BEP International Holdings Limited
百靈達國際控股有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 2326)

Annual Report 2014

* For identification purpose only

CONTENTS

Abbreviations

In this annual report, the following abbreviations have the following meanings unless otherwise specified:

"Board"	the Board of Directors of the Company
"Company"	BEP International Holdings Limited
"Directors"	the directors of the Company
"Group"	the Company and its subsidiaries
"HK$" and "cents"	Hong Kong dollars and cents
"JPY"	Japanese yen
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China
"RMB"	Renminbi
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"US$"	United States dollar
"%"	per cent.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Zhang Honghai *(Chairman)*
Mr. Cheung Ming *(Chief Executive Officer)*
Mr. Sue Ka Lok
Ms. Hu Denger
Mr. Ren Haisheng

Non-executive Director

Mr. Suen Cho Hung, Paul

Independent Non-executive Directors

Mr. Chan Kwong Fat, George
Mr. Siu Hi Lam, Alick
Mr. Ng Tze Kin

AUDIT COMMITTEE

Mr. Ng Tze Kin *(Chairman)*
Mr. Chan Kwong Fat, George
Mr. Siu Hi Lam, Alick

REMUNERATION COMMITTEE

Mr. Siu Hi Lam, Alick *(Chairman)*
Mr. Chan Kwong Fat, George
Mr. Ng Tze Kin
Mr. Cheung Ming

NOMINATION COMMITTEE

Mr. Chan Kwong Fat, George *(Chairman)*
Mr. Siu Hi Lam, Alick
Mr. Ng Tze Kin
Mr. Cheung Ming

COMPANY SECRETARY

Ms. Hui Yee Ling

AUDITOR

Crowe Horwath (HK) CPA Limited

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS AND HEAD OFFICE IN HONG KONG

Suites 1004-1005, 10th Floor
Great Eagle Centre
23 Harbour Road
Wanchai, Hong Kong

PRINCIPAL BANKERS

Hang Seng Bank Limited
Bank of China (Hong Kong) Limited
Bank of Communications Co., Ltd., Hong Kong Branch
The Hongkong and Shanghai Banking Corporation Limited
China Construction Bank (Asia) Corporation Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Secretaries Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

COMPANY HOMEPAGE

http://www.bepgroup.com.hk

STOCK CODE

2326

CHAIRMAN'S STATEMENT

GROUP'S RESULTS

For the year ended 31 March 2014, the Group reported a turnover of HK$220,168,000, representing a 46% increase from last year (2013: HK$150,645,000) and was primarily attributable to the expansion of product range of electrical and electronic consumer products via sourcing and sale of metal minerals for manufacturing of parts and components of electrical and electronic products. Nevertheless, the Group recorded a decline in its gross profit by 39% to HK$9,788,000 (2013: HK$15,980,000) mainly due to intensified market competition and escalation of materials, labour and overhead costs of the manufacturing plant in mainland China. The decrease in the Group's gross profit, the recognition of impairment loss on goodwill arose essentially upon the acquisition of the manufacturing plant in mainland China of HK$819,000, and the impairment losses for trade and other receivables aggregated to HK$881,000, led to the downturn of the Group's results. For the year under review, the Group recorded a loss of HK$4,331,000 in contrast to the profit of HK$7,469,000 in last year. The Group's loss attributable to owners of the Company for the year was HK$3,680,000 whereas a profit of HK$7,429,000 was recorded in the prior year. The loss per share for the year was HK0.18 cent, whereas earnings per share were HK0.38 cent in the previous year.

Amid the difficult operating environment with respect to electrical and electronic consumer products businesses, the directors of the Company have been exploring business opportunities to broaden the revenue base and to expand or diversify the business scope of the Group by better utilisation of its ample financial resources on hand. Leveraging on the extensive experience in management and marketing, and also strong business network of the newly appointed executive directors of the Company, the Group has been expanding its product range of the electrical and electronic consumer products via sourcing and sale of metal minerals for manufacturing of parts and components of electrical and electronic products in the first quarter of 2014 and recorded such new revenue in the annual results for the year ended 31 March 2014.

PROSPECTS

The business environment in which the Group operates is filled with uncertainties and challenges, as such, the management will continue to manage the Group's businesses in a prudent and cautious manner whilst continue to seek new opportunities with the view to expand and diversify the Group's businesses, enlarge the Group's asset base, accelerate the Group's growth and improve its profitability.

The Group will strive for best utilisation of its resources in developing more profitable businesses including the sale of metal minerals and related industrial materials for manufacturing of parts and components of electrical and electronic products. The Group will also regularly monitor and review its electrical and electronic consumer products businesses with the view to improve their financial performance. The Group will shift its business focus away from those electrical and electronic products with thin profit margin and allocate its financial resources to those which can generate better returns. Further, in view of the unsatisfactory performance of the manufacturing plant in mainland China, the Group will consider different alternatives to improve the performance of this operation which include a restructuring or relocation of the manufacturing plant.

APPRECIATION

I would like to take this opportunity to thank all our shareholders, business partners, customers and bankers for their continuous support to the Group, and to my fellow directors and staff members for their hard work and contributions during the past year.

Zhang Honghai
Chairman

Hong Kong, 13 June 2014

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONS REVIEW

For the year ended 31 March 2014, the Group operates its sale of electrical and electronic consumer products in three business segments, namely, sale of home electrical appliances, electronic products and related plastic injection components; distribution and sale of electronic consumer products; and sourcing and sale of computer and related products and metal minerals for manufacturing of parts and components of electrical and electronic products.

During the year under review, the Group's operation of sourcing and sale of computer and related products shifted its focus from sale of notebook and netbook computers to computer components and metal minerals for manufacturing of parts and components of electrical and electronic products. For the year under review, the Group's operation of sourcing and sale of computer and related products and metal minerals for manufacturing of parts and components of electrical and electronic products reported revenue of HK$178,480,000 (2013: HK$84,792,000), representing an 110% increase from last year which was to a considerable extent contributed by the expansion of its product range via sourcing and sale of metal minerals for manufacturing of parts and components of electrical and electronic products. The operation reported segment profit of HK$8,608,000 (2013: HK$9,673,000), decreased by 11% from the previous year mainly because sale of computer components and metal minerals for manufacturing of parts and components of electrical and electronic products are volume businesses with relatively lower profit margin.

The Group's operation of sale of home electrical appliances, electronic products and related plastic injection components reported revenue of HK$38,897,000 (2013: HK$33,841,000), representing an increase of 15% from last year. Despite the increase in sales, the operation experienced a fall in profit margin and recorded a segment loss of HK$904,000 (2013: segment profit of HK$2,808,000) that was primarily the combined results of the increase in manufacturing costs of the production plant in mainland China due to the rise of labour and overhead costs as well as surge in raw material prices. Owing to the unsatisfactory operating results and worse-than-expected business outlook of the operation, the operation recognised impairment losses for goodwill and trade and other receivables of HK$819,000 and HK$881,000 respectively.

The Group's operation of distribution and sale of electronic consumer products continued to focus on the distribution sales of premium Japanese brand imaging products including digital cameras, lenses and accessories during the year. The operation reported revenue of HK$2,791,000 (2013: HK$32,012,000) and segment profit of HK$79,000 (2013: HK$1,394,000), representing decreases of 91% and 94% respectively from last year as a result of drop in demand and decline in profit margin due to intense price competition and clearance of inventory piled up in prior years by the manufacturers. The scale of this operation has been downsized owing to the increasingly challenging business environment faced by the Group.

The Group reported loss for the year of HK$4,331,000 in contrast to the profit of HK$7,469,000 last year. Other comprehensive expenses of HK$62,000 (2013: other comprehensive income of HK$32,000) being exchange losses (2013: exchange gains) arising on translation of financial statements of overseas subsidiaries were recognised with the result that the Group recorded total comprehensive expenses for the year of HK$4,393,000 compared to total comprehensive income of HK$7,501,000 in the prior year. The Group's total comprehensive expenses, net of tax, attributable to owners of the Company was HK$3,742,000 for the year under review compared to total comprehensive income, net of tax, of HK$7,461,000 last year.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

At 31 March 2014, the Group had current assets of HK$333,615,000 (2013: HK$173,001,000) comprising cash and cash equivalents of HK$71,756,000 (excluding restricted bank deposits) (2013: HK$107,489,000). The Group's current ratio, calculated based on current assets of HK$333,615,000 (2013: HK$173,001,000) over current liabilities of HK$182,756,000 (2013: HK$19,397,000) was at a healthy ratio of about 1.83 (2013: 8.92). At the year end, the Group's trade and bills receivables amounted to HK$119,067,000 (2013: HK$42,384,000), trade and bills payables amounted to HK$124,530,000 (2013: HK$13,521,000), and inventories amounted to HK$13,910,000 (2013: HK$1,204,000). Such increases in the Group's trade and bills receivables, trade and bills payables, and inventories were primarily due to the increase in trade volume of the Group's sourcing and sale of computer components and metal minerals for manufacturing of parts and components of electrical and electronic products.

At the year end, the Group's equity attributable to owners of the Company amounting to HK$151,498,000 (2013: HK$155,240,000). The decrease in equity attributable to owners of the Company was mainly due to the loss incurred by the Group during the year.

The Group's finance costs for the year under review was HK$233,000 (2013: HK$37,000) which was primarily interest charges on discounting of bills receivable. The Group's gearing ratio represented its total borrowings over the sum of equity attributable to owners of the Company and total borrowings of the Group. At the year end, the Group's borrowings comprised bank advance for discounted bill of HK$52,112,000 (2013: nil), as the Group's equity attributable to owners of the Company stood at HK$151,498,000 (2013: HK$155,240,000), the Group's gearing ratio was therefore about 26% (2013: nil).

During the year, the Group continued to implement a prudent financial management policy. In addition, as part of the Group's treasury management measures, the Group has utilised part of its surplus funds on hand placing time deposits with banks and earned bank interest income, and where considered appropriate, made advances to third parties on short term basis and earned loan interest income.

Foreign Currency Management

The monetary assets and liabilities and business transactions of the Group are mainly carried and conducted in Hong Kong dollars, Renminbi and US dollars. The Group maintains a prudent strategy in its foreign currency risk management, to a large extent, foreign exchange risks are minimised via balancing the foreign currency monetary assets versus the corresponding currency liabilities, and the foreign currency revenues versus the corresponding currency expenditures. In light of the above, it is considered that the Group's exposure to foreign exchange risks is not significant and no hedging measure has been undertaken by the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (continued)

Pledge of Assets

At 31 March 2014, the bank advance for discounted bill of HK$52,112,000 (2013: nil) was secured by the same amount of the Group's bills receivable.

Capital Commitment

At 31 March 2014, the Group had no material capital commitment (2013: nil).

Contingent Liabilities

As at 31 March 2014, the Group had no material contingent liabilities (2013: nil).

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2014, the Group had a total of about 75 employees and directors (2013: 170). The decrease in head count from last year was mainly due to the reduced number of workers in the Group's manufacturing plant in mainland China as the Group has streamlined and reorganised its operation. Total staff costs for the year, including directors' remuneration, was HK$13,426,000 (2013: HK$11,004,000). Remuneration packages for employees and directors are structured by reference to market terms and individual competence, performance and experience. Benefits plans maintained by the Group include provident fund scheme, medical insurance, share option scheme and discretionary bonuses.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Zhang Honghai, *Chairman*

Aged 61, joined the Company as an Executive Director in October 2013 and was appointed the Chairman of the Company in January 2014. Mr. Zhang is also a director of several subsidiaries of the Company. He graduated from Peking University in 1982 and subsequently completed a postgraduate programme at the International Business School of Hunan University and was awarded a master degree and the title of Senior Economist. He also obtained an EMBA degree from Guanghua School of Management, Peking University. Mr. Zhang has worked for the Beijing Municipal Government for many years. He was the director of the Foreign Affairs Office of the People's Government of Beijing Municipality and Hong Kong and Macao Affairs Office of the People's Government of Beijing Municipality. Mr. Zhang currently is the vice president of the Beijing Chinese Overseas Friendship Association. Mr. Zhang initially worked as deputy general manager and was then promoted to vice chairman and general manager of Beijing International Trust Investment Limited during the period from 1990 to 1998; he was an executive director, the vice chairman and the chief executive officer of Beijing Enterprises Holdings Limited (stock code: 392) during the period from 2003 to 2014. He has accumulated extensive experience in corporate management. Currently, Mr. Zhang is an executive director and the chairman of Beijing Enterprises Water Group Limited (stock code: 371) and an executive director of Beijing Development (Hong Kong) Limited (stock code: 154). All of the above companies are listed in Hong Kong.

Mr. Cheung Ming, *Chief Executive Officer and member of the Remuneration Committee and the Nomination Committee*

Aged 53, joined the Company as an Executive Director in October 2013 and was appointed the Chief Executive Officer of the Company in January 2014. Prior to joining the Company, he had served as the executive director of Hengli & Liqi Furniture Limited ("Hengli"), a Hong Kong company specialising in the production of furniture for sale to Europe markets, and was responsible for the international business development of Hengli. Before joining Hengli, Mr. Cheung had served as the chief executive officer of a Hong Kong based retail company. From 17 May 2011 to 21 October 2011, Mr. Cheung served as an executive director and the chief executive officer of Xinhua News Media Holdings Limited (formerly known as Lo's Enviro-pro Holdings Limited) (stock code: 309), a company listed in Hong Kong. Mr. Cheung has extensive business management experience including over 30 years of experience in retail business and international trade in mainland China, Hong Kong and Taiwan. Mr. Cheung had been leading the companies he served in setting down long-term development blueprints including strategies for corporate and business development as well as brand building to enhance their market competitiveness and profitability, which laid the solid foundation for their sustainable growth in the Greater China and Asia-Pacific regions.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Sue Ka Lok

Aged 49, joined the Company as an Executive Director in July 2009 and was appointed the Chief Executive Officer of the Company in August 2009. He has stepped down from his position as Chief Executive Officer and has ceased to be a member of the Remuneration Committee and the Nomination Committee but remained as an Executive Director of the Company since January 2014. Mr. Sue is also a director of several subsidiaries of the Company. He holds a Bachelor of Economics degree from the University of Sydney in Australia and a Master of Science in Finance degree from the City University of Hong Kong. Mr. Sue is a fellow member of the Hong Kong Institute of Certified Public Accountants, a certified practising accountant of the CPA Australia, a fellow member of both the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators and an ordinary member of the Hong Kong Securities and Investment Institute. He has extensive experience in corporate management, finance, accounting and company secretarial practice. Mr. Sue is an executive director and the chief executive officer of Poly Capital Holdings Limited (stock code: 1141) and a non-executive director and the chairman of China Tycoon Beverage Holdings Limited (stock code: 209), both are listed companies in Hong Kong. Mr. Sue was also an executive director and the chairman of Sunlink International Holdings Limited (stock code: 2336), a listed company in Hong Kong, until 3 June 2014.

Ms. Hu Denger

Aged 44, joined the Company as an Executive Director in November 2013. Ms. Hu graduated from East China Normal University. She served as a senior consultant of Shanghai Foreign Service Co., Ltd., a company approved by the Shanghai Municipal Government specially to provide a comprehensive range of business consultation and supporting services which included policy consultation, tax consultation and human resources consultation to foreign enterprises from overseas, Taiwan, Hong Kong and Macao for their investments in the PRC. As a senior consultant, Ms. Hu had successfully assisted a number of leading companies, including Toyota Motor, Matsushita Electric and Toyota Industries to develop their businesses in the PRC. In 2003, Ms. Hu founded and became the chairlady of Shanghai Tianwei Investment Co., Ltd. (literal translation of 上海天威投資有限公司) ("Shanghai Tianwei"). Shanghai Tianwei is a specialised investment enterprise and has property investments in Shanghai Baoshan District and Heilongjiang Harbin City with a total gross floor area of approximately 500,000 sq.m. which comprises a number of commercial and residential comprehensive community zones. In 2012, Shanghai Tianwei expanded into the environmental industry in Gansu and obtained approval from the Qinghai government to build solar power plants with total power capacity of 230 megawatt photovoltaic, the power plants are now under construction. Ms. Hu has extensive experience in business management and has strong business network in the PRC which will contribute to the sustainable growth of the Company in the Greater China Region.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Ren Haisheng

Aged 50, joined the Company as an Executive Director in November 2013. Mr. Ren is also a chief operating officer of a subsidiary of the Company and a director of several subsidiaries of the Company. He holds a Master degree from Beijing Forestry University specialising in Agriculture and Forest Economics and a Master of Business Administration degree from Peking University. He was a lecturer of the School of Economics and Management in Beijing Forestry University. Mr. Ren had also worked as finance manager in the securities department of Beijing International Trust and Investment Corporation (now known as Beijing International Trust Co., Ltd.) and had held executive positions in various departments of a state-owned enterprise group in the PRC.

