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 2015

* For identification purpose only

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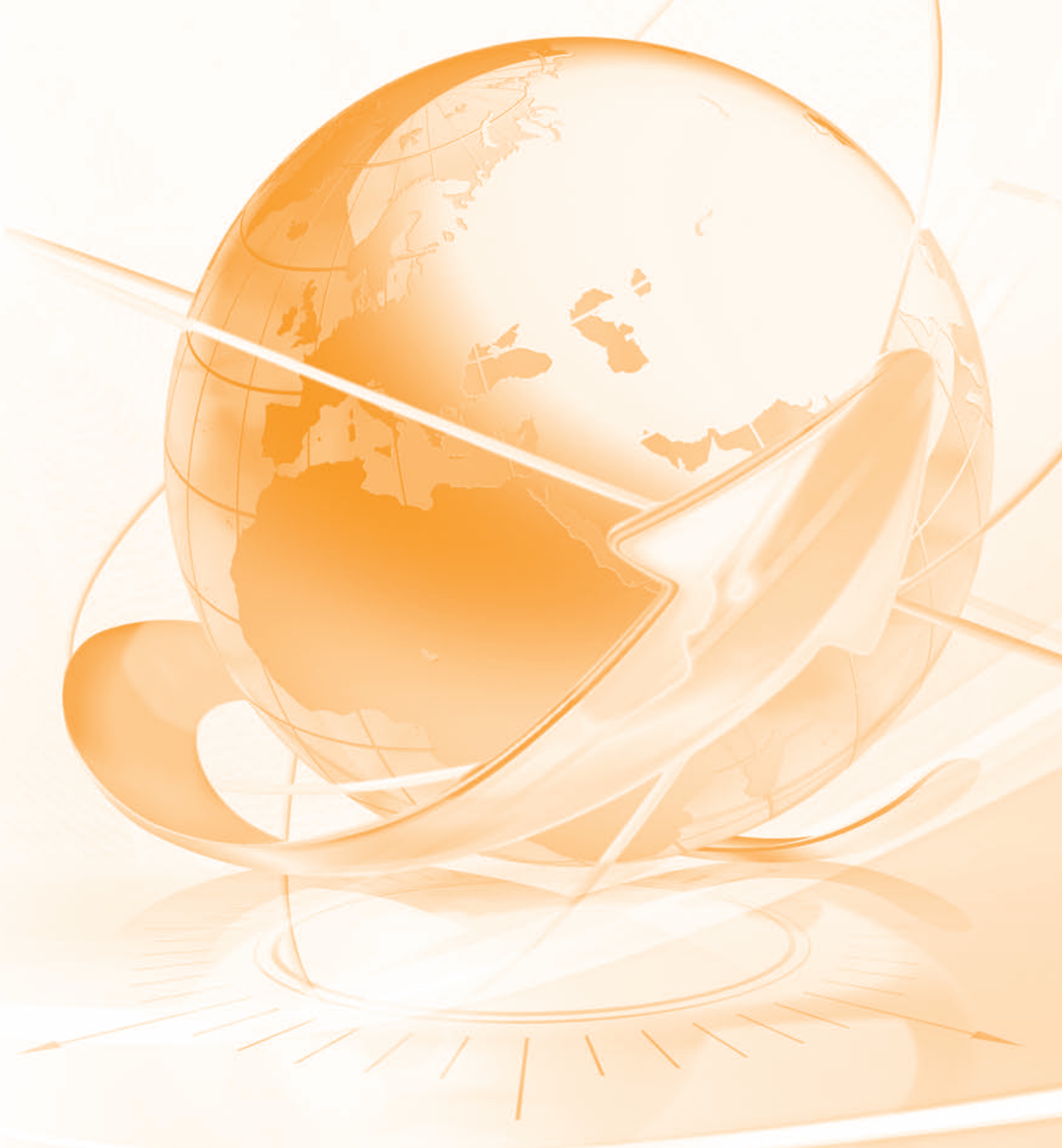

Abbreviations

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 dollars
"%"	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

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

STOCK CODE

2326

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

Agricultural Bank of China Limited, Hong Kong Branch
Bank of China (Hong Kong) Limited
Bank of Communications Co., Ltd., Hong Kong Branch
China CITIC Bank International Limited
China Construction Bank (Asia) Corporation Limited
Hang Seng Bank Limited
Industrial and Commercial Bank of China (Asia) 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

CHAIRMAN'S STATEMENT

BUSINESS REVIEW

For the year ended 31 March 2015, I am pleased to report that the Group has successfully turnaround its results and posted a profit attributable to owners of the Company of HK$17,198,000 in contrast to the loss of HK$3,680,000 recorded in last year. These profitable results reflect the dedicated effort of the management in promoting the business of the Group through adoption of a series of lucrative business initiatives.

During the year under review, the Group strategically placed its focus on sourcing and sale of metal minerals and related industrial materials and achieved satisfactory progress in the business development.

During the year under review, amid the difficult operating environment with respect to electrical and electronic consumer products businesses, the sale of electrical and electronic consumer products remained stagnant due to intensifying competition in the electrical and electronic products industry and deteriorating business environment.

Furthermore, in view of the unsatisfactory performance of and the losses incurred by the manufacturing plant in mainland China, the Group disposed of its production facilities in August 2014 and continued its business in sales of electrical and electronic consumer products through sourcing of goods from third parties and the manufacturers.

During the year, the Group diversified its businesses into logistics industry. The Group completed its acquisition of a company and its subsidiary which are principally engaged in logistics businesses in both Hong Kong and China regions in December 2014. The Group expanded its business scope to logistics activities for developing long-term financial goals and minimizing business risk through diversification. The Group will further explore opportunities to integrate the logistics business with its sourcing and sale of metal minerals and related industrial materials business so as to provide a full range of integrated services to meet the specific needs of the customers.

PROSPECTS

Looking ahead, the Group is optimistic about the demand of metal minerals and related industrial materials in China. China is expected to maintain a moderate economic growth through directed easing policies even in face of external economic uncertainties. The Group will continue to pursue its business growth strategy and will devote more resources in further expanding the product range of sourcing and sale of metal minerals and related industrial materials so as to increase its volume of business and profitability. The Group also plans to strengthen its sales and marketing force with emphasis on serving needs of different customers in different geographical markets so as to achieve further growth and establish its foothold in the overseas markets.

CHAIRMAN'S STATEMENT

PROSPECTS (continued)

Besides, for the purpose of facilitating the Group's business development, which would be in the best interest of the Group and the Shareholders as a whole, the Group will, with the support from investment banks and professional advisers, explore opportunities for participating in projects with promising prospects and sourcing prospective investors with sound background and financial strengths. I hope all these will help the Group's performance to scale new heights.

Amid the difficult operating environment with respect to the electrical and electronic consumer products businesses, the Group will regularly monitor and review these businesses with careful consideration to improve their financial performance.

The Group will continue to develop its existing businesses and will also be proactively seizing new business opportunities with bright prospects and good returns aiming to create value to shareholders.

APPRECIATION

The Group has achieved encouraging results for the year ended 31 March 2015. 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, 29 June 2015

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONS REVIEW

The year ended 31 March 2015 was a year of success of the Group. The Group reported a turnover of HK$633,957,000, which showed a remarkable increase of 1.9 times when compared with HK$220,168,000 in the previous year, and gross profit of HK$59,929,000, which jumped by 5.1 times when compared to HK$9,788,000 in last year. The surge of the Group's turnover and gross profit for the year ended 31 March 2015 were mainly the results of the significant business development achieved by the sourcing and sale of metal minerals and related industrial materials business segment. As a result of the substantial increase in turnover and gross profit of the Group, the Group posted a profit after tax for the year amounting to HK$15,602,000, which was in sharp contrast to the loss after tax of HK$4,331,000 recorded in last year. The profit attributable to owners of the Company for the year amounted to HK$17,198,000, (2014: loss of HK$3,680,000) whereas earnings per share was HK0.085 cent (2014: loss per share of HK0.018 cent (restated)).

The results of the Group's operation in sourcing and sale of metal minerals and related industrial materials which commenced in the first quarter of 2014 have been very encouraging. For the year ended 31 March 2015, the operation reported revenue of HK$606,369,000 and operating profit of HK$58,247,000, which showed a strong growth from the three months results included in the last financial year that reported revenue of HK$117,853,000 (restated) and operating profit of HK$7,410,000 (restated). The successful results achieved were primarily attributable to the increase in volume of metal minerals and related industrial materials transacted during the year, which was in turn a result of the management's efforts in expanding the operation's supplier and customer base.

During the year under review, the Group diversified its businesses to logistics industry through the acquisition of 60% equity interest in a logistics company and its subsidiary which was completed in December 2014. The logistics operation posted revenue and gross loss of HK$4,181,000 and HK$830,000 respectively for the 4 months ended 31 March 2015. Performance of this operation was adversely affected due to seasonal impact and expenses incurred in restructuring the operation. The Group will explore opportunities to integrate the logistics operation with its sourcing and sale of metal minerals and related industrial materials operation so as to provide a full range of integrated services including sourcing, logistics and warehousing to meet the specific needs of its customers.

The Group's operation of sale of electrical and electronic consumer products reported revenue of HK$23,493,000 (2014: HK$102,315,000 (restated)) representing decreases of 77% from last year and segment loss of HK$1,878,000 in contrast to the profit of HK$373,000 (restated) in the last year as a result of drop in demand and decline in profit margin due to intense price competition. The scale of this operation has been downsized owing to the increasingly challenging business environment faced by the Group. During the year, with the view to better utilize its resources, the Group disposed of a few subsidiaries principally engaged in the manufacture and sale of electrical and electronic consumer products due to losses incurred by them in the past years.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONS REVIEW (continued)

The Group reported profit for the year of HK$15,602,000 in contrast to the loss of HK$4,331,000 in last year. Other comprehensive expenses of HK$508,000 (2014: HK$62,000) being exchange differences on translation of financial statements of overseas subsidiaries and reclassification adjustments relating to overseas subsidiaries disposal of during the year were recognized with the result that the Group recorded total comprehensive income for the year of HK$15,094,000 compared to total comprehensive expenses of HK$4,393,000 in the prior year. The Group's total comprehensive income, net of tax, attributable to owners of the Company was HK$16,687,000 for the year under review compared to comprehensive expenses of HK$3,742,000 in last year.

FINANCIAL REVIEW

During the year ended 31 March 2015, the Group financed its operations mainly by cash generated from its business activities and credit facilities provided by banks. As at 31 March 2015, the Group had current assets of HK$489,561,000 (2014: HK$333,615,000) comprising cash and bank balances of HK$85,348,000 with nil balance for restricted bank deposits (2014: HK$192,708,000 including HK$120,952,000 restricted bank deposits for trade facilities granted by bank). The Group's current ratio, calculated based on current assets over current liabilities of HK$333,792,000 (2014: HK$182,756,000) was at a healthy ratio of 1.47 (2014: 1.83).

