百德國際有限公司
Pak Tak International Limited

Stock Code: 2668

ANNUAL REPORT 2015

CONTENTS

BOARD OF DIRECTORS

Executive Directors

Mr. Cheung Chi Mang *(Chairman of the Board)*
Mr. Ko Kin Chung *(Chief Executive Officer)*

Non-Executive Director

Mr. Law Fei Shing

Independent Non-Executive Directors

Mr. Liu Kam Lung
Mr. Wu Shiming
Mr. Chan Sun Kwong

COMPANY SECRETARY

Ms. Tham Kit Wan

FINANCIAL CONTROLLER

Mr. Sze Kat Man

AUTHORISED REPRESENTATIVES

Mr. Ko Kin Chung
Ms. Tham Kit Wan

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1704, 17/F.,
China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

AUDITORS

Baker Tilly Hong Kong Limited
Certified Public Accountants
2nd Floor, 625 King's Road
North Point
Hong Kong

CORPORATE GOVERNANCE COMMITTEE

Mr. Cheung Chi Mang *(Chairman)*
Mr. Ko Kin Chung
Mr. Liu Kam Lung
Mr. Wu Shiming
Mr. Chan Sun Kwong

NOMINATION COMMITTEE

Mr. Liu Kam Lung *(Chairman)*
Mr. Cheung Chi Mang
Mr. Ko Kin Chung
Mr. Wu Shiming
Mr. Chan Sun Kwong

REMUNERATION COMMITTEE

Mr. Chan Sun Kwong *(Chairman)*
Mr. Cheung Chi Mang
Mr. Ko Kin Chung
Mr. Liu Kam Lung
Mr. Wu Shiming

AUDIT COMMITTEE

Mr. Chan Sun Kwong *(Chairman)*
Mr. Liu Kam Lung
Mr. Wu Shiming

STOCK CODE

The shares of Pak Tak International Limited are listed for trading on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 2668)

PRINCIPAL BANKERS

Wing Lung Bank Limited
Chong Hing Bank Limited
The Hong Kong and Shanghai Banking Corporation Limited
Hang Seng Bank

PRINCIPAL SHARE REGISTRAR & TRANSFER OFFICE

Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR & TRANSFER OFFICE

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

WEBSITE

www.paktakintl.com

DEAR SHAREHOLDERS

On behalf of the board of directors (the "**Directors**") of Pak Tak International Limited (the "**Company**"), I present the annual results of the Company and its subsidiaries (together the "**Group**") for the financial year ended 31 March 2015.

BUSINESS REVIEW

Manufacturing of and trading of garment products

The Group recorded a turnover of approximately HKD366 million which represented a decrease of 14% over the previous year. The decrease was mainly due to a change in sales strategy of the Group to focus on premium sales which yield higher profit margin. As a result, the overall gross profit margin for the year ended 31 March 2015 was approximately 6.4% which is about 2.5% over the year ended 31 March 2014. A loss before taxation of HKD8 million was recorded for the year ended 31 March 2015 and this included the non-recurring gain on disposal of subsidiaries of HKD9 million and reversal of impairment loss on amount due from an associate of HKD3 million. On the whole the gross profit improved as compared to a loss of HKD30 million for the previous year.

The Group's retail business of children's wear commenced in April 2013. Due to its continued losses throughout the year, it was disposed during the year under review. The board of Directors (the "Board") and the management realigned the administrative structure and business processes, and implemented measures of reducing costs and controlling expenses.

Disposal of Addlink Limited and its subsidiaries

On 18 June 2014, the Company entered into a disposal agreement with Mr. Cheng Kwai Chun, John ("Mr. Cheng") to dispose of the Group's entire interest in Addlink Limited, which was a wholly-owned subsidiary of the Company. This transaction culminated to the disposal of leasehold and freehold land and buildings and investment properties in Hong Kong, Mainland China and Thailand. It also led to the disposal of the loss making subsidiaries and investments, such as the retail business of children's wear and the investment in a subsidiary in Thailand in return for more cash inflow. The conditions precedent of the disposal agreement having been fulfilled, as agreed between the parties to the disposal agreement in writing, the completion of the disposal took place on 19 September 2014. Details of the disposal are set out in the circular dated 29 July 2014 and the announcement dated 18 June 2014.

RESULT HIGHLIGHTS

The highlights of the results for the year ended 31 March 2015:

- Turnover decreased by 14% to HKD366 million from HKD428 million for the year ended 31 March 2014;
- Net loss for the year was HKD7 million (including the non-recurring gain on disposal of subsidiaries of HKD9 million and reversal of impairment loss on amount due from an associate of HKD3 million), as compared to net loss of HKD28 million for the year ended 31 March 2014;
- Loss per share for the year was HK0.44 cents, as compared to loss per share of HK2.10 cents for the year ended 31 March 2014;
- The Group's net current assets at 31 March 2015 was HKD159.8 million, as compared to net current assets of HKD57.1 million at 31 March 2014, representing a current ratio of 3.59 (2014: 1.95).

LOOKING FORWARD

It is innate in the Company's business philosophy to commit to fulfilling customer demands.

Understanding the customer – his idiosyncrasies, is primary. The ever evolving business environment poses great challenge. There is need for strength before convention. The Company therefore, focuses on what it is good at. With unproductive segments of the business being offloaded, the Company is in a position to explore business opportunities that generate positive growth.

On behalf of the Board, I would like to take this opportunity to extend my sincere thanks and appreciation to all our shareholders for their support, to our customers, suppliers, and business partners for their trust and confidence, and to the management and staff for their outstanding efforts and dedication.

Cheung Chi Mang
Chairman

Hong Kong, 26 June 2015

ANALYSIS OF RESULTS

Turnover

The Group's turnover for the year ended 31 March 2015 amounted to HKD366 million. This represented a decrease of 14% over the turnover of HKD428 million in the same period of last year. The decrease resulted from the Group's change in customer base as the Group's sales focused on strong customers who value its services and high-end knitwear products, and are willing to pay premium prices.

The gross profit rose significantly by 40% from HKD16.7 million to HKD23.4 million for the year ended 31 March 2015. The increase was caused primarily by the reduction in sub-contractor wages by 34% from HKD90.3 million to HKD59.3 million.

For the year under review, the Group's major market remained to be the USA, which accounted for approximately 80% of the Group's total turnover, whereas 17% of the Group's total turnover was attributed to sales to Europe and Asia.

Profitability

For the year ended 31 March 2015, the Group recorded a net loss of HKD7 million as compared to a net loss of HKD28 million for the year ended 31 March 2014. This represented a decrease of HKD21 million. The main reason for the increase in profitability was the increase in gross profit by HKD7 million, the increase in other net gain of HKD5 million and the increase in gain on disposal of subsidiaries of HKD9 million.

The Group's administrative expenses increased by HKD1 million which is cushioned by the reduction in selling expenses.

The Group's finance costs reduced from HKD0.86 million to HKD0.46 million for the year ended 31 March 2015.

For the year ended 31 March 2015, loss per share was HK0.44 cents (2014: HK2.10 cents).

LIQUIDITY AND CAPITAL RESOURCES

The cash and cash equivalents (excluding bank overdrafts) of the Group were approximately HKD154 million as at 31 March 2015, representing an increase of approximately HKD106 million as compared with the balance as at 31 March 2014. The Group's cash position, as well as its working capital position, improved in the year ended 31 March 2015. During the year, the Group's bank loans and overdraft increased by approximately HKD9 million.

The Group principally satisfies its demand for operating capital with cash inflow from operation and credit facilities of over HKD80 million (2014: HKD64 million), which (2014: HKD35.5 million) were secured by legal charges on leasehold properties of companies controlled by Mr. Cheng; legal charges on certain assets of Mr. Cheng and personal guarantees from Mr. Cheng.

As of 31 March 2015, bank loans of HKD6 million were utilised and secured by corporate guarantee from the Company, legal charges on leasehold properties of companies controlled by and personal guarantees from Mr. Cheng. Bank overdraft of HKD20 million was secured by legal charge on certain assets of Mr. Cheng.

As of 31 March 2014, bank loans of HKD6 million were utilised and secured by guarantees to the extent of HKD5 million and HKD6 million from the Government of the Hong Kong Special Administrative Region under the Special Loan Guarantee Scheme and Small and Medium Enterprises Loan Guarantee Scheme, respectively, and corporate guarantees from the Company. Bank loans of HKD11 million were secured by pledge of the Group's leasehold properties in Hong Kong with a total carrying amount of HKD4 million, corporate guarantee from the Company and legal charges on leasehold properties of companies controlled by Mr. Cheng. The Directors believe that the Group will maintain a sound and stable financial position with sufficient liquid capital and financial resources to satisfy its business needs.

FOREIGN EXCHANGE RISKS AND INTEREST RATE RISK MANAGEMENT

The Group adopts strict and cautious policies in managing its exchange rate risk and interest rate risk. The principal foreign currency exchange risk stems from the exchange rate movements of the Hong Kong dollar, which is pegged to the United States dollar and Renminbi. The sales of the Group and purchases of raw materials are mainly denominated in United States dollars, while the Group's operations in China, the location of its production, are primarily conducted in Renminbi. During the year ended 31 March 2015, the exchange rate of Renminbi against the United States dollar and Hong Kong dollar rose slightly. The stable Renminbi has reduced the pressure on the Group's profitability. Nevertheless, recognising there is continuing call for the Renminbi to further appreciate, management will consider hedging significant foreign currency exposure should the need arise.

The Group has increased its debt exposure by about 54%. The Directors are of the opinion that the Group is not subject to significant interest rate risk even though the bank loans and overdraft of the Group, denominated in Hong Kong dollars, are on floating rate basis. As the Group maintains the gearing ratio of around 10-15%, the interest rate exposure is not significant.

DIVIDENDS

The Directors have resolved not to recommend the payment of any dividend for the year ended 31 March 2015 (2014: HKDnil).

CHARGE ON GROUP ASSETS

At 31 March 2015, no asset of the Group was pledged to secure the credit facilities utilised by the Group. At 31 March 2014, certain of the Group's leasehold properties in Hong Kong with a total carrying amount of HKD4 million were pledged to secure the credit facilities utilised by the Group.

FINANCIAL GUARANTEES ISSUED

As of 31 March 2015, the Company had issued corporate guarantees amounting to HKD60 million (2014: HKD44 million) to banks in connection with facilities granted to certain subsidiaries.

The guarantees were issued by the Company at nil consideration. The transactions were not at arm's length, and it is not possible to measure reliably the fair value of these transactions in accordance with HKAS 39, Financial instruments: Recognition and measurement, had they been at arm's length. Accordingly, the guarantees have not been accounted for as financial liabilities and measured at fair value.

As of 31 March 2015, the Directors considered it was not probable that a claim will be made against the Company under any of the guarantees. The maximum liability of the Company at the end of the reporting period under the guarantees issued amounted to the facilities drawn down by the subsidiaries of HKD6 million (2014: HKD17 million).

CAPITAL EXPENDITURES AND COMMITMENTS

During the year, the Group invested approximately HKD2.5 million (2014: HKD10.4 million) in property, plant and equipment which was used in leasehold improvements, plant and machinery, furniture, fixtures and equipment and motor vehicles.

As of 31 March 2015, the Group had capital commitments of approximately HKD0.6 million (2014: HKD0.04 million) in acquisition of property, plant and equipment.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2015, the Group had a total of around 1,409 employees. The total staff costs of the Group amounted to approximately HKD111 million during the year, representing 30% of the Group's turnover. Salaries, wages and allowances amounted to approximately HKD102 million, representing a decrease of 10% as compared to previous year. Employees' remuneration and bonuses are based on their responsibilities, performance, experience and the prevailing industry practice. The Group's remuneration policies and packages were reviewed periodically by the management of the Company in order to ensure that the packages are competitive. The Group provides relevant training to its employees in accordance with the skill requirements of different positions.

PLACING OF UNLISTED WARRANTS

The Company entered into the Warrant Placing Agreement with the Placing Agent in connection with the Warrant Placing, pursuant to which the Placing Agent agreed to place, on a best effort basis, to subscribe for up to a maximum of 283,000,000 Warrants at the Warrant Issue Price of HKD0.02 per Warrant. The Warrants will entitle the Warrantholders to subscribe for up to 283,000,000 Warrant Shares at the Warrant Subscription Price of HKD3.00 per Warrant Share. Each Warrant carries the right to subscribe for one Warrant Share. For details and the meanings of the capitalised terms used, please refer to the announcement of the Company dated 16 June 2015.

FUTURE PROSPECTS

Looking into the future, the Group believes that the garment and textile industry will face the same pressure from the continuing rise in labor costs and manufacturing costs especially in southern China. The Group's management views the need for further automation of production process and cost cutting measures in all aspects of its operation to improve profitability.

With the sufficient cash generated from the disposal of subsidiaries in September 2014 and the recent Warrant Placing, the Group is poised to explore further potential investment opportunities with higher return.

EXECUTIVE DIRECTORS

Mr. Cheung Chi Mang ("Mr. Cheung"), aged 48, was appointed as Executive Director and Chairman of the Board of the Company on 5 September 2014. He is the Chairman of the Corporate Governance Committee and a member of each of the Remuneration Committee and the Nomination Committee.

Mr. Cheung obtained a certificate for doctorate seminar course in Management Philosophy from Beijing Normal University in 2010.

Currently, Mr. Cheung is the chairman of Xiaxin Capital Limited（廈信資本有限公司）, chairman of Xiamen Xiaxin Investment Group Limited（廈門廈信投資集團有限公司）and a director and chairman of Hong Kong Investments Group Limited, a substantial shareholder of the Company. He has extensive experience and connections in international trade, corporate operation, corporate management, investment and financial business.

Mr. Ko Kin Chung ("Mr. Ko"), aged 53, was appointed as Executive Director and Chief Executive Officer of the Company on 1 December 2014. He is a member of each of the Remuneration Committee, the Nomination Committee and the Corporate Governance Committee and one of the authorised representatives of the Company.

He graduated from Beijing Economics and Management College majoring in economic management in 2006. Mr. Ko attended president and sinology courses at the School of Management of Xiamen University in 2011 and 2014 respectively.