NON-EXECUTIVE DIRECTOR

Mr. Suen Cho Hung, Paul

Aged 53, joined the Company as an Executive Director in July 2009 and was appointed the Chairman of the Company in August 2009. He has stepped down from his position as Chairman of the Company and has been re-designated as a Non-executive Director in January 2014. Mr. Suen is also a director of several subsidiaries of the Company. He holds a Master of Business Administration degree from the University of South Australia. Mr. Suen has extensive experience in managing metal, minerals and raw materials, electrical and electronic consumer products, energy and property business ventures as well as in strategic planning and corporate management of business enterprises in Hong Kong and the PRC. Mr. Suen is a controlling shareholder of the Company as disclosed in the section headed "Interests and Short Positions of Shareholders Discloseable under the SFO" in the Report of the Directors. Mr. Suen is an executive director and the chairman of both Poly Capital Holdings Limited (stock code: 1141) and New Island Development Holdings Limited (formerly known as New Island Printing Holdings Limited) (stock code: 377), both are listed companies in Hong Kong. Mr. Suen was also a non-executive director of Sunlink International Holdings Limited (stock code: 2336), a listed company in Hong Kong, until 3 June 2014.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Kwong Fat, George, *Chairman of the Nomination Committee, Member of the Audit Committee and the Remuneration Committee*

Aged 54, joined the Company as an Independent Non-executive Director in June 2009. Mr. Chan is the executive director of a consultancy company engaging in providing financial investment consultancy services. Mr. Chan has worked in the finance and commercial field for more than 24 years. He had been the principal corporate planner of Airport Authority Hong Kong and was responsible for corporate planning in the areas of commercial and financial strategies. Mr. Chan obtained his Bachelor degree in Social Sciences from the University of Hong Kong in 1982, Master degree in Business Administration from The Chinese University of Hong Kong in 1987 and Master degree in Accounting from Curtin University of Technology, Australia. Mr. Chan is also a member of the CPA Australia.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Siu Hi Lam, Alick, *Chairman of the Remuneration Committee and member of the Audit Committee and the Nomination Committee*

Aged 59, joined the Company as an Independent Non-executive Director in June 2009. Mr. Siu is the managing director of Fortune Take International Limited, a company engaging in providing business consultancy services. Mr. Siu has worked in the finance and banking field for more than 25 years. He had been the senior vice president of AIG Finance (Hong Kong) Limited and the vice president of Bank of America, responsible for business development and credit risk management. Mr. Siu obtained a Master degree in Business Administration from the University of Hull in 1995. Mr. Siu is also an independent non-executive director of Sage International Group Limited (stock code: 8082), a company listed in Hong Kong.

Mr. Ng Tze Kin, *Chairman of the Audit Committee, Member of the Remuneration Committee and the Nomination Committee*

Aged 64, joined the Company as an Independent Non-executive Director in December 2013. Mr. Ng holds a Master of Commerce degree from Macquarie University, Sydney. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, an associate member of the Institute of Chartered Accountants in Australia and a fellow member of both the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators. Mr. Ng had worked for Lowe, Bingham & Matthews (now known as PricewaterhouseCoopers) from July 1969 to April 1977. Since January 1983, he has been the managing director of a certified public accountants firm in Hong Kong. Mr. Ng was also the Qualified Accountant of Air China Limited for the period from 15 November 2005 to 31 December 2008. Currently, he is an independent non-executive director of Herald Holdings Limited (stock code: 114), a company listed in Hong Kong.

SENIOR MANAGEMENT

Ms. Hui Yee Ling, *Chief Financial Officer and Company Secretary*

Aged 49, joined the Company in October 2008. Ms. Hui is the Chief Financial Officer and the Company Secretary of the Company. She obtained a Master in Business Administration degree from Hong Kong Polytechnic University in 1995. Ms. Hui has over 20 years of experience in the accounting and management fields. She had worked for the international accounting firm KPMG and has extensive experience in auditing, accounting, corporate management and company secretarial practice. Ms. Hui is a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.

REPORT OF THE DIRECTORS

The Directors present their report and the audited consolidated financial statements of the Group for the year ended 31 March 2014.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries are principally engaged in the sale of home electrical appliances, electronic products and related plastic injection components, distribution and sale of electronic consumer products, and sourcing and sale of computer and related products and metal minerals for manufacturing of parts and components of electrical and electronic products.

RESULTS

The results of the Group for the year ended 31 March 2014 are set out in the consolidated statement of profit or loss on page 31.

FINAL DIVIDEND

The Board does not recommend the payment of any dividend in respect of the year ended 31 March 2014 (2013: nil).

FIVE-YEAR FINANCIAL SUMMARY

A summary of the consolidated results and the assets and liabilities of the Group for the last five financial years is set out on page 112 of this annual report. This summary does not form part of the audited consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the year are set out in note 14 to the consolidated financial statements.

SHARE CAPITAL

There was no movement in the share capital of the Company during the year ended 31 March 2014. Details of share capital of the Company are set out in note 24 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Company and of the Group during the year are set out in note 24(a) to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

REPORT OF THE DIRECTORS

DIRECTORS

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

Executive Directors:

Mr. Zhang Honghai	(Appointed on 30 October 2013)
Mr. Cheung Ming	(Appointed on 22 October 2013)
Mr. Sue Ka Lok	
Ms. Hu Denger	(Appointed on 11 November 2013)
Mr. Ren Haisheng	(Appointed on 15 November 2013)
Mr. Li Hiu Ming	(Resigned on 11 November 2013)

Non-executive Director:

Mr. Suen Cho Hung, Paul	(Re-designated from executive director on 28 January 2014)

Independent Non-executive Directors:

Mr. Chan Kwong Fat, George	
Mr. Siu Hi Lam, Alick	
Mr. Ng Tze Kin	(Appointed on 20 December 2013)
Mr. To Yan Ming, Edmond	(Resigned on 20 December 2013)

In accordance with Article 86(2) of the Company's Bye-laws, Mr. Zhang Honghai, Mr. Cheung Ming, Ms. Hu Denger, Mr. Ren Haisheng and Mr. Ng Tze Kin will hold office until the following annual general meeting (the "AGM") and, being eligible, offer themselves for re-election at the forthcoming AGM.

DIRECTORS' SERVICE CONTRACTS

None of the Directors being proposed for re-election at the forthcoming AGM has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

REPORT OF THE DIRECTORS

UPDATES ON DIRECTORS' INFORMATION

The following is the updated information of Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

Name of Director	Details of Changes
Mr. Zhang Honghai	– Appointed as an Executive Director on 30 October 2013
	– Appointed as the Chairman on 28 January 2014
	– Resigned as an executive director and the vice chairman of Beijing Enterprises Holdings Limited, a company listed on the main board of the Stock Exchange on 28 April 2014
Mr. Cheung Ming	– Appointed as an Executive Director on 22 October 2013
	– Appointed as the Chief Executive Officer and a member of the Remuneration Committee and the Nomination Committee on 10 January 2014
Mr. Sue Ka Lok	– Stepped down from his position as Chief Executive Officer and has ceased to be a member of the Remuneration Committee and the Nomination Committee on 10 January 2014 but remained as an Executive Director
Ms. Hu Denger	– Appointed as an Executive Director on 11 November 2013
Mr. Ren Haisheng	– Appointed as an Executive Director on 15 November 2013
Mr. Suen Cho Hung, Paul	– Stepped down from his position as Chairman and re-designated as Non-executive Director on 28 January 2014
Mr. Ng Tze Kin	– Appointed as an Independent Non-executive Director, Chairman of the Audit Committee, a member of the Remuneration Committee and the Nomination Committee on 20 December 2013
Mr. Li Hiu Ming	– Resigned as an Executive Director on 11 November 2013
Mr. To Yan Ming, Edmond	– Resigned as an Independent Non-executive Director, Chairman of the Audit Committee, a member of the Remuneration Committee and the Nomination Committee on 20 December 2013

DIRECTORS' EMOLUMENT

Details of the changes in directors' emolument during the financial year are set out in note 8 to the consolidated financial statements.

DIRECTORS' AND CONTROLLING SHAREHOLDER'S INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "Connected Transactions" in this report of the directors and in note 28 to the consolidated financial statements, no contract of significance to which the Company or any of its subsidiaries was a party and in which a director or the controlling shareholder of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2014, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules, were as follows:

Long positions in the shares of the Company

Name of director	Capacity and nature of interest	Number of shares held	Approximate percentage of the Company's issued share capital
Mr. Suen Cho Hung, Paul ("Mr. Suen")	Interest of controlled corporation	706,189,214 *(Note)*	35.04%

Note:

These shares were beneficially owned by Long Channel Investments Limited ("Long Channel") and Loyal Giant Holdings Limited ("Loyal Giant") as to 705,532,214 shares and 657,000 shares, respectively. Long Channel was a wholly owned subsidiary of Loyal Giant which in turn was wholly owned by Mr. Suen. Accordingly, Mr. Suen and Loyal Giant were deemed to be interested in 706,189,214 shares under the SFO.

Save as disclosed above, as at 31 March 2014, none of the directors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

REPORT OF THE DIRECTORS

SHARE OPTION SCHEME

Details of the share option scheme of the Company are set out in note 25 to the consolidated financial statements.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" above and "Share Option Scheme", at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisitions of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or their spouse or minor children had any rights to subscribe for the securities of the Company, or had exercised any such rights during the year.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 31 March 2014, the following interests of more than 5% of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

Long positions in the shares of the Company

Name of shareholder	Capacity and nature of interest	Number of shares held	Approximate percentage of the Company's issued share capital
Mr. Suen	Interest of controlled corporation	706,189,214 *(Note 1)*	35.04%
Loyal Giant	Beneficial owner	657,000	0.03%
	Interest of controlled corporation	705,532,214 *(Note 1)*	35.01%
Long Channel	Beneficial owner	705,532,214 *(Note 1)*	35.01%
Miss Sun Le	Interest of controlled corporation	504,000,000 *(Note 2)*	25.01%
Sheen Success Investments Limited	Beneficial owner	504,000,000 *(Note 2)*	25.01%

REPORT OF THE DIRECTORS

Notes:

1. These shares were beneficially owned by Long Channel as to 705,532,214 shares and Loyal Giant as to 657,000 shares. Long Channel was a wholly owned subsidiary of Loyal Giant which in turn was wholly owned by Mr. Suen. Accordingly, Mr. Suen and Loyal Giant were deemed to be interested in 706,189,214 shares under the SFO.

2. These shares were beneficially owned by Sheen Success Investments Limited which was wholly owned by Miss Sun Le. Accordingly, Miss Sun Le was deemed to be interested in 504,000,000 shares under the SFO.

Save as disclosed above, the Company had not been notified of any other relevant interests or short positions in the shares and underlying shares of the Company as at 31 March 2014 as required pursuant to section 336 of the SFO.

CONNECTED TRANSACTIONS

The related party transactions as disclosed in note 28 to the consolidated financial statements did not fall under the scope of "Connected Transactions" or "Continuing Connected Transactions" under Chapter 14A of the Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-laws or the Companies Act 1981 of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate sales attributable to the Group's largest customer and five largest customers accounted for approximately 54% and approximately 75% respectively of the Group's total turnover for the year.

The aggregate purchases attributable to the Group's largest supplier and five largest suppliers accounted for approximately 52% and approximately 89% respectively of the Group's total purchases for the year.

None of the Directors, their associates, or any shareholders, which to the knowledge of the Directors own more than 5% of the Company's issued share capital, had any beneficial interest in the Group's five largest customers or suppliers during the year.

REPORT OF THE DIRECTORS

EMOLUMENT POLICY

The Group remunerates its employees based on their competence, performance, experience and prevailing market rate. Other employee benefits included provident fund scheme, medical insurance, subsidised training programme, share option scheme as well as discretionary bonus.

The determination of emoluments of the Directors had taken into consideration of their respective responsibilities and contribution to the Company and with reference to market conditions.

AUDIT COMMITTEE

The audited consolidated financial statements of the Group for the year ended 31 March 2014 had been reviewed by the Audit Committee of the Company before they were duly approved by the Board under the recommendation of the Audit Committee.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital is held by the public as at the date of this report.

EVENTS AFTER THE REPORTING PERIOD

The Group has no significant events occurring after the reporting period up to the date of this report.

AUDITOR

Crowe Horwath (HK) CPA Limited ("Crowe Horwath") has been appointed as auditor of the Company by the Board with effect from 28 March 2013 to fill the casual vacancy arising from the resignation of Deloitte Touche Tohmatsu on 28 March 2013 and to hold office until the conclusion of the general meeting of the Company held on 10 September 2013.

The consolidated financial statements for the year ended 31 March 2014 have been audited by Crowe Horwath.

A resolution will be proposed at the forthcoming AGM to re-appoint Crowe Horwath as auditor of the Company.

Save for the above, there were no other changes of auditor of the Company in the past three years.

On behalf of the Board

Cheung Ming
Chief Executive Officer

Hong Kong, 13 June 2014

CORPORATE GOVERNANCE REPORT

The Board is committed to upholding good corporate governance. The Board considers effective corporate governance is essential to protect shareholders' interests and enhance stakeholders' value.

CORPORATE GOVERNANCE

The Board has continued to implement appropriate corporate governance practices to ensure transparency, accountability and effective internal control. The Board has adopted the principles and complied with all the code provisions ("Code Provisions") set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Listing Rules for the year ended 31 March 2014 except for the following deviation:

Under Code Provision E.1.2 of the CG Code, the chairman of the board should attend the annual general meeting. Mr. Suen Cho Hung, Paul, who has stepped down from his position as Chairman of the Company and has been re-designated as a Non-executive Director in January 2014, was unable to attend the annual general meeting of the Company held on 10 September 2013 ("2013 AGM") due to his other business engagement.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules as its own code of conduct regarding directors' securities transactions. Specific enquiries have been made of all Directors and they have confirmed their compliance with the required standards set out in Model Code during the year.

BOARD OF DIRECTORS

The Board is responsible for the overall management, leadership and control of the Group. The Board's primary responsibilities are to formulate long-term corporate strategies, to establish policies and plans, to oversee the management of the Group, to evaluate the performance of the Group, to assess the achievement of targets set by the Board periodically and to review and approve annual and interim results and other significant financial and operational matters under the leadership of the chairman of the Group. The Board is directly accountable to the shareholders of the Company. The responsibility of day-to-day management and operations of the Group are delegated to the senior management of the Company.

As at the date of this annual report, the Board comprises nine directors including five Executive Directors, namely Mr. Zhang Honghai (Chairman), Mr. Cheung Ming (Chief Executive Officer), Mr. Sue Ka Lok ("Mr. Sue"), Ms. Hu Denger and Mr. Ren Haisheng, one Non-executive Director, namely Mr. Suen Cho Hung, Paul ("Mr. Suen") and three Independent Non-executive Directors, namely Mr. Chan Kwong Fat, George, Mr. Siu Hi Lam, Alick and Mr. Ng Tze Kin.