As at 31 March 2015, the Group's trade and bills receivables amounted to HK$305,382,000 (2014: HK$119,067,000), trade deposit paid amounted to HK$77,444,000 (2014: HK$6,162,000) and bank advances for discounted bills amounted to HK$299,225,000 (2014: HK$52,112,000). Such increases in the Group's trade and bills receivables, trade deposit paid and bank advances for discounted bills were mainly due to the surge in trade volume of metal minerals and related industrial materials transacted during the year.

At the year end, the Group's equity attributable to owners of the Company amounted to HK$164,154,000 (2014: HK$151,498,000). The increase in equity attributable to owners of the Company was mainly due to the profit earned by the Group during the year.

The Group's finance costs for the year under review was HK$8,798,000 (2014: HK$233,000) which was primarily interest paid on discounting of bills receivables. The increase in finance costs was due to the increase in bills received as a result of the surge in trade volume of metal minerals and related industrial materials transacted during the year. 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 advances for discounted bills and bank loan of HK$299,225,000 and HK$309,000 respectively (2014: HK$52,112,000 and nil), as the Group's equity attributable to owners of the Company stood at HK$164,154,000 (2014: HK$151,498,000), the Group's gearing ratio was therefore at about 65% (2014: 26%).

FINANCIAL REVIEW (continued)

During the year, the Group continued to implement a prudent financial management policy. With the amount of liquid assets on hand as well as credit facilities granted by banks, the management is of the view that the Group has sufficient financial resources to meet its ongoing operational requirements.

Foreign Currency Management

The monetary assets and liabilities as well as business transactions of the Group are mainly carried and conducted in Hong Kong dollars, Renminbi and United States dollars. The Group maintains a prudent strategy in its foreign currency risk management and believes the current level of bank balances, certain receivables and payables denominated in Renminbi and United States dollars expose us to a limited and manageable foreign currency risk. As such, the Group had not entered into any foreign currency forward contracts, currency swaps or other financial derivatives for hedging purpose.

Pledge of Assets

As at 31 March 2015, the bank advances for discounted bills of HK$299,225,000 (2014: HK$52,112,000) were secured by the same amount of the Group's bills receivables.

Capital Commitments

As at 31 March 2015, the Group had no material capital commitments (2014: nil).

Contingent Liabilities

As at 31 March 2015, the Group had no material contingent liabilities (2014: nil).

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2015, the Group had a total of 73 employees and directors (2014: 75). The headcount remained at a level similar with last year because the increase in staff of the logistics business acquired during the year offset the reduction in workers in the Group's manufacturing plant in mainland China which was disposed of during the year. Total staff costs for the year, including directors' remuneration, was HK$20,869,000 (2014: HK$13,426,000). 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.

FINAL DIVIDEND

The Board has resolved to recommend a final dividend of HK0.04 cent per share for the year ended 31 March 2015 (2014: nil) subject to approval of shareholders at the forthcoming annual general meeting.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Zhang Honghai, *Chairman*

Aged 62, 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 and was 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. Also, he was an executive director and the chairman of Beijing Enterprises Water Group Limited (stock code: 371) from 2008 to 2014 and was an executive director of Beijing Development (Hong Kong) Limited (stock code: 154) during the period from 2004 to 2015 respectively. He has accumulated extensive experience in corporate management. Currently, Mr. Zhang is an independent non-executive director of China Ground Source Energy Industry Group Limited (stock code: 8128). 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 54, 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. Currently, Mr. Cheung is an independent non-executive director of Beijing Development (Hong Kong) Limited (stock code: 154), a company listed in Hong Kong.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Sue Ka Lok

Aged 50, 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 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 was an executive director and the chief executive officer of Mission Capital Holdings Limited (formerly known as Poly Capital Holdings Limited) (stock code: 1141) until 31 October 2014, he was also was the chairman and a non-executive director of Winshine Entertainment & Media Holding Company Limited (formerly known as China Tycoon Beverage Holdings Limited) (stock code: 209) until 4 November 2014 and 27 November 2014 respectively, and was an executive director and the chairman of Hailiang International Holdings Limited (formerly known as Sunlink International Holdings Limited) (stock code: 2336) until 3 June 2014. Currently, Mr. Sue is an executive director of China Strategic Holdings Limited (stock code: 235) and an executive director and the chief executive officer of Enviro Energy International Holdings Limited (stock code: 1102). All of the above companies are listed in Hong Kong.

Ms. Hu Denger

Aged 45, 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 51, 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.

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

Aged 55, 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.

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

Aged 60, 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) and Get Nice Holdings Limited (stock code: 64), both are listed companies in Hong Kong.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

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

Aged 65, 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 50, 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 2015.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries are principally engaged in the sale of electrical and electronic consumer products, sourcing and sale of metal minerals and related industrial materials, and provision of logistics services.

RESULTS

The results of the Group for the year ended 31 March 2015 are set out in the consolidated statement of profit or loss on page 32.

FINAL DIVIDEND

The Board has resolved to recommend a final dividend of HK0.04 cent per share for the year ended 31 March 2015 (2014: nil) subject to approval of shareholders at the forthcoming annual general meeting (the "AGM"). The proposed final dividend will be distributed on or about Monday, 21 September 2015 to shareholders whose names appear on the register of members of the Company as at the close of business on Wednesday, 26 August 2015.

CLOSURE OF REGISTER OF MEMBERS FOR FINAL DIVIDEND

The register of members of the Company will be closed on Wednesday, 26 August 2015 during which no transfer of shares will be registered. The last day for dealing in the Company's shares cum-entitlement to the proposed final dividend will be Friday, 21 August 2015. In order to qualify for the entitlement to the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 25 August 2015.

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 116 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 13 to the consolidated financial statements.

REPORT OF THE DIRECTORS

SHARE CAPITAL

There was no movement in the share capital of the Company during the year ended 31 March 2015. Details of share capital of the Company are set out in note 25(b) 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 25(a) to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

DIRECTORS

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

Executive Directors:

Mr. Zhang Honghai
Mr. Cheung Ming
Mr. Sue Ka Lok
Ms. Hu Denger
Mr. Ren Haisheng

Non-executive Director:

Mr. Suen Cho Hung, Paul (Resigned on 1 June 2015)

Independent Non-executive Directors:

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

In accordance with bye-laws 87 of the Company's Bye-laws, Ms. Hu Denger, Mr. Chan Kwong Fat, George and Mr. Siu Hi Lam, Alick will retire from office by rotation at the forthcoming AGM and being eligible, will offer themselves for re-election at the 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 updated information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

1. Mr. Sue Ka Lok ("Mr. Sue") was appointed an executive director of China Strategic Holdings Limited (stock code: 235) on 1 December 2014 and was appointed an executive director and the chief executive officer of Enviro Energy International Holdings Limited (stock code: 1102) on 8 June 2015, both are listed companies in Hong Kong.

   Mr. Sue was the chairman and a non-executive director of Winshine Entertainment & Media Holding Company Limited (stock code: 209), a listed company in Hong Kong, until 4 November 2014 and 27 November 2014 respectively.

2. Mr. Suen Cho Hung, Paul resigned as a Non-executive Director on 1 June 2015.

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 30 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 2015, 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:

REPORT OF THE DIRECTORS

Long positions in the shares of the Company

Name of director	Capacity and nature of interest	Number of shares held as at 31 March 2015	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 2015, 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.

SHARE OPTION SCHEME

Details of the share option scheme of the Company are set out in note 26 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 2015, 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 as at 31 March 2015	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%

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 2015 as required pursuant to section 336 of the SFO.

CONNECTED TRANSACTIONS

The related party transactions as disclosed in note 30 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 2015, 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 laws 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 90% and approximately 97% 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 56% and approximately 99% 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.

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.

REPORT OF THE DIRECTORS

AUDIT COMMITTEE

The audited consolidated financial statements of the Group for the year ended 31 March 2015 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

Details of the significant events occurring after the reporting period up to the date of this report are set out in note 34 to the consolidated financial statements.

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 2015 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, 29 June 2015

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 2015 except for the following deviation with reason as explained:

Under Code Provision A.6.7 of the CG Code which stipulates, among others, that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of the shareholders. Due to other business engagement, Mr. Suen Cho Hung, Paul, a non-executive director (resigned on 1 June 2015), was unable to attend the annual general meeting of the Company held on 26 August 2014.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry with all the Directors, all of them confirmed that they have complied 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 eight directors including five Executive Directors, namely Mr. Zhang Honghai (Chairman), Mr. Cheung Ming (Chief Executive Officer), Mr. Sue Ka Lok, Ms. Hu Denger and Mr. Ren Haisheng 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 2015 and up to the date of this annual report are detailed on pages 21 to 26 of this annual report.

The section "Biographical Details of Directors and Senior Management" sets out the biographical details of the current directors and senior management from pages 10 to 13 of this annual report. Save as disclosed in the aforesaid, none of the Directors has any 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.

BOARD OF DIRECTORS (continued)

During the year ended 31 March 2015, nine regular Board meetings and the 2014 Annual General Meeting were held. The attendance of each director is set out as follows:

	Number of attendance	
Name of Director	**Board meetings**	**2014 Annual General Meeting**
Executive Directors		
Mr. Zhang Honghai	9/9	1/1
Mr. Cheung Ming	9/9	1/1
Mr. Sue Ka Lok	9/9	0/1
Ms. Hu Denger	9/9	1/1
Mr. Ren Haisheng	9/9	1/1
Non-executive Director		
Mr. Suen Cho Hung, Paul (resigned on 1 June 2015)	9/9	0/1
Independent Non-executive Directors		
Mr. Chan Kwong Fat, George	9/9	1/1
Mr. Siu Hi Lam, Alick	9/9	1/1
Mr. Ng Tze Kin	9/9	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.

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 twice during the year ended 31 March 2015 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	2/2
Mr. Chan Kwong Fat, George	2/2
Mr. Ng Tze Kin	2/2
Mr. Cheung Ming	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.

NOMINATION COMMITTEE (continued)

The Nomination Committee met once during the year ended 31 March 2015 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	1/1
Mr. Siu Hi Lam, Alick	1/1
Mr. Ng Tze Kin	1/1
Mr. Cheung Ming	1/1

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 twice during the year ended 31 March 2015 and the attendance of each member is set out as follows:

Name of member	Number of attendance
Mr. Ng Tze Kin	2/2
Mr. Chan Kwong Fat, George	2/2
Mr. Siu Hi Lam, Alick	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 2014 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 2014 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 2015, with a recommendation to the Board for approval.

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 2015 is set out in the section headed "Independent Auditor's Report" on pages 30 to 31 of this annual report.

During the year, the following fees were paid or payable to Crowe Horwath (HK) CPA Limited ("Crowe Horwath"), the auditor of the Company:

	HK$'000
Fees for audit services *(Note a)*	700
Fees for non-audit services *(Note b)*	96
Total	796

Notes:

(a) The audit services provided by Crowe Horwath.