From 1980 to 1996, Mr. Ko served as the deputy general manager of a stated-owned company, Shishi Food & Oil Corporation, in Fujian Province, and was responsible for the daily operation and management, as well as, negotiation with relevant government authorities. In 1997, Mr. Ko resigned from the state-owned company and joined GoldSilk Holdings Limited, a company engaged in commercial trading, hotel investment and operation, industrial investment and management, asset investment and operation in China and Hong Kong. Mr. Ko is currently the PRC general manager of GoldSilk Holdings Limited, and is responsible for its investment, operation and management projects in both the PRC and Hong Kong.

NON-EXECUTIVE DIRECTOR

Mr. Law Fei Shing ("Mr. Law"), aged 55, was appointed as Executive Director on 6 August 2013 and re-designated from Executive Director to Non-Executive Director of the Company on 16 December 2014.

Mr. Law is a member of American Institute of Certified Public Accountants (AICPA), USA and an associate member of the Hong Kong Institute of Certified Public Accountants (HKICPA). Mr. Law has over 25 years of experience in audit and accounting services.

Currently, Mr. Law is an executive director and the company secretary of Anxian Yuan China Holdings Limited (stock code: 922), and a non-executive director of Beautiful China Holdings Company Limited (stock code: 706), and an executive director of Legend Strategy International Holdings Group Company Limited (stock code: 1355), and a company secretary of Orient Securities International Holdings Limited (stock code: 8001), companies listed on the Stock Exchange.

Mr. Law was an executive director (from August 2004 to December 2011), the company secretary (from August 2004 to May 2011) and the chief executive officer (from November 2007 to December 2011) of Energy International Investments Holdings Limited (stock code: 353), and an executive director (from January 2009 to May 2013), the company secretary (from January 2009 to January 2013) of Bestway International Holdings Limited (stock code: 718), companies listed on the Stock Exchange.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Liu Kam Lung ("Mr. Liu"), aged 51, was appointed as Independent Non-Executive Director of the Company on 24 September 2014. He is the Chairman of the Nomination Committee and a member of each of the Audit Committee, the Remuneration Committee and the Corporate Governance Committee.

He has over 24 years of experience in the financial industry. Mr. Liu obtained a Diploma of Business Administration from Hong Kong Shue Yan College (now known as Hong Kong Shue Yan University) in 1990. Mr. Liu was admitted as an associate of The Institute of Chartered Secretaries and Administrators of the United Kingdom, an associate of The Hong Kong Institute of Chartered Secretaries, an associate of Hong Kong Institute of Certified Public Accountants, a fellow of The Association of Chartered Certified Accountants, a full member of the Society of Registered Financial Planners and an associate of the Taxation Institute of Hong Kong in 1993, 1994, 1995, 1999, 2009 and 2010 respectively.

Currently, Mr. Liu is the chief executive officer of China Rise Finance Group Company Limited, a subsidiary of Symphony Holdings Limited (stock code: 1223), a non-executive director of Megalogic Technology Holdings Limited (stock code: 8242) and an independent non-executive director of Enterprise Development Holdings Limited (stock code: 1808).

Mr. Liu had been a non-executive director of Kith Holdings Limited (stock code: 1201) for the period from October 2010 to June 2013, and an executive director, finance director, company secretary and authorised representative of Megalogic Technology Holdings Limited (stock code: 8242) for the period from March 2011 to October 2014.

Mr. Wu Shiming ("Mr. Wu"), aged 39, was appointed as Independent Non-Executive Director of the Company on 24 September 2014. He is a member of each of the Nomination Committee, the Audit Committee, the Remuneration Committee and the Corporate Governance Committee.

Mr. Wu has over 18 years of experience in accounting and financial management. He graduated from a course in foreign economic enterprise financial accounting at Jimei University（集美大學）in 1995 and obtained a degree in finance at Xidian University（西安電子科技大學）in March 2011. He was accredited accountant qualifications in the PRC in December 2001.

Currently, Mr. Wu is an executive director and deputy chief executive officer of Leyou Technologies Holdings Limited (formerly known as Sumpo Food Holdings Limited) (Stock Code: 1089), and an independent non-executive director of Yueshou Environmental Holdings Limited (Stock Code: 1191) and China Putian Food Holding Limited (Stock Code: 1699), companies listed on the Stock Exchange.

Mr. Chan Sun Kwong ("Mr. Chan"), aged 48, was appointed as Independent Non-Executive Director of the Company on 1 December 2014. He is a chairman of each of the Audit Committee and the Remuneration Committee, and a member of each of the Nomination Committee and the Corporate Governance Committee.

Mr. Chan has more than 20 years of auditing, accounting and company secretarial experience. Mr. Chan obtained a Diploma of Business Administration from Hong Kong Shue Yan College (now known as Hong Kong Shue Yan University) in 1990. He is currently a fellow of The Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants, the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom.

Currently, Mr. Chan is the company secretary of Sam Woo Construction Group Limited (Stock Code: 3822), the shares of which are listed on the Main Board of the Stock Exchange.

Mr. Chan had been an independent non-executive director (from December 2010 to April 2015) of Megalogic Technology Holdings Limited (Stock code: 8242), and a company secretary (from December 2010 to September 2014) of Powerwell Pacific Holdings Limited (stock code: 8265), and a company secretary (from March 2003 to June 2011) and an executive director (from March 2003 to June 2011) of Sam Woo Holdings Limited (now known as Noble Century Investment Holdings Limited) (stock code: 2322), companies listed on the Stock Exchange.

SENIOR MANAGEMENT

Mr. Cheng Kwai Chun, John, aged 43, joined the Group in 1996 and is in charge of major manufacturing and trading subsidiaries of the Group. He obtained a Bachelor degree in science from the University of New South Wales, Australia, and a Master degree in Finance from the RMIT University, Australia. Mr. Cheng is also awarded the "Professional Diploma in Corporate Governance and Directorship" by Hong Kong Productivity Council and The Hong Kong Institute of Directors and a diploma in business management by the Hong Kong Management Association.

Mr. Sze Kat Man, aged 28, joined the Group in October 2014 as the Financial Controller of the Group. He is currently responsible for the overall financial management of the Group. Mr. Sze graduated from City University of Hong Kong with an Associate of Business Administration in Accountancy and is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Sze has over 6 years of experience in professional audit and accounting fields.

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 manufacturing, on an OEM basis, and trading of men's, ladies' and children's knit-to-shape garments for export mainly to the United States and Europe. Details of the principal activities of the Company's subsidiaries are set out in note 15 to the consolidated financial statements.

There were no significant changes in the nature of the Group's principal activities during the year ended 31 March 2015.

SEGMENT INFORMATION

The segment information of the Group for the year ended 31 March 2015 is set out in note 11 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2015, the five largest customers of the Group together accounted for approximately 86% of the Group's total turnover, with the largest customer accounting for approximately 25% of the Group's total turnover. The aggregate purchases attributable to the Group's five largest suppliers was approximately 36% of the total purchase of the Group for the year ended 31 March 2015, and the largest supplier accounted for approximately 9% of the Group's total purchases.

At no time during the year did any Director, any associate of a Director, or any shareholder of the Company, which to the best knowledge of the Directors, own more than 5% of the Company's issued share capital had any beneficial interests in the Group's five largest customers and suppliers mentioned above.

RESULTS

Details of 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 28 of this Annual Report.

FINANCIAL SUMMARY

A financial summary of the Group for the past five financial years is set out on page 80 of this Annual Report.

RESERVES

Movements in reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 33 of this Annual Report.

BORROWINGS

The Group had bank loans and overdraft totaling HKD26 million at 31 March 2015.

CHARITABLE DONATIONS

Charitable donations of HKD30,000 were made by the Group for the year ended 31 March 2015.

PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 March 2015, the Group's additions to property, plant and equipment amounted to HKD2.5 million.

Movements in the property, plant and equipment of the Group for the year ended 31 March 2015 are set out in note 12 to the consolidated financial statements.

SHARE CAPITAL

Details in the share capital of the Company are set out in note 25(c) to the consolidated financial statements.

DIRECTORS

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

Executive Directors

Mr. Cheng Kwai Chun, John	*(Resigned on 1 December 2014)*
Mr. Lin Chick Kwan	*(Resigned on 24 September 2014)*
Mr. Lin Wing Chau	*(Resigned on 24 September 2014)*
Mr. Law Fei Shing	*(Re-designated to non-executive Director on 16 December 2014)*
Mr. Cheung Chi Mang	*(Appointed on 5 September 2014)*
Mr. Ko Kin Chung	*(Appointed on 1 December 2014)*

Non-executive Directors

Mr. Victor Robert Lew	*(Resigned on 5 September 2014)*
Mr. Law Fei Shing	*(Re-designated from executive Director on 16 December 2014)*

Independent non-executive Directors

Ms. Ho Man Yee, Esther	*(Resigned on 24 September 2014)*
Mr. Yuen Chi King, Wyman	*(Resigned on 24 September 2014)*
Mr. Lum Pak Sum	*(Appointed on 16 June 2014 and resigned on 1 December 2014)*
Mr. Chan Sun Kwong	*(Appointed on 1 December 2014)*
Mr. Liu Kam Lung	*(Appointed on 24 September 2014)*
Mr. Wu Shiming	*(Appointed on 24 September 2014)*
Ms. Ko Hay Yin, Karen	*(Resigned on 1 April 2014)*
Mr. Chow Chan Lum	*(Resigned on 1 April 2014)*

Each executive Director has entered into continuous service contract with the Company and each non-executive Director (including independent non-executive Director) is appointed for a fixed term. All the Directors are subject to retirement in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Bye-laws of the Company.

Each of the independent non-executive Directors has confirmed to the Company his or her independence pursuant to the Listing Rules and the Company considers that each of them is independent.

In accordance with the Bye-laws of the Company, Mr. Cheung Chi Mang, Mr. Ko Kin Chung, Mr. Chan Sun Kwong, Mr. Liu Kam Lung and Mr. Wu Shiming will retire at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election.

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

The biographical details of Directors and senior management are set on pages 8 to 10 of this Annual Report.

DIRECTORS' INTERESTS IN SECURITIES

At 31 March 2015, the interests and short positions of each Director and chief executive of the Company and their associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "**SFO**")) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which would be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of Listed Companies in the Listing Rules, were as follows:

Name of Director	**Number of shares interested (long position)**	**Capacity**	**Approximate percentage of the issued share capital of the Company** *(Note 3)*
Mr. Cheung Chi Mang	380,000,000 *(Note 1)*	Controlled Corporation	26.86%
Mr. Law Fei Shing	52,918,490 *(Note 2)*	Controlled Corporation	3.74%
Mr. Ko Kin Chung	12,000,000	Beneficial Owner	0.85%

Notes:

1. These shares are held by Hong Kong Investments Group Limited ("**HK Investments**"), a company incorporated in the British Virgin Islands. Mr. Cheung Chi Mang is the sole director and shareholder of HK Investments and HK Investments acts in accordance with his directions or instructions. As such, Mr. Cheung Chi Mang is taken or deemed to be interested in the shares of the Company held by HK Investments.

2. Out of these shares, 45,418,490 shares are held by Wealth Achiever Investments Limited ("**Wealth Achiever**") and 7,500,000 shares are held by Well Precise Holdings Limited ("**Well Precise**"). Wealth Achiever and Well Precise are incorporated in the British Virgin Islands and wholly and beneficially owned by Mr. Law Fei Shing. As such, Mr. Law Fei Shing is taken or deemed to be interested in the shares of the Company held by Wealth Achiever and Well Precise.

3. The percentages are calculated based on the total number of ordinary shares of the Company in issue as at 31 March 2015 which was 1,415,000,000.

SHARE OPTION SCHEME

The Company's share option scheme (the "**Scheme**") was adopted pursuant to a shareholders' resolution passed on 23 August 2011 for the primary purpose of granting options to eligible participants as incentives or rewards for their contribution to the Group and will be valid and effective for a period of 10 years commencing on the date on which the Scheme was adopted. Under the Scheme, the Directors may grant options to eligible employees, any executive and non-executive director (including independent non-executive director) of the Group and other eligible participants to subscribe for shares in the Company (the "**Shares**"), at a price to be determined by the Directors, but shall not be less than the higher of (i) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of Shares as stated in the Stock Exchange's daily quotations for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Shares.

An offer of the grant of the option may be accepted by a participant within 21 days from the date of the offer of grant of the option. An option may be exercised in accordance with the terms of the Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof. Unless otherwise determined by the Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Scheme for the holding of an option before it can be exercised. A nominal consideration of HKD1 is payable on acceptance of the grant of an option.

Shares which may be issued upon exercise of all options to be granted under the Scheme or any other share option scheme of the Company must not exceed 10% of the Shares in issue on the date of approval of the refreshed limit.

Unless approved by shareholders of the Company, the total number of Shares issued and which may fall to be issued upon exercise of the options to be granted under the Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being.

No options under the Scheme were granted or exercised during the year and there were no outstanding options at 31 March 2015.

DIRECTOR'S RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the headings "Directors' Interests in Securities" and "Share Option Scheme" above, at no time during the year was the Company, or its subsidiaries, a party to any arrangement to enable the Directors and their spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in the section headed "Connected Transactions" in this report, no Director has, or at any time during the year had, any interest, in anyway, directly or indirectly, in any contract with the Company or its subsidiaries which was significant in relation to the business of the Company.

RELATED PARTY TRANSACTIONS

The Group entered into certain related party transactions as disclosed in note 4 and 30 to the consolidated financial statements. Details of any related party transactions which also constitute connected transactions or continuing connected transactions not exempted under Rule 14A.73 of the Listing Rules are disclosed in the section headed "Connected Transactions" in this report. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of such transactions.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or existed during the year ended 31 March 2015.

COMPETING INTERESTS

As of 31 March 2015, none of the Directors had any interest in a business which competed or may compete with the business of the Group.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

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

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

SUBSTANTIAL SHAREHOLDER

As of 31 March 2015, so far as was known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of shareholder	Number of shares interested (long position)	Capacity	Approximate percentage of the issued share capital of the Company *(Note 2)*
Hong Kong Investments Group Limited	380,000,000	Beneficial	26.86% *(Note 1)*

Notes:

1. Hong Kong Investments Group Limited ("HK Investments") is incorporated in the British Virgin Islands, the entire issued share capital of which is wholly owned by Cheung Chi Mang. The sole director of HK Investments is Mr. Cheung Chi Mang. The interests of HK Investments are also disclosed as the interest of Mr. Cheung Chi Mang, the beneficial owner of HK Investments, in the above section headed "Directors' Interests in Securities".