BOARD OF DIRECTORS (continued)

Changes in the composition of the Board, audit committee ("Audit Committee"), remuneration committee ("Remuneration Committee") and nomination committee ("Nomination Committee") of the Company during the year ended 31 March 2014 and up to the date of this annual report are detailed in the "Report of the Directors" on page 14 of this annual report.

Biographical details of the Directors are set out in the "Biographical Details of Directors and Senior Management" on pages 8 to 11 of this annual report.

As disclosed in the section "Biographical Details of Directors and Senior Management", both Mr. Suen (who has stepped down from his position as Chairman of the Company and has been re-designated as a Non-executive Director of the Company on 28 January 2014) and Mr. Sue (who has stepped down from his position as Chief Executive Officer and has ceased to be a member of the Remuneration Committee and the Nomination Committee on 10 January 2014 but remained as an Executive Director) are executive directors of Poly Capital Holdings Limited of which Mr. Suen is the chairman and a substantial shareholder and Mr. Sue is the chief executive officer. Mr. Suen is the controlling shareholder of China Tycoon Beverage Holdings Limited of which Mr. Sue is a non-executive director and the chairman. Save for the aforesaid, there are no other financial, business, family or other material/relevant relationship between the Chairman and the Chief Executive Officer and among members of the Board.

The Company has received the annual confirmation of independence from each of the independent non-executive directors as required under Rule 3.13 of the Listing Rules. The Company considers all independent non-executive directors to be independent under the guidelines set out in the Listing Rules.

The Company will provide a comprehensive, formal and tailored induction to each newly appointed director on his/her first appointment in order to enable him/her to have appropriate understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

All directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. Directors are continually updated on developments in the statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities. The Company has provided timely technical updates, including the briefing on the amendments on the Listing Rules and the news release published by the Stock Exchange to the directors. Continuing briefing and professional development for directors are arranged where necessary.

All directors have full and timely access to all relevant information, including monthly Board updates from the management, regular reports from the Board committees and briefings on significant legal, regulatory or accounting issues affecting the Group.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS (continued)

During the year ended 31 March 2014, six regular Board meetings and the 2013 AGM were held. The attendance of each director is set out as follows:

	Number of attendance	
Name of Director	**Board meetings**	**2013 AGM**
Executive Directors		
Mr. Zhang Honghai (appointed on 30 October 2013)	2/2	–
Mr. Cheung Ming (appointed on 22 October 2013)	3/3	–
Mr. Sue Ka Lok	6/6	1/1
Ms. Hu Denger (appointed on 11 November 2013)	2/2	–
Mr. Ren Haisheng (appointed on 15 November 2013)	1/1	–
Mr. Li Hiu Ming (resigned on 11 November 2013)	4/4	1/1
Non-executive Director		
Mr. Suen Cho Hung, Paul (re-designated from executive director on 28 January 2014)	6/6	0/1
Independent Non-executive Directors		
Mr. Chan Kwong Fat, George	6/6	1/1
Mr. Siu Hi Lam, Alick	6/6	1/1
Mr. Ng Tze Kin (appointed on 20 December 2013)	–	–
Mr. To Yan Ming, Edmond (resigned on 20 December 2013)	6/6	1/1

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Currently the Chairman and the Chief Executive Officer of the Company are Mr. Zhang Honghai and Mr. Cheung Ming respectively. Their roles are separated such that the Chairman is responsible for managing and providing leadership to the Board and the Chief Executive Officer is responsible for managing the day-to-day operations of the Group.

NON-EXECUTIVE DIRECTORS

Each of the Non-executive Director and Independent Non-executive Directors of the Company is appointed for a term of twelve-month period which automatically renews for successive twelve-month periods unless terminated by either party in writing prior to the expiry of the term. All the Non-executive Director and the Independent Non-executive Directors are also subject to retirement by rotation and re-election at least once every three years at the annual general meetings of the Company in accordance with the Company's Bye-laws.

CORPORATE GOVERNANCE REPORT

REMUNERATION COMMITTEE

The Remuneration Committee has specific written terms of reference as set out in the CG Code. As at the date of this annual report, the Remuneration Committee comprises four members, including three Independent Non-executive Directors, namely Mr. Siu Hi Lam, Alick, Mr. Chan Kwong Fat, George and Mr. Ng Tze Kin, and one executive Director, namely Mr. Cheung Ming. Mr. Siu Hi Lam, Alick is the Chairman of the Remuneration Committee.

The Remuneration Committee is mainly responsible for making recommendations to the Board on the Company's policy and structure for all directors' and senior management remuneration; determining the remuneration packages of individual executive directors and senior management and making recommendations to the Board on remuneration of non-executive directors. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no director or any of his/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by reference to the performance of the individual and the Company as well as market practice and conditions. The full terms of reference of the Remuneration Committee are available on Company's website and the Stock Exchange's website.

The Remuneration Committee met three times during the year ended 31 March 2014 to review the remuneration of the directors. The attendance of each member is set out as follows:

Name of member	Number of attendance
Mr. Siu Hi Lam, Alick	3/3
Mr. Chan Kwong Fat, George	3/3
Mr. Ng Tze Kin (appointed on 20 December 2013)	1/1
Mr. Cheung Ming (appointed on 10 January 2014)	1/1
Mr. To Yan Ming, Edmond (resigned on 20 December 2013)	2/2
Mr. Sue Ka Lok (resigned on 10 January 2014)	2/2

NOMINATION COMMITTEE

The Nomination Committee has specific written terms of reference as set out in the CG Code. As at the date of this annual report, the Nomination Committee comprises four members, including three Independent Non-executive Directors, namely Mr. Chan Kwong Fat, George, Mr. Siu Hi Lam, Alick and Mr. Ng Tze Kin, and one Executive Director, namely Mr. Cheung Ming. Mr. Chan Kwong Fat, George is the Chairman of the Nomination Committee.

The Nomination Committee is mainly responsible for making recommendations to the Board on the appointment of directors, evaluation of board composition, assessment of the independence of independent non-executive directors and the management of the Board succession. The full terms of reference of the Nomination Committee are available on Company's website and the Stock Exchange's website.

CORPORATE GOVERNANCE REPORT

NOMINATION COMMITTEE (continued)

The Nomination Committee met six times during the year ended 31 March 2014 to review the structure, size and composition of the Board; assess the independence of the Independent Non-executive Directors of the Company; make recommendations to the Board on the re-election of directors. The attendance of each member is set out as follows:

Name of member	Number of attendance
Mr. Chan Kwong Fat, George	6/6
Mr. Siu Hi Lam, Alick	6/6
Mr. Ng Tze Kin (appointed on 20 December 2013)	1/1
Mr. Cheung Ming (appointed on 10 January 2014)	1/1
Mr. To Yan Ming, Edmond (resigned on 20 December 2013)	5/5
Mr. Sue Ka Lok (resigned on 10 January 2014)	5/5

The Board has adopted a board diversity policy (the "Policy") in September 2013 which set out the approach to achieve diversity on the Board. All Board appointments shall be based on meritocracy, and candidates will be considered against selection criteria, having regard for the benefits of diversity on the Board. Selection of candidates will be based on range of diversity perspectives, which would include but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Nomination Committee will monitor the implementation of the Policy and will from time to time review the Policy, as appropriate, to ensure the effectiveness of the Policy.

AUDIT COMMITTEE

The Audit Committee has specific written terms of reference as set out in the CG Code. As at the date of this annual report, the Audit Committee comprises all the three Independent Non-executive Directors, namely Mr. Ng Tze Kin, Mr. Chan Kwong Fat, George and Mr. Siu Hi Lam, Alick. Mr. Ng Tze Kin is the Chairman of the Audit Committee.

The Audit Committee is mainly responsible for assisting the Board in applying financial reporting and internal control principles and in maintaining an appropriate relationship with the Company's auditor. The Audit Committee is also delegated the corporate governance function of the Board to monitor, procure and manage corporate governance compliance within the Group. The full terms of reference of the Audit Committee are available on Company's website and the Stock Exchange's website.

AUDIT COMMITTEE (continued)

The Audit Committee met two times during the year ended 31 March 2014 and the attendance of each member is set out as follows:

Name of member	Number of attendance
Mr. Ng Tze Kin (appointed on 20 December 2013)	–
Mr. Chan Kwong Fat, George	2/2
Mr. Siu Hi Lam, Alick	2/2
Mr. To Yan Ming, Edmond (resigned on 20 December 2013)	2/2

The summary of work performed by the Audit Committee during the year:

- reviewed and discussed the audited financial statements of the Group for the year ended 31 March 2013 and recommended to the Board for approval;
- reviewed the corporate governance compliance with the CG Code and the disclosure requirements for the corporate governance report;
- reviewed and considered the terms of the connected transactions;
- reviewed and discussed the unaudited financial statements of the Group for the six months ended 30 September 2013 and recommended to the Board for approval;
- reviewed and discussed with the management and auditor of the Company the accounting policies and practices which may affect the Group and the scope of the audit;
- reviewed the effectiveness of the internal control system of the Group; and
- reviewed and approved the remuneration and the terms of engagement of the Company's auditor; and reviewed and made recommendations to the Board on the re-appointment of the Company's auditor.

Subsequent to the year end, the Audit Committee reviewed the annual report and the annual results announcement for the year ended 31 March 2014, with a recommendation to the Board for approval.

CORPORATE GOVERNANCE REPORT

AUDITOR AND AUDITOR'S REMUNERATION

The statement of the external auditor of the Company about their responsibilities on the Company's consolidated financial statements for the year ended 31 March 2014 is set out in the section headed "Independent Auditor's Report" on pages 29 to 30 of this annual report.

During the year, the following fees were paid or payable to (i) Crowe Horwath (HK) CPA Limited ("Crowe Horwath"), the auditor of the Company; (ii) BDO Limited ("BDO"), the auditor of certain subsidiaries of the Company:

	HK$'000
Fees for audit services *(Note a)*	576
Fees for audit services *(Note b)*	180
	756
Fees for non-audit services *(Note c)*	80
Total	836

Notes:

(a) The audit services provided by Crowe Horwath.

(b) The audit services provided by BDO.

(c) The non-audit services provided by Crowe Horwath.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF THE FINANCIAL STATEMENTS

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price-sensitive announcements and other financial disclosures required under the Listing Rules and other regulatory requirements.

The Directors acknowledged their responsibilities for preparing the consolidated financial statements of the Company for the year ended 31 March 2014.

CORPORATE GOVERNANCE FUNCTIONS

In order to establish the duties and responsibilities of the Board in performing its corporate governance functions, the Board has delegated certain corporate governance functions to the Audit Committee which include the following:

(a) developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board;

(b) reviewing and monitoring the training and continuous professional development of directors and senior management;

CORPORATE GOVERNANCE FUNCTIONS (continued)

(c) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;

(d) developing, reviewing and monitoring the code of conduct and compliance manual applicable to employees and directors; and

(e) reviewing the Company's compliance with the CG Code and disclosure in the corporate governance report.

INTERNAL CONTROL

The Board recognises its responsibilities for maintaining an adequate system of internal control to safeguard the Group's assets and shareholders' interests. An internal control system, including a defined management structure with limits of authority, is designed to help achieving business objectives, safeguarding assets against unauthorised use, and maintaining proper accounting records for the provision of reliable financial information for internal use and for publication. The internal control system is set up to provide reasonable, but not absolute, assurance against material misstatement of financial statements or loss of assets and to manage rather than eliminate risks of failure in operational systems and achievement of the Group's objectives.

For the year ended 31 March 2014, the Board conducted a review of the effectiveness of the internal control system of the Group.

COMPANY SECRETARY

Ms. Hui Yee Ling ("Ms. Hui") was appointed as the Company Secretary of the Company on 8 October 2008. The biographical details of Ms. Hui are set out under the section headed "Biographical Details of Directors and Senior Management" on pages 8 to 11 of this annual report. Ms. Hui has taken no less than 15 hours of the relevant professional training during the year ended 31 March 2014.

SHAREHOLDERS' RIGHTS

Procedures for shareholders to convene a special general meeting

According to bye-law 58 of the Company's Bye-laws, 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 shall at all times have the right, by written requisition to the Board or the Company Secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in accordance with the provisions of Section 74(3) of the Companies Act 1981 of Bermuda (the "Companies Act").

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS (continued)

Procedures for shareholders to put forward proposals at general meetings

Pursuant to the Companies Act, any number of shareholders representing not less than one-twentieth of the total voting rights of all the shareholders having at the date of the requisition a right to vote at the meeting to which the requisition relates; or not less than one hundred shareholders, can request the Company in writing to:

(a) give to shareholders of the Company entitled to receive notice of the next annual general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting;

(b) circulate to shareholders of the Company entitled to have notice of any general meeting send to them any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

The requisition must be deposited to the Company not less than six weeks before the meeting in case of a requisition requiring notice of a resolution or not less than one week before the meeting in case of any other requisition.

Procedures for shareholders to propose a person for election as a director of the Company

According to bye-law 88 of the Company's Bye-laws, no person other than a Director retiring at the general meeting of the Company shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting of the Company unless a notice signed by a shareholder of the Company (other than the person to be proposed) duly qualified to attend and vote at the general meeting of the Company for which such notice is given of his/her intention to propose such person for election and also a notice signed by the person to be proposed of his/her willingness to be elected shall have been lodged at the Company's head office in Hong Kong or at the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited provided that the minimum length of the period, during which such notice(s) are given, shall be at least seven days and that the period for lodgement of such notice(s) shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting.

Procedures for directing shareholders' enquiries to the Board

Shareholders may at any time send their enquiries and concerns in writing to the Company Secretary of the Company at the Company's head office in Hong Kong at Suites 1004-1005, 10th Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong.

INVESTOR RELATIONS

The Company has established a range of communication channels between itself and its shareholders, investors and other stakeholders. These include the annual general meeting, the annual and interim reports, notices, announcements and circulars and the Company's website at www.bepgroup.com.hk.

CONSTITUTION DOCUMENTS

During the year, there was no change in the Company's constitutional documents.

INDEPENDENT AUDITOR'S REPORT

國富浩華(香港)會計師事務所有限公司
Crowe Horwath (HK) CPA Limited
Member Crowe Horwath International
香港 銅鑼灣 禮頓道77號 禮頓中心9樓
9/F Leighton Centre,
77 Leighton Road,
Causeway Bay, Hong Kong

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BEP INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of BEP International Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 31 to 111, which comprise the consolidated and company statements of financial position as at 31 March 2014, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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 judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2014, and of the Group's loss 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.

Crowe Horwath (HK) CPA Limited
Certified Public Accountants
Hong Kong, 13 June 2014

Sze Chor Chun, Yvonne
Practising Certificate Number P05049

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
Turnover	4(a)	**220,168**	150,645
Cost of sales		**(210,380)**	(134,665)
Gross profit		**9,788**	15,980
Other revenue and other net income	5	**4,771**	4,400
Selling and distribution costs		**(2,005)**	(2,105)
Administrative expenses		**(13,465)**	(10,148)
Other operating expenses		**(2,583)**	–
(Loss)/profit from operations		**(3,494)**	8,127
Finance costs	6(a)	**(233)**	(37)
(Loss)/profit before taxation	6	**(3,727)**	8,090
Income tax	7(a)	**(604)**	(621)
(Loss)/profit for the year		**(4,331)**	7,469
Attributable to:			
Owners of the Company	10	**(3,680)**	7,429
Non-controlling interests		**(651)**	40
(Loss)/profit for the year		**(4,331)**	7,469
		HK cent	*HK cent*
(Loss)/earnings per share	12		
Basic and diluted		**(0.18)**	0.38

The notes on pages 38 to 111 form part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2014

	2014 HK$'000	2013 HK$'000
(Loss)/profit for the year	**(4,331)**	7,469
Other comprehensive (expenses)/income for the year		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries (net of nil tax (2013: nil))	**(62)**	32
Total comprehensive (expenses)/income for the year	**(4,393)**	7,501
Attributable to:		
Owners of the Company	**(3,742)**	7,461
Non-controlling interests	**(651)**	40
	(4,393)	7,501

The notes on pages 38 to 111 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2014

	Notes	**2014 HK$'000**	2013 HK$'000
Non-current assets			
Property, plant and equipment	14	**1,621**	2,212
Goodwill	15	**–**	819
Deferred tax assets	23(b)	**58**	8
Rental deposit	18	**–**	337
		1,679	3,376
Current assets			
Inventories	16	**13,910**	1,204
Tax recoverable	23(a)	**623**	1,149
Trade and bills receivables	17	**119,067**	42,384
Prepayments, deposits and other receivables	18	**7,307**	20,775
Restricted bank deposits	19(b)	**120,952**	–
Cash and cash equivalents	19(a)	**71,756**	107,489
		333,615	173,001
Current liabilities			
Trade and bills payables	20	**124,530**	13,521
Accruals, deposits and other payables	21	**5,504**	5,564
Bank advance for discounted bill	22	**52,112**	–
Tax payable	23(a)	**610**	312
		182,756	19,397
Net current assets		**150,859**	153,604
Total assets less current liabilities		**152,538**	156,980
Non-current liabilities			
Deferred tax liabilities	23(b)	**31**	80
Net assets		**152,507**	156,900
Equity			
Equity attributable to owners of the Company			
Share capital	24(b)	**4,031**	4,031
Reserves		**147,467**	151,209
		151,498	155,240
Non-controlling interests		**1,009**	1,660
Total equity		**152,507**	156,900

Approved and authorised for issue by the Board of Directors on 13 June 2014.