(b) 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 2015.

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 2015, 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 10 to 13 of this annual report. Ms. Hui has taken no less than 15 hours of the relevant professional training during the year ended 31 March 2015.

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").

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

Crowe Horwath™

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 set out on pages 32 to 115, which comprise the consolidated statement of financial position as at 31 March 2015, 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 financial position of the Company and its subsidiaries as at 31 March 2015, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Crowe Horwath (HK) CPA Limited
Certified Public Accountants
Hong Kong, 29 June 2015

Alvin Yeung Sik Hung
Practising Certificate Number P05206

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
Revenue	4(a)	**633,957**	220,168
Cost of sales		**(574,028)**	(210,380)
Gross profit		**59,929**	9,788
Other revenue and other net income	5	**3,492**	4,771
Selling and distribution costs		**(4,390)**	(2,005)
Administrative expenses		**(30,102)**	(13,465)
Other operating expenses		**(88)**	(2,583)
Profit/(loss) from operations		**28,841**	(3,494)
Finance costs	6(a)	**(8,798)**	(233)
Profit/(loss) before taxation	6	**20,043**	(3,727)
Income tax	7(a)	**(4,441)**	(604)
Profit/(loss) for the year		**15,602**	(4,331)
Attributable to:			
Owners of the Company		**17,198**	(3,680)
Non-controlling interests		**(1,596)**	(651)
Profit/(loss) for the year		**15,602**	(4,331)
		HK cent	*HK cent* (restated)
Earnings/(loss) per share	11		
Basic and diluted		**0.085**	(0.018)

The notes on pages 38 to 115 form part of these financial statements.

Details of dividend payables to owners of the Company attributable to profit for the year are set out in note 10.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2015

	2015 *HK$'000*	2014 *HK$'000*
Profit/(loss) for the year	**15,602**	(4,331)
Other comprehensive income/(expenses) for the year		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	**3**	(62)
Reclassification adjustments relating to overseas subsidiaries disposed of during the year	**(511)**	–
Other comprehensive expenses for the year (net of nil tax (2014: nil))	**(508)**	(62)
Total comprehensive income/(expenses) for the year	**15,094**	(4,393)
Attributable to:		
Owners of the Company	**16,687**	(3,742)
Non-controlling interests	**(1,593)**	(651)
	15,094	(4,393)

The notes on pages 38 to 115 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment	13	**1,879**	1,621
Goodwill	14	**5,368**	–
Other intangible asset	15	**3,362**	–
Deferred tax assets	24(b)	**80**	58
Rental deposit	18	**640**	–
		11,329	1,679
Current assets			
Inventories	16	**8,808**	13,910
Tax recoverable	24(a)	**–**	623
Trade and bills receivables	17	**305,382**	119,067
Prepayments, deposits and other receivables	18	**90,023**	7,307
Restricted bank deposits	19(b)	**–**	120,952
Cash and cash equivalents	19(a)	**85,348**	71,756
		489,561	333,615
Current liabilities			
Trade and bills payables	20	**21,514**	124,530
Accruals, deposits and other payables	21	**8,347**	5,504
Bank loan	22	**309**	–
Bank advances for discounted bills	23	**299,225**	52,112
Tax payable	24(a)	**4,397**	610
		333,792	182,756
Non-current liabilities			
Deferred tax liabilities	24(b)	**591**	31
Net assets		**166,507**	152,507
Equity			
Equity attributable to owners of the Company			
Share capital	25(b)	**4,031**	4,031
Reserves		**160,123**	147,467
		164,154	151,498
Non-controlling interests		**2,353**	1,009
Total equity		**166,507**	152,507

Approved and authorised for issue by the Board of Directors on 29 June 2015.

Zhang Honghai
Director

Cheung Ming
Director

The notes on pages 38 to 115 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2015

	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$'000	Contributed surplus HK$'000	Exchange reserve HK$'000	(Accumulated losses)/ retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
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
At 1 April 2014	4,031	174,518	(1,522)	8,173	706	-	513	(34,921)	151,498	1,009	152,507
Profit/(loss) for the year	-	-	-	-	-	-	-	17,198	17,198	(1,596)	15,602
Exchange differences on translation of financial statements of overseas subsidiaries	-	-	-	-	-	-	-	-	-	3	3
Reclassification adjustments relating to overseas subsidiaries disposed of during the year	-	-	-	-	-	-	(511)	-	(511)	-	(511)
Total comprehensive (expenses)/ income for the year	-	-	-	-	-	-	(511)	17,198	16,687	(1,593)	15,094
Acquisition of a non-wholly owned subsidiary *(note 28)*	-	-	-	-	-	-	-	-	-	2,421	2,421
Transfer from share premium to contributed surplus *(note 25(c)(i))*	-	(174,518)	-	-	-	174,518	-	-	-	-	-
Transfer to accumulated losses upon disposal of subsidiary	-	-	-	-	(706)	-	-	706	-	-	-
Set off of accumulated losses with contributed surplus *(note 25(c)(iv))*	-	-	-	-	-	(55,719)	-	55,719	-	-	-
Dividend declared and paid during the current year *(note 10)*	-	-	-	-	-	(4,031)	-	-	(4,031)	-	(4,031)
Increase in non-controlling interests arising on disposal of interests in a non-wholly owned subsidiary *(note 29)*	-	-	-	-	-	-	-	-	-	516	516
At 31 March 2015	4,031	-	(1,522)	8,173	-	114,768	2	38,702	164,154	2,353	166,507

The notes on pages 38 to 115 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
OPERATING ACTIVITIES			
Profit/(loss) before taxation		**20,043**	(3,727)
Adjustments for:			
Finance costs	6(a)	**8,798**	233
Loss/(gain) on disposal of property, plant and equipment	6(c)	**20**	(58)
Written off of property, plant and equipment	6(c)	**35**	–
Gain on disposal of subsidiaries	5	**(1,575)**	–
Reversal of impairment allowance for trade receivables	5	**(30)**	–
Amortisation of other intangible asset	6(c)	**840**	–
Depreciation for property, plant and equipment	6(c)	**387**	628
Impairment loss for goodwill	6(c)	**–**	819
Impairment allowance for trade receivables	6(c)	**88**	860
Impairment allowance 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	**(483)**	(3,845)
		8,080	(359)
		28,123	(4,086)
CHANGES IN WORKING CAPITAL			
Decrease/(increase) in inventories		**4,807**	(12,806)
Increase in trade and bills receivables		**(235,135)**	(77,543)
(Increase)/decrease in prepayments, deposits and other receivables		**(68,821)**	168
Decrease/(increase) in restricted bank deposits on operating activities		**124,152**	(120,952)
(Decrease)/increase in trade and bills payables		**(106,272)**	111,009
Increase/(decrease) in accruals, deposits and other payables		**888**	(60)
		(280,381)	(100,184)
CASH USED IN OPERATIONS		**(252,258)**	(104,270)
Income taxes paid			
Hong Kong	24(a)	**(1,729)**	(360)
PRC	24(a)	**–**	(209)
Income taxes recovered			
Hong Kong	24(a)	**535**	688
		(1,194)	119
NET CASH USED IN OPERATING ACTIVITIES		**(253,452)**	(104,151)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
INVESTING ACTIVITIES			
Payment for the purchase of property, plant and equipment	13	**(486)**	(197)
Proceeds from sale of property, plant and equipment		**11**	58
Acquisition of subsidiaries, net of cash acquired and overdraft	28	**(11,832)**	–
Advance of loans receivable		**–**	(16,000)
Receipt of loans receivable		**–**	28,500
Interest received		**314**	4,268
Disposal of subsidiaries, net of cash disposed of	29	**170**	–
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES		**(11,823)**	16,629
FINANCING ACTIVITIES			
Interest paid		**(5,424)**	–
Proceeds from bank advances for discounted bills	17(d)	**299,225**	51,879
Repayment of bank loans		**(10,912)**	–
Dividends paid to owners of the Company	10	**(4,031)**	–
NET CASH GENERATED FROM FINANCING ACTIVITIES		**278,858**	51,879
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**13,583**	(35,643)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**71,756**	107,489
EFFECT OF FOREIGN EXCHANGE RATES CHANGES		**9**	(90)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**85,348**	71,756
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash at banks and on hand		**85,348**	45,451
Deposits with banks		**–**	26,305
	19(a)	**85,348**	71,756

The notes on pages 38 to 115 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

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 party is Mr. Suen Cho Hung, Paul. The addresses of the registered office and principal place of business of the Company are Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and Suites 1004-1005, 10th Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong respectively.

The Company is an investment holding company. Its subsidiaries are principally engaged in sale of electrical and electronic consumer products, sourcing and sale of metal minerals and related industrial materials and provision of logistics services.

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 and the disclosure requirements of the Hong Kong Companies 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. 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.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 March 2015 comprise the Company and its subsidiaries (collectively refer as 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 and the Group's presentation currency.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of preparation of the financial statements (continued)

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 35.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Subsidiaries and non-controlling interests (continued)

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.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(h)), 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 its acquisition date fair value 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), or 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 an 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 pro – rata 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Property, plant and equipment

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

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%-33%
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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Property, plant and equipment (continued)

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.

(f) Intangible assets (other than goodwill)

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

– customer relationship 5 years

Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) 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.

(h) 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;

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Impairment of assets (continued)

(i) Impairment of receivables (continued)

- 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.

  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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Impairment of assets (continued)

(i) Impairment of receivables (continued)

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;

– other intangible asset; 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) 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)

(h) 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(h)(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.

(i) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) 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(h)).

(k) 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.

(l) 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(p)(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.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) 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.

(o) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Income tax (continued)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Income tax (continued)

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 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 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.

(p) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(ii) Contingent liabilities assumed in business combinations

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognised at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortisation where appropriate, and the amount that would be determined in accordance with note 2(p)(iii). Contingent liabilities assumed in a business combination that cannot be reliably fair valued or were not present obligations at the date of acquisition are disclosed in accordance with note 2(p)(iii).

(iii) 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.

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.

(q) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Revenue recognition (continued)

(iii) Logistics related service income

Logistics related service income are recognised when the related services are rendered.

(iv) Interest income

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

(r) 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Translation of foreign currencies (continued)

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.

(s) 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.

(t) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Related parties (continued)

(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.

(u) 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 HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the new or amended HKFRSs are discussed below:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) Investment Entities

The amendments provide consolidation relief to those parents which qualify to be an investment entity as defined in the amended HKFRS 10. Investment entities are required to measure their subsidiaries at fair value through profit or loss. These amendments do not have an impact on the consolidated financial statements as the Company does not qualify to be an investment entity.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify the offsetting criteria in HKAS 32. The amendments do not have an impact on the consolidated financial statements as they are consistent with the policies already adopted by the Group.

