,397	113,884
Non-controlling interests		62,861	59,344
TOTAL EQUITY		259,258	173,228

Approved by the Board of Directors on 26 June 2015.

Wong Shiu Wah, Williamson
Director

Choi Ho Yan
Director

Statement of Financial Position

As at 31 March 2015

	Note	2015 HK\$'000	2014 HK\$'000
Non-current assets			
Property, plant and equipment	20	1,987	–
Investments in subsidiaries	24	200,040	200,040
		202,027	200,040
Current assets			
Due from subsidiaries	24	72,064	30,256
Prepayments and other receivables	29	4,264	5,155
Put Option of convertible bonds	37	4,690	3,885
Mandatory Conversion Option of convertible bonds	37	–	940
Derivative financial assets	31	–	–
Bank and cash balances	32	561	13
		81,579	40,249
Current liabilities			
Due to subsidiaries	24	120	1,028
Other payables	33	4,411	3,290
Call Option of convertibles bonds	37	1	30
Liability components of convertible bonds	37	45,922	2,472
Warrants	35	–	9,348
		50,454	16,168
Net current assets		31,125	24,081
Total assets less current liabilities		233,152	224,121
Non-current liabilities			
Liability components of convertible bonds	37	–	104,503
Long term bonds	39	40,000	40,000
		40,000	144,503
NET ASSETS		193,152	79,618
Capital and reserves			
Share capital	42	20,847	15,659
Reserves	43(b)	172,305	63,959
TOTAL EQUITY		193,152	79,618

Approved by the Board of Directors on 26 June 2015.

Wong Shiu Wah, Williamson
Director

Choi Ho Yan
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2015

	Attributable to owners of the Company										Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000	Capital redemption reserve HK\$'000	Foreign currency translation reserve HK\$'000	Share-based payments reserve HK\$'000	Warrant reserve HK\$'000	Convertible bonds reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000		
At 1 April 2013	107,019	78,312	16,375	2,943	1,201	8,246	7,400	16,992	(169,477)	69,011	21,415	90,426
Total comprehensive income for the year	-	-	-	-	(108)	-	-	-	(149,206)	(149,314)	(220)	(149,534)
Issue of convertible bonds on acquisition of subsidiaries	-	-	-	-	-	-	-	110,957	-	110,957	-	110,957
Shares issued upon conversion of convertible bonds	8,566	29,960	-	-	-	-	-	(8,647)	-	29,879	-	29,879
Transactions costs attributable to issue of new shares	-	(1,983)	-	-	-	-	-	-	-	(1,983)	-	(1,983)
Capital reduction (note 42(d))	(134,443)	-	-	-	-	-	-	-	134,443	-	-	-
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	614	614
Deregistration of a subsidiary	-	-	-	-	-	-	-	-	-	-	(244)	(244)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	37,779	37,779
Shares issued upon exercise of share options	312	545	-	-	-	(287)	-	-	-	570	-	570
Recognition of share-based payments	-	-	-	-	-	2,024	-	-	-	2,024	-	2,024
Forfeiture of share options	-	-	-	-	-	(195)	-	-	195	-	-	-
Shares issued upon placement	34,205	18,535	-	-	-	-	-	-	-	52,740	-	52,740
Changes in equity for the year	(91,360)	47,057	-	-	(108)	1,542	-	102,310	(14,568)	44,873	37,929	82,802
At 31 March 2014	15,659	125,369	16,375	2,943	1,093	9,788	7,400	119,302	(184,045)	113,884	59,344	173,228
At 1 April 2014	15,659	125,369	16,375	2,943	1,093	9,788	7,400	119,302	(184,045)	113,884	59,344	173,228
Total comprehensive income for the year	-	-	-	-	(524)	-	-	-	(4,108)	(4,632)	2,577	(2,055)
Shares issued upon exercise of warrants	936	19,224	-	-	-	-	-	-	-	20,160	-	20,160
Shares issued upon conversion of convertible bonds	4,034	118,972	-	-	-	-	-	(60,141)	-	62,865	-	62,865
Transactions costs attributable to issue of new shares	-	(58)	-	-	-	-	-	-	-	(58)	-	(58)
Disposal of subsidiaries (note 45(a))	-	-	-	-	-	-	-	-	-	-	940	940
Shares issued upon exercise of share options	218	6,494	-	-	-	(2,534)	-	-	-	4,178	-	4,178
Forfeiture of share options	-	-	-	-	-	(2,034)	-	-	2,034	-	-	-
Lapsed of warrants	-	-	-	-	-	-	(7,400)	-	7,400	-	-	-
Changes in equity for the year	5,188	144,632	-	-	(524)	(4,568)	(7,400)	(60,141)	5,326	82,513	3,517	86,030
At 31 March 2015	20,847	270,001	16,375	2,943	569	5,220	-	59,161	(178,719)	196,397	62,861	259,258

Consolidated Statement of Cash Flows

For the year ended 31 March 2015

Note	2015 HK\$'000	2014 HK\$'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax		
Continuing operations	(4,021)	(148,482)
Discontinued operations	3,905	472
	(116)	(148,010)
Adjustments for:		
Allowance for impairment of bad and doubtful debts	–	922
Amortisation of intangible assets	45	66
Depreciation of property, plant and equipment	2,490	1,612
Fair value (gain)/loss on investment properties	(6,000)	1,300
Fair value (gains)/losses on Put Option, Call Option and Mandatory Conversion		
Option of convertible bonds	(1,106)	5,159
Gain on disposal of subsidiaries	(5,252)	–
Derivative financial assets written off	–	13,350
Fair value (gain)/loss on warrants	(1,699)	1,536
Finance costs	11,794	12,708
Impairment on goodwill	–	12
Impairment losses on investments in associates	–	99,336
Interest income	(393)	(260)
Gain on deregistration of a subsidiary	–	(244)
Fair value loss on conversion of convertible bonds	1,212	1,094
Gain on exercise of warrants	(7,649)	–
Loss/(gain) on disposal of property, plant and equipment	107	(53)
Gain on disposal of associates	(333)	–
Inventories written off	–	37
Reversal of allowance for impairment of bad and doubtful debts	–	(1,180)
Share-based payments	–	2,024
Share of losses of associates	1,190	108
Operating loss before working capital changes	(5,710)	(10,483)
Decrease in inventories	10,334	20,985
Decrease in trade, bills and other receivables, deposits and prepayments	14,836	13,392
Increase in properties under development	(314)	(207)
(Decrease)/increase in amount due to a non-controlling shareholder	(472)	844
Decrease in trade and other payables and receipt in advance	(3,140)	(25,817)
Cash generated from/(used in) operations	15,534	(1,286)
Income taxes paid	(1,510)	(2,384)
Net cash generated from/(used in) operating activities	14,024	(3,670)

Consolidated Statement of Cash Flows

For the year ended 31 March 2015

	Note	2015 HK\$'000	2014 HK\$'000 (Restated)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net increase/(decrease) in amounts with associates		4,923	(39,073)
Purchases of property, plant and equipment		(4,584)	(5,342)
Proceeds from disposal of interest in subsidiaries	45(a)	3,077	–
Proceeds from disposal of interest in associate		333	–
Proceed from disposal of property, plant and equipment		160	53
Refund of deposits for property, plant and equipment		–	3,080
Acquisition of subsidiaries and associates		–	(24,696)
Repayment of promissory notes		–	(5,200)
Increase in pledged bank deposits		(6,844)	(2,747)
Interest received		393	260
Net cash used in investing activities		(2,542)	(73,665)
CASH FLOWS FROM FINANCING ACTIVITIES			
Contributions from non-controlling interests		–	614
Issue of shares upon the exercise of share options		4,178	570
Net proceeds from issue of shares		–	50,757
Net proceeds from issue of shares upon exercise of warrants		20,102	–
Net proceeds from issue of long term bonds		–	40,000
Repayment of bank loans		(116,036)	(41,483)
Bank and other loans raised		111,984	50,036
Repayment of finance lease payables		(352)	(277)
Interest paid		(6,249)	(5,230)
Finance lease charges paid		(53)	(17)
Net cash generated from financing activities		13,574	94,970
NET INCREASE IN CASH AND CASH EQUIVALENTS		25,056	17,635
Effect of foreign exchange rate changes		41	(83)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		33,373	15,821
CASH AND CASH EQUIVALENTS AT END OF YEAR		58,470	33,373
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank and cash balances		58,470	33,373

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business is Suite 1006, 10th Floor, Ocean Centre, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong. The Company's shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 24 to the consolidated financial statements.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and accounting principles generally accepted in Hong Kong. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the "GEM Listing Rules") and with the disclosure requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period, as permitted by the GEM Listing Rules, continue to be those of the predecessor Companies Ordinance (Cap. 32).

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS AND REQUIREMENTS

(a) Application of new and revised HKFRSs

In the current year, the Group has adopted all the new and revised HKFRSs that are relevant to its operations and effective for its accounting year beginning on 1 April 2014:

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS AND REQUIREMENTS *(Continued)*

(a) Application of new and revised HKFRSs *(Continued)*

Amendment to HKAS 36, Recoverable amount disclosures for non-financial assets

The amendments reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount based on fair value less costs of disposal is determined using a present value technique. The amendments do not have an impact on these consolidated financial statements as the recoverable amounts of assets or cash-generating units have been determined on the basis of their value in use.

Amendments to HKFRS 2 (Annual Improvements to HKFRSs 2010-2012 Cycle)

This amendment clarifies the definitions of “vesting condition” and “market condition” and adds definitions for “performance condition” and “service condition”. The amendment is applicable prospectively to share-based payment transactions for which the grant date is on or after 1 July 2014 and had no effect on the Group’s consolidated financial statements.

Amendments to HKFRS 3 (Annual Improvements to HKFRSs 2010-2012 Cycle)

This amendment, applicable prospectively to business combinations for which the acquisition date is on or after 1 July 2014, requires any contingent consideration that is classified as an asset or a liability (i.e. non-equity) to be measured at fair value at each reporting date with changes in fair value recognised in profit or loss. It had no effect on the Group’s consolidated financial statements.

Amendments to HKFRS 13 (Annual Improvements to HKFRSs 2010-2012 Cycle)

This amendment to the standard’s basis for conclusions only clarifies that the ability to measure certain short-term receivables and payables on an undiscounted basis is retained.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS AND REQUIREMENTS *(Continued)*

(b) New and revised HKFRSs in issue but not yet effective

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 April 2014. The directors anticipate that the new and revised HKFRSs will be adopted in the Group's consolidated financial statements when they become effective. The Group is in the process of assessing, where applicable, the potential effect of all new and revised HKFRSs that will be effective in future periods but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

List of New and revised HKFRSs in issue but not yet effective that are relevant to the Group's operation

HKFRS 9	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers ²
Amendments to HKAS 1	Disclosure Initiative ⁴
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle ⁵
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle ³
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle ⁴

¹ Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

² Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

³ Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

⁴ Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

⁵ Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.

(c) Amendments to the GEM Listing Rules

The Stock Exchange in April 2015 released revised Chapter 18 of the GEM Listing Rules in relation to disclosure of financial information in annual reports that are applicable for accounting periods ending on or after 31 December 2015, with earlier application permitted. The Company has not early adopted the amendments.

The Group has assessed the impact of the changes in the GEM Listing Rules on the consolidated financial statements in the period of initial application of the GEM Listing Rules. 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

4. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. investment properties and certain financial instruments that are measured at fair value).

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 5 to the consolidated financial statements.

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March. Subsidiaries are entities over which the Group has control.

The Group controls an entity when it is exposed, 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. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

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

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill and any accumulated foreign currency translation reserve relating to that subsidiary.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(a) Consolidation *(Continued)*

Intragroup transactions, balances and unrealised profits 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.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

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

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

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

(b) Business combinations and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The consideration transferred in a business combination is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Business combinations and goodwill *(Continued)*

The excess of the sum of consideration transferred over the Group's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the sum of consideration transferred is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Group.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the sum of consideration transferred in a business combination to calculate the goodwill.

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs") or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level. Goodwill impairment reviews are undertaken annually, or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(c) Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) Associates *(Continued)*

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of an associate's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate and (ii) the Group's entire carrying amount of that associate (including goodwill) and any related accumulated foreign currency translation reserve. If an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

Unrealised profits on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also 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.

(d) Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Relevant activities are activities that significantly affect the returns of the arrangement. When assessing joint control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Joint arrangements *(Continued)*

A joint arrangement is either a joint operation or a joint venture. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

In relation to its interest in a joint operation, the Group recognises in its consolidated financial statements in accordance with the HKFRSs applicable to the particular assets, liabilities, revenues and expenses: its assets, including its share of any assets held jointly; its liabilities, including its share of any liabilities incurred jointly; its revenue from the sale of its share of the output arising from the joint operation; its share of the revenue from the sale of the output by the joint operation; and its expenses, including its share of any expenses incurred jointly.

(e) Foreign currency translation

(i) *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.

(ii) *Transactions and balances in each entity's financial statements*

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Foreign currency translation *(Continued)*

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses are translated at average exchange rates for the period (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 exchange rates on the transaction dates); and
- All resulting exchange differences are recognised in the other comprehensive income and accumulated in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities and of borrowings are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

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.

(f) Property, plant and equipment

Property, plant and equipment are stated in the consolidated financial statement of financial position at cost less subsequent accumulated depreciation and subsequent impairment losses.

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. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Property, plant and equipment (Continued)

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal useful lives are as follows:

Leasehold properties	50 years
Computer hardware and software	3-5 years
Furniture and fixtures	5 years
Leasehold improvements	Over the lease term or 5 years
Office equipment	5 years
Motor vehicles	3-4 years

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

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(g) Investment properties

Investment properties are land and/or buildings held to earn rentals and/or for capital appreciation. An investment property is measured initially at its cost including all direct costs attributable to the property.

After initial recognition, the investment property is stated at its fair value based on valuation by an external independent valuer. Gains or losses arising from changes in fair value of the investment properties are recognised in profit or loss for the period in which they arise.

The gain or loss on disposal of an investment property is the difference between the net sales proceeds and the carrying amount of the property, and is recognised in profit or loss.

(h) Leases

The Group as lessee

(i) Operating leases

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Leases (Continued)

The Group as lessee (Continued)

(ii) Finance leases

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as finance leases. At the commencement of the lease term, a finance lease is capitalised at the lower of the fair value of the leased asset and the present value of the minimum lease payments, each determined at the inception of the lease.

The corresponding liability to the lessor is included in the statement of financial position as finance lease payable. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Assets under finance leases are depreciated the same as owned assets over the shorter of the lease term and their estimated useful lives.

The Group as lessor

(i) Operating leases

Leases that do not substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of relevant lease.

(i) Intangible assets – website

Website is stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over its estimated useful life of three years.