Zhang Honghai
Director

Cheung Ming
Director

The notes on pages 38 to 111 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current assets			
Investments in subsidiaries	31	**1**	1
Current assets			
Tax recoverable	23(a)	**87**	–
Prepayments, deposits and other receivables	18	**121,740**	112,530
Cash and cash equivalents	19(a)	**23,944**	30,151
		145,771	142,681
Current liabilities			
Accruals, deposits and other payables	21	**10,068**	6,680
Net current assets		**135,703**	136,001
Net assets		**135,704**	136,002
Equity			
Equity attributable to owners of the Company	24(a)		
Share capital		**4,031**	4,031
Reserves		**131,673**	131,971
Total equity		**135,704**	136,002

Approved and authorised for issue by the Board of Directors on 13 June 2014.

Zhang Honghai
Director

Cheung Ming
Director

The notes on pages 38 to 111 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2014

	Attributable to owners of the Company									
	Share capital *HK$'000*	Share premium *HK$'000*	Merger reserve *HK$'000*	Capital reserve *HK$'000*	Statutory surplus reserve *HK$'000*	Exchange reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	(Deficiency of total equity)/ total equity *HK$'000*
At 1 April 2012	2,426	24,292	(1,522)	8,173	–	543	(37,964)	(4,052)	1,170	(2,882)
Profit for the year	–	–	–	–	–	–	7,429	7,429	40	7,469
Exchange differences on translation of financial statements of overseas subsidiaries	–	–	–	–	–	32	–	32	–	32
Total comprehensive income for the year	–	–	–	–	–	32	7,429	7,461	40	7,501
Shares issued upon open offer *(note 24(b)(ii))*	1,213	115,235	–	–	–	–	–	116,448	–	116,448
Shares issued upon loan capitalisation *(note 24(b)(iii))*	392	37,222	–	–	–	–	–	37,614	–	37,614
Expenses in relation to issuing shares	–	(2,231)	–	–	–	–	–	(2,231)	–	(2,231)
Acquisition of subsidiaries *(note 27)*	–	–	–	–	–	–	–	–	450	450
Transfer to statutory surplus reserve	–	–	–	–	706	–	(706)	–	–	–
At 31 March 2013	4,031	174,518	(1,522)	8,173	706	575	(31,241)	155,240	1,660	156,900
At 1 April 2013	4,031	174,518	(1,522)	8,173	706	575	(31,241)	155,240	1,660	156,900
Loss for the year	–	–	–	–	–	–	(3,680)	(3,680)	(651)	(4,331)
Exchange differences on translation of financial statements of overseas subsidiaries	–	–	–	–	–	(62)	–	(62)	–	(62)
Total comprehensive expenses for the year	–	–	–	–	–	(62)	(3,680)	(3,742)	(651)	(4,393)
At 31 March 2014	4,031	174,518	(1,522)	8,173	706	513	(34,921)	151,498	1,009	152,507

The notes on pages 38 to 111 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
OPERATING ACTIVITIES			
(Loss)/profit before taxation		**(3,727)**	8,090
Adjustments for:			
Finance costs	6(a)	**233**	37
(Gain)/loss on disposal of property, plant and equipment	6(c)	**(58)**	76
Depreciation for property, plant and equipment	6(c)	**628**	912
Impairment loss for goodwill	6(c)	**819**	–
Impairment loss for trade receivables	6(c)	**860**	–
Impairment loss for other receivables	6(c)	**21**	–
Impairment loss for property, plant and equipment	6(c)	**190**	–
Written off of trade deposits paid	6(c)	**693**	–
Write-down of inventories	6(c)	**100**	–
Interest income	5	**(3,845)**	(3,481)
		(359)	(2,456)
		(4,086)	5,634
CHANGES IN WORKING CAPITAL			
(Increase)/decrease in inventories		**(12,806)**	183
(Increase)/decrease in trade and bills receivables		**(77,543)**	41,914
Decrease in prepayments, deposits and other receivables		**168**	867
Increase in restricted bank deposits on operating activities		**(120,952)**	–
Increase/(decrease) in trade and bills payables		**111,009**	(44,851)
Decrease in accruals, deposits and other payables		**(60)**	(4,759)
		(100,184)	(6,646)
CASH USED IN OPERATIONS		**(104,270)**	(1,012)
Income taxes paid			
Hong Kong		**(360)**	(3,552)
PRC		**(209)**	(599)
Income taxes recovered			
Hong Kong		**688**	34
		119	(4,117)
NET CASH USED IN OPERATING ACTIVITIES		**(104,151)**	(5,129)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
INVESTING ACTIVITIES			
Payment for the purchase of property, plant and equipment	14	**(197)**	(90)
Proceeds from sale of property, plant and equipment		**58**	–
Acquisition of subsidiaries, net of cash acquired	27	**–**	(4,070)
Advance of loans receivable		**(16,000)**	(36,690)
Receipt of loans receivable		**28,500**	24,190
Interest received		**4,268**	3,058
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES		**16,629**	(13,602)
FINANCING ACTIVITIES			
Net proceeds from bank advance for discounted bill		**51,879**	–
Repayment of amount due to immediate holding company and interest accrued		**–**	(238)
Repayment of amount due to a non-controlling shareholder of a subsidiary		**–**	(1,455)
Proceeds from shares issued upon open offer	24(b)(ii)	**–**	116,448
Expenses in relation to issuing shares		**–**	(2,231)
NET CASH GENERATED FROM FINANCING ACTIVITIES		**51,879**	112,524
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(35,643)**	93,793
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**107,489**	13,677
EFFECT OF FOREIGN EXCHANGE RATES CHANGES		**(90)**	19
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**71,756**	107,489
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash at bank and on hand		**45,451**	27,408
Deposits with banks		**26,305**	80,081
	19(a)	**71,756**	107,489

The notes on pages 38 to 111 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

1. GENERAL INFORMATION

The Company is an exempted company incorporated in Bermuda with limited liability and its shares are listed on the Stock Exchange. Its parent and ultimate parent are Long Channel Investments Limited ("Long Channel") and Loyal Giant Holdings Limited respectively, both are private companies incorporated in the British Virgin Islands ("BVI") with limited liability. The ultimate controlling shareholder is Mr. Suen Cho Hung, Paul. The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information section of this annual report.

The Company is an investment holding company. Its subsidiaries are principally engaged in the manufacture and sale of home electrical appliances, electronic products and related plastic injection components, distribution and sale of electronic consumer products and sourcing and sale of computer and related products and metal minerals for manufacturing of parts and components of electrical and electronic products.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. These financial statements also comply with the applicable disclosure provisions of the Listing Rules. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new and revised HKFRSs which are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 3 provides information on any changes in accounting policies resulting from the initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 March 2014 comprise the Group.

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). These financial statements are presented in Hong Kong dollars, rounded to the nearest thousand except for per share data. Hong Kong dollar is the Company's functional currency and the Group's presentation currency.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have a significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 32.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. 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. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income or expenses for the year between non-controlling interests and the owners of the Company. Total comprehensive income or expenses of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(g)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d)(i) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for the control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair values, except that:

– a deferred tax asset or liability arising from the assets acquired and liabilities assumed in a business combination and the potential tax effects of temporary differences and carryforwards of an acquiree that exist at the acquisition date or arise as a result of the acquisition are recognised and measured in accordance with HKAS 12 *Income Taxes*;

– assets or liabilities relating to employee benefit arrangements are recognised and measured in accordance with HKAS 19 *Employee Benefits*;

– liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date; and

– assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d)(i) Business combinations (continued)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another HKFRS.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39 *Financial Instruments: Recognition and Measurement*, or HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets,* as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (that is, the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d)(i) Business combinations (continued)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

(d)(ii) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination.

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently whenever there is indication that the unit may be impaired. If some or all of the goodwill allocated to a CGU was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro – rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On the disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated in the statement of financial position at cost less any accumulated depreciation and any accumulated impairment losses (see note 2(g)).

Property, plant and equipment are depreciated at rates sufficient to write off their cost less accumulated impairment loss and estimated residual value over their estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Moulds	30%
Machinery and equipment	10%
Furniture and fixtures	20%-25%
Office equipment	20%-25%
Computer equipment	20%-25%
Motor vehicles	20%
Leasehold improvements	Over the remaining term of the lease

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised in profit or loss during the financial period in which they are incurred.

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

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net proceeds on disposal and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Property, plant and equipment (continued)

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

(f) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) Operating lease charges

Where the Group has the use of assets under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged as expenses in the accounting period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Impairment of assets

(i) Impairment of receivables

Receivables that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, any impairment loss is determined and recognised as follows:

– For trade and bills receivables, other receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (that is, the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Impairment of assets (continued)

(i) Impairment of receivables (continued)

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade and bills receivables and other receivables included within prepayments, deposits and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade and bills receivables and other receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- goodwill; and
- investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Impairment of assets (continued)

(ii) Impairment of other assets (continued)

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (that is, a CGU).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the CGU to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro-rata basis, except that the carrying amount of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Impairment of assets (continued)

(iii) Interim financial reporting and impairment

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with HKAS 34 *Interim Financial Reporting* in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition and reversal criteria as it would at the end of the financial year (see notes 2(g)(i) and (ii)).

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

(h) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs 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.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(i) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts (see note 2(g)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payables, using the effective interest method.

(k) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 2(o)(i), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that 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 for the purpose of the consolidated statement of cash flows.

(m) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Termination benefits

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided that those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary differences or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Income tax (continued)

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  – the same taxable entity; or

  – different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (that is, the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at fair value through profit or loss, are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and

- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

(ii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a 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 expenditure expected to settle the obligation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Financial guarantees issued, provisions and contingent liabilities (continued)

(ii) Other provisions and contingent liabilities (continued)

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 of economic benefits 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 of economic benefits is remote.

(p) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sale of goods

Revenue is recognised when goods are delivered which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts and returns.

(ii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method.

(q) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised in other comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Translation of foreign currencies (continued)

Non-monetary assets and liabilities measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items, including goodwill arising on consolidation of foreign operations acquired on or after 1 April 2005, are translated into Hong Kong dollars at the closing foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve. Goodwill arising on consolidation of a foreign operation acquired before 1 April 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In the case of a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

(r) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or are completed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Related parties

(i) A person, or a close member of that person's family, is related to the Group if that person:

(a) has control or joint control over the Group;

(b) has significant influence over the Group; or

(c) is a member of the key management personnel of the Group or the Group's parent.

(ii) An entity is related to the Group if any of the following conditions applies:

(a) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(b) 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).

(c) Both entities are joint ventures of the same third party.

(d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(e) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(f) The entity is controlled or jointly controlled by a person identified in (i).

(g) A person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's chief executive officer (the chief operating decision maker) for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied the following new and revised HKFRSs issued by the HKICPA:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009–2011 Cycle
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period with the exception of the Amendments to HKAS 36 – Recoverable Amount Disclosures for Non-Financial Assets, which modify the disclosure requirements for impaired non-financial assets. The amendments are effective for annual periods beginning on or after 1 January 2014, but as permitted by the amendments, the Group has adopted the amendments early. The disclosures about the Group's impaired non-financial assets in note 15 have conformed to the amended disclosure requirements.

Except as described below, the application of other new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments require entities to present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The presentation of other comprehensive income in the consolidated statement of profit or loss and other comprehensive income in these consolidated financial statements has been modified accordingly. In addition, the Group has chosen to use the new titles "statement of profit or loss" and "statement of profit or loss and other comprehensive income" as introduced by the amendments in these consolidated financial statements.

HKFRS 10 Consolidated Financial Statements

HKFRS 10 replaces the requirements in HKAS 27 Consolidated and Separate Financial Statements relating to the preparation of consolidated financial statements and HK-SIC 12 Consolidation – Special Purpose Entities. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 April 2013.

HKFRS 12 Disclosure of Interests in Other Entities

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in note 31.

4. TURNOVER AND SEGMENT REPORTING

(a) Turnover

Turnover represents the sales value of goods supplied to customers. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2014	2013
	HK$'000	*HK$'000*
Sale of home electrical appliances, electronic products and related plastic injection components	**38,897**	33,841
Distribution and sale of electronic consumer products	**2,791**	32,012
Sourcing and sale of computer and related products and metal minerals for manufacturing of parts and components of electrical and electronic products	**178,480**	84,792
	220,168	150,645

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's chief executive officer (the chief operating decision maker) for the purposes of resources allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

(i) Sale of home electrical appliances, electronic products and related plastic injection components;

(ii) Distribution and sale of electronic consumer products; and

(iii) Sourcing and sale of computer and related products and metal minerals for manufacturing of parts and components of electrical and electronic products.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

4. TURNOVER AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

Segment results, assets and liabilities

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

Segment assets include property, plant and equipment, goodwill, inventories, trade and bills receivables, prepayments, deposits and other receivables, tax recoverable and deferred tax assets of each segment. Segment liabilities include trade and bills payables, accruals, deposits and other payables, bank advance for discounted bill, tax payable and deferred tax liabilities of each segment.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation of assets attributable to those segments.

The measure used for reporting segment profit is gross profit less selling and distribution costs of each segment.

In addition to receiving segment information concerning segment profits, the chief executive officer is provided with segment information concerning revenue, depreciation, impairment of property, plant and equipment, goodwill, trade receivables and other receivables, written off of trade deposits paid, write-down of inventories, finance costs, income tax expense or income and additions to non-current segment assets used by the segments in their operations.

Information regarding the Group's reportable segments as provided to the Group's chief executive officer for the purposes of resources allocation and assessment of segment performance for the years ended 31 March 2014 and 2013 is set out below:

4. TURNOVER AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

	2014			
	Sale of home electrical appliances, electronic products and related plastic injection components HK$'000	Distribution and sale of electronic consumer products HK$'000	Sourcing and sale of computer and related products and metal minerals for manufacturing of parts and components of electrical and electronic products HK$'000	Total HK$'000
Reportable segment revenue from external customers	38,897	2,791	178,480	220,168
Reportable segment (loss)/profit	(904)	79	8,608	7,783
Depreciation for property, plant and equipment	(499)	(8)	–	(507)
Impairment of:				
– goodwill	(819)	–	–	(819)
– trade receivables	(860)	–	–	(860)
– other receivables	(21)	–	–	(21)
– property, plant and equipment	(190)	–	–	(190)
Written off of trade deposits paid	–	–	(693)	(693)
Write-down of inventories	(100)	–	–	(100)
Finance costs	–	–	(233)	(233)
Income tax income/(expense)	26	(2)	(614)	(590)
Reportable segment assets	8,899	783	132,191	141,873
Additions to non-current segment assets during the year	8	–	–	8
Reportable segment liabilities	4,911	379	177,312	182,602

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

4. TURNOVER AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

	2013			
	Sale of home electrical appliances, electronic products and related plastic injection components *HK$'000*	Distribution and sale of electronic consumer products *HK$'000*	Sourcing and sale of computer and related products and metal minerals for manufacturing of parts and components of electrical and electronic products *HK$'000*	Total *HK$'000*
Reportable segment revenue from external customers	33,841	32,012	84,792	150,645
Reportable segment profit	2,808	1,394	9,673	13,875
Depreciation for property, plant and equipment	(775)	(8)	–	(783)
Income tax income/(expense)	116	(515)	(239)	(638)
Reportable segment assets	14,902	1,325	39,204	55,431
Additions to non-current segment assets during the year	3,179	16	–	3,195
Reportable segment liabilities	10,611	604	8,142	19,357

There are no inter-segment sales during the year (2013: nil).