Amendments to HKAS 39 Novation of Derivatives and Continuation of Hedge Accounting

The amendments to HKAS 39 provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The amendments do not have an impact on the consolidated financial statements as the Group does not have any derivatives that are subject to novation.

HK(IFRIC) – Int 21 Levies

The Interpretation provides guidance on when a liability to pay a levy imposed by a government should be recognised. The amendments do not have an impact on the consolidated financial statements as the guidance is consistent with the Group's existing accounting policies.

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

Amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The amendments to HKAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset or cash-generating unit whose recoverable amount is based on fair value less costs of disposal. The Group early adopted the amendments in the consolidated financial statements for the year ended 31 March 2014.

In addition, the Company has early adopted the amendments to the Listing Rules issued by The Stock Exchange of Hong Kong Limited relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance during the current financial year. The adoption of the requirements has primarily impacted the presentation and disclosure of information in the consolidated financial statements. These changes mainly include the presentation of the Company's statement of financial position as a note disclosure instead of a primary statement, updating any references to the Companies Ordinance to refer to the current Companies Ordinance and replacing certain terminology no longer used in the Companies Ordinance with terminology used in HKFRS.

4. REVENUE AND SEGMENT REPORTING

(a) Revenue

Revenue represents the sales value of goods supplied and services rendered to customers. The amount of each significant category of revenue recognised during the year is as follows:

	2015 **HK$'000**	2014 (Restated) HK$'000
Sourcing and sale of metal minerals and related industrial materials	**606,369**	117,853
Sale of electrical and electronic consumer products	**23,493**	102,315
Provision of logistics services	**4,095**	–
	633,957	220,168

4. REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting

The Group manage 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 electrical and electronic consumer products;

(ii) Sourcing and sale of metal minerals and related industrial materials; and

(iii) Provision of logistics services.

During the year ended 31 March 2015, the chief operating decision maker has reassessed the Group's business and restructured its businesses of (a) sale of home electrical appliances, electronic products and related plastic injection components, (b) distribution and sale of electronic consumer products, and (c) sourcing and sale of computer and related products and metal minerals for manufacturing of parts and components of electrical and electronic products into businesses of (i) sale of electrical and electronic consumer products, and (ii) sourcing and sale of metal minerals and related industrial materials, for segment reporting. In addition, during the year ended 31 March 2015, the Group has acquired the subsidiaries as set out in note 28. Consequently, a new segment, provision of logistics services, has been included in the segment reporting. This new segment reporting is used by management to analyse its business performance.

The comparative information of the above has been restated to conform with the current year's presentation.

4. REVENUE 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, other intangible asset, 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 loan, bank advances for discounted bills, 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 or amortisation 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, reversal of impairment allowance for trade receivables, written off of trade deposits paid, write-down of inventories, amortisation of other intangible asset, finance costs, income tax expense or income and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to price charged to external parties for similar orders.

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 2.

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 2015 and 2014 is set out below:

4. REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

	2015			
	Sale of electrical and electronic consumer products *HK$'000*	Sourcing and sale of metal minerals and related industrial materials *HK$'000*	Provision of logistics services *HK$'000*	Total *HK$'000*
Revenue from external customers	23,493	606,369	4,095	633,957
Inter-segment revenue	–	–	86	86
Reportable segment revenue	23,493	606,369	4,181	634,043
Reportable segment (loss)/profit	(1,878)	58,247	(830)	55,539
Depreciation for property, plant and equipment	(166)	–	(58)	(224)
Amortisation of other intangible asset	–	–	(840)	(840)
Impairment of trade receivables	(88)	–	–	(88)
Reversal of impairment allowance for trade receivables	30	–	–	30
Finance costs	–	(8,595)	(203)	(8,798)
Income tax (expense)/income	(12)	(4,760)	508	(4,264)
Reportable segment assets	11,620	383,496	18,728	413,844
Additions to non-current segment assets during the year	–	–	10,996	10,996
Reportable segment liabilities	9,416	316,099	6,261	331,776

4. REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

	2014 (Restated)		
	Sale of electrical and electronic consumer products	Sourcing and sale of metal minerals and related industrial materials	Total
	HK$'000	*HK$'000*	*HK$'000*
Reportable segment revenue from external customers	102,315	117,853	220,168
Reportable segment profit	373	7,410	7,783
Depreciation for property, plant and equipment	(507)	–	(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)	20	(610)	(590)
Reportable segment assets	23,973	117,900	141,873
Additions to non-current segment assets during the year	8	–	8
Reportable segment liabilities	19,511	163,091	182,602

There are no inter-segment sales during the year ended 31 March 2014.

4. REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

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

	2015 HK$'000	2014 HK$'000
Revenue		
Total reportable segment revenue	**634,043**	220,168
Elimination of inter-segment revenue	**(86)**	–
Consolidated turnover	**633,957**	220,168
Profit		
Total reportable segment profit derived from the Group's external customers	**55,539**	7,783
Other revenue and other net income	**3,492**	4,771
Depreciation of reportable segment not included in measurement of segment profit	**(174)**	(353)
Amortisation of other intangible asset	**(840)**	–
Written off of trade deposits paid	**–**	(693)
Impairment loss for property, plant and equipment	**–**	(190)
Impairment allowance for trade receivables	**(88)**	(860)
Impairment allowance for other receivables	**–**	(21)
Impairment loss for goodwill	**–**	(819)
Finance costs	**(8,798)**	(233)
Unallocated head office and corporate expenses		
– Depreciation	**(163)**	(121)
– Staff costs (including directors' emoluments)	**(17,762)**	(8,115)
– Others	**(11,163)**	(4,876)
Consolidated profit/(loss) before taxation	**20,043**	(3,727)
Assets		
Total reportable segment assets	**413,844**	141,873
Elimination of inter-segment receivable	**(19)**	–
	413,825	141,873
Unallocated head office and corporate assets		
– Restricted bank deposits	**–**	120,952
– Cash and cash equivalents	**85,348**	71,756
– Others	**1,717**	713
Consolidated total assets	**500,890**	335,294
Liabilities		
Total reportable segment liabilities	**331,776**	182,602
Elimination of inter-segment payable	**(19)**	–
	331,757	182,602
Unallocated head office and corporate liabilities		
– Others	**2,626**	185
Consolidated total liabilities	**334,383**	182,787

4. REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

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

	2015 HK$'000	2014 HK$'000
Other items		
Depreciation for property, plant and equipment		
Reportable segment total	**224**	507
Unallocated head office and corporate total	**163**	121
Consolidated total	**387**	628
Income tax expense		
Reportable segment total	**4,264**	590
Unallocated head office and corporate total	**177**	14
Consolidated total	**4,441**	604
Additions to non-current segment assets during the year		
Reportable segment total	**10,996**	8
Unallocated head office and corporate total	**1,126**	189
Consolidated total	**12,122**	197

Revenue from major products and services

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

	2015 HK$'000	2014 (Restated) HK$'000
Metal minerals and related industrial materials	**606,369**	117,853
Electrical and electronic consumer products	**23,493**	102,315
Logistics services	**4,095**	–
	633,957	220,168

4. REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

Geographic information

The following is an analysis of the geographical location of (i) the Group's revenue from external customers; and (ii) the Group's property, plant and equipment, goodwill, other intangible asset and non-current rental deposit. The geographical location of customers refers to the location at which the goods were delivered or the services were provided. 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 and other intangible asset, it is based on the location of the operation to which these intangibles are allocated.

	Revenue from external customers		Non-current assets	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (place of domicile)	**14,795**	45,343	**9,883**	191
PRC except Hong Kong	**612,913**	164,239	**1,366**	1,430
Other Asian countries	**–**	23	**–**	–
Europe	**4,823**	9,440	**–**	–
Others	**1,426**	1,123	**–**	–
	633,957	220,168	**11,249**	1,621

Information about major customers

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

	2015	2014
	HK$'000	*HK$'000*
Largest customer *(note)*	**568,275**	117,853

Note:

Revenue from the above customer arose from the business of sourcing and sale of metal minerals and related industrial materials for the years ended 31 March 2015 and 2014.

5. OTHER REVENUE AND OTHER NET INCOME

	2015 HK$'000	2014 HK$'000
Other revenue		
Interest income on bank deposits	**301**	648
Interest income on loans receivable	**182**	3,197
Total interest income on financial assets not at fair value through profit or loss	**483**	3,845
Loan handling income	**–**	45
Sundry income	**1,326**	189
Rental income	**78**	312
	1,887	4,391
Other net income		
Gain on disposal of subsidiaries *(note 29)*	**1,575**	–
Gain on disposal of property, plant and equipment	**–**	58
Net foreign exchange gain	**–**	322
Reversal of impairment allowance for trade receivables *(note 17(b))*	**30**	–
	1,605	380
	3,492	4,771

6. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging/(crediting) the followings:

	2015 HK$'000	2014 HK$'000
(a) Finance costs		
Interest on bank loans and overdrafts	**203**	–
Bills discount charges	**8,595**	233
Total interest expense on financial liabilities not at fair value through profit or loss	**8,798**	233
(b) Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	**20,259**	12,863
Contributions to defined contribution retirement plans	**610**	563
	20,869	13,426
(c) Other items		
Carrying amount of inventories sold	**569,017**	210,280
Write-down of inventories	**–**	100
Cost of inventories#	**569,017**	210,380
Auditors' remuneration	**796**	756
Amortisation of other intangible asset	**840**	–
Depreciation for property, plant and equipment	**387**	628
Operating lease charges: minimum lease payments	**4,800**	2,692
Loss/(gain) on disposal of property, plant and equipment	**20**	(58)
Written off of property, plant and equipment	**35**	–
Written off of trade deposits paid*	**–**	693
Impairment allowance for trade receivables*	**88**	860
Impairment allowance for other receivables*	**–**	21
Impairment loss for property, plant and equipment*	**–**	190
Impairment loss for goodwill*	**–**	819
Net foreign exchange loss/(gain)	**1,761**	(322)

\# Cost of inventories includes HK$899,000 (2014: HK$6,440,000) relating to staff costs, depreciation and operating lease charges for the year ended 31 March 2015 and 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.

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

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

	2015	2014
	HK$'000	*HK$'000*
Current tax		
– Hong Kong Profits Tax *(note (i))*	**4,942**	610
– PRC Enterprise Income Tax ("EIT") *(note (ii))*	**–**	82
	4,942	692
(Over)/under-provision in respect of prior years		
– Hong Kong Profits Tax	**(346)**	11
– PRC EIT	**–**	1
	(346)	12
Deferred tax		
– Origination and reversal of temporary differences *(note 24(b)(i))*	**(155)**	(100)
Total	**4,441**	604

Notes:

(i) The provision for Hong Kong Profits Tax for 2015 is calculated at 16.5% (2014: 16.5%) of the estimated assessable profits for the year.

(ii) PRC subsidiaries are subject to PRC EIT at 25% (2014: 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 the BVI for the years ended 31 March 2015 and 2014.