(j) Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Properties for sale under development

Properties for sale under development are stated at the lower of cost and net realisable value. Costs include acquisition costs, prepaid land lease payments, construction costs, borrowing costs capitalised and other direct costs attributable to such properties. Net realisable value is estimated selling price in the ordinary course of business, less the estimate costs of completion and the estimated costs necessary to make the sale. On completion, the properties are reclassified to properties held for sale at the then carrying amount.

(l) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out basis. The cost of finished goods comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(m) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs except in the case of financial assets at fair value through profit or loss.

The Group classifies its financial assets as available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are not classified as trade and other receivables, held-to-maturity investments or financial assets at fair value through profit or loss. Available-for-sale financial assets are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in other comprehensive income and accumulated in the investment revaluation reserve, until the investments are disposed of or there is objective evidence that the investments are impaired, at which time the cumulative gains or losses previously recognised in other comprehensive income are reclassified from equity to profit or loss. Interest calculated using the effective interest method and dividends on available-for-sale equity investments are recognised in profit or loss.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, are measured at cost less impairment losses.

(o) Trade and other receivables

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(p) Discontinued operations

A discontinued operation is a component of the Group (i.e. the operations and cash flows of which can be clearly distinguished from the rest of the Group) that either has been disposed of, or is classified as held for sale, and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale in accordance with HKFRS 5, if earlier. It also occurs when the operation is abandoned.

When an operation is classified as discontinued, a single amount is presented in the statement of profit or loss, which comprises:

- The post-tax profit or loss of the discontinued operation; and
- The post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group constituting the discontinued operation.

(q) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and equity instruments under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out in (s) to (x) below.

(s) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost 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 reporting period.

(t) Financial guarantee contract liabilities

Financial guarantee contract liabilities are measured initially at their fair values and are subsequently measured at the higher of:

- the amount of the obligations under the contracts, as determined in accordance with HKAS 37 “Provisions, Contingent Liabilities and Contingent Assets”; and
- the amount initially recognised less cumulative amortisation recognised in profit or loss on a straight-line basis over the terms of the guarantee contracts.

(u) Convertible bonds

Convertible bonds which entitle the holder to convert the bonds into a fixed number of equity instruments at a fixed conversion price are regarded as compound instruments and consist of a liability and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The difference between the proceeds of issue of the convertible bonds and the fair value assigned to the liability component, representing the embedded option for the holder to convert the bonds into equity of the Group, is included in equity as capital reserve. The liability component is carried at amortised cost using the effective interest method until extinguished on conversion or redemption.

Transaction costs are apportioned between the liability and equity components of the convertible bonds based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly to equity.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(v) Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(w) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(x) Derivative financial instruments

Derivatives are initially recognised and subsequently measured at fair value.

Changes in the fair value of derivatives are recognised in profit or loss as they arise.

(y) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Revenue from sales of goods is recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered and the title has passed to the customers.

Interest income is recognised on a time-proportion basis using the effective interest method.

Rental income is recognised on a straight-line basis over the lease term.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(z) Employee benefits

(i) 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 leave are not recognised until the time of leave.

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

(aa) Share-based payments

The Group issues equity-settled share-based payments to certain directors, employees and consultants.

Equity-settled share-based payments to directors and employees are measured at the fair value (excluding the effect of non-market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

Equity-settled share-based payments to consultants are measured at the fair value of the services rendered or, if the fair value of the services rendered cannot be reliably measured, at the fair value of the equity instruments granted. The fair value is measured at the date the Group receives the services and is recognised as an expense.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(bb) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(cc) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and interests in joint arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(cc) Taxation *(Continued)*

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

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

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

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 they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(dd) PRC land appreciation tax ("LAT")

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including land costs, borrowing costs, business taxes and all property development expenditures. LAT is recognised as an income tax expense. LAT paid is a deductible expense for the PRC enterprise income tax purposes.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(ee) Related parties

A related party is a person or entity that is related to the Group.

- (A) A person or a close member of that person's family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Company.
- (B) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (A).
 - (vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(ff) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the cash-generating unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

(gg) Impairment of financial assets

At the end of each reporting period, the Group assesses whether its financial assets are impaired, based on objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows of the (group of) financial asset(s) have been affected.

For available-for-sale equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered also to be objective evidence of impairment.

In addition, for trade receivables that are assessed not to be impaired individually, the Group assesses them collectively for impairment, based on the Group's past experience of collecting payments, an increase in the delayed payments in the portfolio, observable changes in economic conditions that correlate with default on receivables, etc.

Only for trade receivables, the carrying amount is reduced through the use of an allowance account and subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For all other financial assets, the carrying amount is directly reduced by the impairment loss.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(gg) Impairment of financial assets *(Continued)*

In respect of available-for-sale equity securities, an increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated in revaluation reserve; impairment losses are not reversed through profit or loss.

(hh) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(ii) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

(a) Joint control assessment

The Group holds 50% of the interest of its joint arrangements of sub-leasing project with an independent individual on a property located in the PRC. The directors have determined that the Group has joint control over these arrangements as under the contractual agreements, it appears that unanimous consent is required from all parties to the agreements for all relevant activities.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES *(Continued)*

Critical judgements in applying accounting policies *(Continued)*

(b) Deferred tax for investment properties

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Group's deferred tax for investment properties, the directors have adopted the presumption that investment properties measured using the fair value model are recovered through sale. Accordingly, no deferred tax is recognised in respect of the fair value change in such investment properties as the Group is not subject to any income taxes on disposal of investment properties in Hong Kong because no capital gain tax arising from property sales in Hong Kong.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, 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) Property, plant and equipment and depreciation

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment. These estimates are based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned.

As at 31 March 2015, the carrying amount of property, plant and equipment was HK\$13,795,000 (2014: HK\$12,455,000).

(b) Income taxes and deferred tax

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. 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 period in which such determination is made. During the year, HK\$1,436,000 (2014: HK\$1,447,000) of income tax was charged to profit or loss based on the estimated assessable profits from continuing operations.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(b) Income taxes and deferred tax (Continued)

Deferred tax assets recognised to the extent that it is probable that future taxable profit will be available against the temporary differences or tax losses can be utilised. In the current year, deferred tax assets relating to certain temporary differences and tax losses are not recognised in the consolidated financial statements.

(c) Impairment for bad and doubtful debts

The Group makes impairment for bad and doubtful debts based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed.

As at 31 March 2015, no impairment loss for bad and doubtful debts was recognised (2014: HK\$140,000 (restated), HK\$782,000 from discontinued operations).

(d) Impairment of investments in associates and amounts due from associates

Management determines whether investments in associates and amounts due from associates have suffered any impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable, according to their recoverable amounts determined by the cash-generating units based on value in use calculations. The determination of impairment indication requires significant judgement, and the calculations require the use of estimates which are subject to change of economic environment in future.

As at 31 March 2015, the carrying amount of investments in associates and amount due from associates were HK\$161,699,000 (2014: HK\$162,889,000) and HK\$48,028,000 (2014: HK\$45,680,000) respectively.

(e) Fair value of investment properties

The Group appointed an independent professional valuer to assess the fair values of the investment properties. In determining the fair values, the valuer has utilised a method of valuation which involves certain estimates. The directors have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions.

As at 31 March 2015, the carrying amount of investment properties was HK\$45,700,000 (2014: HK\$39,700,000).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(f) Fair value of derivative financial instruments

As disclosed in note 37 to the consolidated financial statements, the fair values of the derivative financial instruments at the date of issue and the end of the reporting period were determined using option pricing models. Application of option pricing models requires the Group to estimate the prominent factors affecting the fair value, including but not limited to, credit spread, discount rate, the expected life of the derivative financial instruments, the expected volatility of the share prices of the Company and the potential dilution in the share prices of the Company. Where the estimation on these factors is different from those previously estimated, such differences will impact the fair value gain or loss of the derivative financial instruments in the period in which such determination is made.

As at 31 March 2015, the carrying amount of the derivative financial assets and liabilities were HK\$4,690,000 (2014: HK\$4,825,000) and HK\$1,000 (2014: HK\$30,000) respectively.

(g) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

The carrying amount of goodwill at the end of the reporting period was HK\$24,911,000 (2014: HK\$24,911,000).

(h) Allowance for slow-moving inventories

Allowance for slow-moving inventories is made based on the ageing and estimated net realisable value of inventories. The assessment of the allowance amount involves judgement and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write-back in the period in which such estimate has been changed. No allowance for slow-moving inventories was made for the year ended 31 March 2015 (2014: Nil).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(i) Net realisable value of properties under development

The Group writes down properties under development to net realisable value based on assessment of the realisability of properties under development which takes into account cost to completion based on past experience and net sales value based on prevailing market conditions. If there is an increase in cost to completion or a decrease in net sales value, the net realisable value will decrease which may result in writing down properties under development to net realisable value. Write-downs are recorded where events or changes in circumstances indicate that the balances may not be realised. The identification of write-downs requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value of properties under development is adjusted in the period in which such estimate is changed.

As at 31 March 2015, the carrying amount of the properties under development was HK\$61,014,000 (2014: HK\$60,660,000).

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, price risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has certain exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in HK\$, Renminbi ("RMB") and United States dollars ("USD"). The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Sensitivity analysis

The Group's bank balances, pledged bank deposits, trade, bills and other receivables, bank loans, trade and other payables are exposed to fluctuation in a currency other than functional currency of the Group which they relate.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

6. FINANCIAL RISK MANAGEMENT (Continued)

(a) Foreign currency risk (Continued)

Sensitivity analysis (Continued)

The following table indicates that the instantaneous change in the Group's loss after tax (and accumulated losses) that would arise if the foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. Other components of equity would not be affected by changes in foreign exchange rates. For presentation purposes, the amounts are shown in HK\$, translated using the spot rate at the end of the reporting period.

	2015		2014	
	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax and accumulated losses HK\$'000	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax and accumulated losses HK\$'000
HK\$/USD	10% (10%)	6,044 (6,044)	10% (10%)	(7,428) 7,428
HK\$/RMB	10% (10%)	1,813 (1,813)	10% (10%)	(1,620) 1,620

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period.

(b) Price risk

The Group's derivative financial instruments are measured at fair value at the end of each reporting period. Therefore, the Group is exposed to equity security price risk.

As at 31 March 2015, if the expected volatility had increased by 1% with all other variables held constant, the consolidated loss after tax for the year would increase by approximately HK\$95,000 (2014: increase by HK\$212,000) arising from changes in fair value of the derivative financial instruments.

If the expected volatility had decreased by 1% with all other variables held constant, the consolidated loss after tax for the year would decrease by approximately HK\$95,000 (2014: decrease by HK\$225,000), arising from changes in fair value of the derivative financial instruments.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Credit risk

The carrying amounts of the pledged bank deposits, bank and cash balances, trade, bills and other receivables included in the consolidated statement of financial position represent the Group's maximum exposure to credit risk in relation to the Group's financial assets.

The Group has certain concentration of credit risk as the Group's largest five debtors accounts for 70% of trade receivables as at 31 March 2015 (2014: 67%).

The Group has policies in place to ensure that sales are made to customers with an appropriate credit history.

The credit risk on pledged bank deposits, bank and cash balances is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group's maximum exposure to credit risk in the event that counterparties fail to perform their obligations as at 31 March 2015 in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the consolidated statement of financial position. The Group's credit risk is primarily attributable to its trade receivables. In order to minimise credit risk, the directors have delegated a team to be responsible for the determination of credit limits, credit approvals and other monitoring procedures. In addition, the directors review the recoverable amount of each individual trade debt regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. In this regard, the directors consider that the Group's credit risk is significantly reduced.

(d) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

6. FINANCIAL RISK MANAGEMENT (Continued)

(d) Liquidity risk (Continued)

The maturity analysis of the Group's financial liabilities is as follows:

	Less than 1 year and on demand <i>HK\$'000</i>	Between 1 and 2 years <i>HK\$'000</i>	Between 2 and 5 years <i>HK\$'000</i>	Over 5 years <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 March 2015					
Trade and other payables	98,309	–	–	–	98,309
Finance lease payables	785	–	–	–	785
Liability components of convertible bonds	47,613	–	–	–	47,613
Bank and other loans	135,667	–	–	–	135,667
Long term bonds	2,000	2,000	48,000	–	52,000
Due to a non-controlling shareholder	372	–	–	–	372
Due to an associate	21,497	–	–	–	21,497
At 31 March 2014					
Trade and other payables	110,056	–	–	–	110,056
Finance lease payables	491	–	–	–	491
Liability components of convertible bonds	2,500	109,088	–	–	111,588
Bank and other loans	134,859	–	–	–	134,859
Long term bonds	2,000	2,000	6,000	44,000	54,000
Financial guarantee issued	2,654	–	–	–	2,654
Due to a non-controlling shareholder	844	–	–	–	844
Due to an associate	14,157	–	–	–	14,157

The following table summarises the maturity analysis of bank and other loans and finance lease payables with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. As a result, these amounts were greater than the amounts disclosed in the "on demand" time band in the maturity analysis contained above. Taking into account the Company's financial position, the directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors believe that such bank and other loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

6. FINANCIAL RISK MANAGEMENT (Continued)

(d) Liquidity risk (Continued)

The maturity analysis of the Group's financial liabilities that bank and other loans and finance lease payables subject to a repayment on demand clause based on schedule repayments:

	Less than 1 year and on demand <i>HK\$'000</i>	Between 1 and 2 years <i>HK\$'000</i>	Between 2 and 5 years <i>HK\$'000</i>	Over 5 years <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 March 2015					
Finance lease payables	365	168	252	–	785
Bank and other loans	117,830	1,043	2,942	17,955	139,770
At 31 March 2014					
Finance lease payables	294	197	–	–	491
Bank and other loans	117,221	1,043	3,061	18,934	140,259

(e) Interest rate risk

The Group's exposure to interest-rate risk arises from its bank and other loans. These bank and other loans bear interests at variable rates varied with the prevailing market condition and expose the Group to cash flow interest rate risk.

At 31 March 2015, if the interest rate had been 100 basis points lower, with all other variables held constant, the impact on consolidated loss after tax is summarised in the following table. The sensitivity analysis includes bank and other loans and adjusts the respective interest rates at the year end of 100 basis points. A positive number indicates a decrease in loss. If the interest rate had been 100 basis points higher, with all other variables held constant, there would be an equal and opposite impact on loss after tax, and the balances below would be negative.