4. TURNOVER AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

Reconciliation of reportable segment revenue, profit, assets, liabilities and other items

	2014 *HK$'000*	2013 *HK$'000*
Revenue		
Total reportable segment revenue and consolidated turnover	**220,168**	150,645
Profit		
Total reportable segment profit derived from the Group's external customers	**7,783**	13,875
Other revenue and other net income	**4,771**	4,400
Depreciation of reportable segment not included in measurement of segment profit	**(353)**	(593)
Written off of trade deposits paid	**(693)**	–
Impairment loss for property, plant and equipment	**(190)**	–
Impairment loss for trade receivables	**(860)**	–
Impairment loss for other receivables	**(21)**	–
Impairment loss for goodwill	**(819)**	–
Finance costs	**(233)**	(37)
Unallocated head office and corporate expenses		
– Depreciation	**(121)**	(129)
– Staff costs (including directors' emoluments)	**(8,115)**	(5,432)
– Others	**(4,876)**	(3,994)
Consolidated (loss)/profit before taxation	**(3,727)**	8,090
Assets		
Total reportable segment assets	**141,873**	55,431
Unallocated head office and corporate assets		
– Restricted bank deposits	**120,952**	–
– Cash and cash equivalents	**71,756**	107,489
– Loans receivable	**–**	12,500
– Others	**713**	957
Consolidated total assets	**335,294**	176,377
Liabilities		
Total reportable segment liabilities	**182,602**	19,357
Unallocated head office and corporate liabilities		
– Others	**185**	120
Consolidated total liabilities	**182,787**	19,477

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

4. TURNOVER AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

Reconciliation of reportable segment revenue, profit, assets, liabilities and other items (continued)

	2014	2013
	HK$'000	*HK$'000*
Other items		
Depreciation for property, plant and equipment		
Reportable segment total	**507**	783
Unallocated head office and corporate total	**121**	129
Consolidated total	**628**	912
Finance costs		
Reportable segment total	**233**	–
Unallocated head office and corporate total	**–**	37
Consolidated total	**233**	37
Income tax expense		
Reportable segment total	**590**	638
Unallocated head office and corporate total	**14**	(17)
Consolidated total	**604**	621
Additions to non-current segment assets during the year		
Reportable segment total	**8**	3,195
Unallocated head office and corporate total	**189**	7
Consolidated total	**197**	3,202

Revenue from major products

The following is an analysis of the Group's revenue from its major products:

	2014	2013
	HK$'000	*HK$'000*
Home electrical appliances, electronic products and related plastic injection components	**38,897**	33,841
Consumer imaging products	**2,791**	32,012
Computer related products and accessories and related metal minerals materials	**178,480**	84,792
	220,168	150,645

4. TURNOVER AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

Geographic information

The following is an analysis of geographical location of (i) the Group's revenue from external customers; and (ii) the Group's property, plant and equipment, goodwill and non-current rental deposit. The geographical location of customers refers to the location at which the goods were delivered. The geographical locations of property, plant and equipment and non-current rental deposit are based on the physical location of the assets under consideration. In the case of goodwill, it is based on the location of the operation to which the goodwill is allocated.

	Revenue from external customers		**Non-current assets**	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (place of domicile)	**45,343**	97,682	**191**	122
PRC except Hong Kong	**164,239**	38,297	**1,430**	3,246
Other Asian countries	**23**	11,696	**–**	–
Europe	**9,440**	2,970	**–**	–
Others	**1,123**	–	**–**	–
	220,168	150,645	**1,621**	3,368

Information about major customers

Revenue from customers contributing 10% or more of the total sales of the Group are as follows:

	2014	2013
	HK$'000	*HK$'000*
Largest customer *(note (i))*	**117,853**	40,981

Note:

(i) Revenue from the above customer arose from the business of sourcing and sale of computer and related products and metal minerals for manufacturing of parts and components of electrical and electronic products (2013: the business of sourcing and sale of computer and related products and metal minerals for manufacturing of parts and components of electrical and electronic products).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

5. OTHER REVENUE AND OTHER NET INCOME

	2014	2013
	HK$'000	*HK$'000*
Other revenue		
Interest income on bank deposits	**648**	850
Interest income on loans receivable	**3,197**	2,631
Total interest income on financial assets not at fair value through profit or loss	**3,845**	3,481
Loan handling income	**45**	125
Sundry income	**189**	316
Rental income	**312**	478
	4,391	4,400
Other net income		
Gain on disposal of property, plant and equipment	**58**	–
Net foreign exchange gain	**322**	–
	380	–
	4,771	4,400

6. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging/(crediting) the followings:

		2014 HK$'000	2013 HK$'000
(a)	**Finance costs**		
	Interest on amount due to immediate holding company	–	37
	Bills discount charge	233	–
	Total interest expense on financial liabilities not at fair value through profit or loss	233	37
(b)	**Staff costs (including directors' emoluments)**		
	Salaries, wages and other benefits	12,863	10,771
	Contributions to defined contribution retirement plans	563	233
		13,426	11,004
(c)	**Other items**		
	Carrying amount of inventories sold	210,280	134,665
	Write-down of inventories	100	–
	Cost of inventories #	210,380	134,665
	Auditors' remuneration	756	667
	Depreciation for property, plant and equipment	628	912
	Operating lease charges: minimum lease payments	2,692	2,447
	(Gain)/loss on disposal of property, plant and equipment	(58)	76
	Written off of trade deposits paid *	693	–
	Impairment loss for trade receivables *	860	–
	Impairment loss for other receivables *	21	–
	Impairment loss for property, plant and equipment *	190	–
	Impairment loss for goodwill *	819	–
	Net foreign exchange (gain)/loss	(322)	139

Cost of inventories includes HK$6,440,000 (2013: HK$6,170,000) relating to staff costs, depreciation and operating lease charges for the year ended 31 March 2014 which amounts are also included in the respective total amounts disclosed separately in notes 6(b) and 6(c) for each of these types of expenses.

* These items are included in "Other operating expenses" on the face of the consolidated statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

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

(a) Income tax in the consolidated statement of profit or loss represents:

	2014	2013
	HK$'000	*HK$'000*
Current tax		
– Hong Kong Profits Tax *(note (i))*	**610**	494
– PRC Enterprise Income Tax ("EIT") *(note (ii))*	**82**	474
	692	968
Under/(over)-provision in respect of prior years		
– Hong Kong Profits Tax	**11**	(303)
– PRC EIT	**1**	(38)
	12	(341)
Deferred tax		
– Origination and reversal of temporary differences *(note 23(b)(i))*	**(100)**	(6)
Total	**604**	621

Notes:

(i) The provision for Hong Kong Profits Tax for 2014 is calculated at 16.5% (2013: 16.5%) of estimated assessable profits for the year.

(ii) PRC subsidiaries are subject to PRC EIT at 25% (2013: 25%).

According to a joint circular of the Ministry of Finance and State Administration of Taxation, Cai Shui 2008 No. 1, only the profits earned by foreign-investment enterprise prior to 1 January 2008, when distributed to foreign investors, can be grandfathered and exempted from withholding tax. Dividend distributed out of the profits generated thereafter shall be subject to the EIT at 5% or 10% and withheld by the PRC entities.

(iii) The Group is not subject to any taxation under the jurisdiction of Bermuda, Samoa and BVI for the years ended 31 March 2014 and 2013.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

7. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (continued)

(b) Reconciliation between tax expense and accounting (loss)/profit at the applicable tax rates:

	2014	2013
	HK$'000	*HK$'000*
(Loss)/profit before taxation	**(3,727)**	8,090
Notional tax on (loss)/profit before taxation, calculated at the domestic income tax rate of 16.5% (2013: 16.5%)	**(615)**	1,335
Tax effect of non-deductible expenses	**401**	63
Tax effect of non-taxable income	**(149)**	(141)
Effect of different tax rates arising from other tax jurisdictions	**(457)**	(83)
Tax effect of utilisation of unused tax losses not recognised in prior years	**(344)**	(956)
Tax effect of unused tax losses not recognised	**1,768**	483
Under/(over)-provision in prior years	**12**	(341)
Withholding tax	**–**	123
Deferred tax on undistributed earnings of PRC subsidiaries	**–**	80
Others	**(12)**	58
Actual tax expense	**604**	621

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

8. DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 78 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), is as follows:

	2014				
	Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement benefits scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors					
Mr. Zhang Honghai (appointed on 30 October 2013)	–	519	–	8	527
Mr. Cheung Ming (appointed on 22 October 2013)	–	472	–	11	483
Mr. Sue Ka Lok	–	715	–	35	750
Ms. Hu Denger (appointed on 11 November 2013)	–	200	–	–	200
Mr. Ren Haisheng (appointed on 15 November 2013)	–	200	–	–	200
Mr. Li Hiu Ming (resigned on 11 November 2013)	–	73	–	4	77
Non-executive director					
Mr. Suen Cho Hung, Paul (re-designated from executive director on 28 January 2014)	–	120	–	6	126
Independent non-executive directors					
Mr. Chan Kwong Fat, George	96	–	–	–	96
Mr. Siu Hi Lam, Alick	96	–	–	–	96
Mr. Ng Tze Kin (appointed on 20 December 2013)	27	–	–	–	27
Mr. To Yan Ming, Edmond (resigned on 20 December 2013)	72	–	–	–	72
	291	2,299	–	64	2,654

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For the year ended 31 March 2014

8. DIRECTORS' EMOLUMENTS (continued)

	2013				
	Fees *HK$'000*	Salaries, allowances and benefits in kind *HK$'000*	Discretionary bonuses *HK$'000*	Retirement benefits scheme contributions *HK$'000*	Total *HK$'000*
Executive directors					
Mr. Suen Cho Hung, Paul	–	120	–	6	126
Mr. Sue Ka Lok	–	535	–	27	562
Mr. Li Hiu Ming	–	120	–	6	126
Mr. Poon Hor On (retired on 27 August 2012)	–	50	–	–	50
Independent non-executive directors					
Mr. Chan Kwong Fat, George	84	–	–	–	84
Mr. Siu Hi Lam, Alick	84	–	–	–	84
Mr. To Yan Ming, Edmond	84	–	–	–	84
	252	825	–	39	1,116

No directors of the Company has waived any emoluments and no emoluments were paid or payable by the Group to any of the directors as an inducement to join or upon joining the Group or as compensation for loss of office for the years ended 31 March 2014 and 2013.

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9. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, three (2013: one) are directors of the Company whose emoluments are disclosed in note 8. The emoluments of the remaining two (2013: four) individuals are as follows:

	2014	2013
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**1,080**	1,435
Discretionary bonuses	**46**	43
Retirement benefits scheme contributions	**56**	81
	1,182	1,559

The emoluments of the two (2013: four) individuals with the highest emoluments are within the following band:

	2014	2013
	Number of individuals	Number of individuals
Nil to HK$1,000,000	**2**	4

No emoluments were paid or payable by the Group to any of the two (2013: four) highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office for the years ended 31 March 2014 and 2013.

10. (LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated (loss)/profit attributable to owners of the Company includes a loss of HK$298,000 (2013: a profit of HK$5,755,000) which has been dealt with in the financial statements of the Company.

11. DIVIDENDS

No dividend was paid or proposed during the year ended 31 March 2014, nor has any dividend been proposed since the end of the reporting period (2013: nil).

12. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to owners of the Company of HK$3,680,000 (2013: profit of HK$7,429,000) and the weighted average number of 2,015,407,214 ordinary shares (2013: 1,937,800,573 ordinary shares) in issue during the year, and is calculated as follows:

	2014	2013
Issued ordinary shares at beginning of the year	**2,015,407,214**	4,852,000,000
Effect of share consolidation	**–**	(3,639,000,000)
Effect of shares issued upon open offer	**–**	553,583,035
Effect of shares issued upon loan capitalisation	**–**	171,217,538
Weighted average number of ordinary shares at end of the year	**2,015,407,214**	1,937,800,573

(b) Diluted (loss)/earnings per share

Diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share as there were no potential ordinary shares outstanding during the years ended 31 March 2014 and 2013.

13. EMPLOYEE RETIREMENT BENEFITS

The Group has arranged its Hong Kong employees to join the Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the employer and its employees make monthly contributions to the scheme at 5% of the employees' relevant income. The contributions from each of the employer and employees are subject to a cap of HK$1,250 (HK$1,000 prior to June 2012) per month and thereafter contributions are voluntary. Contributions to the plan vest immediately.

The Group also participates in a defined contribution state-managed retirement benefit scheme. The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the government of the PRC. The subsidiaries are required to contribute certain percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

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For the year ended 31 March 2014

14. PROPERTY, PLANT AND EQUIPMENT

The Group

	Machinery and equipment HK$'000	Moulds HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Computer equipment HK$'000	Motor vehicles HK$'000	Leasehold improvements HK$'000	Total HK$'000
Cost								
At 1 April 2012	–	1,722	464	14	58	–	–	2,258
Additions	–	–	–	67	23	–	–	90
Disposals	(102)	–	–	–	–	–	–	(102)
Acquisitions through business combinations *(note 27)*	1,335	–	15	494	–	74	38	1,956
Effect of foreign currency exchange differences	6	–	1	3	–	–	–	10
At 31 March 2013 and 1 April 2013	1,239	1,722	480	578	81	74	38	4,212
Additions	–	–	–	15	182	–	–	197
Disposals	–	–	–	(2)	–	–	–	(2)
Effect of foreign currency exchange differences	23	–	–	10	–	1	1	35
At 31 March 2014	1,262	1,722	480	601	263	75	39	4,442
Accumulated depreciation and impairment								
At 1 April 2012	–	832	251	6	24	–	–	1,113
Charge for the year	177	517	125	73	18	–	2	912
Eliminated on disposals	(26)	–	–	–	–	–	–	(26)
Effect of foreign currency exchange differences	1	–	–	–	–	–	–	1
At 31 March 2013 and 1 April 2013	152	1,349	376	79	42	–	2	2,000
Charge for the year	148	268	100	80	29	–	3	628
Eliminated on disposals	–	–	–	(2)	–	–	–	(2)
Impairment loss recognised in profit or loss	–	–	–	190	–	–	–	190
Effect of foreign currency exchange differences	3	–	–	2	–	–	–	5
At 31 March 2014	303	1,617	476	349	71	–	5	2,821
Carrying amounts								
At 31 March 2014	959	105	4	252	192	75	34	1,621
At 31 March 2013	1,087	373	104	499	39	74	36	2,212

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

15. GOODWILL

	The Group	
	2014	2013
	HK$'000	*HK$'000*
Cost		
At beginning of the year	**819**	–
Arising on acquisition of subsidiaries during the year *(note 27)*	**–**	819
At end of the year	**819**	819
Accumulated impairment losses		
At beginning of the year	**–**	–
Impairment loss	**819**	–
At end of the year	**819**	–
Carrying amount	**–**	819

For the purposes of impairment testing, goodwill has been allocated to a CGU. A subsidiary of the Company, May Wilson Plastics and Electronics (HK) Co. Limited ("MWHK") is engaged in the sale of home electrical appliances, electronic products and related plastic injection components for which part of those home electrical appliances are produced by the acquired subsidiaries, May Wilson Holding Limited ("MWH") and its subsidiaries (together the "MWH Group"). The management considered MWHK and MWH Group is a CGU as synergies are derived in such arrangement.