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

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

	2015 **HK$'000**	2014 HK$'000
Profit/(loss) before taxation	**20,043**	(3,727)
Notional tax on profit/(loss) before taxation, calculated at the domestic income tax rate of 16.5% (2014: 16.5%)	**3,307**	(615)
Tax effect of non-deductible expenses	**2,801**	401
Tax effect of non-taxable income	**(2,358)**	(149)
Effect of different tax rates arising from other tax jurisdictions	**(478)**	(457)
Tax effect of utilisation of unused tax losses not recognised in prior years	**(93)**	(344)
Tax effect of unused tax losses not recognised	**1,632**	1,768
(Over)/under-provision in prior years	**(346)**	12
Tax reduction	**(66)**	–
Others	**42**	(12)
Actual tax expense	**4,441**	604

8. DIRECTORS' EMOLUMENTS

	2015				
	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	–	2,400	740	53	3,193
Mr. Cheung Ming	–	1,800	630	18	2,448
Mr. Sue Ka Lok	–	715	–	36	751
Ms. Hu Denger	–	600	100	–	700
Mr. Ren Haisheng	–	1,150	370	–	1,520
Non-executive director					
Mr. Suen Cho Hung, Paul (resigned on 1 June 2015)	–	120	–	6	126
Independent non-executive directors					
Mr. Chan Kwong Fat, George	114	–	–	–	114
Mr. Siu Hi Lam, Alick	114	–	–	–	114
Mr. Ng Tze Kin	114	–	–	–	114
	342	6,785	1,840	113	9,080

8. DIRECTORS' EMOLUMENTS (continued)

	2014				
	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. 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

No director 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 2015 and 2014.

9. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, three (2014: three) are directors of the Company whose emoluments are disclosed in note 8. The aggregate of the emoluments of the remaining two (2014: two) individuals are as follows:

	2015	2014
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**1,512**	1,080
Discretionary bonuses	**505**	46
Retirement benefits scheme contributions	**78**	56
	2,095	1,182

The emoluments of the two (2014: two) individuals with the highest emoluments are within the following bands:

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

No emoluments were paid or payable by the Group to any of the 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 2015 and 2014.

10. DIVIDENDS

Dividends paid/payable to owners of the Company attributable to the years are as follows:

	2015	2014
	HK$'000	*HK$'000*
Interim dividend declared and paid of HK0.2 cent per ordinary share (2014: nil cent per ordinary share)	**4,031**	–
Final dividend proposed after the end of the reporting period of HK0.04 cent per ordinary share (2014: nil cent per ordinary share)	**8,180**	–
	12,211	–

A final dividend of HK0.04 cent per ordinary share in respect of the year ended 31 March 2015 was proposed by the Board on 29 June 2015. Such final dividend is subject to approval by the shareholders at the forthcoming annual general meeting.

The consolidated financial statements do not reflect this dividend payable.

11. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit for the year attributable to owners of the Company of HK$17,198,000 (2014: loss of HK$3,680,000) and the weighted average number of 20,154,072,140 ordinary shares (2014 (restated): 20,154,072,140 ordinary shares) outstanding during the year.

The number of ordinary shares for both years for the purposes of calculating basic earnings/(loss) per share has been adjusted for the share subdivision of every one share into ten shares which became effective on 9 June 2015 (see note 34(b)). As a consequence, the amount of basic loss per share for the year ended 31 March 2014 has been restated from HK0.18 cent to HK0.018 cent.

(b) Diluted earnings/(loss) per share

Diluted earnings/(loss) per share is the same as the basic earnings/(loss) per share as there were no potential ordinary shares outstanding during the years ended 31 March 2015 and 2014.

12. EMPLOYEE RETIREMENT BENEFITS

The Group has arranged for 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$1,500 (HK$1,250 prior to June 2014) 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 a specified 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.

13. PROPERTY, PLANT AND EQUIPMENT

	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 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 and 1 April 2014	1,262	1,722	480	601	263	75	39	4,442
Additions	–	–	46	17	69	–	354	486
Derecognised on disposal of subsidiaries *(note 29)*	(1,258)	–	(15)	(582)	(37)	(44)	(39)	(1,975)
Acquisition through business combination *(note 28)*	–	–	330	–	83	1,013	–	1,426
Written off	–	(1,722)	–	–	–	–	–	(1,722)
Disposal	–	–	–	–	–	(31)	–	(31)
Effect of foreign currency exchange differences	(4)	–	(1)	–	(1)	(1)	–	(7)
At 31 March 2015	–	–	840	36	377	1,012	354	2,619
Accumulated depreciation and impairment								
At 1 April 2013	152	1,349	376	79	42	–	2	2,000
Charge for the year	148	268	100	80	29	–	3	628
Impairment loss recognised in profit or loss	–	–	–	190	–	–	–	190
Eliminated on disposals	–	–	–	(2)	–	–	–	(2)
Effect of foreign currency exchange differences	3	–	–	2	–	–	–	5
At 31 March 2014 and 1 April 2014	303	1,617	476	349	71	–	5	2,821
Charge for the year	61	70	24	35	77	38	82	387
Eliminated on disposal of subsidiaries *(note 29)*	(363)	–	(12)	(368)	(31)	–	(6)	(780)
Written off	–	(1,687)	–	–	–	–	–	(1,687)
Effect of foreign currency exchange differences	(1)	–	–	–	–	–	–	(1)
At 31 March 2015	–	–	488	16	117	38	81	740
Carrying amounts								
At 31 March 2015	–	–	352	20	260	974	273	1,879
At 31 March 2014	959	105	4	252	192	75	34	1,621

14. GOODWILL

	2015 **HK$'000**	2014 HK$'000
Cost		
At beginning of the year	**819**	819
Arising on acquisition of subsidiaries during the year *(note 28)*	**5,368**	–
Derecognised on disposal of subsidiaries	**(819)**	–
At end of the year	**5,368**	819
Accumulated impairment losses		
At beginning of the year	**819**	–
Impairment loss	**–**	819
Derecognised on disposal of subsidiaries	**(819)**	–
At end of the year	**–**	819
Carrying amount	**5,368**	–

Logistics services segment:

For purposes of impairment testing, goodwill has been allocated to a CGU. A subsidiary of the Company, Shing Kee International Logistics Holdings Limited ("SKIL") together with its subsidiary, Shing Kee Sea-land Logistics & Warehousing (Shenzhen) Co., Ltd. (literal translation of 勝記海陸物流倉（深圳）有限公司) ("Sealand") (collectively the "SKIL Group"), are principally engaged in logistics businesses comprising warehouse, transportation and cargo handling in Hong Kong and PRC. The management considered SKIL Group is a CGU as synergies are derived in such arrangement.

The recoverable amount of the CGU is determined based on value in use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. The key assumptions for the value in use calculations are gross margin, long-term growth rate and pre-tax discount rate during the financial budget period. The Group, with reference to the valuation performed by a firm of independent professional qualified valuers, 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 by considering the weighted average cost of capital of the CGU with reference to comparable companies, as adjusted by a premium with reference to the size of such comparable companies. The key assumptions of gross margin, long-term growth rate and pre-tax discount rate used in value in use calculations are 37%, 3% and 16.88% respectively.

14. GOODWILL (continued)

Logistics services segment: (continued)

The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development. The long-term growth rates used are consistent with the industry growth forecasts. The discount rates used are pre-tax and reflect specific risks relating to the relevant CGU. The directors believe that any reasonably possible change in any of these assumptions would not cause the recoverable amounts of the CGU to fall below its carrying amount. In the opinion of directors, no impairment loss was considered necessary.

Sale of electrical and electronic consumer products segment:

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 were produced by the acquired subsidiaries, May Wilson Holding Limited ("MWH") and its subsidiaries (together the "MWH Group"). The management considered MWHK and MWH Group was a CGU as synergies were derived in such arrangement.

For the year ended 31 March 2014, as the CGU to which goodwill is allocated has been reduced to its forecast recoverable amount, which was determined based on value in use calculations, 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 was recognised in "other operating expenses" in the consolidated statement of profit or loss.

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15. OTHER INTANGIBLE ASSET

	Customer relationship *HK$'000*
Cost	
At 1 April 2013, 31 March 2014 and 1 April 2014	–
Acquisition through business combination *(note 28)*	4,202
At 31 March 2015	4,202
Accumulated amortisation	
At 1 April 2013, 31 March 2014 and 1 April 2014	–
Charge for the year	840
At 31 March 2015	840
Carrying amount	
At 31 March 2015	3,362
At 31 March 2014	–

The amortisation charge for the year is included in "administrative expenses" in the consolidated statement of profit or loss.

16. INVENTORIES

	2015 ***HK$'000***	2014 *HK$'000*
Merchandise	**8,808**	13,524
Raw materials	**–**	170
Work in progress	**–**	79
Finished goods	**–**	137
	8,808	13,910

17. TRADE AND BILLS RECEIVABLES

	2015 HK$'000	2014 HK$'000
Trade and bills receivables	**305,470**	119,927
Less: Allowance for doubtful debts *(note (b))*	**(88)**	(860)
	305,382	119,067

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

Notes:

(a) Age analysis

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

	2015 HK$'000	2014 HK$'000
0 – 60 days	**169,247**	118,203
61 – 120 days	**74,259**	251
121 – 180 days	**61,075**	–
Over 180 days	**801**	613
	305,382	119,067

Trade and bills receivables are due within 30 to 180 days (2014: 30 to 180 days) from the date of billing. Further details on the Group's credit policy are set out in note 27(a).

17. TRADE AND BILLS RECEIVABLES (continued)

Notes: (continued)

(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(h)).

Movements in the allowance for doubtful debts

	Notes	2015 HK$'000	2014 HK$'000
At beginning of the year		**860**	–
Impairment loss recognised	(i)	**88**	860
Amount written off upon disposal of subsidiaries	(ii)	**(470)**	–
Uncollectible amount written off	(iii)	**(360)**	–
Reversal of impairment allowance	(iv)	**(30)**	–
At end of the year	(i)	**88**	860

Notes:

(i) At 31 March 2015, trade receivables of the Group amounting to HK$88,000 (2014: HK$860,000) 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$88,000 (2014: HK$860,000) were recognised.

(ii) Upon disposal of subsidiaries during the year ended 31 March 2015, trade receivables amounted to HK$470,000 individually determined to be impaired in prior year were written off.

(iii) As at 31 March 2015, bad debt of HK$360,000 (2014: nil) was written off against trade receivables directly as the Group assessed recovery of the amount is remote.

(iv) HK$30,000 (2014: nil) of the trade receivables previously impaired was recovered during the year. Therefore, the impairment allowance was reversed.