	At 31 March	
	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Loss after tax	908	954

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

6. FINANCIAL RISK MANAGEMENT (Continued)

(f) Categories of financial instruments as at 31 March

	2015 HK\$'000	2014 HK\$'000
Financial assets:		
Financial assets at fair value through profit or loss:		
Held-for-trading	4,690	4,825
Loans and receivables (including cash and cash equivalents)	251,082	208,245
Financial liabilities:		
Financial liabilities at fair value through profit or loss:		
Held-for-trading	1	9,378
Financial liabilities at amortised cost	340,904	406,958

(g) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

7. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categories into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

7. FAIR VALUE MEASUREMENTS (Continued)

(a) Disclosures of level in fair value hierarchy at 31 March:

Description	Fair value measurements using:			2015 Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
Recurring fair value measurements				
Assets				
Investment properties				
Residential – Hong Kong	–	–	45,700	45,700
Financial assets at fair value through profit or loss				
Put Option of convertible bonds	–	4,690	–	4,690
Total	–	4,690	45,700	50,390
Liabilities				
Financial liabilities at fair value through profit or loss				
Call Option of convertible bonds	–	1	–	1

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

7. FAIR VALUE MEASUREMENTS (Continued)

(a) Disclosures of level in fair value hierarchy at 31 March: (Continued)

Description	Fair value measurements using:			2014
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Recurring fair value measurements				
Assets				
Investment properties				
Residential – Hong Kong	–	–	39,700	39,700
Financial assets at fair value through profit or loss				
Put Options of convertible bonds	–	3,885	–	3,885
Mandatory Conversion Option of convertible bonds	–	940	–	940
Total	–	4,825	39,700	44,525
Liabilities				
Financial liabilities at fair value through profit or loss				
Call Option of convertible bonds	–	30	–	30
Warrants	–	9,348	–	9,348
Total	–	9,378	–	9,378

(b) Reconciliation of assets measured at fair value based on level 3:

Description	2015 Assets at fair value Investment properties HK\$'000
Assets	
At beginning	39,700
Total gain recognised in profit or loss ^(#)	6,000
At end of year	45,700
^(#) Include gain for assets held at end of reporting period	6,000

The total gain recognised in profit or loss including those for assets held at the end of the reporting period are presented as other net income (note 9) in the consolidated statement of profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

7. FAIR VALUE MEASUREMENTS (Continued)

(b) Reconciliation of assets measured at fair value based on level 3: (Continued)

Description	2014	
	Assets at fair value	
	Derivative financial assets HK\$'000	Investment properties HK\$'000
Assets		
At beginning	13,350	41,000
Written off	(13,350)	–
Total loss recognised in profit or loss ^(#)	–	(1,300)
At end of year	–	39,700
^(#) Include loss for assets held at end of reporting period	–	(1,300)

During the year ended 31 March 2014, derivatives amounting to HK\$13,350,000 were written off due to the lapse of the call options. The amount recognised in profit or loss was presented as other operating expenses in the consolidated statement of profit or loss.

The total loss recognised in profit or loss including those for assets held at the end of the reporting period are presented as other net income (note 9) in the consolidated statement of profit or loss.

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 March 2015:

The Group's financial controller is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The financial controller reports directly to the board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the financial controller and the board of Directors at least twice a year.

For level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

7. FAIR VALUE MEASUREMENTS (Continued)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 March 2015: (Continued)

Level 2 fair value measurements

Description	Valuation technique	Inputs	Fair value Assets/(Liabilities)	
			2015 HK\$'000	2014 HK\$'000
Put Option of convertible bonds	Binomial option pricing model	Share price, exercise price, risk-free rate, expected volatility, life of the convertible bonds, expected dividend yield and effective interest rate or risky rate	4,690	3,885
Mandatory Conversion Option of convertible bonds	Binomial option pricing model	Share price, exercise price, risk-free rate, expected volatility, life of the convertible bonds, expected dividend yield and effective interest rate	–	940
Call Option of convertible bonds	Binomial option pricing model	Share price, exercise price, risk-free rate, expected volatility, life of the convertible bonds, expected dividend yield and effective interest rate or risky rate	(1)	(30)

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

7. FAIR VALUE MEASUREMENTS (Continued)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 March 2015: (Continued)

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	2015 HK\$'000	2014 HK\$'000
Assets					
Investment property in Mei Foo Sun Chuen, Hong Kong	Sales comparison approach	Premium (discount) on quality of properties	Increase or decrease 25%	11,000	8,700
Investment property in Manhattan Hill, Hong Kong	Sales comparison approach	Premium (discount) on quality of properties	Increase or decrease 25%	34,700	31,000

The fair value of investment properties are determined using sales comparison approach by reference to recent sales price of comparable properties on a price per square foot basis, adjusted for a premium or a discount specific to the quality of the Group's properties compared to the recent sales. The valuation takes into account the characteristic of the properties which included the location, size, floor level, year of completion and other factors collectively. Higher premium for higher quality properties will result in a higher fair value measurement.

During the two years, there were no changes in the valuation techniques used.

8. TURNOVER

An analysis of the Group's revenue for the year from continuing operations is as follows:

	2015 HK\$'000	2014 HK\$'000 (Restated)
Sales of electronic parts and components	1,182,848	939,668
Rental income	950	990
Sublease rental income	6,843	421
	1,190,641	941,079

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For the year ended 31 March 2015

9. OTHER NET INCOME

	2015 HK\$'000	2014 HK\$'000 (Restated)
Continuing operations		
Interest income	393	260
Net foreign exchange gains	152	286
Fair value gain/(loss) on investment properties	6,000	(1,300)
Gain on disposal of an associate	333	–
Gain on exercise of warrants	7,649	–
Sundry income	392	944
Fair value gain on warrants	1,699	–
	16,618	190

10. SEGMENT INFORMATION

The Group has three reportable segments as follows:

Trading of electronic parts and components	–	trading of electronic parts and components and provision of professional solution with engineering services
Property development	–	sale of developed properties
Property investment	–	rental income

Mobile data solution business segment was discontinued in the current year. The segment information reported does not include any amounts for this discontinued operations, which is described in more detail in note 14 to the consolidated financial statements.

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For the year ended 31 March 2015

10. SEGMENT INFORMATION (Continued)

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

The accounting policies of the operating segments are the same as those described in note 4 to the consolidated financial statements. Segment profit or loss do not include unallocated corporate results.

Information about reportable segment profit or loss from continuing operations:

	Trading of electronic parts and components <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 March 2015				
Revenue from external customers	1,182,848	–	7,793	1,190,641
Segment profit/(loss)	6,454	(6,273)	6,486	6,667
Depreciation	189	673	995	1,857
Year ended 31 March 2014 (restated)				
Revenue from external customers	939,668	–	1,411	941,079
Segment profit/(loss)	8,113	(103,695)	(1,380)	(96,962)
Depreciation and amortisation	280	542	41	863

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For the year ended 31 March 2015

10. SEGMENT INFORMATION (Continued)

Reconciliations of reportable segment revenue and profit or loss from continuing operations:

	2015 HK\$'000	2014 HK\$'000 (Restated)
Revenue		
Total revenue from continuing operations	1,190,641	941,079
Profit or loss		
Total profit/(loss) of reportable segments	6,667	(96,962)
Unallocated corporate results	(12,124)	(52,967)
Consolidated loss for the year from continuing operations	(5,457)	(149,929)
Reconciliation of other material items:		
Other material items – depreciation and amortisation		
Total depreciation of reportable segments	1,857	863
Depreciation and amortisation from discontinued operations	555	793
Unallocated amounts:		
Depreciation of property, plant and equipment for corporate use	123	22
Consolidated depreciation and amortisation	2,535	1,678

Geographical information

	Non-current assets	
	2015 HK\$'000	2014 HK\$'000
Hong Kong	82,146	75,977
The PRC except Hong Kong	163,959	164,025
Macau	–	15
Consolidated total	246,105	240,017

Majority of the revenue generated by the Group for the years ended 31 March 2015 and 31 March 2014 were attributable to customers based in the PRC. In presenting the geographical information, revenue is based on the location of the customers.

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For the year ended 31 March 2015

10. SEGMENT INFORMATION (Continued)

Turnover from major customer

	2015 HK\$'000	2014 HK\$'000
Customer A	273,198	363,099

Turnover from one (2014: one) customer of the Group's trading of electronic parts and components represents approximately HK\$273,198,000 (2014: approximately HK\$363,099,000) of the Group's total turnover.

11. FINANCE COSTS

	2015 HK\$'000	2014 HK\$'000 (Restated)
Continuing operations		
Wholly repayable within five years		
– Effective interest expenses on liability components of convertible bonds	4,891	5,997
– Interest on bank loans	3,625	3,760
– Interest on other loan	834	1,053
– Finance lease charges	53	17
Not wholly repayable within five years based on repayment schedule		
– Interest on bank loans	394	409
– Interest on long term bonds	1,997	1,464
	11,794	12,700

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For the year ended 31 March 2015

12. INCOME TAX EXPENSE

Income tax relating to continuing operations has been recognised in profit or loss as following:

	2015 HK\$'000	2014 HK\$'000
Current tax – Hong Kong Profits Tax		
– Provision for the year	1,342	1,615
– Over-provision in prior years	(94)	(164)
	1,248	1,451
Current tax – PRC Enterprise Income Tax		
– Provision for the year	192	–
Deferred tax (note 40)	(4)	(4)
Income tax expense	1,436	1,447

Hong Kong Profits Tax is provided at 16.5% (2014: 16.5%) based on the estimated assessable profits for the year ended 31 March 2015.

PRC Enterprise Income Tax has been provided at a rate of 25% (2014: 25%).

The reconciliation between the income tax expense and the product of loss before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	2015 HK\$'000	2014 HK\$'000 (Restated)
Loss before tax (from continuing operations)	(4,021)	(148,482)
Tax at the domestic income tax rate of 16.5% (2014: 16.5%)	(663)	(24,499)
Tax effect of income that is not taxable	(1,051)	(9)
Tax effect of expenses that are not deductible	1,728	25,813
Tax effect of temporary differences not recognised	(77)	(116)
Tax effect of tax losses not recognised	1,810	239
Over-provision in prior years	(94)	(164)
Effect of different tax rates of subsidiaries	(217)	183
Income tax expense (relating the continuing operations)	1,436	1,447

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For the year ended 31 March 2015

13. LOSS FOR THE YEAR FROM CONTINUING OPERATIONS

The Group's loss for the year from continuing operations is stated after charging/(crediting) the following:

	2015 HK\$'000	2014 HK\$'000 (Restated)
Acquisition-related costs (included in other operating expenses)	–	2,242
Auditor's remuneration		
– Current	1,020	820
– Under-provision in prior year	–	108
	1,020	928
Cost of inventories sold	1,138,726	899,361
Depreciation of property, plant and equipment	1,980	885
Directors' emoluments		
– As directors	360	360
– For management	3,005	3,036
	3,365	3,396
Fair value (gain)/loss on investment properties	(6,000)	1,300
Direct operating expense of investment properties that generate rental income	130	147
Fair value (gain)/loss on warrants	(1,699)	1,536
Derivative financial assets written off	–	13,350
Gain on disposal of associates	(333)	–
Gain on deregistration of a subsidiary	–	(244)
Loss/(gain) on disposal of property, plant and equipment	107	(53)
Fair value (gains)/losses on Put Option, Call Option and Mandatory Conversion Option of convertible bonds	(1,106)	5,159
Fair value loss on conversion of convertible bonds	1,212	1,094
Operating lease charges		
– Premises	2,765	1,625
– Premises for sub-leasing	3,854	455
Research and development expenses		
– Other expenses	3,506	2,653
Inventories written off	–	37
Allowance for impairment of bad and doubtful debts	–	140
Impairment losses on investments in associates	–	99,336
Staff costs including directors' emoluments		
– Salaries and allowances	17,959	15,846
– Share-based payments	–	2,024
– Retirement benefit scheme contributions	587	478
– Termination benefits	–	(134)
	18,546	18,214

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14. DISCONTINUED OPERATIONS

On 17 November 2014, the Company entered into a sale and purchase agreement with a director of Mobile Telecom (BVI) Limited ("Mobile Telecom") to dispose of the Company's entire equity interest in Mobile Telecom. Mobile Telecom and its subsidiaries (collectively referred to as "Mobile Telecom Group") were principally engaged in the provision of mobile data solution and related services. Details of the assets and liabilities disposed and the calculation of the profit or loss on disposal are disclosed in note 45(a).

The disposal was completed on 19 December 2014.

	2015 HK\$'000	2014 HK\$'000
Profit for the year from discontinued operations:		
Revenue	27,215	41,557
Other net income	700	1,855
Telecom operators and content providers cost	(6,376)	(10,061)
Employment costs	(12,269)	(15,356)
Research and development costs	(5,821)	(9,613)
Depreciation and amortisation	(555)	(793)
Other operating expenses	(4,241)	(7,109)
(Loss)/profit from operations	(1,347)	480
Finance costs	–	(8)
(Loss)/profit before tax	(1,347)	472
Income tax expense	–	–
(Loss)/profit after tax	(1,347)	472
Gain on disposal of discontinued operations (note 45(a))	5,252	–
Profit for the year from discontinued operations (attributable to owners of the Company)	3,905	472

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For the year ended 31 March 2015

14. DISCONTINUED OPERATIONS (Continued)

	2015 HK\$'000	2014 HK\$'000
Profit for the year from discontinued operations include the following:		
Auditor's remuneration	220	280
Amortisation of intangible assets	45	66
Operating lease charges of premises and facilities	1,774	2,695
Depreciation of property, plant and equipment	510	727
Allowance for doubtful debts	–	782
Reversal of allowance for doubtful debts	(612)	(1,180)
Research and development cost	5,821	9,613
Staff costs (including amount classified as research and development expenses):		
– Salaries and allowances	17,298	24,145
– Retirement benefit scheme contributions	792	824
Cash flows from discontinued operations:		
Net cash (outflows in)/inflows from operating activities	(173)	5,084
Net cash outflows in investing activities	(382)	(209)
Net cash outflows in financing activities	–	(8)
	(555)	4,867
Effect of foreign exchange rate changes	(15)	(147)
Net cash (outflows)/inflows	(570)	4,720

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15. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

The emoluments of each director were as follows:

For the year ended 31 March 2015

	Directors' fees HK\$'000	Salaries and allowances HK\$'000	Discretionary bonus HK\$'000	Share-based payments HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
Name of director						
<i>Executive directors</i>						
Mr. Chan Wai Kwong, Peter (note (a))	-	372	-	-	10	382
Mr. Choi Ho Yan	-	1,440	-	-	35	1,475
Mr. So Haw, Herman	-	456	-	-	18	474
Mr. So Loi Fat	-	600	-	-	18	618
Mr. Wong Shiu Wah, Williamson (note (b))	-	56	-	-	-	56
<i>Independent non-executive directors</i>						
Mr. Chiu Wai Piu	120	-	-	-	-	120
Mr. Cheung Kwan Hung, Anthony (note (c))	111	-	-	-	-	111
Mr. Heung Chee Hang, Eric (note (c))	111	-	-	-	-	111
Mr. Tam Yiu Cheung (note (b))	9	-	-	-	-	9
Mr. Tam Kin Yip (note (b))	9	-	-	-	-	9
	360	2,924	-	-	81	3,365

Note:

- (a) Resigned on 13 October 2014
- (b) Appointed on 3 March 2015
- (c) Resigned on 3 March 2015

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15. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

For the year ended 31 March 2014

	Directors' fees HK\$'000	Salaries and allowances HK\$'000	Discretionary bonus HK\$'000	Share-based payments HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
Name of director						
<i>Executive directors</i>						
Mr. Chan Wai Kwong, Peter	–	696	–	–	15	711
Mr. Siu King Nin, Peter (note (d))	–	240	–	–	–	240
Mr. Choi Ho Yan	–	1,440	–	–	30	1,470
Mr. So Haw, Herman	–	456	–	–	15	471
Mr. So Loi Fat (note (e))	–	140	–	–	4	144
<i>Independent non-executive directors</i>						
Mr. Chiu Wai Piu	120	–	–	–	–	120
Mr. Cheung Kwan Hung, Anthony	120	–	–	–	–	120
Mr. Heung Chee Hang, Eric	120	–	–	–	–	120
	360	2,972	–	–	64	3,396

Note:

(d) Resigned on 28 June 2013

(e) Appointed on 7 January 2014

There was no arrangement under which a director waived or agreed to waive any emoluments during the year (2014: Nil).