During the year, the Group performed impairment review for goodwill, based on pre-tax cash flow projections derived from the most recent financial budgets approved by management covering a five-year period with a discount rate of 8% (2013: 8%).

The recoverable amount of the CGU is determined based on value in use calculations. The key factors for the value in use calculations are discount rates, growth rates and expected changes to revenue and direct costs during the financial budget period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. The growth rate is based on industry growth forecasts. Changes in revenue and direct cost are based on past practices and expectations of future changes in the market. Other key assumptions for the value in use calculations included budgeted sales and gross margins and their related cash inflow and outflow patterns, estimated based on the CGU's historical performance and management's expectation of the market development.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

15. GOODWILL (continued)

For the year ended 31 March 2014, as the CGU to which goodwill is allocated has been reduced to its forecast recoverable amount of HK$2,094,000 due to the foreseeable reduced profit resulting from the increase in manufacturing costs, an impairment loss on goodwill of HK$819,000 has been recognised in "other operating expenses" in the consolidated statement of profit or loss.

16. INVENTORIES

	The Group	
	2014	2013
	HK$'000	*HK$'000*
Merchandise	**13,524**	–
Raw materials	**170**	373
Work in progress	**79**	605
Finished goods	**137**	226
	13,910	1,204

17. TRADE AND BILLS RECEIVABLES

	The Group	
	2014	2013
	HK$'000	*HK$'000*
Trade and bills receivables	**119,927**	42,384
Less: Allowance for doubtful debts *(note (b))*	**(860)**	–
	119,067	42,384

All of the trade and bills receivables are expected to be recovered within one year.

17. TRADE AND BILLS RECEIVABLES (continued)

Notes:

(a) Age analysis

The following is an analysis of trade and bills receivables by age, presented based on the invoice date, which approximates the respective revenue recognition dates, or the bills issue date, and net of allowance for doubtful debts:

	The Group	
	2014	2013
	HK$'000	HK$'000
0 – 60 days	**118,203**	8,558
61 – 120 days	**251**	6,486
121 – 180 days	**–**	211
Over 180 days	**613**	27,129
	119,067	42,384

Trade and bills receivables are due within 30 to 180 days (2013: 30 to 180 days) from the date of billing. Further details on the Group's credit policy are set out in note 26(a).

(b) Impairment of trade and bills receivables

Impairment losses in respect of trade and bills receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade and bills receivables directly (see note 2(g)).

Movements in the allowance for doubtful debts

	The Group	
	2014	2013
	HK$'000	HK$'000
At beginning of the year	**–**	–
Impairment loss recognised	**860**	–
At end of the year	**860**	–

At 31 March 2014, trade receivables of the Group amounting to HK$860,000 (2013: nil) were individually determined to be impaired. The individually impaired receivables were outstanding for over 365 days at the end of the reporting period or were due from customers with financial difficulties. Accordingly, specific allowances for doubtful debts of HK$860,000 (2013: nil) were recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

17. TRADE AND BILLS RECEIVABLES (continued)

Notes: (continued)

(c) Trade and bills receivables that are not impaired

The ageing analysis of trade and bills receivables that are neither individually nor collectively considered to be impaired are as follows:

	The Group	
	2014	2013
	HK$'000	HK$'000
Neither past due nor impaired	**118,308**	13,946
Past due but not impaired		
Less than 1 month past due	**145**	20,737
1 to 3 months past due	**–**	681
Over 3 months past due	**614**	7,020
	759	28,438
	119,067	42,384

Receivables that were neither past due nor impaired relate to bills receivables and customers for whom there was no significant history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have 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.

(d) Transfer of financial assets

During the year, the Group discounted bills receivable with a carrying amount of HK$52,112,000 (2013: nil) to a bank for cash proceeds of HK$51,879,000 (2013: nil). If the bills receivable is not paid at maturity, the bank has the right to request the Group to pay the unsettled balance. As the Group has not transferred the significant risks and rewards relating to this bills receivable, it continues to recognise the full carrying amount of the receivable and has recognised the cash received on the transfer as secured bank advance.

At the end of the reporting period, the carrying amount of the bills receivable that has been transferred but has not been derecognised amounted to HK$52,112,000 (2013: nil) and the carrying amount of the associated liability is HK$52,112,000 (2013: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	The Group		The Company	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Other receivables	**291**	669	**–**	11
Loans receivable *(note (a))*	**–**	12,500	**–**	–
Less: Allowance for doubtful debts *(note (d))*	**(21)**	–	**–**	–
	270	13,169	**–**	11
Amounts due from subsidiaries *(note (b))*	**–**	–	**122,913**	112,183
Less: Allowance for doubtful debts *(note (c))*	**–**	–	**(1,498)**	–
	–	–	**121,415**	112,183
Trade deposits paid	**6,162**	6,912	**–**	–
Other deposits and prepayments	**875**	1,031	**325**	336
	7,307	21,112	**121,740**	112,530
Representing:				
Current	**7,307**	20,775	**121,740**	112,530
Non-current	**–**	337	**–**	–
	7,307	21,112	**121,740**	112,530

Notes:

(a) At 31 March 2013, loans receivable represented two separate loans advanced by the Group according to respective participation agreements, pursuant to which the Group agreed to be a participant under separate loan facilities granted by two lenders to their borrowers respectively. All of the lenders and the borrowers are independent third parties to the Group. The details of the loans were as follows:

(i) an amount of HK$7,250,000 was unsecured but guaranteed by a director and shareholder of the lender and interest-bearing at 2% per month. As at 31 March 2013, the balance was repayable within the next financial period and was neither past due nor impaired. During the year ended 31 March 2014, the loan was fully repaid to the Group.

(ii) an amount of HK$5,250,000 was unsecured and interest-bearing at 3% per month. As at 31 March 2013, the balance was repayable within the next financial period and was neither past due nor impaired. During the year ended 31 March 2014, the loan was fully repaid to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

Notes: (continued)

(b) The amounts due from subsidiaries are unsecured and repayable on demand. Except for the balances with carrying amounts of HK$107,303,000 (2013: HK$14,544,000) which are interest-free, the remaining balances of HK$15,610,000 (2013: HK$97,639,000) are interest-bearing at a fixed rate of 4% (2013: variable rate of 2% over Hong Kong Dollar Prime rate) per annum. The weighted average effective interest rate is 4% (2013: 7%) per annum.

(c) Impairment of amounts due from subsidiaries

Movements in the allowance for doubtful debts

	The Company	
	2014	2013
	HK$'000	HK$'000
At beginning of the year	**–**	–
Impairment loss recognised	**1,498**	–
At end of the year	**1,498**	–

During the year ended 31 March 2014, several subsidiaries had incurred operating losses. After reviewing the financial performance and financial position of these subsidiaries and taking into account the current market environment, the directors consider that impairment loss of HK$1,498,000 (2013: nil) on the amount due from a subsidiary should be made. The impairment loss was recognised in the profit or loss of the Company.

(d) Impairment of other receivables

Impairment losses in respect of other receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against other receivables directly (see note 2(g)).

Movements in the allowance for doubtful debts

	The Group	
	2014	2013
	HK$'000	HK$'000
At beginning of the year	**–**	–
Impairment loss recognised	**21**	–
At end of the year	**21**	–

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

Notes: (continued)

(d) Impairment of other receivables (continued)

At 31 March 2014, other receivables of the Group amounting to HK$21,000 (2013: nil) were individually determined to be impaired. The individually impaired receivables were outstanding for over 365 days at the end of the reporting period or were due from debtors with financial difficulties. Accordingly, specific allowances for doubtful debts of HK$21,000 (2013: nil) were recognised.

(e) All of the other receivables are expected to be recovered within one year and trade deposits paid and prepayments are expected to be recognised as expenses within one year. Deposits expected to be recovered after more than one year is HK$nil (2013: HK$337,000).

19. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK DEPOSITS

(a) Cash and cash equivalents

	The Group	
	2014	2013
	HK$'000	*HK$'000*
Deposits with banks	**26,305**	80,081
Cash at bank and on hand	**45,451**	27,408
Cash and cash equivalents in the consolidated statement of financial position and the consolidated statement of cash flows	**71,756**	107,489

	The Company	
	2014	2013
	HK$'000	*HK$'000*
Deposits with banks	**–**	30,049
Cash at bank and on hand	**23,944**	102
Cash and cash equivalents in the statement of financial position	**23,944**	30,151

Note:

The interest rates on the cash at bank and deposits with banks ranged from 0.01% to 2.85% (2013: 0.01% to 0.75%) per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

19. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK DEPOSITS (continued)

(b) Restricted bank deposits

The Group's restricted bank deposits of HK$120,952,000 (2013: nil) comprise of:

(i) Deposits of HK$120,031,000 (2013: nil) placed at a bank to secure the bills payables (note 20) without any deposit interest. The restricted bank deposits will be released upon the settlement of relevant bills payables.

(ii) Deposits of HK$628,000 (2013: nil) placed at a bank as guarantee fund for the withholding of assets of one of the Group's customers by Shenzhen Luohu People's Court (literal translation of 深圳市羅湖區人民法院) due to a claim made by the Group against that customer for default of payment. The guarantee fund is interest-bearing at an effective interest rate of 2.85% (2013: nil).

(iii) Deposits of HK$293,000 (2013: nil) placed at a bank as security for PRC customs duty in respect of production for export sales which will be released upon completion of the export sales.

20. TRADE AND BILLS PAYABLES

	The Group	
	2014	2013
	HK$'000	*HK$'000*
Trade and bills payables	**124,530**	13,521

Notes:

(a) All of the trade and bills payables are expected to be settled within one year.

(b) Included within trade and bills payables are bills payables of HK$110,071,000 (2013: nil) being secured by the restricted bank deposits of HK$120,031,000 (2013: nil).

(c) The following is an analysis of trade and bills payables by age presented based on the invoice date or the bills issue date:

	The Group	
	2014	2013
	HK$'000	HK$'000
0 – 60 days	**110,265**	1,020
61 – 120 days	**14,135**	770
121 – 180 days	**11**	241
Over 180 days	**119**	11,490
	124,530	13,521

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21. ACCRUALS, DEPOSITS AND OTHER PAYABLES

	The Group		The Company	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Accruals and other payables	**4,387**	5,213	**154**	120
Amounts due to subsidiaries *(note (b))*	**–**	–	**9,914**	6,560
Trade deposits received	**1,117**	351	**–**	–
	5,504	5,564	**10,068**	6,680

Notes:

(a) All of the accruals, other payables and trade deposits received are expected to be settled or recognised as income within one year or are repayable on demand.

(b) The amounts due to subsidiaries are unsecured and repayable on demand. Except for the balances with carrying amounts of HK$5,591,000 (2013: HK$3,969,000) which are interest-free, the remaining balances of HK$4,323,000 (2013: HK$2,591,000) are interest-bearing at a fixed rate of 4% (2013: variable rate of 2% over Hong Kong Dollar Prime rate) per annum. The weighted average effective interest rate is 4% (2013: 7%) per annum.

22. BANK ADVANCE FOR DISCOUNTED BILL

At 31 March 2014, the bank advance for discounted bill of HK$52,112,000 (2013: nil) is secured by the bills receivable, interest-bearing at 1.83% (2013: nil) and repayable within the next financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

23. INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	The Group	
	2014	2013
	HK$'000	*HK$'000*
At beginning of the year	**(837)**	2,688
Acquisitions through business combinations *(note 27)*	**–**	(34)
Provision for the year		
– Hong Kong Profits Tax	**610**	494
– PRC EIT	**82**	474
	692	968
Under/(over)-provision in respect of prior years		
– Hong Kong Profits Tax	**11**	(303)
– PRC EIT	**1**	(38)
	12	(341)
Income tax paid during the year		
– Hong Kong Profits Tax	**(360)**	(3,552)
– PRC EIT	**(209)**	(599)
	(569)	(4,151)
Income tax recovered during the year		
– Hong Kong Profits Tax	**688**	34
Effect of foreign currency exchange differences	**1**	(1)
At end of the year	**(13)**	(837)
Representing:		
Tax recoverable	**(623)**	(1,149)
Tax payable	**610**	312
	(13)	(837)

23. INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION (continued)

(a) Current taxation in the consolidated statement of financial position represents: (continued)

Tax recoverable in the statement of financial position represents:

	The Company	
	2014	2013
	HK$'000	*HK$'000*
At beginning of the year	**–**	–
Income tax paid during the year		
– Hong Kong Profits Tax	**(87)**	–
At end of the year	**(87)**	–

(b) Deferred tax recognised

(i) The Group

The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

Deferred tax arising from:	**Undistributed profits of subsidiaries**	**Depreciation allowances in excess of related depreciation**	**Depreciation in excess of related depreciation allowances**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2012	–	77	–	77
Charged/(credited) to profit or loss	79	(77)	(8)	(6)
Effect of foreign currency exchange differences	1	–	–	1
At 31 March 2013 and 1 April 2013	80	–	(8)	72
(Credited)/charged to profit or loss	(81)	31	(50)	(100)
Effect of foreign currency exchange differences	1	–	–	1
At 31 March 2014	–	31	(58)	(27)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

23. INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION (continued)

(b) Deferred tax recognised (continued)

(ii) Reconciliation to the consolidated statement of financial position:

	The Group	
	2014	2013
	HK$'000	*HK$'000*
Deferred tax assets recognised in the consolidated statement of financial position	**(58)**	(8)
Deferred tax liability recognised in the consolidated statement of financial position	**31**	80
	(27)	72

(c) Deferred tax assets not recognised

As at 31 March 2014, the Group has unused tax losses of approximately HK$3,468,000 (2013: approximately HK$1,482,000) and approximately HK$7,326,000 (2013: approximately HK$2,399,000) available for offset against future profits that may be carried forward indefinitely and with expiry date of within 5 years, respectively. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams.

As at 31 March 2014, the Company has unused tax losses of approximately HK$248,000 (2013: approximately HK$1,171,000) available for offset against future profits that may be carried forward indefinitely. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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24. CAPITAL AND RESERVES

(a) The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company

	Share capital *HK$'000*	Share premium *HK$'000*	Capital reserve *HK$'000*	Merger reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
At 1 April 2012	2,426	24,292	7,851	(1,522)	(54,631)	(21,584)
Profit for the year	–	–	–	–	5,755	5,755
Total comprehensive income for the year	–	–	–	–	5,755	5,755
Shares issued upon open offer	1,213	115,235	–	–	–	116,448
Shares issued upon loan capitalisation	392	37,222	–	–	–	37,614
Expenses in relation to issuing shares	–	(2,231)	–	–	–	(2,231)
At 31 March 2013	4,031	174,518	7,851	(1,522)	(48,876)	136,002
At 1 April 2013	4,031	174,518	7,851	(1,522)	(48,876)	136,002
Loss for the year	–	–	–	–	(298)	(298)
Total comprehensive expenses for the year	–	–	–	–	(298)	(298)
At 31 March 2014	4,031	174,518	7,851	(1,522)	(49,174)	135,704

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

24. CAPITAL AND RESERVES (continued)

(b) Share capital

	2014 Number of shares	**2014** Amount HK$'000	2013 Number of shares	2013 Amount HK$'000
Authorised:				
Ordinary shares of HK$0.002 each				
At beginning of the year	**50,000,000,000**	**100,000**	200,000,000,000	100,000
Share consolidation *(note (i))*	**–**	**–**	(150,000,000,000)	–
At end of the year	**50,000,000,000**	**100,000**	50,000,000,000	100,000
Issued and fully paid:				
Ordinary shares of HK$0.002 each				
At beginning of the year	**2,015,407,214**	**4,031**	4,852,000,000	2,426
Share consolidation *(note (i))*	**–**	**–**	(3,639,000,000)	–
Shares issued upon open offer *(note (ii))*	**–**	**–**	606,500,000	1,213
Shares issued upon loan capitalisation *(note (iii))*	**–**	**–**	195,907,214	392
At end of the year	**2,015,407,214**	**4,031**	2,015,407,214	4,031

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

Notes:

(i) A shareholders' resolution was passed on 12 April 2012 to approve the consolidation of every four issued and unissued ordinary shares of par value of HK$0.0005 each in the share capital of the Company into one ordinary share of par value of HK$0.002 each (the "New Shares"). The New Shares rank pari passu in all respects with each other in accordance with the Memorandum of Association and Bye-laws of the Company. Immediately after completion of the share consolidation, the authorised share capital of the Company remained at HK$100,000,000 comprising 50,000,000,000 New Shares of HK$0.002 each, of which 1,213,000,000 New Shares of HK$0.002 each were issued.