2. The percentages are calculated based on the total number of ordinary shares of the Company in issue as at 31 March 2015 which was 1,415,000,000.

Other than as disclosed above, so far as was known to any Director or chief executive of the Company, no other person had any other interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO as at 31 March 2015.

CONNECTED TRANSACTIONS

(i) Connected Transaction

Disposal of Addlink Limited

On 18 June 2014, the Company entered into a sale and purchase agreement ("Disposal Agreement") with Mr. Cheng to dispose of 100% equity interest in Addlink Limited, a wholly-owned subsidiary of the Company at a consideration of HKD114 million (as adjusted).

Mr. Cheng is the then director and substantial shareholder of the Company and is therefore regarded as a connected person of the Company under the Listing Rules. Accordingly, the entering into of the Disposal Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and details are disclosed in the announcement of the Company dated 18 June 2014, the circular of the Company dated 29 July 2014 and the announcement of the Company dated 18 August 2014 in relation to the poll results of the extraordinary general meeting of the Company held on 18 August 2014.

This transaction was completed on 19 September 2014.

(ii) Continuing Connected Transactions

On 18 June 2014, the Company, as licencee, entered into a licence agreement (the "HK Licence Agreement") with Pak Tak Knitting & Garment Factory Limited ("Pak Tak Knitting"), as licensor, in relation to the licencing of certain part located at Units 405-410, 4/F., Fanling Industrial Centre, 21 On Kui Street, Fanling, New Territories, Hong Kong.

On the same day, Pak Tak Knitting (Dong Guan) Limited ("Pak Tak DG"), an indirectly wholly-owned subsidiary of the Company, as tenant, entered into a lease agreement (the "PRC Lease Agreement") with Pak Tak Knitting, as landlord, in relation to the leasing of certain part of the factory complex located at Qiao Long Road, Qiaotou Town, Dongguan, Guangdong Province, the PRC.

As mentioned above, Mr. Cheng is the then director and substantial shareholder of the Company. Following the completion of Disposal Agreement, Pak Tak Knitting is a connected person of the Company by virtue of being an associate of Mr. Cheng. Consequently, the transactions under the HK Licence Agreement and the PRC Lease Agreement will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Details of the HK Licence Agreement and the PRC Lease Agreement were as follows:

HK Licence Agreement

Term	:	Five years from 19 September 2014 to 18 September 2019
Monthly licence fee	:	HKD75,100
Use of the licence	:	As ancillary office by the Company

PRC Lease Agreement

Term	:	Five years from 19 September 2014 to 18 September 2019
Monthly rent fee	:	HKD320,000
Use of the premises	:	As factory and ancillary office by the Pak Tak DG

The annual caps in respect of the transactions under the HK Licence Agreement and the PRC Lease Agreement for each financial year during the term of each of the HK Licence Agreement and the PRC Lease Agreement is HKD901,200 and HKD3,840,000 respectively. The annual licence fee and annual rent paid or payable by the Company and Pak Tak DG under the HK Licence Agreement and PRC Lease Agreement respectively, for each of the five financial years ending 31 March 2020 was as follows:

Term	**Licence fee** *HKD'000*	**Rent** *HKD'000*
19 September 2014 to 31 March 2015	478	2,037
1 April 2015 to 31 March 2016	901	3,840
1 April 2016 to 31 March 2017	901	3,840
1 April 2017 to 31 March 2018	901	3,840
1 April 2018 to 31 March 2019	901	3,840
1 April 2019 to 18 September 2019	423	1,803

The terms of the HK Licence Agreement and the PRC Lease Agreement were arrived at after arm's length negotiations between the Company, Pak Tak DG and Pak Tak Knitting and determined with reference to the prevailing market rent of the surrounding comparable premises in the vicinity of the licensed premises and the leased premises based on the opinion of an independent qualified professional valuer. Further details of the continuing connected transactions were set out in the announcement of the Company dated 18 June 2014 and the circular of the Company dated 29 July 2014.

Pursuant to Rule 14A.56 of the Listing Rules, the Company's auditor was engaged to report on the continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has reported the factual findings on these procedures to the Board of Directors.

Confirmation of INEDs

The independent non-executive Directors have reviewed the continuing connected transactions and confirmed that during the year such transaction has been entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms; and

(iii) according to the agreements governing them on terms that are fair and reasonable and in the interests of the listed issuer's shareholders as a whole.

AUDITORS

A resolution will be submitted to the forthcoming annual general meeting of the Company to re-appoint Baker Tilly Hong Kong Limited as auditors of the Company.

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.

On behalf of the Board
Cheung Chi Mang
Chairman

Hong Kong, 26 June 2015

CORPORATE GOVERNANCE

The Company's corporate governance structure mirrors the provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules (the "**Model Code**"). The Company ascribes to good governance and transparency with a view that through these business ethics, shareholders and other stakeholders are assured of a solid and credible business framework. The Company recognises the need to adapt and improve business practices in the light of the evolving business environment, investor expectations and regulatory requirements. The board of Directors (the "**Board**") is tasked to review the corporate governance structure of the Company and effect changes whenever necessary. It views the need for transparency in practices and policies and making informed decisions as fundamental.

Throughout the year ended 31 March 2015, the Company was generally, in compliance with the Model Code, save for a gap period in which certain independent non-executive Directors resigned and their vacancies were not filled until a later date.

It was inevitable that during such gap period the composition of the Board and the Audit Committee fell below the minimum number required under rule 3.10(1), rule 3.10A and rule 3.21 of the Listing Rules.

Mr. Chow Chan Lum and Ms. Ko Hay Yin, Karen resigned on 1 April 2014 as independent non-executive Directors. Mr. Lum Pak Sum was appointed as independent non-executive Director on 16 June 2014 and he served office as independent non-executive Director until his resignation on 1 December 2014. During the gap period from 1 April 2014 to 16 June 2014, the Company had only two independent non-executive Directors and two audit committee members, therefore, the threshold composition of the Board and Audit Committee fell below the regulatory requirements.

Save as aforesaid, in the following aspects:

- the appointment to and the composition and operation of the Board of Directors and committees of the Board;
- the remuneration of Directors and senior management;
- accountability and audit;
- delegation by the Board;
- communication with shareholders and
- requirements for company secretary

the Company has ensured that it complies with the Model Code.

DIRECTORS' SECURITIES TRANSACTIONS

In respect of securities transactions by Directors, the Company's corporate governance structure are based on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors, the Company confirms that all the Directors have complied with the Model Code in the year ended 31 March 2015.

BOARD OF DIRECTORS

As at 31 March 2015, the Board comprises six members, two of whom are executive Directors, one non-executive Director and three independent non-executive Directors. Biographical details of the Directors are described in pages 8 to 10 of this Annual Report.

The Board is tasked with, inter alia:

- the strategic direction and objectives of the Company;
- overseeing the management of Company stakeholders' relationships;
- monitoring the performance of management; and
- ensuring that the Company operates under a framework based on prudence and effective management and control in which risks are properly assessed and managed.

In its supervisory role over the management of the business and affairs of the Group, the Corporate Governance Committee ensures that effective corporate governance is practised. The Board oversees the Group's overall strategic plans, approves major funding and investment proposals and reviews the financial performance of Group.

The Chairman of the Board and Chief Executive Officer of the Company perform separate functions to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. Save for the aforesaid, none of the Directors has any financial, business, family or other material or relevant relationships among members of the Board.

Each executive Director has entered into continuous service contract with the Company and each non-executive Director (including independent non-executive Director) is appointed for a fixed term. All the Directors are subject to retirement in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Bye-laws of the Company.

In accordance with the Bye-laws of the Company, Mr. Cheung Chi Mang, Mr. Ko Kin Chung, Mr. Liu Kam Lung, Mr. Wu Shiming and Mr. Chan Sun Kwong will retire at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election.

During the year, the Directors participated in continuous professional development training geared towards improving their knowledge and skills in their fiduciary roles and duties. All Directors confirmed to the Company that they had received continuous professional development during the year. Details as follows:

Name	Attending seminar(s) or programme(s)/reading relevant materials in relation to the business, the Listing Rules or directors' duties (Yes/No)
Executive Directors	
Mr. Cheung Chi Mang	Yes
Mr. Ko Kin Chung	Yes
Non-Executive Director	
Mr. Law Fei Shing	Yes
Independent Non-executive Directors	
Mr. Liu Kam Lung	Yes
Mr. Wu Shiming	Yes
Mr. Chan Sun Kwong	Yes

INDEPENDENT NON-EXECUTIVE DIRECTORS

More than one Independent Non-executive Director possesses appropriate professional accounting qualifications and financial management expertise. Each of the independent non-executive Directors has confirmed to the Company his or her independence pursuant to the Listing Rules and the Company considers that each of them is independent.

DIRECTOR'S ATTENDANCE AT BOARD MEETINGS, COMMITTEE MEETINGS AND SHAREHOLDERS MEETING

Directors	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	Corporate Governance Committee Meeting	General Meeting *(Note)*
Executive Directors						
Mr. Cheung Chi Mang *(Chairman of the Board) (appointed on 5 September 2014)*	5/7	–	0/2	0/2	–	–
Mr. Ko Kin Chung *(Chief Executive Officer) (appointed on 1 December 2014)*	4/4	–	–	–	–	–
Mr. Cheng Kwai Chun, John *(resigned on 1 December 2014)*	7/8	–	3/4	4/5	1/1	1/1
Mr. Lin Chick Kwan *(resigned on 24 September 2014)*	1/5	–	–	–	–	1/1
Mr. Lin Wing Chau *(resigned on 24 September 2014)*	1/5	–	–	–	–	1/1
Non-executive Directors						
Mr. Law Fei Shing *(re-designated from Executive Director on 16 December 2014)*	9/11	–	–	–	–	1/1
Mr. Victor Robert Lew *(resigned on 5 September 2014)*	3/4	–	1/2	2/3	1/1	1/1
Independent Non-executive Directors						
Mr. Liu Kam Lung *(appointed on 24 September 2014)*	6/6	1/1	1/1	1/1	–	–
Mr. Wu Shiming *(appointed on 24 September 2014)*	6/6	1/1	1/1	1/1	–	–
Mr. Chan Sun Kwong *(appointed on 1 December 2014)*	4/4	–	–	–	–	–
Ms. Ho Man Yee, Esther *(resigned on 24 September 2014)*	4/5	1/1	3/3	4/4	1/1	1/1
Mr. Yuen Chi King, Wyman *(resigned on 24 September 2014)*	5/5	1/1	3/3	4/4	1/1	1/1
Mr. Lum Pak Sum *(appointed on 16 June 2014, resigned on 1 December 2014)*	7/7	2/2	3/3	4/4	1/1	1/1
Ms. Ko Hay Yin, Karen *(resigned on 1 April 2014)*	–	–	–	–	–	–
Mr. Chow Chan Lum *(resigned on 1 April 2014)*	–	–	–	–	–	–

Note: The General Meeting refers to the annual general meeting held on 28 August 2014.

BOARD COMMITTEES

Nomination Committee

The Nomination Committee was formed on 23 March 2005. The terms of reference of the Nomination Committee include making recommendations for all appointment and re-appointment of Directors to the Board. The majority of the Nomination Committee consists of independent non-executive Directors and its members are:

Mr. Liu Kam Lung *(independent non-executive Director) (Chairman) (Appointed on 24 September 2014)*
Mr. Chan Sun Kwong *(independent non-executive Director) (Appointed on 1 December 2014)*
Mr. Cheung Chi Mang *(executive Director) (Appointed on 5 September 2014)*
Mr. Ko Kin Chung *(executive Director) (Appointed on 1 December 2014)*
Mr. Wu Shiming *(independent non-executive Director) (Appointed on 24 September 2014)*
Ms. Ho Man Yee, Esther *(independent non-executive Director) (Chairman) (Resigned on 24 September 2014)*
Mr. Yuen Chi King, Wyman *(independent non-executive Director) (Resigned on 24 September 2014)*
Mr. Lum Pak Sum *(independent non-executive Director) (Appointed on 16 June 2014, and Resigned on 1 December 2014)*
Mr. Cheng Kwai Chun, John *(executive Director) (Resigned on 1 December 2014)*
Mr. Victor Robert Lew *(non-executive Director) (Resigned on 5 September 2014)*
Ms. Ko Hay Yin, Karen *(independent non-executive Director) (Resigned on 1 April 2014)*
Mr. Chow Chan Lum *(independent non-executive Director) (Resigned on 1 April 2014)*

The Nomination Committee has established a formal and transparent process for the Company in the appointment of new Directors and re-nomination and re-election of Directors at regular intervals. It is also responsible for determining the independence of each Director and conducting formal assessment of the effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board. In evaluating in Board's performance, the Nomination Committee considers a number of factors, including those set out in the Code.

In accordance with the Company's Bye-laws, Mr. Cheung Chi Mang, Mr. Ko Kin Chung, Mr. Liu Kam Lung, Mr. Wu Shiming and Mr. Chan Sun Kwong will retire at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election.

The Nomination Committee met on 16 June 2014, 24 June 2014, 5 September 2014, 24 September 2014 and 1 December 2014.