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15. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

A total of five (2014: six) individuals were included in the highest paid analysis. The five (2014: six) highest paid individuals in the Group during the year included one director (2014: one director) whose emoluments are reflected in the analysis presented above. The emoluments of the remaining four (2014: five) individuals are set out below:

	2015 HK\$'000	2014 HK\$'000
Salaries and allowances	3,960	5,947
Retirement benefit scheme contributions	70	75
Share-based payments	–	1,288
	4,030	7,310

The emoluments fell within the following bands:

	Number of individuals	
	2015	2014
Nil to HK\$1,000,000	2	–
HK\$1,000,001 to HK\$1,500,000	2	4
HK\$1,500,001 to HK\$2,000,000	–	–
HK\$2,000,001 to HK\$2,500,000	–	1
	4	5

During the year, no emoluments were paid by the Group to any of the directors or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

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For the year ended 31 March 2015

16. LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

The loss for the year attributable to owners of the Company included a profit of approximately HK\$26,389,000 (2014: loss of approximately HK\$203,431,000) which has been dealt with in the financial statements of the Company.

17. DIVIDENDS

The directors have not declared nor proposed any dividends in respect of the year ended 31 March 2015 (2014: Nil).

18. LOSS PER SHARE

(a) Basic loss per share

(i) *From continuing and discontinued operations*

The calculation of basic loss per share is based on the loss for the year attributable to owners of the Company of approximately HK\$4,108,000 (2014: approximately HK\$149,206,000) and the weighted average number of ordinary shares of 2,379,067,764 (2014: 1,697,378,472) in issue during the year.

(ii) *From continuing operations*

The calculation of basic loss per share from continuing operations is based on the loss for the year from continuing operations attributable to owners of the Company of approximately HK\$7,598,000 (2014: approximately HK\$150,787,000) and the denominator used is the same as that detailed above.

(iii) *From discontinued operations*

Basic earnings per share from the discontinued operations is 0.15 HK cent per share (2014: 0.09 HK cent per share). The calculation of basic earnings per share from discontinued operations is based on the profit for the year from discontinued operations attributable to owners to the Company of approximately HK\$3,490,000 (2014: approximately HK\$1,581,000) and the denominator used is the same as that detail above.

(b) Diluted loss per share

As the exercise of the Group's outstanding convertible bonds and outstanding share options for the years ended 31 March 2015 and 2014 would be anti-dilutive, no diluted loss per share was presented in both years.

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19. OTHER COMPREHENSIVE INCOME

Tax effects relating to each item of other comprehensive income for the year:

	2015			2014		
	Amount before tax HK\$'000	Tax HK\$'000	Amount after tax HK\$'000	Amount before tax HK\$'000	Tax HK\$'000	Amount after tax HK\$'000
Exchange differences on translating foreign operations	15	–	15	(77)	–	(77)
Exchange differences reclassified to profit or loss on disposal of foreign operations	(518)	–	(518)	–	–	–
Other comprehensive income	(503)	–	(503)	(77)	–	(77)

20. PROPERTY, PLANT AND EQUIPMENT – GROUP

	Leasehold properties HK\$'000	Computer hardware and software HK\$'000	Leasehold improvements, furniture and fixtures HK\$'000	Office equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost						
At 1 April 2013	5,000	1,639	1,050	45	1,820	9,554
Additions	–	517	4,719	18	949	6,203
Acquisition of a subsidiary	–	17	6	–	–	23
Written off	–	–	–	–	(119)	(119)
Exchange differences	–	1	1	–	6	8
At 31 March 2014 and at 1 April 2014	5,000	2,174	5,776	63	2,656	15,669
Additions	–	546	3,916	23	1,398	5,883
Disposal of subsidiaries	–	(2,341)	(994)	(53)	–	(3,388)
Disposal	–	–	–	–	(1,087)	(1,087)
Exchange differences	–	–	3	–	2	5
At 31 March 2015	5,000	379	8,701	33	2,969	17,082

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20. PROPERTY, PLANT AND EQUIPMENT – GROUP (Continued)

	Leasehold properties HK\$'000	Computer hardware and software HK\$'000	Leasehold improvements, furniture and fixtures HK\$'000	Office equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Accumulated depreciation						
At 1 April 2013	64	936	169	16	536	1,721
Charge for the year	110	477	356	10	659	1,612
Disposal	–	–	–	–	(119)	(119)
At 31 March 2014 and at 1 April 2014	174	1,413	525	26	1,076	3,214
Charge for the year	110	372	1,316	13	679	2,490
Disposal of subsidiaries	–	(1,646)	(625)	(27)	–	(2,298)
Disposal	–	–	–	–	(121)	(121)
Exchange difference	–	–	2	–	–	2
At 31 March 2015	284	139	1,218	12	1,634	3,287
Carrying amount						
At 31 March 2015	4,716	240	7,483	21	1,335	13,795
At 31 March 2014	4,826	761	5,251	37	1,580	12,455

At 31 March 2015, the carrying amount of two motor vehicles (2014: one) held by the Group under finance leases amounted to approximately HK\$818,000 (2014: HK\$516,000).

The Group's leasehold properties are situated in Hong Kong and are held under medium-lease.

At 31 March 2015, the carrying amount of the Group's leasehold properties amounted to approximately HK\$4,716,000 (2014: HK\$4,826,000) were pledged as security for the Group's mortgage loan (note 36).

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20. PROPERTY, PLANT AND EQUIPMENT – COMPANY

	Computer hardware and software <i>HK\$'000</i>	Leasehold improvements, furniture and fixtures <i>HK\$'000</i>	Office equipment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost				
At 1 April 2013, 31 March 2014 and at 1 April 2014	–	–	–	–
Additions	135	1,956	8	2,099
At 31 March 2015	135	1,956	8	2,099
Accumulated depreciation				
At 1 April 2013, 31 March 2014 and at 1 April 2014	–	–	–	–
Charge for the year	19	93	–	112
At 31 March 2015	19	93	–	112
Carrying amount At 31 March 2015	116	1,863	8	1,987
At 31 March 2014	–	–	–	–

21. INVESTMENT PROPERTIES – GROUP

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
At beginning of year	39,700	41,000
Fair value gain/(loss)	6,000	(1,300)
At end of year	45,700	39,700

Investment properties were revalued at 31 March 2015 and 2014 on the open market value basis by reference to market evidence of recent transactions for similar properties by Savills Valuation and Professional Services Limited, an independent firm of valuers.

The Group's investment properties are situated in Hong Kong and are held under medium-leases.

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21. INVESTMENT PROPERTIES – GROUP (Continued)

At 31 March 2015, the carrying amount of investment properties pledged as security for the Group's bank loans amounted to HK\$45,700,000 (2014: HK\$39,700,000) (note 36).

22. GOODWILL – GROUP

	HK\$'000
Cost	
At 1 April 2013	24,911
Arising on acquisition of a subsidiary (note 45(c))	12
At 31 March 2014 and 1 April 2014	24,923
Derecognised on disposal of subsidiaries	(12)
At 31 March 2015	24,911
Accumulated impairment losses	
At 1 April 2013	–
Impairment loss recognised in the year	12
At 31 March 2014 and 1 April 2014	12
Reversal from disposal of subsidiaries	(12)
At 31 March 2015	–
Carrying amount	
At 31 March 2015	24,911
At 31 March 2014	24,911

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22. GOODWILL – GROUP (Continued)

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units (“CGUs”) that are expected to benefit from that business combination. The carrying amount of goodwill, before impairment loss, had been allocated as follows:

	2015 HK\$'000	2014 HK\$'000
Trading of electronic parts and components segment: ETC Technology Limited (“ETC”)	24,911	24,911
Mobile data solution business segment: Mads (Macau) Limited (“Mads”)	–	12
	24,911	24,923

The recoverable amounts of the CGUs have been determined on the basis of their value in use using discounted cash flow method.

The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and budgeted gross margin and turnover during the period. The Group estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on long-term average economic growth rate of the geographical area in which the businesses of the CGUs operate. Budgeted gross margin and turnover are based on past practices and expectations on market development.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the directors for the next five years with the residual period using 3% (2014: zero) growth rate. This rate does not exceed the average long-term growth rate for the relevant markets.

The pre-tax rate used to discount the forecast cash flows is 9% (2014: 10%) for the CGU of ETC.

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23. INTANGIBLE ASSETS – GROUP

	Website HK\$'000
Cost	
At 1 April 2013, 31 March 2014 and 1 April 2014	200
Disposal of subsidiaries	(200)
At 31 March 2015	–
Accumulated amortisation	
At 1 April 2013	72
Amortisation for the year	66
At 31 March 2014 and 1 April 2014	138
Amortisation for the year	45
Disposal of subsidiaries	(183)
At 31 March 2015	–
Carrying amount	
At 31 March 2015	–
At 31 March 2014	62

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24. INTERESTS IN SUBSIDIARIES – COMPANY

	2015 HK\$'000	2014 HK\$'000
Unlisted shares, at cost	333,504	357,963
Impairment losses	(133,464)	(157,923)
Carrying value	200,040	200,040
Amounts due from subsidiaries (note (a))	98,404	112,512
Allowance	(26,340)	(82,256)
	72,064	30,256
Amounts due to subsidiaries (note (a))	(120)	(1,028)

Details of the subsidiaries at 31 March 2015 are as follows:

Name	Place of incorporation/ registration	Principal activities	Particulars of issued share capital/ registered capital	Interest Held 2015/2014
------	--	-------------------------	---	-------------------------------

Directly held:

Full Rich Human Resources Limited	Hong Kong	Human resources management in Hong Kong	HK\$100	100%/100%
Gold Continental Investments Limited	British Virgin Islands ("BVI")	Investment holding	100 ordinary shares of US\$1 each	100%/100%
Golden Kingtex Limited	BVI	Investment holding	100 ordinary shares of US\$1 each	100%/100%
Gold Basin Capital Limited	BVI	Investment holding	100 ordinary shares of US\$1 each	100%/100%

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24. INTERESTS IN SUBSIDIARIES – COMPANY (Continued)

Name	Place of incorporation/ registration	Principal activities	Particulars of issued share capital/ registered capital	Interest Held 2015/2014
Indirectly held:				
Star Global Industries Limited	Hong Kong	Property investment	HK\$1	100%/100%
Best Team International Investment Limited	Hong Kong	Investment holding	HK\$2,000	100%/100%
深圳市鑫泰溢投資發展有限公司 (note (b))	The PRC	Investment holding	RMB31,946,352	100%/100%
陽江市永聯房地產開發有限公司	The PRC	Property development	RMB1,000,000	66.66%/66.66%
ETC	Hong Kong	Trading of electronic parts	HK\$2,000,000	75%/75%
Best Precision Holdings Limited	BVI	Investment holding	50,000 ordinary shares of US\$1 each	75%/75%
Dignity Effort Global Investment Limited	BVI	Investment holding	50,000 ordinary shares of US\$1 each	75%/75%
Perfect Surplus Corporation Limited	Hong Kong	Inactive	HK\$1	75%/75%
Hegrow Inc Limited	Hong Kong	Trading of electronic parts	HK\$10,000	75%/75%
深圳市中亞第一商務服務有限公司	The PRC	Property leasing services	RMB1,000,000	51%/51%
Best Worldwide Corporation Limited ("Best Worldwide")	Hong Kong	Investment holding	HK\$150,000,100	70%/70%
深圳市錦鑫貿易有限公司 (note (b))	The PRC	Investment holding	RMB10,000,000	70%/70%
深圳市金康盛信息諮詢有限公司	The PRC	Investment holding	RMB10,000,000	70%/70%

Note:

- (a) The amounts due from/(to) subsidiaries are unsecured, interest-free and have no fixed terms of repayment.
- (b) 深圳市鑫泰溢投資發展有限公司 and 深圳市錦鑫貿易有限公司 are wholly-owned foreign enterprises established in the PRC.

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24. INTERESTS IN SUBSIDIARIES – COMPANY (Continued)

The following table shows information of subsidiaries that have non-controlling interests ("NCI") material to the Group. The summarised financial information represents amounts before inter-company eliminations.

Name	Best Worldwide		ETC	
Principal place of business/ country of incorporation	Hong Kong/Hong Kong		Hong Kong/Hong Kong	
% of ownership interests/voting rights held by NCI	30%/30%		25%/25%	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
At 31 March:				
Non-current assets	139,678	139,678	12,783	10,456
Current assets	–	–	221,827	220,792
Non-current liabilities	–	–	–	–
Current liabilities	(373)	(195)	(207,026)	(212,568)
Net assets	139,305	139,483	27,584	18,680
Accumulated NCI	41,792	41,845	6,896	4,670
Year ended 31 March/ period from 22 October 2013 (date of acquisition) to 31 March 2014:				
(Loss)/profit	(178)	(10,492)	8,904	7,998
(Loss)/profit allocated to NCI	(53)	(3,148)	2,226	1,999
Net cash generated from/(used in) operating activities	–	–	41,865	(3,763)
Net cash used in investing activities	–	–	(6,595)	(2,575)
Net cash (used in)/generated from financing activities	–	–	(3,128)	20,008
Net changes in cash and cash equivalents	–	–	32,142	13,670

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24. INTERESTS IN SUBSIDIARIES – COMPANY (Continued)

As at 31 March 2015, the bank and cash balances of the Group's subsidiaries in the PRC denominated in RMB amounted to HK\$1,067,000 (2014: HK\$2,639,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

25. INTEREST IN A JOINT OPERATION – GROUP

Details of the Group's net interest in the joint operation, which is accounted for in the consolidated financial statements using the accounting policy in note 4(d), are as follows:

Name of joint operation/ principal activities	Form of business structure	Place of business	Proportion of participation interest held by the Group %
笋崗項目 (Provision of office rental and related services)	Tenant-in-common agreement	PRC	50

The Group, through an indirect subsidiary, 深圳市中亞第一商務服務有限公司, entered into a tenant-in-common agreement with an independent individual. Each of them owns 50% tenant-in-common interest in “深圳市羅湖區寶安北路笋崗二區七號倉庫東翼1-5層” (the “Property”) for the purpose of sub-leasing the Property.