(ii) An open offer was completed on 16 May 2012. The Company raised gross proceeds of HK$116,448,000 by way of an open offer of 606,500,000 offer shares at the subscription price of HK$0.192 per offer share on the basis of one offer share for every two New Shares held by existing shareholders.

24. CAPITAL AND RESERVES (continued)

(b) Share capital (continued)

Notes: (continued)

(iii) A shareholders' resolution was passed on 12 April 2012 to approve the loan capitalisation agreement entered into between Long Channel and the Company dated 27 February 2012 in relation to the subscription for 195,907,214 New Shares of HK$0.002 each in the share capital of the Company at the price of HK$0.192 per New Share by way of capitalising a sum of approximately HK$37,614,000 (including interests accrued up to 31 May 2011) out of the balance of the amount due to the immediate holding company as of 31 May 2011.

(c) Nature and purpose of reserves

(i) Share premium

The application of the share premium account is governed by the Companies Act 1981 of Bermuda (the "Companies Act").

(ii) Merger reserve

On 6 January 2003, the Company became the holding company of the companies then comprising the Group pursuant to a group reorganisation scheme (the "Group Reorganisation") at the time of listing of the Company's shares on the Stock Exchange. The merger reserve of the Group represents the difference between the nominal value of the shares of a former subsidiary of the Company acquired pursuant to the Group Reorganisation and the nominal value of the Company's shares issued in exchange therefor.

(iii) Capital reserve

Capital reserve represents the fair value adjustment on the amounts due to the former ultimate holding company and the immediate holding company at initial recognition, deemed capital contribution from the immediate holding company on the date of extension of repayment and waiver of amount due to the former ultimate holding company.

(iv) Statutory surplus reserve

Pursuant to applicable PRC regulations, certain PRC subsidiaries in the Group are required to appropriate not less than 10% of their profit after tax to the statutory surplus reserve until such reserve reaches 50% of their registered capital. Transfers to this reserve must be made before distribution of dividends to shareholders.

(v) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of overseas subsidiaries. The reserve is dealt with in accordance with the accounting policy set out in note 2(q).

24. CAPITAL AND RESERVES (continued)

(d) Distributable reserves

At 31 March 2014, the Company had no reserves available for cash distribution and/or distribution in specie. Under the Companies Act, the Company's share premium in the amount of HK$174,518,000 as at 31 March 2014 (2013: HK$174,518,000) may be distributed in the form of fully paid bonus shares.

(e) Capital Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to owners through the optimisation of the debt and equity balances. The Group's overall strategy remains unchanged from prior years.

The capital structure of the Group consists of debt, which includes the bank advance for discounted bill disclosed in note 22, and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure regularly. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

The Group is not subject to any externally imposed capital requirements.

25. EQUITY-SETTLED SHARE-BASED TRANSACTIONS

The existing share option scheme of the Company (the "Share Option Scheme") was adopted by the Company at the annual general meeting of the Company held on 27 August 2012 and the previous share option scheme of the Company adopted on 6 January 2003 was terminated on the same date. Unless otherwise cancelled or amended, the Share Option Scheme will be valid and effective for a period of ten years commencing on the date of adoption. The purpose of the Share Option Scheme is to enable the Group to attract, retain and motivate talented participants to strive for future development and expansion of the Group. The Share Option Scheme shall provide incentive to encourage participants to perform their best in achieving the goals of the Group and allow the participants to enjoy the results of the Company attained through their efforts and contributions. Eligible participants of the Share Option Scheme include any individual being an employee, officer, agent, consultant or representatives of any member of the Group (including any executive or non-executive director of any member of the Group) who, as the Board may determine in its absolute discretion, has made valuable contribution to the business of the Group based on his/her performance and/or years of service, or is regarded to be a valuable human resource of the Group based on his/her working experience, knowledge in the industry and other relevant factors. The offer of a grant of share options may be accepted within thirty days from the date of grant, provided that no such grant shall be open for acceptance after the expiry of the period of ten years commencing on the adoption date of the Share Option Scheme or after the Share Option Scheme has been terminated. The amount payable by each grantee of options to the Company on acceptance of the offer for the grant of options is HK$1.00.

25. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (continued)

The subscription price for the shares on the exercise of options under the Share Option Scheme shall be a price determined by the Board and notified to the relevant participant at the time of grant of the options (subject to any adjustments made pursuant to the Share Option Scheme and the relevant provisions of the Listing Rules) made to (subject to acceptance by) the participant and shall be at least the highest of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date on which the option is granted, which date must be a business day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date on which the option is granted; and (iii) the nominal value of the share. An option may be exercised in accordance with the terms of the Share Option Scheme and such other terms and conditions upon which an option was granted, at any time during the option period after the option has been granted by the Board but in any event, not longer than ten years from the date of grant.

The total number of shares issued and to be issued upon exercise of the options granted to each participant, together with all options granted and to be granted to him/her under any other share option scheme(s) of the Company within the 12-month period immediately preceding the proposed date of grant (including exercised, cancelled and outstanding options) shall not exceed 1% of the total number of the shares in issue as at the proposed date of grant. Any further grant of options to a participant in excess of the 1% limit shall be subject to the shareholders' approval of the Company with such participant and his/her associates abstaining from voting.

The limit on the total number of the shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme(s) of the Company (excluding lapsed and cancelled options) must not exceed 30% of the total number of the shares in issue from time to time. In addition, the total number of the shares which may be issued upon exercise of all options to be granted under the Share Option Scheme, together with all options to be granted under any other share option scheme(s) of the Company (excluding lapsed options), must not represent more than 10% of the total number of the shares in issue as at the date of approval of the Share Option Scheme (the "Scheme Mandate Limit") or as at the date of approval of the refreshed Scheme Mandate Limit as the case maybe. As at the date of approval of these consolidated financial statements, the total number of shares of the Company available for issue under the Share Option Scheme is 201,540,721 shares which represents approximately 10% of the issued share capital of the Company.

No share options were granted or exercised during the years ended 31 March 2014 and 2013 and no share options were outstanding as at 31 March 2014 and 2013.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

26. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

The Group's and the Company's major financial instruments include the followings:

Categories of financial instruments

	Thg Group		The Company	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Financial assets				
Trade and bills receivables	**119,067**	42,384	**–**	–
Other receivables and loans receivable	**270**	13,169	**–**	11
Amounts due from subsidiaries	**–**	–	**121,415**	112,183
Restricted bank deposits	**120,952**	–	**–**	–
Cash and cash equivalents	**71,756**	107,489	**23,944**	30,151
Loans and receivables	**312,045**	163,042	**145,359**	142,345
Financial liabilities				
Trade and bills payables	**124,530**	13,521	**–**	–
Accruals and other payables	**4,387**	5,213	**154**	120
Amounts due to subsidiaries	**–**	–	**9,914**	6,560
Bank advance for discounted bill	**52,112**	–	**–**	–
Financial liabilities at amortised cost	**181,029**	18,734	**10,068**	6,680

Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include credit risk, liquidity risk, currency risk and interest rate risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Credit risk

(i) Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

26. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(a) Credit risk (continued)

(ii) The Group's credit risk is primarily attributable to trade receivables. In order to minimize risk, the management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. The management of the Group has delegated a team responsible for the determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Before accepting any new customer, the Group carries out searches on the credibility of the new customer and assesses the potential customer's credit quality and defines credit limits for the customer. Limits attributed to customers are reviewed once a year.

Credit evaluations of customers' financial position and condition are performed on each and every major customer periodically. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Debts are usually due within 30 to 180 days (2013: 30 to 180 days) from the date of billing. Normally, the Group does not obtain collateral from its customers.

(iii) The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. At the end of the reporting period, 39% (2013: 39%) and 91% (2013: 74%) of the total trade receivables were due from the Group's largest trade debtor and the three largest trade debtors respectively. In the opinion of the directors, the three largest trade debtors are well established customers with good credibility.

(iv) The credit risk on bills receivables is considered as minimal as such amounts are to be settled by banks with good reputation.

(v) The Company's credit risk is primarily attributable to amounts due from subsidiaries. The Company reviews the recoverable amounts of individual debts at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. The Company's exposure to credit risk arising from default of the counterparties is limited as the Company monitors the operating results and cashflows of the counterparties and the Company does not expect to incur a significant loss for uncollected amounts due from subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

26. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(a) Credit risk (continued)

(vi) In respect of amounts due from subsidiaries, the Company has concentration of credit risk as 80% (2013: 62%) and 13% (2013: 18%) of the amounts due from subsidiaries are owed from subsidiaries within the segment of sourcing and sale of computer and related products and metal minerals for manufacturing of parts and components of electrical and electronic products and sale of home electrical appliances, electronic products and related plastic injection components, respectively.

(vii) The Group also has credit risk attributable to loans receivable. The management of the Group monitors the credit risk on an ongoing basis. Credit evaluations of the counterparties' financial position and condition are performed periodically. These evaluations focus on the counterparties' current ability to pay, and take into account the value of assets pledged by the counterparties as security for the facilities. As the balances were fully recovered during the year ended 31 March 2014, no impairment allowance is necessary in respect of the loans receivable balances.

(viii) The credit risk on restricted bank deposits and cash and cash equivalents is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

(ix) Except for the financial guarantee given by the Company as set out in note 30, the Group or the Company does not provide any other guarantees which would expose the Group or the Company to credit risk. The maximum exposure to credit risk in respect of the financial guarantee at the end of the reporting period is disclosed in note 30.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and bills receivables and other receivables are set out in notes 17 and 18 respectively.

(b) Liquidity risk

The cash management policy of the Group includes short-term investment of cash surpluses and raising of loans to cover expected cash demands. The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient amount of cash to meet its liquidity requirements in the short and longer term. The Group relies on its liquid funds as a significant source of liquidity.

The following tables set out the remaining contractual maturities at the end of the reporting period of the Group's and the Company's non-derivative financial liabilities based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group and the Company can be required to pay.

26. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(b) Liquidity risk (continued)

The Group

	2014		
	Within 1 year or on demand	**Total contractual undiscounted cash flow**	**Carrying amount**
	HK$'000	***HK$'000***	***HK$'000***
Non-derivative financial liabilities:			
Trade and bills payables	**124,530**	**124,530**	**124,530**
Accruals and other payables	**4,387**	**4,387**	**4,387**
Bank advance for discounted bill	**52,112**	**52,112**	**52,112**
	181,029	**181,029**	**181,029**

	2013		
	Within 1 year or on demand	Total contractual undiscounted cash flow	Carrying amount
	HK$'000	*HK$'000*	*HK$'000*
Non-derivative financial liabilities:			
Trade and bills payables	13,521	13,521	13,521
Accruals and other payables	5,213	5,213	5,213
	18,734	18,734	18,734

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

26. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(b) Liquidity risk (continued)

The Company

	2014		
	Within 1 year or on demand *HK$'000*	**Total contractual undiscounted cash flow** *HK$'000*	**Carrying amount** *HK$'000*
Non-derivative financial liabilities:			
Accruals and other payables	**154**	**154**	**154**
Amounts due to subsidiaries	**9,914**	**9,914**	**9,914**
	10,068	**10,068**	**10,068**
Financial guarantee issued:			
Maximum amount guaranteed *(note 30)*	**14,085**	**14,085**	**–**

	2013		
	Within 1 year or on demand *HK$'000*	Total contractual undiscounted cash flow *HK$'000*	Carrying amount *HK$'000*
Non-derivative financial liabilities:			
Accruals and other payables	120	120	120
Amounts due to subsidiaries	6,560	6,560	6,560
	6,680	6,680	6,680

The amount included above for financial guarantee contract is the maximum amount the Company could be forced to settle under the arrangement if that amount is claimed by the counterparty under the guarantee. Based on estimations as at 31 March 2014, the Company considered that it is more likely than not that no amount will be payable by the Company under the arrangement as the non-wholly-owned subsidiary, being the debtor under the guarantee arrangement, has adequate financial resources to settle its own liabilities. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

26. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(c) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances (see note 19 for details) and fair value interest rate risk mainly in relation to fixed-rate loans receivable (see note 18(a) for details), bank deposits (see note 19 for details) and bank advance for discounted bill (see note 22 for details).

The Company is exposed to cash flow interest rate risk in relation to variable-rate bank balances (see note 19 for details), variable-rate amounts due from subsidiaries (see note 18(b) for details) and variable-rate amounts due to subsidiaries (see note 21(b) for details). The Company is exposed to fair value interest rate risk mainly in relation to fixed-rate amounts due from subsidiaries (see note 18(b) for details) and fixed-rate amounts due to subsidiaries (see note 21(b) for details).

Interest rate risks are managed by the Group by maintaining an appropriate mix between fixed and variable rate financial instruments.

Sensitivity analysis

At 31 March 2014, it is estimated that a general increase/decrease of 50 basis points in interest rates for variable-rate financial instruments, with all other variables held constant, would have decreased/increased the Group's loss after tax and the Group's accumulated losses by approximately HK$170,000 (2013: increased/decreased the Group's profit after tax and decreased/increased the Group's accumulated losses by approximately HK$137,000) and have decreased/increased the Company's loss after tax and the Company's accumulated losses by approximately HK$119,000 (2013: increased/decreased the Company's profit after tax and decreased/increased the Company's accumulated losses by approximately HK$397,000). Other components of the Group's consolidated equity and the Company's equity would not change in response to the general increase/decrease in interest rates.

The sensitivity analysis above have been determined based on the exposure to interest rates at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis points (2013: 50 basis points) increase/decrease in interest rates is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. The analysis is performed on the same basis for 2013.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

26. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(d) Currency risk

(i) Exposure to currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables, restricted bank deposits, cash and cash equivalents and bank advance for discounted bill that are denominated in a foreign currency, that is, a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily US$, JPY, RMB and HK$. The Group currently does not have a foreign currency hedging policy as the Group believes its exposure to foreign exchange rate is not significant. However, the management monitors the Group's foreign currency exposures and will consider hedging significant foreign currency exposures should the need arises.

The following details the Group's and the Company's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in HK$, translated using the spot rate at the end of the reporting period.