Remuneration Committee

The Remuneration Committee was formed on 23 March 2005. The majority of the Remuneration Committee consists of independent non-executive Directors and its members are:

Mr. Chan Sun Kwong *(independent non-executive Director) (Chairman) (Appointed on 1 December 2014)*
Mr. Cheung Chi Mang *(executive Director) (Appointed on 5 September 2014)*
Mr. Ko Kin Chung *(executive Director) (Appointed on 1 December 2014)*
Mr. Liu Kam Lung *(independent non-executive Director) (Appointed on 24 September 2014)*
Mr. Wu Shiming *(independent non-executive Director) (Appointed on 24 September 2014)*
Mr. Lum Pak Sum *(independent non-executive Director) (Chairman) (Appointed on 16 June 2014, and Resigned on 1 December 2014)*
Ms. Ho Man Yee, Esther *(independent non-executive Director) (Resigned on 24 September 2014)*
Mr. Yuen Chi King, Wyman *(independent non-executive Director) (Resigned on 24 September 2014)*
Mr. Cheng Kwai Chun, John *(executive Director) (Resigned on 1 December 2014)*
Mr. Victor Robert Lew *(Chairman) (non-executive Director) (Resigned on 5 September 2014)*
Ms. Ko Hay Yin, Karen *(independent non-executive Director) (Resigned on 1 April 2014)*
Mr. Chow Chan Lum *(independent non-executive Director) (Chairman) (Resigned on 1 April 2014)*

The Remuneration Committee is charged with the responsibility of making recommendations to the Board on the specific remuneration packages of all Directors and senior management, including benefits-in-kind, pension rights, and compensation payments. In developing remuneration policies and making recommendation as to the remuneration of the Directors and key executives, the Remuneration Committee takes into account of the performance of the Group as well as those individual Directors and key executives.

The Remuneration Committee met on 16 June 2014, 5 September 2014, 24 September 2014 and 1 December 2014.

Remuneration of Members of the Senior Management by Band

Pursuant to code provision B.1.5 of the Corporate Governance Code, the remuneration of members of the senior management by band for the year ended 31 March 2015 is set out below:

	Number of members of senior management
Nil to HKD1,000,000	2
Total	2

Details of the remuneration of each Director for the year ended 31 March 2015 are set out in note 8 to the consolidated financial statements.

Corporate Governance Committee

The Corporate Governance Committee was formed on 9 January 2012. The majority of the Corporate Governance Committee consists of independent non-executive Directors and its members are:

Mr. Cheung Chi Mang *(executive Director) (Chairman) (Appointed on 5 September 2014)*
Mr. Ko Kin Chung *(executive Director) (Appointed on 1 December 2014)*
Mr. Chan Sun Kwong *(independent non-executive Director) (Appointed on 1 December 2014)*
Mr. Liu Kam Lung *(independent non-executive Director) (Appointed on 24 September 2014)*
Mr. Wu Shiming *(independent non-executive Director) (Appointed on 24 September 2014)*
Mr. Victor Robert Lew *(non-executive Director) (Chairman) (Resigned on 5 September 2014)*
Mr. Cheng Kwai Chun, John *(executive Director) (Resigned on 1 December 2014)*
Ms. Ho Man Yee, Esther *(independent non-executive Director) (Resigned on 24 September 2014)*
Mr. Yuen Chi King, Wyman *(independent non-executive Director) (Resigned on 24 September 2014)*
Mr. Lum Pak Sum *(independent non-executive Director) (Appointed on 16 June 2014, and Resigned on 1 December 2014)*
Ms. Ko Hay Yin, Karen *(independent non-executive Director) (Resigned on 1 April 2014)*
Mr. Chow Chan Lum *(independent non-executive Director) (Resigned on 1 April 2014)*

The Corporate Governance Committee is charged with the responsibilities of, among others, (i) developing and reviewing the Company's corporate governance ("CG") vision, strategy, framework, principles and policies, and making relevant recommendations to the Board, and implementing the CG policies laid down by the Board; (ii) reviewing and monitoring the training and continuous professional development of Directors and senior management; (iii) reviewing and monitoring the Company's policies and practices to ensure compliance with legal and regulatory requirements; and (iv) reviewing the Company's compliance with the Corporate Governance Code of the Listing Rules and other related rules.

The Corporate Governance Committee met on 30 April 2015 to review the corporate governance practices of the Group and approve this corporate governance report.

ACCOUNTABILITY AND AUDIT

The Directors have acknowledged by executing a management representation letter with the Auditors that they bear the ultimate responsibility of preparing the financial statements of the Group.

Audit Committee

The Audit Committee was formed on 9 November 2001 to review and supervise the financial reporting process and internal control of the Company. The Audit Committee comprises three members, all of whom are independent non-executive Directors. The members are:

Mr. Chan Sun Kwong *(independent non-executive Director) (Chairman) (Appointed on 1 December 2014)*
Mr. Liu Kam Lung *(independent non-executive Director) (Appointed on 24 September 2014)*
Mr. Wu Shiming *(independent non-executive Director) (Appointed on 24 September 2014)*
Mr. Lum Pak Sum *(independent non-executive Director) (Chairman) (Appointed on 16 June 2014, Resigned on 1 December 2014)*
Ms. Ho Man Yee, Esther *(independent non-executive Director) (Resigned on 24 September 2014)*
Mr. Yuen Chi King, Wyman *(independent non-executive Director) (Resigned on 24 September 2014)*
Ms. Ko Hay Yin, Karen *(independent non-executive Director) (Resigned on 1 April 2014)*
Mr. Chow Chan Lum *(independent non-executive Director) (Chairman) (Resigned on 1 April 2014)*

The Audit Committee has reviewed with management and auditors of the Company the accounting principles and practices adopted by the Group and discussed the audited financial statements for the year ended 31 March 2015.

The amount of audit fee for the year ended 31 March 2015 was HKD539,000 (2014: HKD579,000). The amount of non-audit fees paid to the auditor of the Company for the year ended 31 March 2015 in relation to their review of the interim financial information and other assurance services were HKD445,000 (2014: HKD200,000) which were classified as administrative expenses. The Audit Committee is of the view that the auditors' independence was not affected by the provision of these non-audit related services.

The Audit Committee has recommended to the Board that Baker Tilly Hong Kong Limited, a corporation of Certified Public Accountants, be nominated for re-appointment as auditors of the Company at the forthcoming annual general meeting of the Company.

INTERNAL CONTROLS

Management had implemented a system of internal controls to provide reasonable assurance that the Group's assets are safeguarded, proper accounting records are maintained, appropriate legislation and regulations are complied with, reliable financial information is provided for management and publication purpose and investment and business risks affecting the Group are identified and managed.

The Board reviews the effectiveness of the Group's material internal controls. The Board is satisfied that, based on information furnished to it and on its own observations, the present internal controls of the Group are satisfactory.

COMPANY SECRETARY

Following Mr. Law's resignation as Company Secretary, Ms. Tham Kit Wan, an external service provider, was appointed the Company Secretary effective from 16 December 2014. The financial controller of the Company is the contact person of the external service provider.

Ms. Tham Kit Wan, aged 54, is a qualified lawyer of Hong Kong, England & Wales and Singapore. Ms. Tham has more than 25 years of experience in corporate finance and the commercial and banking fields, covering an array of corporate projects in acquisitions and mergers, restructuring, tax advisory, arbitration, administrative review proceedings and settlement negotiations with governments and private parties, and company secretarial work.

She was a director of Union Bank of Hong Kong Limited (now privatized and known as Industrial and Commercial Bank of China (Asia) Limited) and Union Bank Finance Limited from 1989 to 1993. Ms. Tham was the Head of Legal of Galaxy Entertainment Group – Hong Kong Main Board Stock Code 27 (erstwhile K Wah Construction Materials Limited) from 1998 to 2007. Currently, she is serving as legal counsel and Senior Vice President of Symphony Holdings Limited (Hong Kong Main Board Stock Code: 1223).

Ms. Tham's appointment as Company Secretary took effect for less than a full financial year. From the date of her appointment on 16 December 2014 to the last practicable date before publication of the notice of the annual general meeting of the Company, she had taken more than 15 hours of relevant professional training.

SHAREHOLDERS' RIGHT AND INVESTOR RELATIONS

As always, the Company strives to deliver timely and transparent information to its shareholders, the regulatory authorities and the public. Information on the Company together with reports as required under the Listing Rules is available on the Company's website: www.paktakintl.com.

Shareholders are given the opportunity to participate and vote in shareholders' meetings. According to Bye-law 58 of the Bye-Laws of the Company, shareholder holding not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meeting of the Company shall have the right to require a special general meeting to be called by the Board. For details of procedures for putting forward proposals or nominating director at general meetings, please refer to the information disclosed on the website of the Company.

During the year ended 31 March 2015, there had not been any changes in the Company's constitutional documents. The Bye-laws are available on the websites of the Company and the Stock Exchange.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PAK TAK INTERNATIONAL LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Pak Tak International Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 28 to 79, which comprise the consolidated and company statements of financial position as at 31 March 2015, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the 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 Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the 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 of the Group as at 31 March 2015 and of the Group's 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.

Baker Tilly Hong Kong Limited
Certified Public Accountants
Hong Kong, 26 June 2015
Chan Kwan Ho, Edmond
Practising certificate number P02092

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2015

	Note	2015 HKD'000	2014 HKD'000
Turnover	3	**366,353**	427,870
Cost of sales		**(342,915)**	(411,174)
Gross profit		**23,438**	16,696
Gain on disposal of subsidiaries	4	**9,438**	–
Other revenue	5	**2,970**	3,395
Other net gain/(loss)	5	**3,117**	(1,656)
Administrative expenses		**(31,740)**	(30,592)
Selling expenses		**(15,220)**	(16,770)
Loss from operations		**(7,997)**	(28,927)
Finance costs	6(a)	**(455)**	(859)
Loss before taxation	6	**(8,452)**	(29,786)
Income tax credit	7	**1,922**	1,467
Loss for the year		**(6,530)**	(28,319)
Attributable to:			
Equity shareholders of the Company		**(6,281)**	(27,795)
Non-controlling interests		**(249)**	(524)
		(6,530)	(28,319)
		HK cents	*HK cents*
Loss per share			
– Basic and diluted	10	**(0.44)**	(2.10)

The notes on pages 36 to 79 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2015

	Note	2015 HKD'000	2014 HKD'000
Loss for the year		**(6,530)**	(28,319)
Other comprehensive loss for the year:			
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences on translation of financial statements of overseas subsidiaries, net of nil tax		**(385)**	(2,162)
– Reclassification adjustment for the cumulative exchange gain on translation of financial statements of overseas subsidiaries transferred to profit or loss upon disposal of subsidiaries, net of nil tax	4	**(3,082)**	–
Total comprehensive loss for the year		**(9,997)**	(30,481)
Attributable to:			
Equity shareholders of the Company		**(9,645)**	(31,289)
Non-controlling interests		**(352)**	808
		(9,997)	(30,481)

The notes on pages 36 to 79 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2015

	Note	2015 HKD'000	2014 HKD'000
Non-current assets			
Property, plant and equipment	12	**28,525**	132,877
Interests in leasehold land held for own use under operating leases	13	**–**	4,375
Investment properties	14	**–**	8,167
Interest in an associate	16	**–**	–
Deferred tax assets	23(b)	**4,258**	3,225
		32,783	148,644
Current assets			
Inventories	17	**33,483**	45,399
Trade receivables	18	**30,679**	16,482
Other receivables, prepayments and deposits		**3,386**	6,586
Tax recoverable	23(a)	**–**	956
Cash and cash equivalents	19	**153,901**	47,782
		221,449	117,205
Current liabilities			
Trade payables	20	**8,366**	14,315
Other payables and accrued charges		**27,318**	25,460
Amounts due to holders of non-controlling interests in a subsidiary	21	**–**	3,466
Bank loans and overdraft	22	**25,944**	16,879
Tax payable	23(a)	**–**	–
		61,628	60,120
Net current assets		**159,821**	57,085
Total assets less current liabilities		**192,604**	205,729
Non-current liabilities			
Deferred tax liabilities	23(b)	**1,715**	6,636
Provision and other accrued charges	24	**15,108**	15,549
		16,823	22,185
NET ASSETS		**175,781**	183,544

	Note	2015 HKD'000	2014 HKD'000
CAPITAL AND RESERVES			
Share capital	*25(c)*	**28,300**	28,300
Reserves		**147,481**	157,126
Total equity attributable to equity shareholders of the Company		**175,781**	185,426
Non-controlling interests		**–**	(1,882)
TOTAL EQUITY		**175,781**	183,544

Approved and authorised for issue by the board of directors on 26 June 2015

Cheung Chi Mang
DIRECTOR

Ko Kin Chung
DIRECTOR

The notes on pages 36 to 79 form part of the consolidated financial statements.

STATEMENT OF FINANCIAL POSITION

At 31 March 2015

	Note	**2015** **HKD'000**	2014 HKD'000
Non-current assets			
Investments in subsidiaries	15	**388**	113,690
Current assets			
Other receivables, prepayments and deposits		**58**	420
Amounts due from subsidiaries	15	**92,206**	29,669
Cash and cash equivalents		**135,390**	37,961
		227,654	68,050
Current liabilities			
Accrued charges		**750**	161
Amount due to a subsidiary	15	**1,297**	382
		2,047	543
Net current assets		**225,607**	67,507
NET ASSETS		**225,995**	181,197
CAPITAL AND RESERVES	25(a)		
Share capital		**28,300**	28,300
Reserves		**197,695**	152,897
TOTAL EQUITY		**225,995**	181,197

Approved and authorised for issue by the board of directors on 26 June 2015

Cheung Chi Mang
DIRECTOR

Ko Kin Chung
DIRECTOR

The notes on pages 36 to 79 form part of the consolidated financial statements.