26. AVAILABLE-FOR-SALE FINANCIAL ASSETS – GROUP

	2015 HK\$'000	2014 HK\$'000
Unlisted equity securities	–	–
Analysed as:		
Current assets	–	–
Non-current assets	–	–
	–	–

The fair values of unlisted equity security with carrying amount of HK\$1 was carried at cost as it does not have a quoted market price in an active market and its fair value cannot be reliably measured.

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26. AVAILABLE-FOR-SALE FINANCIAL ASSETS – GROUP (Continued)

The Group did not face any exposure to credit risk at the reporting date as the amount was immaterial.

Available-for-sale financial asset is denominated in Hong Kong dollars.

The financial asset is not either past due or impaired.

27. INVESTMENTS IN ASSOCIATES – GROUP

	2015 HK\$'000	2014 HK\$'000
Unlisted investments:		
Share of net assets	129,032	149,549
Goodwill	132,003	139,475
	261,035	289,024
Impairment losses on investments in associates (note (b))	(99,336)	(126,135)
	161,699	162,889

Notes:

- (a) The amounts due from/(to) associates are unsecured, interest-free and repayable on demand.
- (b) The recoverable amount of the investment in an associate, 陽江市中裕房地產開發有限公司 ("Zhongyu") is determined from the value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rate, growth rate and budgeted turnover. The Group estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the investment in Zhongyu. The growth rates are based on long-term average economic growth rate of the geographical area in which the businesses of the associate operates. Budgeted turnover are based on expectations on market development of related operations.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the directors covering a five-year period using a constant growth rate of 5% (2014: 5%).

The pre-tax rate used to discount the forecast cash flows is 10% (2014: 10%).

As at 31 March 2014 and 2015, impairment loss of HK\$99,336,000 was made on the investment in Zhongyu with reference to the recoverable amount of the associate.

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27. INVESTMENTS IN ASSOCIATES – GROUP (Continued)

Notes: (Continued)

- (c) During the year ended 31 March 2014, the Group has not recognised its share of losses for the year amounting to approximately HK\$15,594,000 for the associates. The accumulated losses not recognised were HK\$27,039,000 as at 31 March 2014.
- (d) On 5 May 2014, the Group entered into an agreement with a third party to dispose its 33.33% equity interest in Jun Feng Enterprise (HK) Limited ("Jun Feng") at a consideration of HK\$333,000. A gain on disposal of the investment in this associate of HK\$333,000 was recognised in the profit or loss during the year ended 31 March 2015.

Details of the Group's associates at 31 March 2015 are as follows:

Name	Place of incorporation/ registration	Particulars of issued and fully paid share capital/ registered capital	Percentage of ownership interest	Principal activities
陽東富力房地產發展有限公司 ("Fuli")	The PRC	RMB1,000,000	25%	Property development
Zhongyu	The PRC	RMB10,000,000	50%	Property development

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27. INVESTMENTS IN ASSOCIATES – GROUP (Continued)

The following table shows information of associates that are material to the Group. These associates are accounted for in the consolidated financial statements using the equity method. The summarised financial information presented is based on the HKFRS financial statements of the associates.

Name	Zhongyu		Fuli	
	2015	2014	2015	2014
Principal place of business/country of incorporation	The PRC/ The PRC		The PRC/ The PRC	
Principal activities	Property development in the PRC		Property development in the PRC	
% of ownership interests/ voting rights held by the Group	50%/50%		25%/25%	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31 March:				
Non-current assets	200	108	60	78
Current assets	584,850	484,871	236,041	233,129
Non-current liabilities	(63,081)	(70,099)	(40,664)	(42,696)
Current liabilities	(287,926)	(181,203)	(146,378)	(138,459)
Net assets	234,043	233,677	49,059	52,052
Group's share of net assets	117,022	116,838	12,265	13,013
Exchange realignment	68	632	(321)	(261)
Goodwill	22,518	22,518	10,149	10,149
Group's share of carrying amount of interests	139,608	139,988	22,093	22,901
Year ended 31 March/period from 22 October 2013 (date of acquisition) to 31 March 2014:				
Revenue	23,170	60,664	9,936	63,425
(Loss)/profit from operations	(763)	(4,961)	(3,233)	9,529
Other comprehensive income	1,130	786	239	749
Total comprehensive income	367	(4,175)	(2,994)	10,278

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27. INVESTMENTS IN ASSOCIATES – GROUP (Continued)

The following table shows, in aggregate, the Group's share of the amounts of all individually immaterial associates that are accounted for using the equity method.

	2015 HK\$'000	2014 HK\$'000
At 31 March:		
Carrying amounts of interests	–	–
Year ended 31 March:		
Loss from operations	–	(46,304)
Other comprehensive income	–	–
Total comprehensive income	–	(46,304)

As at 31 March 2015, the bank and cash balances of the Group's associates in the PRC denominated in RMB amounted to HK\$35,623,000 (2014: HK\$41,349,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

28. INVENTORIES – GROUP

	2015 HK\$'000	2014 HK\$'000
Finished goods	32,162	42,496

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29. TRADE, BILLS AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS – GROUP AND COMPANY

	Group		Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Trade receivables (notes (a), (b) and (d))	37,921	34,981	–	–
Less: Allowance for impairment of bad and doubtful debts (note (c))	–	(612)	–	–
	37,921	34,369	–	–
Bills receivables	62,995	70,998	–	–
Other receivables, deposits and prepayments	27,382	45,255	4,264	5,155
	128,298	150,622	4,264	5,155

Notes:

- (a) The ageing analysis of trade receivables, based on the goods delivery date, and before allowance, is as follows:

	2015 HK\$'000	2014 HK\$'000
0 to 30 days	22,053	27,011
31 to 60 days	6,680	3,265
61 to 90 days	8,005	2,524
Over 90 days	1,183	2,181
	37,921	34,981

The credit terms granted by the Group to its customers are generally cash on delivery to 90 days.

The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by directors.

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

	HK\$ HK\$'000	USD HK\$'000	Others HK\$'000	Total HK\$'000
2015	625	37,293	3	37,921
2014	5,768	28,591	10	34,369

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29. TRADE, BILLS AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS – GROUP AND COMPANY (Continued)

Notes: (Continued)

- (c) As at 31 March 2015, no allowance was made for estimated irrecoverable trade receivables (2014: HK\$612,000). Allowance for trade receivables recognised in previous years was reversed due to subsequent settlement made by respective customers during the year.

Reconciliation of allowance for trade receivables:

	2015 HK\$'000	2014 HK\$'000
At 1 April	612	1,180
Reversal	(612)	(1,180)
Allowance	–	612
At 31 March	–	612

- (d) Trade receivables were past due but not impaired

As at 31 March 2015, trade debtors of approximately HK\$15,932,000 (2014: approximately HK\$19,074,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2015 HK\$'000	2014 HK\$'000
Up to 30 days	6,682	16,447
31 to 60 days	8,005	684
Over 60 days	1,245	1,943
	15,932	19,074

Receivables that were past due but not impaired relate to customers having a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

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30. PROPERTIES UNDER DEVELOPMENT – GROUP

	2015 HK\$'000	2014 HK\$'000
At 1 April	60,660	60,320
Additions	314	207
Exchange difference	40	133
At 31 March	61,014	60,660

The properties under development include costs of acquiring rights to use certain lands, which are located in Yangjiang City, Guangdong Province, the PRC. Land use rights are held on leases of 37 years.

31. DERIVATIVE FINANCIAL ASSETS – GROUP AND COMPANY

	2015 HK\$'000	2014 HK\$'000
Profit guarantee	–	–

Pursuant to the agreement for the Group's acquisition of 75% of the issued share capital of ETC dated 22 February 2012 (supplemented by supplemental agreement dated 15 March 2012) (the "Agreement"), the vendors of ETC provided a profit guarantee to the Group that the audited consolidated net profits after taxation and any extraordinary or exceptional items of the ETC Group shall not be less than HK\$8,000,000 for each of the years ended 31 March 2013, 2014 and 2015 (the "Profit Guarantee"). In the event the actual audited consolidated net profits after tax and any extraordinary or exceptional items of the ETC Group for any of the years ended 31 March 2013, 2014 and 2015 is less than the Profit Guarantee, the vendors shall pay to the Group in cash for the shortfall on a dollar to dollar basis. Should the ETC Group record a loss in its audited financial statements for any of the three financial years ended 31 March 2013, 2014 and 2015, the vendors shall pay HK\$8,000,000 to the Group for such financial year. The Profit Guarantee for the years ended 31 March 2013, 2014 and 2015 have been met.

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31. DERIVATIVE FINANCIAL ASSETS – GROUP AND COMPANY *(Continued)*

The fair value of the Profit Guarantee as at 31 March 2014 was determined to be immaterial by reference to a valuation report. The valuation was based on financial budget plans approved by management for the year ending 31 March 2015 with a zero growth rate. The fair value of the profit guarantee was determined by probability – weighted approach as at 31 March 2014.

The fair value at 31 March 2015 was zero as the Profit Guarantee has been met.

32. PLEDGED BANK DEPOSITS AND BANK AND CASH BALANCES – GROUP AND COMPANY

The cash and cash equivalents of the Group and Company are as follows:

	Group		Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Cash on hand	2,560	543	507	–
Cash at bank	55,910	32,830	54	13
Cash and cash equivalents in the consolidated statement of cash flows	58,470	33,373	561	13

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32. PLEDGED BANK DEPOSITS AND BANK AND CASH BALANCES – GROUP AND COMPANY

(Continued)

The cash and cash equivalents of the Group and Company are denominated in the following currencies:

	Group		Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
USD	52,571	23,100	–	2
HK\$	2,247	7,069	494	11
RMB*	3,652	3,093	67	–
Others	–	111	–	–
	58,470	33,373	561	13

The pledged bank deposits represented deposits pledged to banks to secure banking facilities granted to the Group (Note 36).

The carrying amounts of the pledged deposits of the Group are denominated in the following currencies:

	Group	
	2015 HK\$'000	2014 HK\$'000
USD	7,093	504
RMB*	19,134	18,879
	26,227	19,383

* Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

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33. TRADE AND OTHER PAYABLES AND RECEIPT IN ADVANCE – GROUP AND COMPANY

	Group		Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Trade payables (notes (a) and (b))	48,590	29,919	–	–
Other payables (note (c))	48,258	78,673	2,950	1,826
Receipt in advance	4,280	6,867	–	–
Bond interest payable	1,461	1,464	1,461	1,464
	102,589	116,923	4,411	3,290

Notes:

- (a) The ageing analysis of trade payables of the Group, based on the goods receipt date, is as follows:

	2015 HK\$'000	2014 HK\$'000
0 to 30 days	33,074	15,069
31 to 60 days	11,728	12,839
61 to 90 days	3,243	1,157
Over 90 days	545	854
	48,590	29,919

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

	2015 HK\$'000	2014 HK\$'000
HK\$	–	1,462
USD	48,590	28,457
	48,590	29,919

- (c) As at 31 March 2015, other payables included an amount of HK\$244,000 due to a director, Mr. So Loi Fat. The amount was unsecured, interest-free and had no fixed term of repayment (2014: Nil).

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34. DUE TO A NON-CONTROLLING SHAREHOLDER

The amount due to a non-controlling shareholder is unsecured, interest-free and repayable on demand.

35. WARRANTS – GROUP AND COMPANY

The warrants liabilities are classified as held for trading.

On 15 January 2013, the Company entered into a warrant placing agreement with KGI Asia Limited in respect of the placement of 120,000,000 non-listed warrants at a price of HK\$0.01 each to not less than six independent investors.

Each warrant entitles the holder to subscribe for one ordinary share at an exercise price of not less than HK\$0.167 each on or after the date of issue until three years after the issue date. The placement was completed on 31 January 2013 and the net proceed from the placement was HK\$1,150,000, net of warrant issue expense.

During the year, all warrants were exercised and the change in fair value was charged to profit or loss.

The movement of fair value changes of the warrants is as below:

	2015 HK\$'000	2014 HK\$'000
At 1 April	9,348	7,812
Fair value gain/(loss)	(1,699)	1,536
Gain on exercise	(7,649)	–
At 31 March	–	9,348

The fair value of the warrants is determined by binomial option pricing model.

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35. WARRANTS – GROUP AND COMPANY (Continued)

The key assumptions used are as follows:

	21 November 2014	19 November 2014	Date of exercise		3 September 2014	29 August 2014
			10 November 2014	12 September 2014		
Share price of the Company	HK\$0.189	HK\$0.184	HK\$0.206	HK\$0.221	HK\$0.230	HK\$0.229
Exercise price	HK\$0.168	HK\$0.168	HK\$0.168	HK\$0.168	HK\$0.168	HK\$0.168
Expected volatility	54.94%	54.93%	53.70%	56.29%	55.96%	55.76%
Expected life	1.19 years	1.20 years	1.22 years	1.39 years	1.41 years	1.42 years
Risk free rate	0.15%	0.14%	0.16%	0.25%	0.24%	0.23%
Expected dividend yield	Nil	Nil	Nil	Nil	Nil	Nil

	20 August 2014	Date of exercise		31 March 2014	Date of issue
		14 August 2014	30 July 2014		
Share price of the Company	HK\$0.237	HK\$0.228	HK\$0.211	HK\$0.209	HK\$0.160
Exercise price	HK\$0.168	HK\$0.168	HK\$0.168	HK\$0.168	HK\$0.168
Expected volatility	55.29%	55.27%	55.06%	54.78%	77%
Expected life	1.45 years	1.47 years	1.51 years	1.84 years	3 years
Risk free rate	0.20%	0.17%	0.29%	0.45%	0.28%
Expected dividend yield	Nil	Nil	Nil	Nil	Nil

36. BANK AND OTHER LOANS – GROUP

The analysis of the carrying amount of the bank and other loans are as follows:

	2015 HK\$'000	2014 HK\$'000
Current liabilities		
Secured bank loans subject to repayable on demand clause (i)	16,984	17,638
Secured bank loans on demand or within one year (i)	652	987
Unsecured other loan subject to repayable on demand clause (ii)	7,457	775
Bank invoice loans (iii)	108,984	115,047
	134,077	134,447

The interest bearing bank and other loans, including the bank and other loans repayable on demand, are carried at amortised cost.