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:

	2015	2014
	HK$'000	*HK$'000*
Neither past due nor impaired	**303,678**	118,308
Past due but not impaired		
Less than 1 month past due	**684**	145
1 to 3 months past due	**185**	–
Over 3 months past due	**835**	614
	1,704	759
	305,382	119,067

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

The Group discounted bills receivable with a carrying amount of HK$299,225,000 (2014: HK$52,112,000) at 31 March 2015 to banks for cash proceeds of HK$299,225,000 (2014: HK$51,879,000). If the bills receivable are not paid at maturity, the banks have the right to request the Group to pay the unsettled balance. As the Group has not transferred the significant risks and rewards relating to these bills receivable, it continues to recognise the full carrying amount of the receivable and has recognised the cash received on the discounting as secured bank advances.

At the end of the reporting period, the carrying amount of the bills receivable that has been discounted but has not been derecognised amounted to HK$299,225,000 (2014: HK$52,112,000) and the carrying amount of the associated liability is HK$299,225,000 (2014: HK$52,112,000).

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2015 HK$'000	2014 HK$'000
Amount due from a non-controlling interest *(note (a))*	**6,106**	–
Loan receivable *(note (b))*	**601**	–
Other receivables	**5,324**	291
Less: Allowance for doubtful debts *(note (c))*	**–**	(21)
	12,031	270
Trade deposits paid *(note (e))*	**77,444**	6,162
Other deposits and prepayments	**1,188**	875
	90,663	7,307
Representing		
Current	**90,023**	7,307
Non-current	**640**	–
	90,663	7,307

Notes:

(a) The amount due from a non-controlling interest, which was acquired from business combination (see note 28), is secured by shares in certain private limited companies incorporated in Hong Kong, one of which being SKIL, a non-wholly-owned subsidiary of the Group. It was interest-bearing at 5.01% per annum and repayable on 31 March 2016.

The Group considers that the credit risk arising from the amount due from a non-controlling interest is significantly mitigated by the collateral with reference to the estimated recoverable amount of the collateral as at 31 March 2015.

(b) The loan receivable due from an independent third party was acquired from a business combination (see note 28). It was unsecured, interest-bearing at 5.51% per annum and repayable on 30 April 2015. The amount was subsequently assigned to a non-controlling interest holder of SKIL Group, with the revised terms which are same as those in note 18(a).

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

Notes: (continued)

(c) 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(h)).

Movements in the allowance for doubtful debts

	Notes	**2015** **HK$'000**	2014 *HK$'000*
At beginning of the year		**21**	–
Impairment loss recognised	(i)	**–**	21
Uncollectible amount written off	(ii)	**(21)**	–
At end of the year	(i)	**–**	21

Notes:

(i) At 31 March 2015, no other receivables of the Group (2014: HK$21,000) 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, no specific allowances for doubtful debts (2014: HK$21,000) were recognised.

(ii) During the year ended 31 March 2015 bad debts of HK$21,000 (2014: nil) were written off against other receivabels directly as the Group assessed recovery of the amount is remote.

(d) Except that rental deposit of HK$640,000 (2014: nil) is expected to be recovered after more than one year, all of the other receivables are expected to be recovered within one year and other deposits and prepayments are expected to be recovered or recognised as expenses within one year.

(e) At 31 March 2015, trade deposits of HK$77,444,000 was paid by the Group to a supplier, which is an independent third party, for purchase of metal minerals and related industrial materials. The purchase took place after the year end date upon the delivery of the metal minerals and related industrial materials to the Group's designated warehouse. The trade deposits of HK$6,162,000 at 31 March 2014 were recognised as purchases during the year ended 31 March 2015.

(f) Amount due from a non-controlling interest, loan receivable and other receivables that were neither past due nor impaired relate to a wide range of debtors for whom there was no recent history of default.

19. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK DEPOSITS

(a) Cash and cash equivalents

	2015	2014
	HK$'000	*HK$'000*
Cash at banks and on hand	**85,348**	45,451
Deposits with banks	**–**	26,305
Cash and cash equivalents in the consolidated statement of financial position and the consolidated statement of cash flows	**85,348**	71,756

Note:

The interest rates on the cash at banks and deposits with banks ranged from 0.01% to 0.35% (2014: 0.01% to 2.85%) per annum.

(b) Restricted bank deposits

There is no restricted bank deposits as at 31 March 2015. The Group's restricted bank deposits at 31 March 2014 of HK$120,952,000 comprise of:

(i) Deposits of HK$120,031,000 placed at a bank to secure the bills payables (note 20) without any deposit interest. The pledged bank deposits were released upon the settlement of relevant bills payables during the year ended 31 March 2015.

(ii) Deposits of HK$628,000 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) under a claim made by the Group against that customer for default of payment. The guarantee fund was interest-bearing at effective interest rate of 2.85%.

(iii) Deposits of HK$293,000 placed at a bank as security for PRC customs duty in respect of export sales which were released upon completion of the export sales during the year ended 31 March 2015.

20. TRADE AND BILLS PAYABLES

	2015	2014
	HK$'000	*HK$'000*
Trade and bills payables	**21,514**	124,530

Notes:

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

(b) At 31 March 2015, there is no trade and bills payable being secured. At 31 March 2014, included within trade and bills payable were bills payables of HK$110,071,000 being secured by the restricted bank deposits of HK$120,031,000.

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

	2015	2014
	HK$'000	*HK$'000*
0 – 60 days	**4,112**	110,265
61 – 120 days	**1,180**	14,135
121 – 180 days	**213**	11
Over 180 days	**16,009**	119
	21,514	124,530

21. ACCRUALS, DEPOSITS AND OTHER PAYABLES

	2015	2014
	HK$'000	*HK$'000*
Accruals and other payables	**8,347**	4,387
Trade deposits received	**–**	1,117
	8,347	5,504

Note:

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.

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22. BANK LOAN

	2015	2014
	HK$'000	*HK$'000*
Term loan due for repayment within 1 year	**309**	–

The term loan carried at amortised cost is guaranteed by a non-controlling shareholder of a non-wholly-owned subsidiary. It is interest-bearing at 4.8% (2014: nil) per annum and repayable within 1 year with a repayment on demand clause.

23. BANK ADVANCES FOR DISCOUNTED BILLS

At 31 March 2015, the bank advances for discounted bills of HK$299,225,000 (2014: HK$52,112,000) are secured by the bills receivables, interest-bearing ranged from 1.57% to 4.75% (2014: 1.83%) per annum and repayable within the next financial year with a repayment on demand clause.

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24. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	2015 ***HK$'000***	2014 *HK$'000*
At beginning of the year	**(13)**	(837)
Tax payable assumed through business combination *(note 28)*	**1,008**	–
Provision for the year		
– Hong Kong Profits Tax	**4,942**	610
– PRC EIT	**–**	82
	4,942	692
(Over)/under-provision in respect of prior years		
– Hong Kong Profits Tax	**(346)**	11
– PRC EIT	**–**	1
	(346)	12
Income tax paid during the year		
– Hong Kong Profits Tax	**(1,729)**	(360)
– PRC EIT	**–**	(209)
	(1,729)	(569)
Income tax recovered during the year		
– Hong Kong Profits Tax	**535**	688
Effect of foreign currency exchange differences	**–**	1
At end of the year	**4,397**	(13)
Representing:		
Tax recoverable	**–**	(623)
Tax payable	**4,397**	610
	4,397	(13)

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

(b) Deferred tax assets and liabilities recognised

(i) 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 *HK$'000*	Depreciation allowances in excess of related depreciation *HK$'000*	Depreciation in excess of related depreciation allowances *HK$'000*	Fair value adjustment of other intangible asset *HK$'000*	Total *HK$'000*
At 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 and 1 April 2014	–	31	(58)	–	(27)
Acquisition of subsidiaries *(note 28)*	–	–	–	693	693
Charged/(credited) to profit or loss	–	6	(22)	(139)	(155)
At 31 March 2015	–	37	(80)	554	511

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

	2015 ***HK$'000***	2014 *HK$'000*
Deferred tax assets recognised in the consolidated statement of financial position	**(80)**	(58)
Deferred tax liabilities recognised in the consolidated statement of financial position	**591**	31
	511	(27)

(c) Deferred tax assets not recognised

As at 31 March 2015, the Group has unused tax losses of HK$2,003,000 (2014: HK$3,468,000) and HK$16,104,000 (2014: HK$7,326,000) available for offset against future profits that may be carried forward indefinitely and with expiry date of within 5 years, respectively. No deferred tax assets have been recognised in respect of the tax losses due to the unpredictability of future profit streams.

25. 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:

	Share capital *HK$'000*	Share premium *HK$'000*	Capital reserve *HK$'000*	Contributed surplus *HK$'000*	Merger reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
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
At 1 April 2014	4,031	174,518	7,851	–	(1,522)	(49,174)	135,704
Loss for the year	–	–	–	–	–	(6,545)	(6,545)
Total comprehensive expenses for the year	–	–	–	–	–	(6,545)	(6,545)
Set off of accumulated losses contributed surplus *(note 25(c)(i))*	–	(174,518)	–	174,518	–	–	–
Set off of accumulated losses with contributed surplus *(note 25(c)(iv))*	–	–	–	(55,719)	–	55,719	–
Dividend declared and paid during the current year *(note 10)*	–	–	–	(4,031)	–	–	(4,031)
At 31 March 2015	4,031	–	7,851	114,768	(1,522)	–	125,128

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25. CAPITAL AND RESERVES (continued)

(b) Share capital

	2015 Number of shares	**2015** Amount HK$'000	2014 Number of shares	2014 Amount HK$'000
Authorised:				
Ordinary shares of HK$0.002 each	**50,000,000,000**	**100,000**	50,000,000,000	100,000
Issued and fully paid:				
Ordinary shares of HK$0.002 each	**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.

(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" and By-laws of the Company).

During the year ended 31 March 2015, the shareholders approved the Company to transfer the entire amount standing to the credit of the share premium account to the contributed surplus account at a special general meeting.

(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.

25. CAPITAL AND RESERVES (continued)

(c) Nature and purpose of reserves (continued)

(iv) Contributed surplus

The contributed surplus of the Company at the end of the end of the reporting period represented (i) the credit arising from the transfer of the entire amount of the share premium account of the Company as at 30 January 2015 to the contributed surplus account of the Company; (ii) a balance as reduced by amounts transferred from the accumulated losses of the Company to eliminate the accumulated losses of the Company as at 31 March 2014 and 31 March 2015 of HK$49,174,000 and HK$6,545,000 respectively; and (iii) the payment of interim dividend of HK$4,031,000 out of the contributed surplus during the year ended 31 March 2015.

(v) 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.

(vi) 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(r).

(d) Distributable reserves

As at 31 March 2015, the aggregate amount of reserves available for distribution to owners of the Company, which included retained earnings and contributed surplus, was HK$114,768,000 (2014: the Company had no reserves available for cash distribution and/ or distribution in specie whereas the Company's share premium in the amount of HK$174,518,000 may be distributed in the form of fully paid bonus shares). After the end of the reporting period, the directors proposed a final dividend of HK 0.04 cent per ordinary share (2014: nil per ordinary share) amounting to HK$8,180,000 (2014: nil). This dividend has not been recognised as a liability at the end of the reporting period.