For the year ended 31 March 2015

		Attributable to equity shareholders of the Company							
	Note	Share capital HKD'000	Share premium HKD'000	Special reserve HKD'000	Exchange reserve HKD'000	Retained profits HKD'000	Total HKD'000	Non-controlling Interests HKD'000	Total equity HKD'000
At 1 April 2013		23,640	5,987	32,680	7,206	107,221	176,734	(2,690)	174,044
Changes in equity for 2014:									
Loss for the year		–	–	–	–	(27,795)	(27,795)	(524)	(28,319)
Exchange differences on translation of financial statements of overseas subsidiaries		–	–	–	(3,494)	–	(3,494)	1,332	(2,162)
Total comprehensive loss		–	–	–	(3,494)	(27,795)	(31,289)	808	(30,481)
Shares issued pursuant to a share placing	25(c)	4,660	35,321	–	–	–	39,981	–	39,981
At 31 March 2014		28,300	41,308	32,680	3,712	79,426	185,426	(1,882)	183,544
At 1 April 2014		**28,300**	**41,308**	**32,680**	**3,712**	**79,426**	**185,426**	**(1,882)**	**183,544**
Changes in equity for 2015:									
Loss for the year		**–**	**–**	**–**	**–**	**(6,281)**	**(6,281)**	**(249)**	**(6,530)**
Exchange differences on translation of financial statements of overseas subsidiaries		**–**	**–**	**–**	**(282)**	**–**	**(282)**	**(103)**	**(385)**
Reclassification adjustment for the cumulative exchange gain on translation of financial statements of overseas subsidiaries transferred to profit or loss upon disposal of subsidiaries	4	**–**	**–**	**–**	**(3,082)**	**–**	**(3,082)**	**–**	**(3,082)**
Total comprehensive loss		**–**	**–**	**–**	**(3,364)**	**(6,281)**	**(9,645)**	**(352)**	**(9,997)**
Disposal of subsidiaries		**–**	**–**	**(32,680)**	**–**	**32,680**	**–**	**2,234**	**2,234**
At 31 March 2015		**28,300**	**41,308**	**–**	**348**	**105,825**	**175,781**	**–**	**175,781**

The notes on pages 36 to 79 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2015

	Note	2015 HKD'000	2014 HKD'000
Operating activities			
Loss before taxation		**(8,452)**	(29,786)
Adjustments for:			
– Gain on disposal of subsidiaries	4	**(9,438)**	–
– Interest income from an associate	5	**(28)**	(46)
– Other interest income	5	**(317)**	(147)
– Gain on disposal of property, plant and equipment	5	**(200)**	(2)
– Reversal of impairment loss/(impairment loss) on amount due from an associate	5	**(3,067)**	42
– Finance costs	6(a)	**455**	859
– Provision for long service payments	6(b)	**71**	94
– Amortisation of interests in leasehold land held for own use under operating leases	6(c)	**55**	118
– Depreciation on property, plant and equipment	6(c)	**14,334**	20,375
– Depreciation on investment properties	6(c)	**60**	127
– Provision for inventories	6(c)	**1,871**	3,110
– Exchange realignment		**(565)**	(1,006)
Operating loss before changes in working capital		**(5,221)**	(6,262)
Decrease/(increase) in inventories		**9,534**	(10,416)
Increase/(decrease) in trade receivables		**(14,177)**	7,838
Decrease in other receivables, prepayments and deposits		**2,289**	11,659
Decrease/(increase) in amount due from an associate		**681**	(42)
(Decrease)/increase in trade payables		**(5,949)**	999
Increase in other payables and accrued charges		**4,222**	10,012
Increase in provision and other accrued charges		**432**	–
Cash (used in)/generated from operations		**(8,189)**	13,788
Hong Kong Profits Tax paid		**(225)**	(1,289)
Interest income from an associate		**28**	46
Other interest received		**317**	147
Net cash (used in)/generated from operating activities		**(8,069)**	12,692
Investing activities			
Net cash inflow arising on disposal of subsidiaries	4	**107,902**	–
Purchase of property, plant and equipment		**(2,522)**	(10,367)
Proceeds from disposal of property, plant and equipment		**203**	6
Net cash generated from/(used in) investing activities		**105,583**	(10,361)

	Note	**2015** **HKD'000**	2014 HKD'000
Financing activities			
Proceeds from new bank loans		**45,308**	108,160
Repayment of bank loans		**(56,174)**	(107,998)
Net proceeds from issue of new shares from placement	*25(c)*	**–**	39,981
Interest paid		**(455)**	(859)
Capital element of finance leases rentals paid		**–**	(19)
Net cash (used in)/generated from financing activities		**(11,321)**	39,265
Net increase in cash and cash equivalents		**86,193**	41,596
Cash and cash equivalents at 1 April		**47,782**	6,171
Effect of foreign exchange rate changes		**(5)**	15
Cash and cash equivalents at 31 March	*19*	**133,970**	47,782

The notes on pages 36 to 79 form part of the consolidated financial statements.

1. COMPANY INFORMATION

Pak Tak International Limited (the "Company") is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The address of the Company's registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. On 21 January 2015, the principal office in Hong Kong was changed from Units 404-411, 4th Floor, Fanling Industrial Centre, 21 On Kui Street, On Lok Tsuen, Fanling, New Territories, Hong Kong to Unit 1704, 17th Floor, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

The Company is an investment holding company. Its subsidiaries are principally engaged in the manufacture of and trading in knit-to-shape garments.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The consolidated financial statements for year ended 31 March 2015 comprise the Company and its subsidiaries (together the "Group").

These consolidated 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"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2(c) provides information on any changes in accounting policies resulting from 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 consolidated financial statements.

A summary of significant accounting policies adopted by the Group is set out below.

(b) Basis of preparation of the consolidated financial statements

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

The preparation of consolidated 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 that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are 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 significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in note 32.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) Changes in accounting policies

The HKICPA has issued a number of amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's consolidated financial statements:

- Amendments to HKAS 32, Offsetting financial assets and financial liabilities
- Amendments to HKAS 36, Recoverable amount disclosures for non-financial assets

The amendments to HKAS 32 clarify the offsetting criteria in HKAS 32.

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 above amendments do not have significant impact on the Group's consolidated financial statements.

The Group has not applied any new or revised HKFRS that is not yet effective for the current accounting period (see note 33).

(d) 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 and transactions 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. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders 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 comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests are presented as financial liabilities in the consolidated statement of financial position in accordance with note 2(n).

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Subsidiaries and non-controlling interests *(Continued)*

Changes in the Group's interest 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.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(j)).

(e) Associate

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method and is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the associate's net assets and any impairment loss relating to the investment (see note 2(j)). The Group's share of the post-acquisition, post-tax results of the associate and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the associate's other comprehensive income is recognised in the consolidated statement of comprehensive income.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the assets transferred, in which case they are recognised immediately in profit or loss.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that associate, with a resulting gain or loss being recognised in profit or loss.

(f) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Goodwill *(Continued)*

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or group of cash-generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 2(j)).

On disposal of a cash-generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(g) Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(j)(ii)).

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 disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

Freehold land	Nil
Leasehold land under finance leases	Over the remaining term of the relevant leases
Buildings	Over the shorter of the term of leases or 50 years
Leasehold improvements	Over the remaining term of the relevant leases
Plant and machinery	12.5% to 25%
Furniture, fixtures and equipment	10% to 30%
Motor vehicles	25%

Both the useful life of an asset and its residual value, if any, are reviewed annually.

(h) Investment property

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 2(i)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use.

Investment properties are stated at cost less accumulated depreciation and impairment losses (see note 2(j)(ii)). Depreciation is provided to write off the cost of investment properties over their estimated useful lives using the straight line method.

Gain or loss arising from the retirement or disposal of an investment property, representing the difference between the net disposal proceeds and the carrying amount of the relevant asset, is recognised in profit or loss on the date of retirement or disposal.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) 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 that are held by 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, with the following exceptions:

– property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (see note 2(h)); and

– land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

(ii) Operating lease charges

Where the Group has the use of assets held 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 to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under operating lease is amortised on a straight-line basis over the period of the relevant lease. Impairment losses are recognised in accordance with accounting policy set out in note 2(j)(ii).

(j) Impairment of assets

(i) Impairment of investments in equity securities and other receivables

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

– significant financial difficulty of the debtor;

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

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

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

– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(j) Impairment of assets *(Continued)*

(i) Impairment of investments in equity securities and other receivables (Continued)

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

– For investment in an associate accounted for under the equity method in the consolidated financial statements (see note 2(e)), the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 2(j)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 2(j)(ii).

– For trade and other receivables 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 (i.e. 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.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade 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 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 an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment;

– interests in leasehold land held for own use under operating leases;

– investment properties; and

– investment in subsidiaries in the Company's statement of financial position.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(j) Impairment of assets *(Continued)*

(ii) Impairment of other assets (Continued)

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.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and 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 (i.e. a cash-generating unit).

– Recognition of impairment losses

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

(k) Inventories

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

Cost is calculated using the first-in, first-out method and comprises all cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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)*

(l) 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 (see note 2(j)(i)), 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.

(m) 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 payable, using the effective interest method.

(n) 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(r)(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.

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are 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 included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(p) Employee benefits

(i) Employee benefits entitlements

Salaries, bonuses, paid annual leave and the cost of other 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) Long service payments

The Group's obligation under long service payments recognised in the statement of financial position is determined using the projected unit credit method, with actuarial valuation being carried out at the end of each reporting period.

Past service cost is recognised immediately to the extent that the benefits have already been vested.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(p) Employee benefits *(Continued)*

(iii) Pension obligations

The Group operates a mandatory provident fund scheme in Hong Kong and defined contribution government pension schemes in the People's Republic of China ("Mainland China").

Contributions to mandatory provident fund, as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance, are recognised as an expense in profit or loss as incurred.

The employees in the Mainland China are members of the retirement benefit scheme organised by the government in Mainland China. The Group is required to contribute, based on a certain percentage of payrolls, 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 required contributions under the scheme. Contributions to this retirement benefit scheme are recognised as an expense in profit or loss as incurred except to the extent that they are included in the cost of inventories at the end of the reporting period.

(q) Income tax

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

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

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

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided 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 difference 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 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.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) Income tax *(Continued)*

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

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

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

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

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

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

  – the same taxable entity; or

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

(r) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. 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.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 2(r)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(r) Financial guarantees issued, provisions and contingent liabilities *(Continued)*

(ii) Provisions and contingent liabilities

Provisions are recognised for 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.

(s) 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) Sales of goods

Sales of goods are recognised when goods are delivered and title has passed.

(ii) Sub-contracting income

Sub-contracting income is recognised when services are rendered.

(iii) Interest income

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

(iv) 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.

(t) 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. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(t) Translation of foreign currencies *(Continued)*

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, are translated into Hong Kong Dollars at the closing foreign exchange rates 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.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(u) Borrowing costs

Borrowing costs that are directly attributable to the acquisition 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 complete.

(v) Related parties

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

- (1) has control or joint control over the Group;
- (2) has significant influence over the Group; or
- (3) is a member of the key management personnel of the Group or the Group's parent.

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

- (1) 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).
- (2) 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).
- (3) Both entities are joint ventures of the same third party.
- (4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (5) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (6) The entity is controlled or jointly controlled by a person identified in (i).
- (7) A person identified in (i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(w) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management 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. TURNOVER

Turnover represents the amounts received and receivable for goods sold and sub-contracting services provided to outside customers during the year, net of discounts, and is analysed as follows:

	2015	2014
	HKD'000	*HKD'000*
Sales of goods	**365,565**	427,817
Sub-contracting income	**788**	53
	366,353	427,870

4. DISPOSAL OF SUBSIDIARIES

On 18 June 2014, the Company entered into an agreement with Mr. Cheng Kwai Chun, John ("Mr. Cheng"), the then director and substantial shareholder of the Company, for disposal of the Company's wholly-owned subsidiary, Addlink Limited, to Mr. Cheng (the "Disposal"). In preparation for the completion of the Disposal, a reorganisation had been undertaken such that, upon the completion of the Disposal, the Company together with its subsidiaries continues to engage in the manufacturing and trading in knit-to-shape garments, while the leasehold and freehold land and buildings and investment properties in Hong Kong, Mainland China and Thailand and the business of retailing of children's wear continue to be retained by Addlink Limited and its subsidiaries. Further details of the Disposal and the reorganisation are set out in the Company's circular dated 29 July 2014.

4. DISPOSAL OF SUBSIDIARIES *(Continued)*

The Disposal was completed on 19 September 2014. An analysis of the net assets of Addlink Limited and its subsidiaries (together the "Disposed Group") disposed of is as follows:

	HKD'000
Analysis of assets and liabilities disposed of:	
Property, plant and equipment	92,675
Interests in leasehold land held for own use under operating leases	4,347
Investment properties	8,139
Interest in an associate	–
Inventories	511
Trade receivables	42
Other receivables, prepayments and deposits	3,235
Tax recoverable	1,181
Cash and cash equivalents	4,322
Other payables and accrued charges	(2,364)
Amounts due to holders of non-controlling interests in a subsidiary	(3,487)
Deferred tax liabilities	(4,023)
Provision and other accrued charges	(944)
Non-controlling interests	2,234
Net assets disposed of	105,868
Gain on disposal of subsidiaries:	
Consideration received and receivable	113,734
Direct expenses in relation to the Disposal	(1,510)
	112,224
Net assets disposed of	(105,868)
Cumulative exchange gain in respect of the net assets of the Disposed Group reclassified from equity to profit or loss upon completion of the Disposal	3,082
Gain on disposal	9,438
Net cash inflow arising on disposal of subsidiaries:	
Cash consideration received, net of direct expenses in relation to the Disposal	112,224
Cash and cash equivalents disposed of	(4,322)
	107,902

5. OTHER REVENUE AND NET GAIN/(LOSS)

	2015 *HKD'000*	2014 *HKD'000*
Other revenue		
Discount received	**144**	126
Interest income from an associate	**28**	46
Other interest income	**317**	147
Reimbursement income	**990**	1,147
Rental income from investment properties	**108**	216
Sales of scrap and unused raw materials	**38**	334
Sundry	**1,345**	1,379
	2,970	3,395
Other net gain/(loss)		
Exchange loss, net	**(150)**	(1,616)
Gain on disposal of property, plant and equipment	**200**	2
Reversal of impairment loss/(impairment loss) on amount due from an associate	**3,067**	(42)
	3,117	(1,656)

6. LOSS BEFORE TAXATION

Loss before taxation is arrived after charging:

		2015 HKD'000	2014 HKD'000
(a)	**Finance costs:**		
	Interest on bank loans and overdraft wholly repayable within five years	**455**	856
	Finance charges on obligations under finance leases	**–**	3
		455	859
(b)	**Staff costs:**		
	Salaries, wages and allowances	**101,912**	113,633
	Contributions to defined contribution retirement plans	**6,700**	9,548
	Staff welfare and benefits	**2,304**	3,068
	Provision for long service payments *(note 24(a))*	**71**	94
		110,987	126,343
(c)	**Other items:**		
	Auditors' remuneration	**884**	737
	Amortisation of interests in leasehold land held for own use under operating leases	**55**	118
	Cost of inventories sold *	**342,915**	411,174
	Depreciation on property, plant and equipment	**14,334**	20,375
	Depreciation on investment properties	**60**	127
	Operating lease charges: minimum lease payments – properties rentals	**2,715**	–
	Provision for inventories	**1,871**	3,110

* Cost of inventories includes HKD105,696,000 (2014: HKD127,370,000) relating to staff costs, depreciation and amortisation expenses, operating lease charges and provision for inventories, which amount is also included in the respective total amounts disclosed separately above or in note 6(b) for each of these types of expenses.