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36. BANK AND OTHER LOANS – GROUP (Continued)

The bank and other loans are repayable as follows based on the scheduled repayment dates set out in the loan agreements and ignore the effect of any repayment on demand clause:

	2015 HK\$'000	2014 HK\$'000
On demand or within one year	117,093	116,809
In the second year	668	652
In the third to fifth years, inclusive	1,904	1,980
After five years	14,412	15,006
	134,077	134,447
Less: Amount due for settlement within 12 months	(117,093)	(116,809)
Amount due for settlement after 12 months	16,984	17,638

The carrying amounts of the bank and other loans are denominated in the following currencies:

	2015 HK\$'000	2014 HK\$'000
HK\$	24,318	18,625
USD	109,759	115,822
	134,077	134,447

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36. BANK AND OTHER LOANS – GROUP (Continued)

The ranges of interest rates paid were as follows:

	2015	2014
(i) Bank loans	2.25% to 5%	2.25% to 5%
(ii) Other loan – unsecured	1% per month to 24% p.a.	1%
(iii) Bank invoice loans	2.71% to 3.5%	2.69% to 3.5%

Except for unsecured other loan which is arranged at fixed rate and expose the Group to fair value interest rate risk, all bank loans are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

At 31 March 2015, the above bank and other loans are secured by the following:

- (a) legal charge over leasehold properties of the Group (note 20);
- (b) legal charge over investment properties of the Group (note 21);
- (c) legal charge over properties owned by the directors of a subsidiary and related persons of the Group;
- (d) personal guarantees with unlimited amount given by a director of the Company, directors of subsidiaries and related persons of the Group;
- (e) corporate guarantees provided by the Company and a subsidiary of the Company;
- (f) pledged bank deposits of the Group (note 32).

During the years ended 31 March 2015 and 2014, the Group breached certain covenant clauses in a banking facility agreement. As a result, bank loans of HK\$1,901,000 (2014: HK\$34,980,000) as at 31 March 2015 are subject to an early repayment option by the bank. The bank has not requested for the early repayment of the bank loan.

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37. CONVERTIBLE BONDS – GROUP AND COMPANY

	Group and Company	
	2015 HK\$'000	2014 HK\$'000
Liability components of convertible bonds		
Convertible bonds 1 (note (a))	–	2,472
Convertible bonds 3 (note (b))	–	20,178
Convertible bonds 4 (note (c))	45,922	84,325
	45,922	106,975
The maturity of the liability components of the convertible bonds:		
Within one year	45,922	2,472
In the second to fifth years inclusive	–	104,503
	45,922	106,975

Notes:

(a) Convertible bonds 1 (the “CB1”)

On 3 June 2011, as part of the consideration for the acquisition of Best Team International Investment Limited and its subsidiaries, the Company issued the CB1 with a principal amount of HK\$33,000,000. The CB1 bears zero coupon interest and has a maturity period of three years from the issue date to 2 June 2014. Any CB1 not converted will be redeemed on 2 June 2014 at 100% of their principal amount. Other principal terms of the CB1 are set out below:

- (i) The Company may at any time before 2 June 2014 by serving at least ten days' prior written notice on the bondholders with the total amount proposed to be redeemed from the bondholders specified therein, redeem the CB1 (in whole or in part). This option of the Company as the issuer of the convertible bonds is referred to as the Put Option.
- (ii) The bondholders may at any time from 3 June 2012 to 2 June 2013 by serving at least three months' prior written notice on the Company with the total amount proposed to be redeemed by the Company specified therein, require the Company to redeem the CB1 in the aggregate principal amount of not more than HK\$16,500,000 (in whole or in part).

The bondholders may at any time after 3 June 2013 by serving at least three months' prior written notice on the Company with the total amount proposed to be redeemed by the Company specified therein, require the Company to redeem the CB1 (in whole or in part).

This option of the convertible bondholder is referred to as the Call Option.

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37. CONVERTIBLE BONDS – GROUP AND COMPANY (Continued)

Notes: (Continued)

(a) Convertible bonds 1 (the “CB1”) (Continued)

The CB1 entitles the bondholders to convert the bonds into new ordinary shares of the Company at conversion price of HK\$0.242, subject to any anti-dilution adjustments and certain events such as share consolidation, share subdivision, capitalisation issue, capital distribution, rights issue and other equity or equity derivative issued. The conversion price of CB1 was adjusted to HK\$0.163 per share due to the completion of open offer on 20 June 2011. Details of the CB1 are set out in the Company’s circular dated 29 April 2011.

The CB1 contains four components, a Put Option, a Call Option, a liability component and an equity component. The equity component is presented in equity as part of the “convertible bonds reserve”. The effective interest rate of the liability component for the CB1 is 7% per annum. The Put Option and Call Option are measured at fair value with changes in fair value recognised in the profit or loss.

During the year ended 31 March 2015, CB1 with principal amount of HK\$2,500,000 were converted into ordinary shares (note 42(f)).

	Put Option HK\$'000	Call Option HK\$'000	Liability component HK\$'000	Equity component HK\$'000	Total HK\$'000
(Asset)/liability/equity					
At 1 April 2014	(4)	–	2,472	709	3,177
Effective interest expense recognised	–	–	26	–	26
Transfer to equity upon conversion	–	–	(2,498)	(709)	(3,207)
Fair value loss	4	–	–	–	4
(Asset)/liability/equity at 31 March 2015	–	–	–	–	–
(Asset)/liability/equity					
At 1 April 2013	(3,235)	569	30,493	9,356	37,183
Effective interest expense recognised	–	–	1,858	–	1,858
Transfer to equity upon conversion	–	–	(29,879)	(8,647)	(38,526)
Fair value loss/(gain)	3,231	(569)	–	–	2,662
(Asset)/liability/equity at 31 March 2014	(4)	–	2,472	709	3,177

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37. CONVERTIBLE BONDS – GROUP AND COMPANY (Continued)

Notes: (Continued)

(a) Convertible bonds 1 (the “CB1”) (Continued)

The Put Option and Call Option are measured at their fair values at the date of issue, date of conversion and the end of each reporting period. The fair values are estimated using binomial option pricing model. The key assumptions used are as follows:

	Date of conversion	
	29 May 2014	31 March 2014
Share price of the Company	HK\$0.205	HK\$0.209
Expected volatility	51%	33%
Expected life	0.01 year	0.18 year
Risk free rate	6.95%	0.11%

(b) Convertible bonds 3 (the “CB3”)

As part of the consideration for the acquisition of ETC completed on 10 September 2012, the Group issued the CB3 with total principal amount of HK\$23,400,000 on 12 October 2012. The CB3 bears zero coupon interest and have a maturity period of three years from the issue date to 9 October 2015. Any CB3 not converted will be redeemed on 9 October 2015. Other principal term of the CB3 are set out below:

- (i) the CB3 were divided into two tranches of bonds. The first tranche bonds with aggregate principal amount of HK\$11,700,000 shall be convertible by the bondholders from the date falling six months from the date of issue up to the maturity date on 9 October 2015. The second tranche bonds with aggregate principal amount of HK\$11,700,000 shall be convertible by the bondholders from the date falling on the first anniversary from the date of issue of the second bonds up to the maturity date.
- (ii) The Company may at any time before 9 October 2015 by serving at least ten days' prior written notice on the bondholders with the total amount proposed to be converted by the bondholders specified therein, redeem the CB3 (in whole or in part) within 3 days once the average of the closing price per share as quoted on the Stock Exchange for the preceding 20 consecutive trading days exceeds 120% of the Conversion Price. This option of the Company as the issuer of convertible bonds is referred to as the Mandatory Conversion Option.

The CB3 entitles the bondholders to convert the bonds into new ordinary shares of the Company at conversion price of HK\$0.25, subject to any anti-dilution adjustments and certain events such as share consideration, share subdivision, capitalisation issue, capital distribution, rights issue and other equity or equity derivative issued.

Details of the CB3 are set out in the Company's announcement dated 15 March 2012.

The CB3 contains three components, a Mandatory Conversion Option, a liability component and an equity component. The equity component is presented in equity as part of the “convertible bonds reserve”. The effective interest rate of the liability component for the CB3 is 10.3% per annum. The Mandatory Conversion Option is measured at fair value with changes in fair value recognised in the profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

37. CONVERTIBLE BONDS – GROUP AND COMPANY (Continued)

Notes: (Continued)

(b) Convertible bonds 3 (the “CB3”) (Continued)

During the year ended 31 March 2015, CB3 were converted into ordinary shares (note 42(g)).

	Mandatory Conversion Option HK\$'000	Liability component HK\$'000	Equity component HK\$'000	Total HK\$'000
(Asset)/liability/equity				
At 1 April 2014	(940)	20,178	7,636	26,874
Effective interest expense recognised	–	1,244	–	1,244
Transfer to equity upon conversion	–	(21,422)	(7,636)	(29,058)
Fair value loss	940	–	–	940

(Asset)/liability/equity at 31 March 2015

– – – –

	Mandatory Conversion Option HK\$'000	Liability component HK\$'000	Equity component HK\$'000	Total HK\$'000
(Asset)/liability/equity				
at 1 April 2013	(378)	18,294	7,636	25,552
Effective interest expense recognised	–	1,884	–	1,884
Fair value gain	(562)	–	–	(562)
(Asset)/liability/equity at 31 March 2014	(940)	20,178	7,636	26,874

The Mandatory Conversion Option is measured at its fair value at the date of issue, date of conversion and at the end of each reporting period. The fair value is estimated using binomial option pricing model. The key assumptions used are as follows:

	Date of conversion	
	21 November 2014	31 March 2014
Share price of the Company	HK\$0.19	HK\$0.209
Expected volatility	47%	54%
Expected life	0.83 year	1.53 years
Risk free rate	0.08%	0.32%

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

37. CONVERTIBLE BONDS – GROUP AND COMPANY (Continued)

Notes: (Continued)

(c) Convertible bonds 4 (the “CB4”)

On 22 October 2013, as part of the consideration for the acquisition of Best Worldwide Corporation Limited and its subsidiaries (details of the acquisition are set out in note 45(b) to the financial statements), the Company issued the CB4 with a principal amount of HK\$85,688,000. The CB4 bears 4% interest per annum and has a maturity period of two years from the issue date to 21 October 2015. Any CB4 not converted will be redeemed on 21 October 2015. Other principal terms of the CB4 are set out below:

- (i) The Company may at any time after the first anniversary of the date of issue of the CB4 to 21 October 2015 by serving at least ten days' prior written notice on the bondholders with the total amount proposed to be redeemed from the bondholders specified therein, redeem the CB4 (in whole or in part). This option of the Company as the issuer of the convertible bonds is referred to as the Put Option.
- (ii) The bondholders may at any time after the first anniversary of the date of issue of the CB4 to 21 October 2015 by serving at least three months' prior written notice on the Company with the total amount proposed to be redeemed by the Company specified therein, require the Company to redeem the CB4 (in whole or in part). This option of the convertible bondholder is referred to as the Call Option.

The CB4 entitles the bondholders to convert the bonds into new ordinary shares of the Company at conversion price of HK\$0.098, subject to any anti-dilution adjustments and certain events such as share consolidation, share subdivision, capitalisation issue, capital distribution, rights issue and other equity or equity derivative issued.

Details of the CB4 are set out in the Company's announcement dated 30 May 2013.

The CB4 contains four components, a Put Option, a Call Option, a liability component and an equity component. The equity component is presented in equity as part of the “convertible bonds reserve”. The effective interest rate of the liability component for the CB4 is 6.38% per annum. The Put Option and Call Option are measured at fair value with changes in fair value recognised in the profit or loss.

During the year, CB4 with principal amount of HK\$40,000,000 were converted into ordinary shares (note 42(h)).

	Put Option HK\$'000	Call Option HK\$'000	Liability component HK\$'000	Equity component HK\$'000	Total HK\$'000
(Asset)/liability/equity					
At 1 April 2014	(3,881)	30	84,325	110,957	191,431
Effective interest expense recognised	–	–	3,621	–	3,621
Repayment of interest	–	–	(3,078)	–	(3,078)
Transfer to equity upon conversion	–	–	(38,946)	(51,796)	(90,742)
Fair value gain	(809)	(29)	–	–	(838)
(Asset)/liability/equity at 31 March 2015	(4,690)	1	45,922	59,161	100,394

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

37. CONVERTIBLE BONDS – GROUP AND COMPANY (Continued)

Notes: (Continued)

(c) Convertible bonds 4 (the “CB4”) (Continued)

	Put Option HK\$'000	Call Option HK\$'000	Liability component HK\$'000	Equity component HK\$'000	Total HK\$'000
(Asset)/liability/equity					
At issue date	(8,105)	101	82,070	110,957	185,023
Effective interest expense recognised	–	–	2,255	–	2,255
Fair value loss/(gain)	4,224	(71)	–	–	4,153
(Asset)/liability/equity at 31 March 2014	(3,881)	30	84,325	110,957	191,431

The interest charged for the year is calculated by applying an effective interest rate of 6.38% to the liability component.

Interest of the CB4 shall be payable semi-annually in arrears with the first interest payment for the CB4 to be made on the date falling six months from the date of issue of the CB4 and thereafter on the last day of each successive six-month period.

The directors estimate the fair value of the liability component of the CB4 as at 31 March 2015 to be approximately HK\$45,446,000 (2014: HK\$83,413,000). The fair value has been calculated by discounting the future cash flows at the market rate (level 2 fair value measurements).

The Put Option and Call Option are measured at their fair values at the date of issue, date of conversion and the end of each reporting period. The fair values are estimated using binomial option pricing model. The key assumptions used are as follows:

		Date of conversion				
	31 March 2015	6 October 2014	24 September 2014	30 June 2014	30 May 2014	31 March 2014
Share price of the Company	HK\$0.134	HK\$0.210	HK\$0.210	HK\$0.215	HK\$0.204	HK\$0.209
Expected volatility	74%	48%	49%	57%	55%	55%
Expected life	0.56 year	1.04 years	1.08 years	1.31 years	1.40 years	1.56 years
Risk free rate	0.07%	0.12%	0.11%	0.17%	0.20%	0.32%
Coupon rate (annual)	4%	4%	4%	4%	4%	4%

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38. FINANCE LEASE PAYABLES – GROUP

	Minimum lease payments		Present value of minimum lease payments	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Within one year	785	491	727	479
In the second to fifth years, inclusive	–	–	–	–
	785	491	727	479
Less: Future finance charges	(58)	(12)	–	–
Present value of lease obligations	727	479	727	479
Less: Amount due for settlement within 12 months (shown under current liabilities)			(727)	(479)
Amount due for settlement after 12 months			–	–

It is the Group's policy to lease its motor vehicle under finance leases. The average lease term is 4 years. As at 31 March 2015, the average effective borrowing rate was 2.75% (2014: 2.75%). Interest rates are fixed at the contract dates. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. At the end of each lease term, the Group has the option to purchase the motor vehicle at nominal prices.