25. CAPITAL AND RESERVES (continued)

(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 loan and bank advances for discounted bills disclosed in notes 22 and 23, respectively, 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.

26. 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.

26. 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 may be. As at 31 March 2015, 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 2015 and 2014 and no share options were outstanding as at 31 March 2015 and 2014.

27. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

The Group's major financial instruments include the followings:

Categories of financial instruments

	2015	2014
	HK$'000	*HK$'000*
Financial assets		
Trade and bills receivables	**305,382**	119,067
Amount due from a non-controlling interest, loan receivable and other receivables	**12,031**	270
Restricted bank deposits	**–**	120,952
Cash and cash equivalents	**85,348**	71,756
Loans and receivables	**402,761**	312,045
Financial liabilities		
Trade and bills payables	**21,514**	124,530
Accruals and other payables	**8,347**	4,387
Bank loan	**309**	–
Bank advances for discounted bills	**299,225**	52,112
Financial liabilities at amortised cost	**329,395**	181,029

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.

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

(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.

(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 (2014: 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, 45% (2014: 39%) and 84% (2014: 91%) 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 due by banks with good reputation.

(v) The Group also has credit risk attributable to amount due from a non-controlling interest, loan receivable and other receivables. 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 any assets pledged by the counterparties as security for the facilities.

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

(a) Credit risk (continued)

(vi) 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.

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 and its compliance with lending covenants to ensure that it maintains sufficient amount of cash and adequate committed lines of funding from major institutions to meet its liquidity requirements in the short and long term. The Group relies on its liquid funds and bank advances as significant sources of liquidity.

The following tables set out the remaining contractual maturities at the end of the reporting period of the Group'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 can be required to pay.

Specifically, for the term loan and bank advances for discounted bills which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the entity can be required to pay, i.e. if the lenders were to invoke their unconditional rights to call the loans and bank advances for discounted bills with immediate effect.

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

(b) Liquidity risk (continued)

	2015			
	On demand *HK$'000*	**Within 1 year or on demand** *HK$'000*	**Total contractual undiscounted cash flow** *HK$'000*	**Carrying amount** *HK$'000*
Non-derivative financial liabilities:				
Trade and bills payables	**–**	**21,514**	**21,514**	**21,514**
Accruals and other payables	**–**	**8,347**	**8,347**	**8,347**
Bank loan	**309**	**–**	**309**	**309**
Bank advances for				**–**
discounted bills	**299,225**	**–**	**299,225**	**299,225**
	299,534	**29,861**	**329,395**	**329,395**

	2014			
	On demand *HK$'000*	Within 1 year *HK$'000*	Total contractual undiscounted cash flows *HK$'000*	Carrying amount *HK$'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
	52,112	128,917	181,029	181,029

The table that follows summarises the maturity analysis of bank advances for discounted bills and bank loan with a repayment on demand clause based on agreed scheduled repayments set out in the bills contracts and loan agreements. The amounts include interest payments computed using contractual rates. As a result, these amounts are greater than the amounts disclosed in the "on demand" time band in the above maturity analysis. Taking into account of the Group's financial position, the directors of the Group do not consider it probable that the banks will exercise their discretion to demand immediate repayment. The directors of the Group believe that such bank advances and bank loan will be repaid in accordance with the scheduled repayment dates set out in the bills contracts and loan agreements.

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

(b) Liquidity risk (continued)

Maturity Analysis – Bank advances for discounted bills and bank loan subject to a repayment on demand clause based on scheduled repayments

	On demand	Within 1 year	Total undiscounted cash flows
	HK$'000	*HK$'000*	*HK$'000*
31 March 2015	–	299,543	299,543
31 March 2014	–	52,112	52,112

(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 amount due from a non-controlling interest (see note 18(a) for details), loan receivable (see note 18(b) for details), bank deposits (see note 19 for details), bank loan (see note 22 for details) and bank advances for discounted bills (see note 23 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 2015, 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 increased/decreased the Group's profit after tax and the Group's retained profits by approximately HK$423,000 (2014: decreased/increased the Group's loss after tax and the Group's accumulated losses by approximately HK$170,000). Other components of the Group's consolidated 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 (2014: 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 2014.

27. 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 advances for discounted bills 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 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.

	Exposure to foreign currencies (expressed in HK$)					
	2015			2014		
	JPY '000	**US$ '000**	**RMB '000**	JPY '000	US$ '000	RMB '000
Trade and bills receivables	**-**	**78,436**	**225,159**	–	118,210	–
Other receivables	**-**	**1,258**	**3,964**	–	–	115
Restricted bank deposits	**-**	**-**	**-**	–	120,031	–
Cash and cash equivalents	**-**	**74,768**	**4,890**	–	23,243	1,285
Trade and bills payables	**-**	**(17,762)**	**-**	–	(124,163)	–
Accruals and other payables	**-**	**(72)**	**(3,374)**	(2,853)	(69)	–
Bank advances for discounted bills	**-**	**(74,066)**	**(225,159)**	–	(52,112)	–
Net exposure arising from recognised assets and liabilities	**-**	**62,562**	**5,480**	(2,853)	85,140	1,400

At 31 March 2015, the PRC subsidiaries of the Group with RMB as their functional currency are not exposed to currency risk with respect to HK$ by holding HK$ denominated cash and cash equivalents, trade and bills payables which were at nil balances as at the year end date (2014: HK$1,000 and HK$325,000 respectively).

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

(d) Currency risk (continued)

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit/loss after tax (and retained profits/accumulated losses) that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between the HK$ and the US$ would not be affected 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.

	2015			2014		
	Increase/ (decrease) in foreign exchange rates	**Increase/ (decrease) in profit after tax**	**Increase/ (decrease) in retained profits**	Increase/ (decrease) in foreign exchange rates	(Increase)/ decrease in loss after tax	(Increase)/ decrease in accumulated losses
		HK$'000	***HK$'000***		*HK$'000*	*HK$'000*
JPY	**5%**	**-**	**-**	5%	(119)	(119)
	(5%)	**-**	**-**	(5%)	119	119
HK$	**5%**	**-**	**-**	5%	(12)	(12)
	(5%)	**-**	**-**	(5%)	12	12
RMB	**5%**	**229**	**229**	5%	58	58
	(5%)	**(229)**	**(229)**	(5%)	(58)	(58)

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 2014.

27. 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 financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 March 2015 and 2014.

28. BUSINESS COMBINATION

On 8 December 2014, the Group acquired control of SKIL Group through the acquisition of 60% equity interest in SKIL, together with its subsidiary, Sealand which are principally engaged in the provision of logistics services in Hong Kong and the PRC, for a cash consideration of HK$9,000,000. SKIL Group was acquired so as to boarden the revenue base, diversity the business risks of the Group, and to bring synergistic effect to the Group's business of sourcing and sale of metal minerals and related industrial materials.

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

	Fair value recognised on acquisition *HK$'000*
Property, plant and equipment *(note 13)*	**1,426**
Other intangible asset *(note 15)*	**4,202**
Trade receivables	**3,715**
Prepayments, deposits and other receivables	**15,237**
Restricted bank deposit	**3,200**
Cash and bank balances	**118**
Trade payables	**(3,422)**
Accruals, deposits and other payables	**(2,551)**
Bank loans	**(11,221)**
Bank overdraft	**(2,950)**
Tax payable *(note 24(a))*	**(1,008)**
Deferred tax liabilities *(note 24 b(i))*	**(693)**
Total identifiable net assets at fair value	**6,053**

Goodwill arising on acquisition

Consideration transferred	**9,000**
Non-controlling interests	**2,421**
Fair value of identifiable net assets acquired	**(6,053)**
Goodwill arising on acquisition *(note 14)*	**5,368**

28. BUSINESS COMBINATION (continued)

The non-controlling interests (40% in SKIL) recognised at the acquisition date was measured by reference to the proportionate share of the fair value of the SKIL Group's identifiable net assets and amounted to approximately HK$2,421,000.

Net cash outflow on acquisition

	HK$'000
Consideration, satisfied in cash	**9,000**
Cash and bank balances acquired	**(118)**
Bank overdraft assumed	**2,950**
Net cash outflow	**11,832**

Impact of acquisition on the revenue and results of the Group

For the four months ended 31 March 2015, SKIL Group contributed revenue and loss of HK$4,095,000 and HK$3,103,000 respectively to the revenue and profit of the Group for the year ended 31 March 2015.

Had the acquisition occurred on 1 April 2014, the revenue and profit of the Group for the year ended 31 March 2015 would have been HK$656,228,000 and HK$17,796,000 respectively. The pro forma information is for illustrative purpose only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2014, nor is intended to be a projection of future results.

Acquisition-related costs amounting to HK$577,000 and have been excluded from the consideration transferred and have been recognised as an expense in the current year, within the 'administrative expenses' line item in the consolidated statement of profit or loss.

Goodwill of HK$5,368,000 arose from the acquisition because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth and future market development. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. 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, including trade receivables of HK$3,715,000, amount due from a non-controlling interest of HK$9,249,000, loan receivable of HK$3,507,000 and other receivables of HK$2,329,000, were equivalent to their fair values totalling HK$18,800,000 and it was expected that all amounts were fully collectible.

29. DISPOSAL OF SUBSIDIARIES

On 29 August 2014, the Group disposed of its 92% equity interests in May Wilson Holding Limited and its subsidiaries (collectively called "MWH Group"), which was engaged in the manufacture and sale of electrical appliances, electronic products and related plastic injection components in Hong Kong and the PRC together with an assignment of a shareholder's loan of HK$5,004,000 due by MWH Group, to an independent third party at a consideration of HK$100,000.

On 17 December 2014, the Group disposed of its 100% equity interests in Top Splendor International Development Limited and its subsidiaries (collectively called "TSID Group"), which was engaged in the distribution and sale of electronic consumer products together with an assignment of a shareholder's loan of HK$2,920,000 due by TSID Group in the PRC, to an independent third party at a consideration of HK$3,250,000.

	MWH Group	TSID Group	Total
	HK$'000	*HK$'000*	*HK$'000*
Consideration received			
Consideration received in cash and cash equivalents	100	3,250	3,350
Total consideration received	100	3,250	3,350
Analysis of assets and liabilities over which control was lost			
Non-current assets			
Property, plant and equipment *(note 13)*	1,189	6	1,195
Current assets			
Cash and cash equivalents	257	2,923	3,180
Trade receivables	–	365	365
Prepayments, deposits and other receivables	636	235	871
Inventories	250	45	295
	1,143	3,568	4,711
Current liabilities			
Trade payables	166	–	166
Accruals, deposits and other payables	3,615	355	3,970
Shareholder's loan due to the Group	5,004	2,920	7,924
	8,785	3,275	12,060
Net (liabilities)/assets disposed of	(6,453)	299	(6,154)

29. DISPOSAL OF SUBSIDIARIES (continued)

	MWH Group HK$'000	TSID Group HK$'000	Total HK$'000
Gain on disposal of subsidiaries			
Consideration received	100	3,250	3,350
Net liabilities/(assets) disposed of	6,453	(299)	6,154
Assignment of shareholder's loan due to the Group	(5,004)	(2,920)	(7,924)
Non-controlling interests	(516)	–	(516)
Cumulative exchange gain in respect of the net liabilities/(assets) of the subsidiaries reclassified from equity to profit or loss on lost of control of subsidiaries	23	488	511
Gain on disposal of subsidiaries	1,056	519	1,575

The gain on disposal of subsidiaries is included in the "other revenue and other net income".