The Group

	Exposure to foreign currencies (expressed in HK$)					
		2014			2013	
	JPY	**US$**	**RMB**	JPY	US$	RMB
	'000	***'000***	***'000***	*'000*	*'000*	*'000*
Restricted bank deposits	**-**	**120,031**	**-**	–	–	–
Cash and cash equivalents	**-**	**23,243**	**1,285**	–	4,146	19
Trade and bills receivables	**-**	**118,210**	**-**	–	33,686	–
Other receivables and loans receivable	**-**	**-**	**115**	–	–	–
Trade and bills payables	**-**	**(124,163)**	**-**	–	(7,978)	–
Accruals and other payables	**(2,853)**	**(69)**	**-**	(2,852)	–	–
Bank advance for discounted bill	**-**	**(52,112)**	**-**	–	–	–
Net exposure arising from recognised assets and liabilities	**(2,853)**	**85,140**	**1,400**	(2,852)	29,854	19

At 31 March 2014, the PRC subsidiaries of the Group with RMB as their functional currency are also exposed to currency risk with respect to HK$ by holding HK$ denominated cash and cash equivalents, trade and bills receivables and trade and bills payables in the amount of HK$1,000, HK$nil and HK$325,000 (2013: HK$3,001,000, HK$561,000 and HK$1,072,000) respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

26. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(d) Currency risk (continued)

(i) Exposure to currency risk (continued)

The Company

	Exposure to foreign currencies (expressed in HK$)			
	2014		2013	
	US$	**RMB**	US$	RMB
	'000	***'000***	*'000*	*'000*
Cash and cash equivalents	**9,196**	**3**	87	–
Gross exposure arising from recognised assets	**9,196**	**3**	87	–

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's and the Company's loss after tax (and accumulated losses) that would arise if foreign exchange rates to which the Group and the Company has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between the HK$ and the US$ would be materially unaffected by any changes in movement in value of the US$ against other currencies. The increase/(decrease) in foreign exchange rates of 5% represents the sensitivity rate of management's assessment of the reasonably possible strengthening/(weakening) of the foreign currency against the functional currencies of the group entities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

26. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(d) Currency risk (continued)

(ii) Sensitivity analysis (continued)

The Group

	2014			2013		
	Increase/ (decrease) in foreign exchange rates	(Increase)/ decrease in loss after tax *HK$'000*	(Increase)/ decrease in accumulated losses *HK$'000*	Increase/ (decrease) in foreign exchange rates	Increase/ (decrease) in profit after tax *HK$'000*	(Increase)/ decrease in accumulated losses *HK$'000*
JPY	5%	(119)	(119)	5%	(119)	(119)
	(5%)	119	119	(5%)	119	119
US$	5%	-	-	5%	(4)	(4)
	(5%)	-	-	(5%)	4	4
HK$	5%	(12)	(12)	5%	93	93
	(5%)	12	12	(5%)	(93)	(93)
RMB	5%	58	58	5%	1	1
	(5%)	(58)	(58)	(5%)	(1)	(1)

The Company

It is assumed that the pegged rate between the HK$ and the US$ would be materially unaffected by any changes in movement in value of the US$ against other currencies, accordingly no sensitivity analysis is presented for the Company's exposure to US$, the only significant exposure to foreign currencies by the Company.

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the group entities' profit/loss after tax and equity measured in the respective functional currencies, translated into HK$ at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis has been determined assuming 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. The analysis is performed on the same basis for 2013.

26. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(e) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's and the Company's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 March 2014 and 2013.

27. BUSINESS COMBINATIONS

For the year ended 31 March 2013

On 30 April 2012, the Group acquired control of MWH through the acquisition of 92% equity interests in MWH, an investment holding company with its subsidiaries, May Wilson Plastics Industries Company Limited and May Wilson Plastics Industries (Shenzhen) Company Limited ("MWSZ") (literal translation of 美偉成塑膠實業(深圳)有限公司), which are principally engaged in the manufacture and sale of home electrical appliances, electronic products and related plastic injection components, for a cash consideration of HK$6,000,000. MWH was acquired so as to continue the expansion of the Group's business of home electrical appliances, electronic products and related plastic injection components.

The amounts recognised as of the acquisition date for each major class of assets acquired and liabilities assumed are as follows:

	Amounts recognised (at fair value) *HK$'000*
Property, plant and equipment *(note 14)*	1,956
Rental deposit	333
Inventories	988
Tax recoverable *(note 23(a))*	34
Trade and other receivables, deposits and prepayments	7,902
Amount due from MWHK	18,621
Cash and cash equivalents	1,430
Trade and other payables	(24,178)
Amount due to a non-controlling interest	(1,455)
Total identifiable net assets	5,631
Goodwill arising on acquisition	
Consideration transferred	6,000
Plus: Non-controlling interests	450
Less: Net assets acquired	(5,631)
Goodwill arising on acquisition *(note 15)*	819

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

27. BUSINESS COMBINATIONS (continued)

For the year ended 31 March 2013 (continued)

The non-controlling interests (8% in MWH) recognised at the acquisition date was measured by reference to the proportionate share of the fair value of the MWH Group's identifiable net assets and amounted to approximately HK$450,000.

Net cash outflow on acquisition

	HK$'000
Consideration, satisfied in cash	(6,000)
Less: Deposit paid for acquisition of subsidiaries in prior year	500
Less: Cash and cash equivalents acquired	1,430
Net cash outflow	(4,070)

Impact of acquisition on the revenue and results of the Group

For the eleven months ended 31 March 2013, MWH Group contributed revenue and loss of HK$4,530,000 and HK$2,054,000 respectively to the revenue and profit of the Group for the year ended 31 March 2013.

Had the acquisition occurred on 1 April 2012, the revenue and profit of the Group for the year ended 31 March 2013 would have been HK$150,967,000 and HK$7,090,000 respectively. The pro forma information is for illustrative purpose 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 2012, nor is intended to be a projection of future results.

Acquisition-related costs are insignificant and have been excluded from the consideration transferred and have been recognised as an expense for the year ended 31 March 2013 and prior years, within the 'administrative expenses' line item in the consolidated statement of profit or loss.

The goodwill of HK$819,000 arising from the acquisition is attributable to economies of scale expected from combining the operations of the Group and MWH Group. None of the goodwill recognised is expected to be deductible for income tax purposes.

At the acquisition date, the gross contractual amount of the receivables acquired was equivalent to its fair value of HK$7,902,000 and it was expected that all amounts were fully collectible.

28. MATERIAL RELATED PARTY TRANSACTIONS

The Group has entered into the following material related party transactions:

(a) Key management personnel remuneration

All members of key management personnel are the directors of the Company, and the remuneration for them is disclosed in note 8 and as follows:

	2014	2013
	HK$'000	*HK$'000*
Salaries and other short-term employee benefits	**2,590**	1,077
Post-employment benefits	**64**	39
	2,654	1,116

Total remuneration is included in "staff costs" (see note 6(b)).

(b) Financing arrangement

	The Group			
	Amount due to related party		**Related interest expenses**	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Amount due to immediate holding company, Long Channel	**–**	–	**–**	37

Details of loans repaid during the prior year are disclosed in the consolidated statement of cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

28. MATERIAL RELATED PARTY TRANSACTIONS (continued)

(c) Other transactions

During the year, the Group entered into the following transactions with a related party that is not a member of the Group:

	Amount paid to the related party	
	2014	2013
	HK$'000	*HK$'000*
An entity which is controlled by the ultimate controlling shareholder of the Group		
– rental expense	**685**	473
– building management fee	**54**	40
– air-conditioning charge	**41**	27
	780	540

Terms and prices of above transactions were mutually agreed by both parties concerned.

29. OPERATING LEASES COMMITMENTS

(a) The Group as lessee

At 31 March 2014, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2014	2013
	HK$'000	*HK$'000*
Within one year	**510**	1,938
After one year but within five years	**–**	473
	510	2,411

The Group leases properties under operating leases as its office premises, factory and for staff accommodation. Leases are negotiated for an average term of 1 to 3 years (2013: 1 to 3 years) and none of the leases includes contingent rentals.

29. OPERATING LEASES COMMITMENTS (continued)

(b) The Group as lessor

At 31 March 2014, the Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	2014	2013
	HK$'000	*HK$'000*
Within one year	**78**	306
After one year but within five years	**–**	77
	78	383

The Group sub-leases its office premises under operating lease for rental income to fully utilise the vacant spaces. The lease runs for a period of 27 months (2013: 27 months) and does not include contingent rentals.

(c) The Company had no significant operating lease commitments as at 31 March 2014 and 2013.

30. FINANCIAL GUARANTEE

As at the end of the reporting period, the Company has issued a guarantee to one of the suppliers of goods in respect of the trade credits or credit facilities granted to a non-wholly-owned subsidiary.

As at the end of the reporting period, the directors do not consider it probable that a claim will be made against the Company under the guarantee. The maximum liability of the Company at the end of the reporting period under the guarantee issued is the trade payables due to this supplier by the subsidiary of HK$14,085,000 (2013: nil). The Company has not recognised any deferred income in respect of this guarantee issued as its fair value was considered insignificant.

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For the year ended 31 March 2014

31. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2014	2013
	HK$'000	*HK$'000*
Unlisted shares, at cost	**1**	1

(a) Particulars of the Company's principal subsidiaries as at 31 March 2014:

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of subsidiary	Place of establishment or incorporation/ business	Particulars of issued and paid up capital	Attributable equity interest		Principal activities
			2014	2013	
Indirectly held					
BEP Corporate Services Limited	Hong Kong	1 share (2013: 1 share)	**100%**	100%	Provision of management services
Vinus Telecom Hong Kong Limited	Hong Kong	1 share (2013: 1 share)	**100%**	100%	Sale of home electrical appliances, electronic products and related plastic injection components
China Mining Industrial Import & Export Company Limited	Hong Kong	1 share (2013: 1 share)	**100%**	100%	Sourcing and sale of metal minerals for manufacturing of parts and components of electrical and electronic products

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

31. INVESTMENTS IN SUBSIDIARIES (continued)

(a) Particulars of the Company's principal subsidiaries as at 31 March 2014: (continued)

Name of subsidiary	Place of establishment or incorporation/ business	Particulars of issued and paid up capital	Attributable equity interest		Principal activities
			2014	2013	
Indirectly held (continued)					
Wisdom Multi-trades (Shenzhen) Limited Company (note (i))	PRC	HK$3,000,000 (2013: HK$8,000,000)	**100%**	100%	Distribution and sale of electronic consumer products
MWHK	Hong Kong	1 share (2013: 1 share)	**92%**	92%	Sale of home electrical appliances, electronic products and related plastic injection components
Neo Computer International Co. Limited	Hong Kong	1 share (2013: 1 share)	**92%**	92%	Sourcing and sale of computer and related products
MWH	Hong Kong	27,000,000 shares (2013: 27,000,000 shares)	**92%**	92%	Investment holding
May Wilson Plastics Industries Company Limited	Hong Kong	100,000 shares (2013: 100,000 shares)	**92%**	92%	Sale of home electrical appliances, electronic products and related plastic injection components
MWSZ (note (i))	PRC	US$3,498,000 (2013: US$3,498,000)	**92%**	92%	Manufacture and sale of home electrical appliances, electronic products and related plastic injection components
BEP Management Company Limited	Hong Kong	1 share	**100%**	–	Provision of management services

Note:

(i) Registered under the laws of the PRC as wholly-foreign-owned enterprise

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For the year ended 31 March 2014

31. INVESTMENTS IN SUBSIDIARIES (continued)

(b) Details of non-wholly-owned subsidiary that has material non-controlling interests ("NCI"):

The following table lists out the information of the subsidiary of the Group which has material NCI that relating to MWH Group. The summarised financial information presented below represents the amounts before any inter-company elimination.

	At 31/3/2014 *HK$'000*	At 31/3/2013 *HK$'000*
NCI percentage	**8%**	8%
Current assets	**6,146**	8,890
Non-current assets	**1,317**	2,036
Current liabilities	**(9,420)**	(7,426)
Net (liabilities)/assets	**(1,957)**	3,500
Carrying amount of NCI	**(157)**	280

	1/4/2013 to 31/3/2014 *HK$'000*	30/4/2012 to 31/3/2013 *HK$'000*
Revenue	**15,570**	18,843
Loss for the year/period	**(5,462)**	(2,131)
Total comprehensive expenses for the year/period	**(5,457)**	(2,131)
Loss allocated to NCI	**(437)**	(170)
Total comprehensive expenses allocated to NCI	**(437)**	(170)
Dividend paid to NCI	**–**	–
Net cash (used in)/generated from operating activities	**(14)**	4,940
Net cash generated from/(used in) investing activities	**52**	(65)
Net cash used in financing activities	**(571)**	(5,423)

32. ACCOUNTING ESTIMATES AND JUDGEMENTS

Key sources of estimation uncertainty

The following are 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.

(a) Estimated impairment of property, plant and equipment and goodwill

Determining whether there is an impairment requires an estimation of recoverable amounts of the property, plant and equipment or the respective CGU in which the property, plant and equipment and goodwill belong, which is the higher of value in use and fair value less costs of disposal. If there is any indication that an asset may be impaired, recoverable amount shall be estimated for individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Group shall determine the recoverable amount of the CGU to which the asset belongs. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the assets or CGUs and a suitable discount rate in order to calculate the present value. The discount rate represents a rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. Where the actual future cash flows or the revision of estimated future cash flows are less than original estimated future cash flow, a material impairment loss may arise.

(b) Impairment of receivables

The Group maintains allowance for doubtful debts based on evaluation of the recoverability of trade and bills receivables and other receivables, where applicable, at the end of each reporting period. The estimates are based on the ageing of the trade and bills receivables and other receivable balances and the historical write off experience, net of recoveries. If the financial condition of the debtors were to deteriorate, additional impairment allowance might be required.

(c) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated cost necessary to make the sale. These estimates are based on the current market conditions and the historical experience of selling products of similar nature. It could change significantly as a result of changes in customer preferences and competitor actions in response to severe industry cycles. Management reassesses these estimates at the end of each reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

32. ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Key sources of estimation uncertainty (continued)

(d) Depreciation

The management reviews the estimated useful lives of the Group's property, plant and equipment regularly in order to determine the amount of depreciation charge for the year.

This estimate is based on the historical experience of the actual useful lives of assets of similar nature and functions and taking into account anticipated technological changes. The depreciation charge for future periods are adjusted if there are significant changes from previous estimates.

(e) Income tax

The subsidiaries of the Company are subject to income taxes in Hong Kong and the PRC. Significant judgement is required in determining the provision for income taxes. There are many transactions 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 current tax and deferred tax provisions in the financial period in which such determination is made.

Deferred income tax assets relating to certain temporary differences are recognised as management considers it is likely that future taxable profits will be available against which the temporary differences can be utilised. Where the expectation is different from the original estimates, such differences will impact the recognition of deferred tax assets and income tax charges in the period in which such estimates are changed.

33. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2014

Up to the date of issue of these financial statements, the HKICPA has issued the following amendments, new standards and interpretations which are not yet effective for the year ended 31 March 2014 and which have not been adopted in these consolidated financial statements.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle[3]
HKFRS 9	Financial Instruments[4]
HKFRS 14	Regulatory Deferral Accounts[5]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[6]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[6]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[3]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
HK (IFRIC) – Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014.

2 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.

3 Effective for annual periods beginning on or after 1 July 2014.

4 Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.

5 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.

6 Effective for annual periods beginning on or after 1 January 2016.

The Group is in the process of making an assessment of what the impact of these new and revised HKFRSs is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

In addition, the requirements of Part 9, "Accounts and Audit", of the new Hong Kong Companies Ordinance (Cap. 622) come into operation from the Company's first financial year commencing after 3 March 2014 (that is, the Company's financial year which began on 1 April 2014) in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of the expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9. So far it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the consolidated financial statements.

FIVE-YEAR FINANCIAL SUMMARY

	Year ended 31 March				
	2014	2013	2012	2011	2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
RESULTS					
Turnover	**220,168**	150,645	257,507	177,929	38,685
(Loss)/profit before taxation	**(3,727)**	8,090	14,048	7,690	(5,396)
Taxation	**(604)**	(621)	(2,992)	(1,463)	(129)
(Loss)/profit for the year	**(4,331)**	7,469	11,056	6,227	(5,525)
Non-controlling interests	**651**	(40)	(755)	(394)	(21)
(Loss)/profit attributable to owners of the Company for the year	**(3,680)**	7,429	10,301	5,833	(5,546)

	At 31 March				
	2014	2013	2012	2011	2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS AND LIABILITIES					
Total assets	**335,294**	176,377	100,836	80,268	28,089
Total liabilities	**(182,787)**	(19,477)	(103,718)	(94,505)	(50,747)
Non-controlling interests	**(1,009)**	(1,660)	(1,170)	(415)	(21)
	151,498	155,240	(4,052)	(14,652)	(22,679)
Equity/(deficiency of equity) attributable to owners of the Company	**151,498**	155,240	(4,052)	(14,652)	(22,679)