All finance lease payables are denominated in HK\$.

The Group's finance lease payables are secured by the lessor's title to the leased assets.

39. LONG TERM BONDS – GROUP AND COMPANY

	2015 HK\$'000	2014 HK\$'000
Unsecured long term bonds, repayable: After five years	40,000	40,000

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

39. LONG TERM BONDS – GROUP AND COMPANY (Continued)

Long term bonds of the Group and Company as at 31 March 2014 and 2015 comprised:

- (i) Long term bonds with an aggregate principal amount of HK\$20,000,000 issued by the Company to certain investors on 3 April 2013 and 20 June 2013 pursuant to the subscription agreement dated 18 February 2013, of which (i) HK\$10,000,000 is due on 2 April 2020 and bears interest at the rate of 5% per annum, and (ii) HK\$10,000,000 is due on 20 June 2020 and bears interest at the rate of 5% per annum; and
- (ii) Long term bonds with an aggregate principal amount of HK\$20,000,000 issued by the Company to certain investors on 5 September 2013 pursuant to the subscription agreement dated 29 August 2013 which is due on 4 September 2020 and bears interest at the rate of 5% per annum.

The long term bonds will mature on the date falling on the seventh anniversary of the date of first issue of the long term bonds.

The effective interest rate of the long term bonds is approximately 5.12% per annum.

40. DEFERRED TAX LIABILITIES – GROUP

The followings are the major deferred tax liabilities recognised by the Group, and the movements thereon, during the year:

	Revaluation of leasehold properties HK\$'000
At 1 April 2013	182
Credit to profit or loss for the year (note 12)	(4)
At 31 March 2014 and 1 April 2014	178
Credit to profit or loss for the year (note 12)	(4)
At 31 March 2015	174

At the end of the reporting period, the Group has unused tax losses of approximately HK\$5,704,000 (2014: HK\$31,413,000) available for offset against future profits. No deferred tax asset has been recognised in 2015 and 2014 due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of HK\$3,402,000 (2014: HK\$3,324,000) that will expire within 5 years. Other tax losses may be carried forward indefinitely.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

41. RETIREMENT BENEFIT SCHEMES – GROUP

The Group operates a mandatory provident fund scheme (the “MPF Scheme”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The Group’s contributions to the MPF Scheme are calculated at 5% of the salaries and wages subject to a monthly maximum amount of contribution of HK\$1,500 (before 1 June 2014: HK\$1,250) per employee and vest fully with employees when contributed into the MPF Scheme.

Subsidiaries established in the PRC participate in various defined contribution retirement plans (“Plans”) organised by local authorities for the Group’s employees in the PRC. The subsidiaries are required to contribute, based on a certain percentage of the basic payroll, to the Plans. The Group has no other material obligation for the payment of pension benefits associated with these Plans beyond the annual contributions described above.

42. SHARE CAPITAL – GROUP AND COMPANY

	2015 HK\$'000	2014 HK\$'000
Authorised: 40,000,000,000 (2014: 40,000,000,000) ordinary shares of US\$0.001 (2014: US\$0.001) each	312,000	312,000
Issued and fully paid: 2,666,092,967 (2014: 2,001,028,936) ordinary shares of US\$0.001 (2014: US\$0.001) each	20,847	15,659

A summary of the movements in the Company’s authorised and issued share capital during the year is as follows:

	Ordinary shares of US\$0.001 each		Ordinary shares of US\$0.01 each	
	Number of shares	Amount HK\$'000	Number of shares	Amount HK\$'000
At 1 April 2013	–	–	4,000,000,000	312,000
Capital reduction (<i>note d</i>)	40,000,000,000	312,000	(4,000,000,000)	(312,000)
At 31 March 2014, 1 April 2014 and 31 March 2015	40,000,000,000	312,000	–	–

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

42. SHARE CAPITAL – GROUP AND COMPANY (Continued)

	Ordinary shares of US\$0.001 each		Issued and fully paid Ordinary shares of US\$0.01 each	
	Number of shares	Amount HK\$'000	Number of shares	Amount HK\$'000
At 1 April 2013	–	–	1,371,388,373	107,019
Shares issued upon conversion of convertible bonds (note a)	–	–	101,226,993	7,896
Shares issued upon placement (note b)	–	–	438,524,000	34,205
Shares issued upon the exercise of share options (note c)	–	–	4,000,000	312
Capital reduction (note d)	1,915,139,366	14,989	(1,915,139,366)	(149,432)
Shares issued upon conversion of convertible bonds (note e)	85,889,570	670	–	–
At 31 March 2014 and 1 April 2014	2,001,028,936	15,659	–	–
Shares issued upon conversion of convertible bonds (notes (f), (g) and (h))	517,100,685	4,034	–	–
Shares issued upon exercise of share option (note i)	27,963,346	218	–	–
Shares issued upon exercise of warrants (note j)	120,000,000	936	–	–
At 31 March 2015	2,666,092,967	20,847	–	–

Note:

- (a) On 14 January 2014, principal amount of HK\$16,500,000 convertible bonds (“CB1”) with carrying amount of HK\$16,085,000 at conversion date were converted into ordinary share at a conversion price of HK\$0.163 per share, resulting in an issue of 101,226,993 new ordinary shares of US\$0.01 each and new share capital of approximately HK\$7,896,000 and share premium of approximately HK\$8,189,000, together with a release of the convertible bonds reserve amounting to approximately HK\$4,678,000 credited to the share premium account.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

42. SHARE CAPITAL – GROUP AND COMPANY (Continued)

Note: (Continued)

- (b) On 5 June 2013, the Company entered into a conditional placing and subscription agreement with a placing agent and a substantial shareholder of the Company for the placing of up to an aggregate of 274,000,000 existing shares held by the substantial shareholder to not less than six independent placees at a placing price of HK\$0.085 per placing share and the subscription of up to 274,000,000 new ordinary shares of US\$0.01 each by the substantial shareholder at a subscription price of HK\$0.085 per subscription share. Details of the transaction are set out in the Company's announcement dated 5 June 2013. All 274,000,000 placing and subscription shares were placed and subscribed and the placement and subscription was completed on 18 June 2013. The premium on the issue of shares, amounting to approximately HK\$1,918,000 (before any transaction cost) was credited to the Company's share premium account.

On 30 August 2013, the Company entered into a placing agreement with a placing agent for the placing of up to 164,528,000 new ordinary shares of US\$0.01 each to not less than six independent placees at a price of HK\$0.179 per placing share. 164,524,000 placing shares were placed and the placement was completed on 18 October 2013. The premium on the issue of shares, amounting to approximately HK\$16,617,000 (before any transaction cost) was credited to the Company's share premium account.

- (c) During the year ended 31 March 2014, 4,000,000 share options were exercised at exercise price HK\$0.14 per share and HK\$0.15 per share, resulting in an issue of 4,000,000 new ordinary shares of US\$0.01 each and new share capital of approximately HK\$312,000 and share premium of approximately HK\$258,000, together with a release of the share-based payments reserve amounting to approximately HK\$287,000 credited to the share premium account. Details of share options outstanding and movements during the year ended March 2014 are set out in note 44 to the financial statements.
- (d) Pursuant to a special resolution passed on 12 August 2013 and an order confirm of the capital reduction granted by the court from Cayman Islands on 27 February 2014, the nominal value of each of the Company's issued share was reduced from US\$0.01 to US\$0.001 each by cancelling the paid-up capital to the extent of US\$0.009 on each issued share and the existing issued share capital of HK\$149,432,000 was reduced by HK\$134,443,000 to HK\$14,989,000 comprising 1,915,139,366 shares of US\$0.001 each with effect from 28 February 2014. As a result, an amount of HK\$134,443,000 was credited to accumulated losses.

Upon the completion of capital reduction effective from 28 February 2014, the number of authorised shares of the Company was increased from 4,000,000,000 ordinary shares of US\$0.01 each to 40,000,000,000 ordinary shares of US\$0.001 each. Each share ranks pari passu in all respects.

- (e) On 13 March 2014, principal amount of HK\$14,000,000 convertible bonds ("CB1") with carrying amount of HK\$13,794,000 at conversion date were converted into ordinary shares at a conversion price of HK\$0.163 per share, resulting in an issue of 85,889,570 new ordinary shares of US\$0.001 each and new share capital of approximately HK\$670,000 and share premium of approximately HK\$13,124,000 together with a release of the convertible bonds reserve amounting to approximately HK\$3,969,000 credited to the share premium account.
- (f) On 29 May 2014, principal amount of HK\$2,500,000 convertible bonds ("CB1") with carrying amount of HK\$2,498,000 at conversion date were converted into ordinary share at a conversion price of HK\$0.163 per share, resulting in an issue of 15,337,423 new ordinary shares of US\$0.001 each and new share capital of approximately HK\$120,000 and share premium of approximately HK\$2,378,000, together with a release of the convertible bonds reserve amounting to approximately HK\$709,000 credited to the share premium account. Details of convertible bonds movements during the year are set out in note 37(a) to the financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

42. SHARE CAPITAL – GROUP AND COMPANY (Continued)

Note: (Continued)

- (g) On 21 November 2014, principal amount of HK\$23,400,000 convertible bonds ("CB3") with carrying amount of HK\$21,422,000 at conversion date were converted into ordinary share at a conversion price of HK\$0.25 per share, resulting in an issue of 93,600,000 new ordinary shares of US\$0.001 each and new share capital of approximately HK\$730,000 and share premium of approximately HK\$20,691,000 together with a release of the convertible bonds reserve amounting to approximately HK\$7,636,000 credited to the share premium account. Details of convertible bonds movements during the year are set out in note 37(b) to the financial statements.
- (h) During the year ended 31 March 2015, principal amount of HK\$40,000,000 convertible bonds ("CB4") with carrying amount of HK\$38,946,000 at conversion date were converted into ordinary share at a conversion price of HK\$0.098 per share, resulting in an issue of 408,163,262 new ordinary shares of US\$0.001 each and new share capital of approximately HK\$3,184,000 and share premium of approximately HK\$35,762,000, together with a release of the convertible bonds reserve amounting to approximately HK\$51,796,000 credited to the share premium account. Details of convertible bonds movements during the year are set out in note 37(c) to the financial statements.
- (i) During the year ended 31 March 2015, 1,163,346 and 26,800,000 share options were exercised at average exercise price of HK\$0.135 per share and HK\$0.150 per share respectively, resulting in an issue of 27,963,346 new ordinary shares of US\$0.001 each and new share capital of approximately HK\$218,000 and share premium of approximately HK\$3,960,000 together with a release of the share option reserve amounting to approximately HK\$2,534,000 credited to the share premium account.
- (j) During the year ended 31 March 2015, 120,000,000 warrants were exercised at exercise price of HK\$0.168 per share, resulting in an issue of 120,000,000 new ordinary shares of US\$0.001 each and new share capital of approximately HK\$936,000 and share premium of approximately HK\$19,224,000 before any transaction cost.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

Notes to the Consolidated Financial Statements

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42. SHARE CAPITAL – GROUP AND COMPANY (Continued)

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debts less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. share capital, share premium, retained profits and other reserves).

	2015 HK\$'000	2014 HK\$'000
Debt (a)	220,726	281,901
Less: Bank and cash balances	(58,470)	(33,373)
Pledged bank deposits	(26,227)	(19,383)
Net debt	136,029	229,145
Equity (b)	196,397	113,884
Net debt to equity ratio	69%	201%

(a) Debt is defined as bank and other loans, liability components of convertible bonds, financial lease payables and long term bonds, as detailed in notes 36, 37, 38 and 39 to the consolidated financial statements.

(b) Equity includes all capital and reserves before non-controlling interests of the Group.

It is the Group's strategy to keep the net debt-to-adjusted capital ratio as low as feasible.

The only externally imposed capital requirement is that for the Group to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares.

43. RESERVES

(a) Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

43. RESERVES (Continued)

(b) Company

	Share premium account <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Share-based payments reserve <i>HK\$'000</i>	Warrant reserve <i>HK\$'000</i>	Convertible bonds reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2013	78,312	16,375	2,943	8,246	7,400	16,992	(148,425)	(18,157)
Loss for the year	-	-	-	-	-	-	(203,431)	(203,431)
Issue of convertible bonds on acquisition of subsidiaries	-	-	-	-	-	110,957	-	110,957
Shares issued upon conversion of convertible bonds	29,960	-	-	-	-	(8,647)	-	21,313
Transactions costs attributable to issue of new shares	(1,983)	-	-	-	-	-	-	(1,983)
Capital reduction	-	-	-	-	-	-	134,443	134,443
Recognition of share-based payments	-	-	-	2,024	-	-	-	2,024
Shares issued upon exercise of share options	545	-	-	(287)	-	-	-	258
Forfeiture of share options	-	-	-	(195)	-	-	195	-
Shares issued upon placement	18,535	-	-	-	-	-	-	18,535
Changes in equity for the year	47,057	-	-	1,542	-	102,310	(68,793)	82,116
At 31 March 2014	125,369	16,375	2,943	9,788	7,400	119,302	(217,218)	63,959
At 1 April 2014	125,369	16,375	2,943	9,788	7,400	119,302	(217,218)	63,959
Profit for the year	-	-	-	-	-	-	26,389	26,389
Shares issued upon exercise of warrants	19,224	-	-	-	-	-	-	19,224
Shares issued upon conversion of convertible bonds	118,972	-	-	-	-	(60,141)	-	58,831
Transactions costs attributable to issue of new shares	(58)	-	-	-	-	-	-	(58)
Shares issued upon exercise of share options	6,494	-	-	(2,534)	-	-	-	3,960
Forfeiture of share options	-	-	-	(2,034)	-	-	2,034	-
Lapsed of warrants	-	-	-	-	(7,400)	-	7,400	-
Changes in equity for the year	144,632	-	-	(4,568)	(7,400)	(60,141)	35,823	108,346
At 31 March 2015	270,001	16,375	2,943	5,220	-	59,161	(181,395)	172,305

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

43. RESERVES (Continued)

(c) Nature and purpose of reserves

(i) *Share premium account*

Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) *Contributed surplus*

The contributed surplus represents the difference between the net asset value of a subsidiary acquired and the nominal value of the ordinary shares issued by the Company in connection with an acquisition.