7. INCOME TAX

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

	2015 HKD'000	2014 HKD'000
Deferred tax		
Origination and reversal of temporary differences *(note 23(b))*	**(1,922)**	(1,467)
Income tax credit	**(1,922)**	(1,467)

No provision for Hong Kong Profits Tax has been made for both years as the subsidiaries in the Group either do not have assessable profits or have agreed tax losses brought forward in excess of the estimated assessable profits.

The subsidiaries in Mainland China are subject to a tax rate of 25% (2014: 25%). No provision for income tax has been made by these subsidiaries for both years as they either do not have assessable profits or have agreed tax losses brought forward in excess of the estimated assessable profits.

(b) Reconciliation between the income tax credit and accounting loss at the applicable tax rates:

	2015 HKD'000	2014 HKD'000
Loss before taxation	**(8,452)**	(29,786)
Notional tax on loss before taxation, calculated at the rates applicable to loss in jurisdictions concerned	**(2,378)**	(5,221)
Tax effect of expenses not deductible for tax purpose	**518**	108
Tax effect of income not taxable	**(2,361)**	(79)
Tax effect of tax losses not recognised	**1,789**	2,773
Others	**510**	952
Actual tax credit	**(1,922)**	(1,467)

8. DIRECTORS' REMUNERATION

	Directors' fees		Salaries, allowances and benefits in kind		Retirement scheme contributions		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HKD'000	*HKD'000*	***HKD'000***	*HKD'000*	***HKD'000***	*HKD'000*	***HKD'000***	*HKD'000*
Cheung Chi Mang *(appointed on 5 September 2014)*	**–**	–	**349**	–	**9**	–	**358**	–
Chan Sun Kwong *(appointed on 1 December 2014)*	**32**	–	**–**	–	**–**	–	**32**	–
Cheng Kwai Chun, John *(resigned on 1 December 2014)*	**–**	–	**420**	886	**11**	15	**431**	901
Chow Chan Lum *(resigned on 1 April 2014)*	**–**	80	**–**	–	**–**	–	**–**	80
Ho Man Yee, Esther *(resigned on 24 September 2014)*	**39**	80	**–**	–	**–**	–	**39**	80
Ko Hay Yin, Karen *(resigned on 1 April 2014)*	**–**	80	**–**	–	**–**	–	**–**	80
Ko Kin Chung *(appointed on 1 December 2014)*	**–**	–	**180**	–	**6**	–	**186**	–
Law Fei Shing	**–**	–	**871**	525	**18**	10	**889**	535
Lew Victor Robert *(resigned on 5 September 2014)*	**–**	–	**143**	326	**1**	3	**144**	329
Lin Chick Kwan *(resigned on 24 September 2014)*	**–**	–	**390**	851	**9**	15	**399**	866
Lin Wing Chau *(resigned on 24 September 2014)*	**–**	–	**390**	848	**9**	15	**399**	863
Liu Kam Lung *(appointed on 24 September 2014)*	**50**	–	**–**	–	**–**	–	**50**	–
Lum Pak Sum *(appointed on 16 June 2014 and resigned on 1 December 2014)*	**40**	–	**–**	–	**–**	–	**40**	–
Wu Shiming *(appointed on 24 September 2014)*	**50**	–	**–**	–	**–**	–	**50**	–
Yuen Chi King, Wyman *(resigned on 24 September 2014)*	**39**	80	**–**	–	**–**	–	**39**	80
	250	320	**2,743**	3,436	**63**	58	**3,056**	3,814

9. INDIVIDUALS WITH HIGHEST EMOLUMENTS

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

	2015	2014
	HKD'000	*HKD'000*
Salaries and other emoluments	**2,329**	1,137
Performance related incentive payments	**160**	160
Retirement scheme contributions	**53**	30
	2,542	1,327

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

	No. of individuals	
	2015	2014
HKDNil – HKD1,000,000	**3**	2

10. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss attributable to equity shareholders of the Company of HKD6,281,000 (2014: HKD27,795,000) and the weighted average number of 1,415,000,000 (2014: 1,324,995,644) ordinary shares in issue during the year, adjusted retrospectively for the share sub-division (one into five) with effect on 7 April 2014 (see note 25(c)).

The diluted loss per share for the years ended 31 March 2015 and 2014 was same as the basic loss per share as there were no potential dilutive ordinary shares in existence for both years.

11. SEGMENT REPORTING

The executive directors manage the Group's operations as a single business segment. The Group's operations are monitored and strategic decisions are made on the basis of operating results, consolidated assets and liabilities as reflected in the consolidated financial statements.

(a) Geographical information

The Group's revenue from external customers by geographical market is as follows:

	2015	2014
	HKD'000	*HKD'000*
United States of America ("USA")	**292,266**	350,639
Europe	**32,080**	33,302
Asia	**30,210**	28,404
Others	**11,797**	15,525
	366,353	427,870

The Group's information about its non-current assets by geographic location is as follows:

	2015	2014
	HKD'000	*HKD'000*
Mainland China	**27,446**	115,353
Hong Kong	**1,079**	15,842
Thailand	**–**	14,224
	28,525	145,419

(b) Major customers

Revenue from major customers, each of whom amounted to 10% or more of the total revenue, is set out below:

	2015	2014
	HKD'000	*HKD'000*
Customer A	**92,264**	133,802
Customer B	**79,373**	86,377
Customer C	**52,074**	64,267
Customer D	**58,232**	61,413

12. PROPERTY, PLANT AND EQUIPMENT

The Group	Land and buildings *HKD'000*	Leasehold improvements *HKD'000*	Plant and machinery *HKD'000*	Furniture, fixtures and equipment *HKD'000*	Motor vehicles *HKD'000*	Total *HKD'000*
Cost						
At 1 April 2013	131,353	19,512	209,685	9,736	5,763	376,049
Exchange realignment	(2,350)	(59)	(837)	(76)	(2)	(3,324)
Additions	–	1,470	8,354	543	–	10,367
Disposals	–	–	(142)	(118)	–	(260)
At 31 March 2014	129,003	20,923	217,060	10,085	5,761	382,832
At 1 April 2014	129,003	20,923	217,060	10,085	5,761	382,832
Exchange realignment	265	35	235	9	4	548
Additions	–	1,383	244	252	643	2,522
Disposal of subsidiaries	(129,268)	(18,452)	(33,225)	(1,045)	(1,657)	(183,647)
Disposals	–	–	(2,250)	(113)	(341)	(2,704)
At 31 March 2015	–	3,889	182,064	9,188	4,410	199,551
Accumulated depreciation and impairment						
At 1 April 2013	44,954	7,131	166,874	8,620	4,469	232,048
Exchange realignment	(1,171)	(63)	(900)	(76)	(2)	(2,212)
Provided for the year	3,410	1,210	14,776	476	503	20,375
Eliminated on disposals	–	–	(142)	(114)	–	(256)
At 31 March 2014	47,193	8,278	180,608	8,906	4,970	249,955
At 1 April 2014	47,193	8,278	180,608	8,906	4,970	249,955
Exchange realignment	128	33	236	9	4	410
Provided for the year	1,563	912	11,187	378	294	14,334
Eliminated on disposal of subsidiaries	(48,884)	(7,697)	(32,198)	(867)	(1,326)	(90,972)
Eliminated on disposals	–	–	(2,250)	(110)	(341)	(2,701)
At 31 March 2015	–	1,526	157,583	8,316	3,601	171,026
Carrying amount						
At 31 March 2015	–	2,363	24,481	872	809	28,525
At 31 March 2014	81,810	12,645	36,452	1,179	791	132,877

12. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

An analysis of the carrying amount of land and buildings is set out below:

	The Group 2015 HKD'000	2014 HKD'000
Under medium term leases		
Hong Kong	–	10,413
Mainland China	–	60,967
Freehold		
Thailand	–	10,430
	–	81,810

13. INTERESTS IN LEASEHOLD LAND HELD FOR OWN USE UNDER OPERATING LEASES

	The Group 2015 HKD'000	2014 HKD'000
Cost		
At 1 April	**5,865**	5,868
Exchange realignment	**34**	(3)
Disposal of subsidiaries	**(5,899)**	–
At 31 March	–	5,865
Amortisation		
At 1 April	**1,490**	1,373
Exchange realignment	**7**	(1)
Provided for the year	**55**	118
Eliminated on disposal of subsidiaries	**(1,552)**	–
At 31 March	–	1,490
Carrying amount	–	4,375

The above interests in leasehold land were held under medium term leases in Mainland China.

14. INVESTMENT PROPERTIES

	The Group	
	2015	2014
	HKD'000	*HKD'000*
At cost		
At 1 April	**8,421**	8,850
Exchange realignment	**32**	(429)
Disposal of subsidiaries	**(8,453)**	–
At 31 March	**–**	8,421
Accumulated depreciation		
At 1 April	**254**	127
Provided for the year	**60**	127
Eliminated on disposal of subsidiaries	**(314)**	–
At 31 March	**–**	254
Carrying amount	**–**	8,167

An analysis of the carrying amount of investment properties was set out below:

	The Group	
	2015	2014
	HKD'000	*HKD'000*
Under medium term leases		
Hong Kong	**–**	4,376
Freehold		
Thailand	**–**	3,791
	–	8,167

At 31 March 2014, the investment properties comprised leasehold properties at Units 214 – 215, 2nd Floor, Fanling Industrial Centre, 21 On Kui Street, On Lok Tsuen, Fanling, New Territories, Hong Kong and various parcels of freehold land (known as Land Nos. 2, 8, 50, 51, 72 and 137) located at Highway No. 201, Chongsammor Sub-district, Kengkror District, Chaiyaphum Province, Thailand.

In the opinion of the directors, the fair value of the investment properties in Hong Kong and in Thailand as at 31 March 2014 was HKD8,254,000 and HKD14,389,000, respectively. The fair value of the investment properties in Hong Kong as at 31 March 2014 was arrived at using market comparison approach by reference to recent transaction prices for similar properties in similar locations. The fair value of the investment properties in Thailand as at 31 March 2014 was arrived at on the basis of a valuation carried out at that date by an independent professional qualified valuer in Thailand. The valuation was determined using market comparison approach by reference to the recent transaction prices for similar properties in similar locations.

14. INVESTMENT PROPERTIES *(Continued)*

The fair value measurement of the investment properties was categorised as level 2 fair value measurement within the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement was classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

– Level 1: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

– Level 2: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

– Level 3: Fair value measured using significant unobservable inputs

At 31 March 2014, the investment properties in Hong Kong were leased out to the Group's associate at a fixed monthly rental under an operating lease for a term of two years. The total future minimum lease payments under non-cancellable operating lease amounted to HKD18,000 and were receivable within 1 year.

15. SUBSIDIARIES

	The Company	
	2015	2014
	HKD'000	*HKD'000*
Unlisted shares, at cost	**388**	188,277
Less: impairment loss	**–**	(74,587)
	388	113,690
Amounts due from subsidiaries	**92,206**	29,669
Amount due to a subsidiary	**1,297**	382

In respect of the subsidiaries acquired by the Company at the time of the group reorganisation on 9 November 2001, the cost of the unlisted shares is based upon the book value of the underlying net assets of those subsidiaries as at the acquisition date, after deducting the dividends received by the Company from the profits of certain subsidiaries before the 2001 reorganisation.

An impairment loss of HKDnil (2014: HKD74,587,000) was recognised based upon the directors' estimation on the net recoverable amount of the investments in subsidiaries.

The balances with subsidiaries are unsecured, interest free and repayable on demand.

15. SUBSIDIARIES *(Continued)*

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

Name of subsidiary	Place of incorporation/ registration	Particular of issued and paid up capital	Proportion of ownership interest held by the Company 2015 Directly	2015 Indirectly	2014 Directly	2014 Indirectly	Principal activities
Ample Colour Investments Limited	British Virgin Islands	1 share of USD1 each	**100%**	**–**	–	–	Investment holding
Grand Mark Worldwide Limited	Hong Kong	1 share of HKD1 each	**–**	**100%**	–	–	Not yet commenced business
Markway International Group Holdings Limited	Hong Kong	1 share of HKD1 each	**–**	**100%**	–	–	Provision of administrative services
Mega Grade Holdings Limited	British Virgin Islands	50,000 shares of USD1 each	**100%**	**–**	100%	–	Investment holding
Pak Tak Hong Kong Trading Limited	Hong Kong	10,000 shares of HKD1 each	**–**	**100%**	–	100%	Trading in knit-to-shape garments
Richtime Knitting Limited	Hong Kong	10,000 shares of HKD1 each	**–**	**100%**	–	100%	Manufacture of and trading in knit-to-shape garments and provision of administrative services
Shibo Global Holdings Limited	British Virgin Islands	1 share of USD1 each	**100%**	**–**	–	–	Investment holding
百德針織製衣（東莞）有限公司#	Mainland China	HKD111,975,000	**–**	**100%**	–	100%	Manufacture of and trading in knit-to-shape garments

Wholly foreign owned enterprise

All subsidiaries operate principally in their respective places of incorporation or registration.

None of the subsidiaries had issued any debt securities at the end of the year.

The disposal of a wholly-owned subsidiary, Addlink Limited, together with its subsidiaries, namely Pak Tak (America) Inc., Pak Tak Knitting & Garment Factory Limited, Pak Tak Knitting & Garment Factory (Thailand) Limited, Rich Source Limited, Sunny Dragon International Limited and 穎龍服飾（東莞）有限公司, was completed on 19 September 2014 (see note 4).

16. ASSOCIATE

	The Group	
	2015	2014
	HKD'000	*HKD'000*
Share of net assets	**–**	–
Amount due from an associate	**–**	3,267
Less: Provision for impairment loss	**–**	(3,267)
	–	–

At 31 March 2014, the amount due from an associate was interest-bearing at 2% per annum, unsecured and repayable on demand.