	MWH Group HK$'000	TSID Group HK$'000	Total HK$'000
Net cash (outflow)/inflow on disposal of subsidiaries			
Consideration received in cash and cash equivalent	100	3,250	3,350
Cash and cash equivalent balances disposed of	(257)	(2,923)	(3,180)
Net cash (outflow)/inflow	(157)	327	170

30. 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:

	2015	2014
	HK$'000	*HK$'000*
Salaries and other short-term employee benefits	**8,967**	2,590
Post-employment benefits	**113**	64
	9,080	2,654

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

(b) 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	
	2015	2014
	HK$'000	*HK$'000*
An entity which is controlled by the ultimate controlling party of the Group		
– rental expense	**57**	685
– building management fee	**5**	54
– air-conditioning charge	**3**	41
– acquisition of property, plant and equipment	**400**	–
	465	780

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

31. OPERATING LEASES COMMITMENTS

(a) As lessee

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

	2015	2014
	HK$'000	*HK$'000*
Within one year	**6,496**	510
After one year but within five years	**8,779**	–
	15,275	510

The Group leases properties under operating leases as its office premises, factory, warehouse and for staff accommodation. Leases are negotiated for an average term of 1 to 3 years (2014: 1 to 3 years), with an option to renew the lease when all terms are subject to renegotiation and none of the leases includes contingent rentals.

(b) As lessor

At 31 March 2015, the Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	2015	2014
	HK$'000	*HK$'000*
Within one year	**–**	78

At 31 March 2015, the Group does not have any sub-leases of its office premises under operating lease for rental income (2014: sub-lease with an initial term of 27 months and did not include contingent rentals).

32. SUBSIDIARIES

(a) The following is a list of the principal subsidiaries at 31 March 2015:

Name of subsidiary	Place of establishment or incorporation/ business	Class of shares held	Particulars of issued and paid up capital	Attributable equity interest		Principal activities
				2015	2014	
Indirectly held						
BEP Corporate Services Limited	Hong Kong	Ordinary	1 share (2014: 1 share)	**100%**	100%	Provision of management services
Vinus Telecom Hong Kong Limited	Hong Kong	Ordinary	1 share (2014: 1 share)	**100%**	100%	Sale of electrical and electronic consumer products
China Mining Industrial Import & Export Company Limited	Hong Kong	Ordinary	1 share (2014: 1 share)	**100%**	100%	Sourcing and sale of metal minerals and related industrial materials
Global Metal Industrial Company Limited	Hong Kong	Ordinary	1 share (2014: 1 share)	**100%**	100%	Inactive
SKIL	Hong Kong	Ordinary	10,000 shares	**60%**	–	Provision of logistics services
Sealand *(note)*	PRC	Registered	HK$10,000,000	**60%**	–	Provision of logistics services
MWHK	Hong Kong	Ordinary	1 share (2014: 1 share)	**92%**	92%	Sale of electrical and electronic consumer products
Neo Computer International Co. Limited	Hong Kong	Ordinary	1 share (2014: 1 share)	**92%**	92%	Sale of electrical and electronic consumer products
BEP Management Company Limited	Hong Kong	Ordinary	1 share (2014: 1 share)	**100%**	100%	Provision of management services

Note:

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

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

The following table lists out the information relating to the subsidiaries of the Group which have material NCI as at 31 March 2014. At 31 March 2015, there is no subsidiary of the Group which has material NCI. The summarised financial information presented below represents the amounts before any inter-company elimination.

32. SUBSIDIARIES (continued)

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

For the year ended 31 March 2014

MWH Group

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

	Year ended 31/3/2014 *HK$'000*
Revenue	15,570
Loss for the year	(5,462)
Total comprehensive expenses for the year	(5,457)
Loss allocated to NCI	(437)
Total comprehensive expenses allocated to NCI	(437)
Dividend paid to NCI	–
Net cash used in operating activities	(14)
Net cash generated from investing activities	52
Net cash used in financing activities	(571)

As disclosed in note 29, MWH Group was disposed on 29 August 2014.

33. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	2015 HK$'000	2014 HK$'000
Non-current assets			
Investments in subsidiaries		**1**	1
Current assets			
Tax recoverable		**–**	87
Prepayments, deposits and other receivables		**138,508**	121,740
Cash and cash equivalents		**3,608**	23,944
		142,116	145,771
Current liabilities			
Accruals, deposits and other payables		**16,949**	10,068
Tax payable		**40**	–
		16,989	10,068
Net assets		**125,128**	135,704
Equity			
Equity attributable to owners of the Company	*25(a)*		
Share capital		**4,031**	4,031
Reserves		**121,097**	131,673
Total equity		**125,128**	135,704

34. EVENTS AFTER THE REPORTING PERIOD

The following events took place after 31 March 2015:

(a) On 1 April 2015, the Company granted share options to subscribe for a total of 93,000,000 ordinary shares of HK$0.002 each under the Company's Share Option Scheme adopted on 27 August 2012 to eligible persons (see note 26 for details). The exercise price of the options granted is HK$0.335 per share and the exercisable period is from 1 April 2015 to 31 March 2017. Among the options granted, 71,000,000 options were granted to the directors of the Company and 22,000,000 options were granted to the employees of the Group.

A total of 29,600,000 share options were exercised to subscribe for 29,600,000 ordinary shares of par value of HK$0.002 each in the Company at the subscription price of HK$0.335 per share of approximately HK$9,916,000, of which HK$59,000 will be credited to share capital and the balance of HK$9,857,000 will be credited to the share premium account.

As at the date of approval of these financial statements, the total number of New Shares (as defined in note 34(b)) of the Company available for issue under the Share Option Scheme is 1,719,407,210 shares and the method of settlement for the options granted are by equity.

(b) An ordinary resolution was passed in a special general meeting on 8 June 2015 to approve the share subdivision ("Share Subdivision") that every one issued and unissued ordinary share of par value of HK$0.002 each in the share capital of the Company into ten ordinary shares of par value of HK$0.0002 each ("New Shares"). The New Shares rank pari passu in all respects with each other and with the shares in issue prior to the Share Subdivision and the rights attached to the New Shares are not affected by the Share Subdivision. After the completion of the Share Subdivision and as at the date of approval of these financial statements, the authorised share capital of the Company remains at HK$100,000,000 but comprises 500,000,000,000 New Shares of par value of HK$0.0002 each, of which 20,450,072,140 New Shares of par value of HK$0.0002 each have been issued.

Pursuant to the Share Option Scheme and relevant rules of the Listing Rules in respect of the share options granted on 1 April 2015 as detailed in note 34(a), upon the Share Subdivision taking effect on 9 June 2015, the adjusted number of shares of HK$0.0002 each to be issued upon exercise of the options is 735,000,000 and the adjusted exercise price of the outstanding options as at 9 June 2015 is HK$0.0335 per share.

35. 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, goodwill and other intangible asset

Determining whether there is an impairment requires an estimation of recoverable amounts of the property, plant and equipment, other intangible asset or the respective CGU in which the property, plant and equipment, goodwill and other intangible asset 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 estimates impairment losses for bad and doubtful debts resulting from the inability of the customers and other debtors to make the required payments. The Group bases the estimates on the aging of the receivable balance, debtors' credit-worthiness, and historical write-off experience. If the financial condition of the customers and debtors were to deteriorate, actual impairment losses would be higher than estimated.

(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.

35. ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Key sources of estimation uncertainty (continued)

(d) Depreciation

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual values. The management reviews the estimated useful lives and the residual values of the Group's property, plant and equipment regularly in order to determine the amount of depreciation charge for the year. The useful lives and the residual values are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation charge for future periods is adjusted if there are significant changes from previous estimates.

(e) Amortisation

Other intangible asset is amortised on a straight-line basis over its estimated useful lives. The determination of the useful lives involves management's estimation. The Group reassesses the useful life of other intangible asset and if the expectation differs from the original estimate, such a difference may impact the amortisation in the year and the estimate will be changed in the future period.

(f) Income tax

The subsidiaries of the Company are subject to income taxes, including capital gain tax, if any, 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.

36. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2015

Up to the date of issue of these financial statements, the HKICPA has issued the following amendments and new standards which are not yet effective for the year ended 31 March 2015 and which have not been adopted in these financial statements.

HKFRS 9	Financial Instruments[1]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 15	Revenue from Contracts with Customers[3]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[5]
Amendments to HKAS 1	Disclosure Initiative[5]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[5]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[5]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[4]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[5]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[5]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle[6]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[5]

1 Effective for annual periods beginning on or after 1 January 2018.
2 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.
3 Effective for annual periods beginning on or after 1 January 2017.
4 Effective for annual periods beginning on or after 1 July 2014.
5 Effective for annual periods beginning on or after 1 January 2016.
6 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.

The Group is in the process of making an assessment of what the impact of these amendments 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.

37. COMPARATIVE FIGURES

As a result of the new segment reporting as disclosed in note 4(b), the categories of revenue as disclosed in note 4(a) have been reclassified and comparative figure of the revenue has been restated to conform with the current year's presentation.

FIVE-YEAR FINANCIAL SUMMARY

	Year ended 31 March				
	2015	2014	2013	2012	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
RESULTS					
Turnover	**633,957**	220,168	150,645	257,507	177,929
Profit/(loss) before taxation	**20,043**	(3,727)	8,090	14,048	7,690
Income tax	**(4,441)**	(604)	(621)	(2,992)	(1,463)
Profit/(loss) for the year	**15,602**	(4,331)	7,469	11,056	6,227
Non-controlling interests	**1,596**	651	(40)	(755)	(394)
Profit/(loss) attributable to owners of the Company for the year	**17,198**	(3,680)	7,429	10,301	5,833

	At 31 March				
	2015	2014	2013	2012	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS AND LIABILITIES					
Total assets	**500,890**	335,294	176,377	100,836	80,268
Total liabilities	**(334,383)**	(182,787)	(19,477)	(103,718)	(94,505)
Non-controlling interests	**(2,353)**	(1,009)	(1,660)	(1,170)	(415)
	164,154	151,498	155,240	(4,052)	(14,652)
Equity/(deficiency of equity) attributable to owners of the Company	**164,154**	151,498	155,240	(4,052)	(14,652)