(iii) *Capital redemption reserve*

The capital redemption reserve arose when the Company repurchased 37,742,300 ordinary shares of US\$0.01 each from a former director of the Company on 4 September 2001.

(iv) *Foreign currency translation reserve*

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 4(e) to the consolidated financial statements.

(v) *Share-based payments reserve*

The share-based payments reserve represents the fair value of the actual or estimated number of unexercised share options granted to eligible participants of the Group recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 4(aa) to the consolidated financial statements.

(vi) *Warrant reserve*

The warrant reserve represents the fair value of warrants with issued amount of HK\$2,000,000 issued by the Company as part of the purchase consideration for the acquisition of subsidiaries on 3 June 2011. Each warrant entitles the holder thereof to subscribe for one ordinary share at a subscription price of HK\$0.222 per share on or after one year after issue date until three years after the issue date. The subscription price was adjusted to HK\$0.150 per share due to the completion of open offer on 20 June 2011. During the year, total of 148,000,000 warrants were lapsed.

Notes to the Consolidated Financial Statements

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43. RESERVES (Continued)

(c) Nature and purpose of reserves (Continued)

(vii) Convertible bonds reserve

The convertible bonds reserve represents the value of the unexercised equity component of convertible bonds issued by the Company recognised in accordance with the accounting policy adopted for convertible bonds set out in note 4(u) to the consolidated financial statements.

44. SHARE-BASED PAYMENTS

The Company operates a Pre-IPO Share Option Scheme (the “Pre-IPO Share Option Scheme”) and a Share Option Scheme (the “Share Option Scheme”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants include the full-time employees, executives, officers, directors, business consultants, agents, legal and financial advisers of the Company and the Company’s subsidiaries. The Pre-IPO Share Option Scheme and the Share Option Scheme became effective on 27 March 2003 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

On 25 March 2013, an ordinary resolution was passed to terminate the Share Option Scheme due to its expiry. A new share option scheme (the “New Share Option Scheme”) is adopted to replace the Share Option Scheme. The New Share Option Scheme will remain in force for 10 years from that date.

The maximum number of unexercised share options permitted to be granted under all share option schemes are a number equivalent, upon their exercise, to 10% of the shares of the Company on grant date. The maximum number of shares issuable under all share options to each eligible participant in all share options schemes within any 12-month period, is limited to 1% of the shares of the Company on grant date. Any further grant of shares options in excess of this limit is subject to shareholders’ approval in a general meeting. As at 31 March 2015, the Pre-IPO Share Option Scheme already expired and no share option was permitted to be granted.

The share options granted to director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company on grant date or with an aggregate value (based on the price of the Company’s shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders’ approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than ten years from the date of the offer of the share options.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

44. SHARE-BASED PAYMENTS (Continued)

The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares on the date of the offer.

Share options do not confer rights on the holder to dividends or to vote at shareholders' meetings.

(a) Pre-IPO Share Option Scheme

Details of the specific categories of options are as follows:

	Date of grant	Vesting period	Exercise period	Exercise price HK\$
2003A	27.3.2003	9.5.2003 to 8.5.2004	9.5.2004 to 8.5.2013	0.091
2007A	9.2.2007	9.2.2007 to 8.2.2008	9.2.2008 to 8.2.2017	0.078
2008A	12.2.2008	12.2.2008 to 11.2.2009	12.2.2009 to 11.2.2018	0.152

Details of the share options outstanding during the year are as follows:

	2015		2014	
	Number of share options	Weighted average exercise price HK\$	Number of share options	Weighted average exercise price HK\$
Outstanding at beginning of year	37,695	0.127	414,647	0.094
Lapsed	(37,695)	(0.127)	(376,952)	0.091
Outstanding at end of year	–	N/A	37,695	0.127
Exercisable at end of year	–	N/A	37,695	0.127

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

44. SHARE-BASED PAYMENTS (Continued)

(a) Pre-IPO Share Option Scheme (Continued)

No share option has been exercised during the years ended 31 March 2015 and 2014. The options outstanding at the 31 March 2014 had weighted average contractual life of 3.53 years and the exercise prices ranged from HK\$0.078 to HK\$0.152.

(b) Share Option Scheme

Details of the specific categories of options are as follows:

	Date of grant	Vesting period	Exercise period	Exercise price HK\$
2010A	17.2.2010	17.2.2010 to 16.2.2011	17.2.2011 to 16.2.2020	0.107
2012A	29.6.2011	N/A	29.6.2011 to 28.6.2021	0.140

Details of the share options outstanding during the year are as follows:

	2015		2014	
	Number of share options	Weighted average exercise price HK\$	Number of share options	Weighted average exercise price HK\$
Outstanding at beginning of year	12,814,126	0.139	18,814,126	0.139
Lapsed	(150,780)	0.107	(3,000,000)	0.140
Exercised	(1,163,346)	0.135	(3,000,000)	0.140
Outstanding at end of year	11,500,000	0.140	12,814,126	0.139
Exercisable at end of year	11,500,000	0.140	12,814,126	0.139

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

44. SHARE-BASED PAYMENTS (Continued)

(b) Share Option Scheme (Continued)

The weighted average share price at the date of exercise for share options exercised during the year ended 31 March 2015 was HK\$0.201 (2014: HK\$0.230). 1,163,346 (2014: 3,000,000) share options have been exercised during the year ended 31 March 2015. The options outstanding at the end of the year have a weighted average remaining contractual life of 6.22 years (2014: 7.22 years) and the exercise prices range from HK\$0.107 to HK\$0.140 (2014: HK\$0.107 to HK\$0.140).

Share options granted to consultants were incentives for helping the Group to expand its business network, acquire and explore new business projects and opportunities. The fair value of such benefit could not be estimated reliably and as a result, the fair value is measured by reference to the fair value of share options granted.

(c) New Share Option Scheme

Details of the specific categories of options are as follows:

	Date of grant	Vesting period	Exercise period	Exercise price HK\$
2013A	28.3.2013	N/A	28.3.2013 to 27.3.2023	0.150

Details of the share options outstanding during the year are as follows:

	2015		2014	
	Number of share options	Weighted average exercise price HK\$	Number of share options	Weighted average exercise price HK\$
Outstanding at beginning of year	97,450,000	0.150	98,450,000	0.150
Lapsed	(22,000,000)	0.150	—	—
Exercised	(26,800,000)	0.150	(1,000,000)	0.150
Outstanding at end of year	48,650,000	0.150	97,450,000	0.150
Exercisable at end of year	48,650,000	0.150	97,450,000	0.150

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

44. SHARE-BASED PAYMENTS (Continued)

(c) New Share Option Scheme (Continued)

26,800,000 (2014: 1,000,000) share options have been exercised during the year ended 31 March 2015. The options outstanding at the end of the year have a weighted average remaining contractual life of 7.99 years (2014: 8.99 years) and the exercise price was HK\$0.150 (2014: HK\$0.150). During the year, no options were granted.

Share options granted to consultants were incentives for helping the Group to expand its business network, acquire and explore new business projects and opportunities. The fair value of such benefit could not be estimated reliably and as a result, the fair value is measured by reference to the fair value of share options granted.

45. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Disposal of Mobile Telecom Group

As referred to in note 14 to the consolidated financial statements, on 19 December 2014 the Group discontinued its mobile data solutions business at the time of the disposal of Mobile Telecom Group.

Net assets at the date of disposal were as follows:

	HK\$'000
Property, plant and equipment	1,090
Intangible assets	17
Trade and other receivables	7,487
Bank and cash balances	5,483
Trade and other payables	(11,191)
Non-controlling interest	940
Net assets disposed of	3,826
Release of foreign currency translation reserve	(518)
Gain on disposal of subsidiaries (note 14)	5,252
Total consideration	8,560
Satisfied by:	
Cash	8,560
Net cash inflow arising on disposal:	
Cash consideration received	8,560
Cash and cash equivalents disposed of	(5,483)
	3,077

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

45. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Acquisition of Best Worldwide and its subsidiaries

On 22 October 2013, the Group acquired 70% of the issued share capital of Best Worldwide and its subsidiaries (collectively known as “Best Worldwide Group”). Details of the acquisition were set out in the Company’s announcements dated 30 May 2013, 31 May 2013 and 11 October 2013 and the Company’s circular dated 25 September 2013. Best Worldwide and its subsidiaries are investment holding companies. The principal asset of Best Worldwide Group is the investment in an associate, Zhongyu. The associate is principally engaged in properties development in the PRC. The consideration for the acquisition was satisfied by cash of HK\$25,000,000 and convertible bonds with principal amount of HK\$85,688,000.

The fair value of identifiable assets and liabilities of Best Worldwide Group acquired as at the date of acquisition is as follows:

	HK\$'000
Net assets acquired:	
Due from former shareholders	18,755
Bank and cash balances	54
Due to a fellow subsidiary	(9,936)
Due to former related parties	(2,877)
Interest in an associate	241,814
Non-controlling interests	(37,787)
	<u>210,023</u>
Satisfied by:	
Cash	25,000
Convertible bonds at fair value	<u>185,023</u>
Fair value of consideration	<u>210,023</u>
Net cash outflow arising on acquisition:	
Cash paid	(25,000)
Cash and cash equivalents acquired	<u>54</u>
	<u>(24,946)</u>

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

45. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(c) Acquisition of Mads

As at 1 April 2013, the Group had 38% of the issued share capital in an associate, Mads. On 29 August 2013, the Group obtained control of Mads by further acquiring 23.5% of the issued share capital of Mads for nil consideration. Mads was principally engaged in technology information and media electronic during the year. The acquisition was for the purpose of strengthening the mobile data solution business in Macau.

The fair value of the identifiable assets and liabilities of Mads acquired as at the date of acquisition was as follows:

	HK\$'000
Net assets acquired:	
Property, plant and equipment	23
Other receivables	16
Bank and cash balances	250
Other payables	(309)
Total net identifiable liabilities	(20)
Non-controlling interests	8
	(12)
Goodwill arising on acquisition (note 22)	12
	—
Satisfied by:	
Cash	—
Total consideration transferred	—
Fair value of 38% equity interests in Mads	—
Fair value of consideration	—
Net cash inflow arising on acquisition:	
Cash consideration paid	—
Cash and cash equivalents acquired	250
	250

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

45. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(c) Acquisition of Mads (Continued)

The fair value of the other receivables acquired was HK\$16,000. The gross amount due under the contracts was HK\$16,000.

The Group did not recognise any gain or loss as a result of measuring at fair value its 38% equity interests in Mads held before the business combination. The directors considered that the carrying amounts of the assets and liabilities held by Mads approximate their fair values as at the acquisition date. There was no material difference between the carrying amounts and the fair value, and therefore no gain or loss could be recognised in the profit or loss.

The goodwill arising on the acquisition of Mads was attributable to the anticipated profitability of the distribution of the Group's mobile data solution services in Macau and the anticipated future operating synergies from the combination.

Mads contributed approximately HK\$10,000 and HK\$11,000 to the Group's turnover and loss respectively for the period between the date of acquisition and 31 March 2014.

If the acquisition had been completed on 1 April 2013, total Group turnover for the year would have been HK\$982,886,000, and loss for the year would have been HK\$149,434,000. The proforma information is for illustrative purposes only and is not necessarily an indication of the turnover and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2013, nor is intended to be a projection of future results.

(d) Major non-cash transaction

During the year ended 31 March 2015, the purchase of a motor vehicle of approximately HK\$600,000 was financed by a finance lease.

During the year ended 31 March 2014, included in the additions of property, plant and equipment was an amount of approximately HK\$861,000 which was transferred from prepayments for property, plant and equipment.

46. CONTINGENT LIABILITIES

As at 31 March 2015, ETC entered into a guarantee agreement with a bank providing a guarantee with respect to a mortgage loan granted by the bank to a related party of ETC since 2011, of which HK\$2,309,000 (2014: HK\$2,654,000) have been outstanding. Under the guarantee agreement, ETC would be liable to pay the bank should the bank be unable to recover the repayment of the loan in full from the related party. The fair value of the guarantee at date of inception was not material and was not recognised in the consolidated financial statements as the directors considered that it was not probable that the repayment of the loan would be default.

Except for the above, the Group did not have any significant contingent liabilities as at 31 March 2015 (2014: Nil).

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For the year ended 31 March 2015

47. OPERATING LEASE COMMITMENTS

The Group as lessor

The Group leases its properties under operating lease arrangements, with leases negotiated for an average term of one to five years. The terms of the leases generally provide for periodic rent adjustments according to the then prevailing market conditions.

At 31 March 2015, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:–

	Group	
	2015 HK\$'000	2014 HK\$'000
Within one year	2,283	1,635
In the second to fifth years inclusive	181	1,217
	2,464	2,852

At 31 March 2015, included above is the total future minimum sublease receivables expected to be received under non-cancellable subleases amounted to HK\$1,714,000 (2014: HK\$2,692,000).

The Group as lessee

As at 31 March 2015, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	Group	
	2015 HK\$'000	2014 HK\$'000
Within one year	4,221	5,448
In the second to fifth years inclusive	4,729	7,352
	8,950	12,800

Operating lease payments represent rentals payable by the Group for certain of its offices. Leases are negotiated for an average term of one to five years (2014: one to five years) and rentals are fixed over the lease terms and do not include contingent rentals.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

48. COMPARATIVE FIGURES

Certain comparative figures have been restated or reclassified as a result of presentation of discontinued operations in the current year.

49. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of Directors on 26 June 2015.

Five Fiscal Years Financial Summary

RESULTS

	For the year ended 31 March				
	2015 HK\$'000	2014 HK\$'000 (Restated)	2013 HK\$'000	2012 HK\$'000	2011 HK\$'000
Turnover	1,190,641	941,079	531,611	31,602	24,425
Loss before taxation	(4,021)	(148,482)	(68,742)	(26,862)	(5,092)
Taxation	(1,436)	(1,447)	(1,434)	–	(69)
Loss for the year	(5,437)	(149,929)	(70,176)	(26,862)	(5,161)
Non-controlling interests	2,141	858	1,327	(200)	34
Loss attributable to equity holders of the Company	(7,598)	(150,787)	(71,503)	(26,662)	(5,195)

ASSETS AND LIABILITIES

	At 31 March				
	2015 HK\$'000	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000	2011 HK\$'000
Total assets	604,994	597,056	416,575	170,821	48,935
Total liabilities and Non-controlling interests	(408,597)	(483,172)	(347,564)	(72,232)	(6,619)
Total equity	196,397	113,884	69,011	98,589	42,316