Particulars of the associate as at 31 March 2014 are as follows:

Name of associate	Place of incorporation and operation	Particular of issued and paid up capital	Proportion of ownership interest held by the Group	Principal activities
Pak Tak (Kwong Tai) Knitting Factory Limited ("Pak Tak (Kwong Tai)")	Hong Kong	3,000,000 shares of HKD1 each	49%	Trading of knitwear and other apparel products

The equity interest in Pak Tak Kwong Tai is held by Addlink Limited. Following the disposal of Addlink Limited on 19 September 2014 (see note 4), Pak Tak Kwong Tai has ceased to be an associate of the Group.

17. INVENTORIES

	The Group	
	2015	2014
	HKD'000	*HKD'000*
Raw materials	**10,977**	12,642
Work in progress	**18,646**	25,073
Finished goods	**3,860**	7,684
	33,483	45,399

18. TRADE RECEIVABLES

	The Group 2015 HKD'000	2014 HKD'000
Trade receivables	**30,679**	16,878
Less: Allowance for doubtful debts *(note 18(b))*	**–**	(396)
	30,679	16,482

All trade receivables are expected to be recovered within one year.

(a) Ageing analysis

The ageing analysis of trade receivables (net of allowance for doubtful debts) as of the end of the reporting period, based on invoice date, is as follows:

	The Group 2015 HKD'000	2014 HKD'000
Within 1 month	**9,191**	8,804
1 to 3 months	**20,563**	6,772
3 to 12 months	**925**	906
	30,679	16,482

Trade receivables are due within 30 to 60 days from the date of billing. Further details on the Group's credit policy are set out in note 27(a).

(b) Impairment of trade receivables

Impairment losses in respect of trade 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 receivables directly (see note 2(j)(i)).

The movements in the allowance for doubtful debts during the year are as follows:

	The Group 2015 HKD'000	2014 HKD'000
At 1 April	**396**	396
Impairment loss recognised	**–**	–
Uncollectible amounts written off	**(396)**	–
At 31 March	**–**	396

At 31 March 2014, trade receivables of HKD396,000 were individually determined to be impaired. The individually impaired receivables related to a customer who was in financial difficulties.

18. TRADE RECEIVABLES *(Continued)*

(c) Trade receivables that are not impaired

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

	The Group	
	2015	2014
	HKD'000	*HKD'000*
Neither past due nor impaired	**21,255**	11,527
Less than 1 month past due	**8,373**	3,800
1 to 3 months past due	**256**	250
More than 3 months but less than 12 months past due	**795**	905
Amounts past due	**9,424**	4,955
	30,679	16,482

Trade receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Trade 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 considered fully recoverable.

19. CASH AND CASH EQUIVALENTS

	The Group	
	2015	2014
	HKD'000	*HKD'000*
Cash and cash equivalents in the consolidated statement of financial position	**153,901**	47,782
Bank overdraft *(note 22)*	**(19,931)**	–
Cash and cash equivalents in the consolidated statement of cash flows	**133,970**	47,782

20. TRADE PAYABLES

The ageing analysis of trade payables as of the end of the reporting period, based on invoice date, is as follows:

	The Group	
	2015	2014
	HKD'000	*HKD'000*
Within 1 month	**3,237**	7,654
1 to 3 months	**4,067**	5,951
3 to 12 months	**972**	679
Over 12 months	**90**	31
	8,366	14,315

21. AMOUNTS DUE TO HOLDERS OF NON-CONTROLLING INTERESTS IN A SUBSIDIARY

The amounts due were unsecured, interest free and repayable on demand.

22. BANK LOANS AND OVERDRAFT

	The Group	
	2015	2014
	HKD'000	*HKD'000*
Bank loans	**6,013**	16,879
Bank overdraft *(note 19)*	**19,931**	–
	25,944	16,879

The maturity profile of bank loans and overdraft, based on the scheduled repayment dates set out in relevant loan agreements, is as follows:

	The Group	
	2015	2014
	HKD'000	*HKD'000*
Within 1 year	**25,944**	8,003
After 1 year but within 2 years	**–**	5,282
After 2 years but within 5 years	**–**	3,594
	25,944	16,879
Less: Amount due within one year or repayable on demand classified as current liabilities	**(25,944)**	(16,879)
	–	–

22. BANK LOANS AND OVERDRAFT *(Continued)*

At 31 March 2015, bank loans of HKD6,013,000 were secured by corporate guarantee from the Company, legal charges on leasehold properties of companies controlled by and personal guarantees from Mr. Cheng. Bank overdraft of HKD19,931,000 was secured by legal charge on certain assets of Mr. Cheng.

At 31 March 2014, bank loans of HKD6,387,000 were secured by guarantees to the extent of HKD4,800,000 and HKD6,000,000 from the Government of the Hong Kong Special Administrative Region under the Special Loan Guarantee Scheme and Small and Medium Enterprises Loan Guarantee Scheme, respectively, and corporate guarantees from the Company. Bank loans of HKD10,492,000 were secured by pledge of the Group's leasehold properties in Hong Kong with a total carrying amount of HKD4,397,000, corporate guarantee from the Company and legal charges on leasehold properties of companies controlled by Mr. Cheng.

23. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Tax recoverable in the consolidated statement of financial position

The tax recoverable as at 31 March 2014 represented the excess of provisional Hong Kong Profits Tax paid.

(b) Deferred tax assets and liabilities recognised

	The Group	
	2015	2014
	HKD'000	*HKD'000*
Net deferred tax assets recognised in the consolidated statement of financial position	**(4,258)**	(3,225)
Net deferred tax liabilities recognised in the consolidated statement of financial position	**1,715**	6,636
	(2,543)	3,411

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

	Tax losses	Accelerated tax depreciation	Other temporary differences	Total
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
The Group				
At 1 April 2013	(9)	4,032	836	4,859
Effect of changes in exchange rate	–	–	19	19
Charged/(credited) to profit or loss *(note 7(a))*	(3)	3	(1,467)	(1,467)
At 31 March 2014	(12)	4,035	(612)	3,411
Effect of changes in exchange rate	–	–	(9)	(9)
Charged/(credited) to profit or loss *(note 7(a))*	1	(1)	(1,922)	(1,922)
Disposal of subsidiaries	11	(4,034)	–	(4,023)
At 31 March 2015	–	–	(2,543)	(2,543)

23. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

(c) Deferred tax assets not recognised

At 31 March 2015, the Group has unused tax losses of HKD30,551,000 (2014: HKD41,716,000). A deferred tax asset has been recognised in respect of HKD125,000 (2014: HKD70,000) of such losses. No deferred tax asset has been recognised in respect of the remaining balance of HKD30,426,000 (2014: HKD41,646,000) due to the unpredictability of future profit streams. Included in unrecognised are tax losses of HKD5,145,000 (2014: HKD17,407,000) that will expire within five years. Other losses may be carried forward indefinitely.

24. PROVISION AND OTHER ACCRUED CHARGES

	The Group	
	2015	2014
	HKD'000	*HKD'000*
Provision for long service payments *(note 24(a))*	**1,390**	1,319
Other accrued charges *(note 24(b))*	**13,718**	14,230
	15,108	15,549

(a) Provision for long service payments

Under the Hong Kong Employment Ordinance, the Group is required to make long service payments to its employees in Hong Kong upon the termination of their employment or retirement when the employee fulfils certain conditions and the termination meets the required circumstances.

Movements in the provision for long service payments during the year are as follows:

	The Group	
	2015	2014
	HKD'000	*HKD'000*
At 1 April	**1,319**	1,225
Amount charged to profit or loss *(note 6(b))*	**71**	94
At 31 March	**1,390**	1,319

(b) Other accrued charges

Other accrued charges represent liabilities in respect of staff benefits.

25. CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

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

The Company

	Share capital *HKD'000*	Share premium *HKD'000*	Contributed surplus *HKD'000*	Accumulated losses *HKD'000*	Total *HKD'000*
At 1 April 2013	23,640	5,987	181,059	(67,956)	142,730
Changes in equity for 2014:					
Loss and total comprehensive loss for the year	–	–	–	(1,514)	(1,514)
Shares issued pursuant to a share placing *(note 25(c))*	4,660	35,321	–	–	39,981
At 31 March 2014	28,300	41,308	181,059	(69,470)	181,197
At 1 April 2014	28,300	41,308	181,059	(69,470)	181,197
Changes in equity for 2015:					
Profit and total comprehensive income for the year	–	–	–	44,798	44,798
At 31 March 2015	**28,300**	**41,308**	**181,059**	**(24,672)**	**225,995**

(b) Dividend

The directors do not recommend the payment of any dividend for the year ended 31 March 2015 (2014: HKDnil).

25. CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(c) Share capital

Authorised and issued share capital

	2015		2014	
	No. of shares		No. of shares	
	'000	***HKD'000***	*'000*	*HKD'000*
Authorised:				
At 1 April	**500,000**	**50,000**	500,000	50,000
Share subdivision	**2,000,000**	**–**	–	–
At 31 March	**2,500,000**	**50,000**	500,000	50,000
Ordinary shares, issued and fully paid:				
At 1 April	**283,000**	**28,300**	236,402	23,640
Shares issued pursuant to a share placing	**–**	**–**	46,598	4,660
Share subdivision	**1,132,000**	**–**	–	–
At 31 March	**1,415,000**	**28,300**	283,000	28,300

The holders 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.

On 19 August 2013, the Company issued a total of 46,598,000 new ordinary shares of HKD0.1 each under a placing agreement at a price of HKD0.88 per share to increase the general working capital of the Group. Further details of this share placing are set out in the Company's announcement dated 8 August 2014.

On 7 April 2014, the Company sub-divided each of the existing and unissued shares of HKD0.1 each in the share capital of the Company into five shares of HKD0.02 each.

(d) Nature and purpose of reserves

(i) Share premium

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

(ii) Special reserve

The special reserve of the Group mainly represents the difference between the nominal value of the shares of the acquired subsidiaries and the nominal value of the shares of the Company and Addlink Limited issued for the acquisition at the time of the group reorganisation in 2001 and the share premium of Addlink Limited arising from issue of shares of Addlink Limited in connection with the debt assignment.

Following the disposal of Addlink Limited on 19 September 2014 (see note 4), the balance of special reserve was transferred to retained profits.

25. CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(d) Nature and purpose of reserves *(Continued)*

(iii) Exchange reserve

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

(iv) Contributed surplus

The contributed surplus of the Company represents the difference between the consolidated shareholders' funds of the subsidiaries at the date at which they were acquired by the Company, and the nominal amount of the Company's shares issued for the acquisition at the time of the reorganisation on 9 November 2001 and has been adjusted for the dividend declared from this reserve after 9 November 2001.

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of a Company is available for distribution. However, the Company cannot declare or pay dividend, or make a distribution out of the contributed surplus, if:

(a) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realisable value of its assets would thereby be less than its liabilities.

(e) Distributability of reserves

In the opinion of the directors, the Company's reserves available for distribution to shareholders at the end of the reporting period were:

	2015	2014
	HKD'000	*HKD'000*
Contributed surplus	**181,059**	181,059
Accumulated losses	**(24,672)**	(69,470)
	156,387	111,589

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group regularly reviews its capital structure on the basis of a gearing ratio computed as total debt over shareholders' fund. For this purpose, the Group defines total debt as total borrowings (which include interest-bearing borrowings). Total shareholders' fund comprises all components of equity.

During the year ended 31 March 2015, the Group's strategy is to maintain the gearing ratio of around 10%-15%.

25. CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(f) Capital management *(Continued)*

The gearing ratio as at 31 March 2015 and 2014 was as follows:

	The Group	
	2015	2014
	HKD'000	*HKD'000*
Current liabilities		
Interest-bearing borrowings	**25,944**	16,879
Total debt	**25,944**	16,879
Total shareholders' fund	**175,781**	183,544
Gearing ratio	**15%**	9%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

26. SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted pursuant to a shareholders' resolution passed on 23 August 2011 for the primary purpose of granting options to eligible participants as incentives or rewards for their contribution to the Group and will be valid and effective for a period of 10 years commencing on the date on which the Scheme was adopted. Under the Scheme, the board of directors (the "Directors") may grant options to eligible employees of the Group, any executive and non-executive director (including independent non-executive director) of the Group and other eligible participants to subscribe for shares in the Company (the "Shares"), at a price to be determined by the Directors, but shall not be less than the higher of (i) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of Shares as stated in the Stock Exchange's daily quotations for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Shares.

An offer of the grant of the option may be accepted by a participant within 21 days from the date of the offer of grant of the option. An option may be exercised in accordance with the terms of the Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof. Unless otherwise determined by the Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Scheme for the holding of an option before it can be exercised. A nominal consideration of HKD1 is payable on acceptance of the grant of an option.

26. SHARE OPTION SCHEME *(Continued)*

Shares which may be issued upon exercise of all options to be granted under the Scheme or any other share option scheme of the Company must not in aggregate exceed 118,201,000 shares of the Company, being 10% of the shares in issue on the date of approval of the Scheme by the shareholders of the Company.

Unless approved by shareholders of the Company, the total number of Shares issued and which may fall to be issued upon exercise of the options to be granted under the Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being.

No options under the Scheme were granted or exercised during the years ended 31 March 2015 and 2014 and there were no outstanding options at 31 March 2015 and 2014.

27. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate and foreign currency risks arises in the normal course of the Group's business. The Group's exposure to risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to cash and cash equivalents and trade receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Cash and cash equivalents are normally placed at financial institutions that have sound credit rating.

In respect of trade receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. Trade receivables are due within 30 to 60 days from the date of billing. Debtors with balances over 90 days are monitored tightly and regularly. Normally, the Group does not obtain collateral from customers. Default risk of the industry and country are influenced on a lesser extent because most of the Group's customers mainly come from the USA with higher credit-ratings.

At 31 March 2015, the Group had a certain concentration of credit risk as 68% (2014: 54%) and 91% (2014: 84%) of the total trade receivables was due from one customer and five customers respectively.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables are set out in note 18.

27. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(b) Liquidity risk

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 reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are 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:

	2015					2014				
	Carrying amount *HKD'000*	Total contractual undiscounted cash flow *HKD'000*	Within 1 year or on demand *HKD'000*	More than 1 year but less than 2 years *HKD'000*	More than 2 years *HKD'000*	Carrying amount *HKD'000*	Total contractual undiscounted cash flow *HKD'000*	Within 1 year or on demand *HKD'000*	More than 1 year but less than 2 years *HKD'000*	More than 2 years *HKD'000*
The Group										
Trade payables	8,366	8,366	8,366	–	–	14,315	14,315	14,315	–	–
Other payables and accrued charges	27,318	27,318	27,318	–	–	25,460	25,460	25,460	–	–
Amounts due to holders of non-controlling interests in a subsidiary	–	–	–	–	–	3,466	3,466	3,466	–	–
Bank loans and overdraft +	25,944	26,298	26,298	–	–	16,879	17,447	17,447	–	–
Other accrued charges	13,718	13,718	13,718	–	–	14,230	14,230	–	–	14,230
	75,346	75,700	75,700	–	–	74,350	74,918	60,688	–	14,230
The Company										
Accrued charges	750	750	750	–	–	161	161	161	–	–
Amount due to a subsidiary	1,297	1,297	1,297	–	–	382	382	382	–	–
	2,047	2,047	2,047	–	–	543	543	543	–	–

+ Bank loans and overdraft with repayment on demand clause are classified as on demand in the above analysis although the demand clause has not been exercised.

27. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(c) Interest rate risk

The Group's interest rate risk arises primarily from bank deposits and bank loans and overdraft. Bank deposits and bank loans and overdraft issue at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively.

(i) Interest rate profile

The Group's interest rate profile as monitored by management is set out below:

	2015		2014	
	Effective interest rate		Effective interest rate	
	%	***HKD'000***	%	*HKD'000*
Fixed rate deposits:				
Bank deposits	**–**	**–**	0.72 – 0.85	35,502
Variable rate deposits:				
Bank deposits	**0.02**	**111,985**	0.48	4,334
Variable rate borrowings:				
Bank loans and overdraft	**1.22**	**25,944**	3.10	16,879
Net exposure		**86,041**		22,957

(ii) Sensitivity analysis

At 31 March 2015, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's loss after tax by approximately HKD718,000 (2014: HKD105,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next reporting period. The analysis is performed on the same basis for 2014.

(d) Foreign currency risk

(i) Foreign currency transactions

The Group is exposed to currency risk primarily through sales and expense transactions that are denominated in a currency other than the functional currency of the entity to which they relate. The currencies giving rise to this risk are primarily Renminbi, United States Dollars and Thai Baht.

(ii) Recognised assets and liabilities

In respect of trade and other receivables and payables held in currencies other than the functional currency of the entity to which they relate, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

27. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(d) Foreign currency risk *(Continued)*

(iii) The following table 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.

	The Group					
	2015			2014		
	Renminbi '000	**United States Dollars '000**	**Thai Baht '000**	Renminbi '000	United States Dollars '000	Thai Baht '000
Trade receivables	**–**	**3,931**	**–**	381	2,058	–
Other receivables, prepayments and deposits	**273**	**37**	**–**	3,830	129	345
Cash and cash equivalents	**79**	**2,032**	**–**	1,323	802	570
Trade payables	**(605)**	**(580)**	**–**	(2,484)	(687)	–
Other payables and accrued charges	**–**	**(1)**	**–**	(17,057)	(5)	(1,120)
Amounts due to holders of non-controlling interests in a subsidiary	**–**	**–**	**–**	–	–	(14,500)
Provision and other accrued charges	**(11,105)**	**–**	**–**	(11,519)	–	–
Net exposure arising from recognised assets and liabilities	**(11,358)**	**5,419**	**–**	(25,526)	2,297	(14,705)

(iv) *Sensitivity analysis*

The following table indicates the approximate change in the Group's loss after tax in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the end of the reporting period.

	The Group			
	2015		2014	
	Increase/ (decrease) in foreign exchange rate	**Effect on loss after tax *HKD'000***	Increase/ (decrease) in foreign exchange rate	Effect on profit after tax *HKD'000*
Renminbi	**5%**	**593**	5%	1,331
	(5%)	**(593)**	(5%)	(1,331)
United States Dollars	**5%**	**(1,753)**	5%	(743)
	(5%)	**1,753**	(5%)	743
Thai Baht	**–**	**–**	5%	147
	–	**–**	(5%)	(147)

27. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(d) Foreign currency risk *(Continued)*

(iv) Sensitivity analysis (Continued)

The sensitivity analysis has been determined assuming that the change in foreign exchange rates occurred at the end of the reporting period and applied to each of the Group entities' exposure to currency risk for non-derivative financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the end of the next reporting period. In this respect, it is assumed that the pegged rate between the Hong Kong Dollars and the United States Dollars would be materially unaffected by any changes in movement in value of the United States Dollars against other currencies. Results of the analysis as presented in the above table represent an aggregation of the effects on each of the group entities' loss after tax and equity measured in the respective functional currencies, translated into Hong Kong Dollar at the exchange rate ruling as at the end of the reporting period for presentation purposes. The analysis is performed on the same basis for 2014.

(e) Categories of financial instruments

	The Group		The Company	
	2015	2014	**2015**	2014
	HKD'000	*HKD'000*	***HKD'000***	*HKD'000*
Financial assets				
Loans and receivables (including trade and other receivables)	**186,864**	69,594	**227,643**	67,630
Financial liabilities				
Financial liabilities at amortised cost (including trade and other payables)	**75,346**	74,350	**2,047**	543

(f) Fair values

All financial instruments are carried at amounts not materially different from their fair values as at 31 March 2015 and 2014.

28. COMMITMENTS

(a) Capital commitments

Capital commitments outstanding as at 31 March 2015 not provided for in the consolidated financial statements were as follows:

	The Group	
	2015	2014
	HKD'000	*HKD'000*
Contracted for		
– Acquisition of property, plant and equipment	**612**	44

28. COMMITMENTS *(Continued)*

(b) Operating lease commitments

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

	The Group	
	2015	2014
	HKD'000	*HKD'000*
Within 1 year	**5,521**	–
After 1 year but within 5 years	**16,444**	–
	21,965	–

The Group is the lessee in respect of a number of properties held under operating leases. The leases typically run for an initial period of 2 to 5 years, with an option to renew the lease when all terms are renegotiated. Lease payments are usually increased every 2 to 5 years to reflect market rentals. None of the leases includes contingent rentals.

29. FINANCIAL GUARANTEES ISSUED

At 31 March 2015, the Company had issued corporate guarantees amounting to HKD60 million (2014: HKD44 million) to banks in connection with facilities granted to certain subsidiaries.

The guarantees were issued by the Company at nil consideration. The transactions were not at arm's length, and it is not possible to measure reliably the fair value of these transactions in accordance with HKAS 39, Financial instruments: Recognition and measurement, had they been at arm's length. Accordingly, the guarantees have not been accounted for as financial liabilities and measured at fair value.

At 31 March 2015, the directors of the Company considered it is not probable that a claim will be made against the Company under any of the guarantees. The maximum liability of the Company at the end of the reporting period under the guarantees issued was the facilities drawn down by the subsidiaries of HKD6 million (2014: HKD17 million).

30. MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 8 and the highest paid employees as disclosed in note 9, is as follows:

	2015	2014
	HKD'000	*HKD'000*
Salaries, allowances and other benefits	**5,482**	5,053
Contributions to defined contributions retirement plan	**116**	88
	5,598	5,141

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

30. MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(b) Financing arrangements

Prior to completion of the Disposal, receivable due from an associate, Pak Tak (Kwong Tai) of HKD2,386,000 was assigned to Mr. Cheng at HKD2,386,000.

At 31 March 2015, certain general banking facilities totalling HKD80,000,000 (2014: HKD57,613,000) were secured by legal charges on leasehold properties of companies controlled by Mr. Cheng, legal charge on certain assets of Mr. Cheng and personal guarantees from Mr. Cheng. At 31 March 2015, these facilities were utilised by the Group to the extent of HKD25,944,000 (2014: HKD10,492,000).

(c) Other related party transactions

In addition to the disposal of Addlink Limited as mentioned in note 4, the Group entered into the following material related party transactions during the year:

Name of related party	Nature of transaction	2015 HKD'000	2014 HKD'000
Pak Tak (Kwong Tai)	Sales of goods	**550**	–
	Rental and other income	**507**	544
	Commission paid	**32**	25
	Overdue interest income	**28**	47
	Reversal of impairment loss/ (impairment loss) on amount due from an associate	**3,067**	(42)
Pak Tak Knitting & Garment Factory Limited	License fee paid	**478**	–
	Rental expenses paid	**2,037**	–
穎龍服飾(東莞)有限公司	Sales of goods	**242**	–

Trade receivables at 31 March 2015 included an amount of HKD242,000 due from 穎龍服飾(東莞)有限公司. Other balances with related parties are disclosed in the statements of financial position and in notes 15, 16 and 21.

Pak Tak (Kwong Tai) has ceased to be an associate of the Group since the completion of disposal of Addlink Limited on 19 September 2014. The above material related party transactions with Pak Tak (Kwong Tai) occurred during the period from 1 April 2014 to 19 September 2014.

Pak Tak Knitting & Garment Factory Limited and 穎龍服飾(東莞)有限公司 are wholly-owned subsidiaries of Addlink Limited.

31. EVENTS AFTER THE REPORTING PERIOD

On 16 June 2015, the Company entered into an agreement in connection with the placing to independent third parties of up to a maximum of 283,000,000 unlisted non-transferable warrants, to be issued by the Company, at a price of HKD0.02 per warrant. Each warrant will entitle the holder thereof to subscribe for one share of the Company at a subscription price of HKD3.00 per share at any time during a period of thirty six months from the date of the issue of the warrants.

The placing of the warrants is subject to a number of conditions which include, inter alia, the passing of the necessary resolution by the shareholders of the Company in a special general meeting approving the above-mentioned placing agreement and transactions contemplated thereunder. Further details of the placing of the warrants are set out in the Company's announcement dated 16 June 2015.

32. ACCOUNTING ESTIMATES AND JUDGEMENTS

The methods, estimates and judgements the directors used in applying the Group's accounting policies have a significant impact on the Group's financial position and operating results. Some of the accounting policies require the Group to apply estimates and judgements, on matters that are inherently uncertain. The critical accounting judgements in applying the Group's accounting policies are described below.

(a) Depreciation

The Group management determines the estimated useful lives and related depreciation charge for the property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of the property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(b) Impairments

In considering the impairment loss that may be required for certain property, plant and equipment, investments in subsidiaries and interest in an associate, recoverable amount of the asset needs to be determined. The recoverable amount is the greater of its fair value less costs of disposal and the value in use. It is difficult to precisely estimate its fair value less costs of disposal because quoted market prices for these assets may not be readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to items such as level of turnover and amount of operating costs. The Group uses all readily available information in determining an amount that is reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as turnover and operating costs.

Impairment losses for bad and doubtful debts are assessed and provided based on the directors' regular review of ageing analysis and evaluation of collectability. A considerable level of judgement is exercised by the directors when assessing the credit worthiness and past collection history of each individual customer.

An increase or decrease in the above impairment loss would affect the operating results in the year and in future years.

32. ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(c) Income taxes

Determining income tax provisions involves judgement on the future tax treatment of certain transactions and interpretation of tax rules. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

Deferred tax assets are recognised for tax losses not yet used and temporary deduction differences. As those deferred tax assets can only be recognised to the extent that it is probable that future profit will be available against which the unused tax credit can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

(d) Inventory provision

The Group performs regular reviews of the carrying amounts of inventories with reference to aged inventories analyses, projections of expected future saleability of goods and management experience and judgement. Based on this review, write-down of inventories will be made when the carrying amounts of inventories decline below their estimated net realisable value. Due to changes in customers' performance, actual saleability of goods may be different from estimation and profit or loss could be affected by differences in this estimation.

33. 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 consolidated financial statements, the HKICPA has issued a number of amendments and new standards which are not yet effective for the year ended 31 March 2015 and which have not been adopted in these consolidated financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Annual improvements to HKFRSs 2010 – 2012 cycle	1 July 2014
Annual improvements to HKFRSs 2011 – 2013 cycle	1 July 2014
Annual improvements to HKFRSs 2012 – 2014 cycle	1 January 2016
Amendments to HKAS 16 and HKAS 38, Clarification of acceptable methods of depreciation and amortisation	1 January 2016
HKFRS 15, Revenue from contracts with customers	1 January 2017
HKFRS 9, Financial instruments	1 January 2018

The Group is in the process of making an assessment of what the impact of these amendments and new standards 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 Group's consolidated financial statements.

RESULTS

	Year ended 31 March				
	2011	2012	2013	2014	**2015**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	***HKD'000***
Turnover	391,275	397,048	400,863	427,870	**366,353**
Profit/(loss) from operations	4,763	14,343	6,788	(28,927)	**(7,997)**
Finance costs	(2,055)	(1,413)	(789)	(859)	**(455)**
Share of loss of an associate	(1,780)	–	–	–	**–**
Profit/(loss) before taxation	928	12,930	5,999	(29,786)	**(8,452)**
Income tax credit/(expense)	(456)	(3,291)	(3,436)	1,467	**1,922**
Profit/(loss) for the year	472	9,639	2,563	(28,319)	**(6,530)**
Attributable to:					
Equity shareholders of the Company	826	10,210	3,139	(27,795)	**(6,281)**
Non-controlling interests	(354)	(571)	(576)	(524)	**(249)**
	472	9,639	2,563	(28,319)	**(6,530)**

ASSETS AND LIABILITIES

	At 31 March				
	2011	2012	2013	2014	**2015**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	***HKD'000***
Total assets	244,021	248,099	244,962	265,849	**254,232**
Total liabilities	(81,468)	(76,125)	(70,918)	(82,305)	**(78,451)**
Net assets	162,553	171,974	174,044	183,544	**175,781**
Equity attributable to equity shareholders of the Company	163,704	173,517	176,734	185,426	**175,781**
Non-controlling interests	(1,151)	(1,543)	(2,690)	(1,882)	**–**
Total equity	162,553	171,974	174,044	183,544	**175,781**