



**GROUND
PROPERTIES**

GROUND PROPERTIES COMPANY LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code : 989



Annual Report
2014/15

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

CHAI Xiu (*Chairman and Chief Executive Officer*)

WANG Guanghui (*appointed on 1 February 2015*)

HUANG Bingxing (*appointed on 1 February 2015*)

CONG Hongsong (*resigned on 1 February 2015*)

Non-executive Directors

CHEN Luhui (*re-designated from Executive Director on 1 February 2015*)

TING Pang Wan, Raymond (*retired on 8 August 2014*)

Independent Non-executive Directors

CHAN Yuk Tong

MEI Jianping

WEI Lidong (*appointed on 1 February 2015*)

NIE Meisheng (*resigned on 6 November 2014*)

BOARD COMMITTEES

Audit Committee

CHAN Yuk Tong (*Chairman*)

MEI Jianping

WEI Lidong (*appointed on 1 February 2015*)

NIE Meisheng (*resigned on 6 November 2014*)

Remuneration Committee

CHAN Yuk Tong (*Chairman*)

MEI Jianping

CHAI Xiu

WEI Lidong (*appointed on 1 February 2015*)

NIE Meisheng (*resigned on 6 November 2014*)

Nomination Committee

MEI Jianping (*Chairman*)

CHAN Yuk Tong

CHAI Xiu

COMPANY SECRETARY

LUNG Yuet Kwan

REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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Edinburgh Tower, The Landmark

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PRINCIPAL SHARE REGISTRAR

MUFG Fund Services (Bermuda) Limited

The Belvedere Building

69 Pitts Bay Road

Pembroke HM08

Bermuda

HONG KONG BRANCH SHARE REGISTRAR

Tricor Abacus Limited

Level 22, Hopewell Centre

183 Queen's Road East

Hong Kong

LEGAL ADVISER

Michael Li & Co.

AUDITOR

Mazars CPA Limited

Certified Public Accountants

PRINCIPAL BANKERS

Hang Seng Bank Limited

The Hong Kong and Shanghai Banking Corporation Limited

STOCK CODE

989

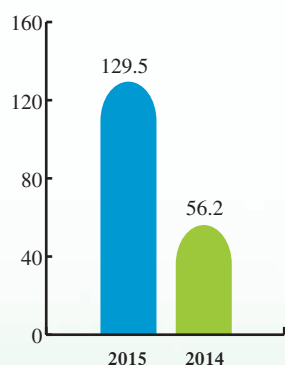
Financial Highlights

RATIO HIGHLIGHT

	2015	2014
Profitability Financial Ratio		
Gross profit margin	43%	70%
Asset Management Ratios		
Debtor turnover ratio (Days)	47	46
Stock turnover ratio (Days)	100	74
Liquidity Financial Ratios		
Working capital ratio	1.46	0.32
Quick ratio	1.38	0.31
Debt Management Ratios		
Net debt to equity	31%	59%
Gearing ratio	68.4%	67.7%
Interest coverage ratio (times)	(0.11)	0.10

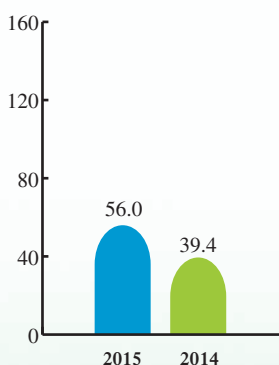
TURNOVER

HK\$'M



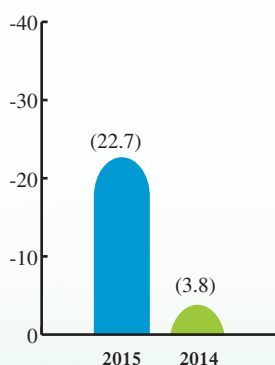
GROSS PROFIT

HK\$'M



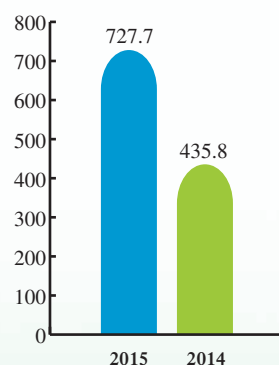
LOSS FOR THE YEAR

HK\$'M



NET ASSETS

HK\$'M





Chairman's Statement

On behalf of the Board of Directors (the “Board”) of Ground Properties Company Limited (“Ground Properties” or the “Company”), I am pleased to report the annual results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 March 2015.

During the year under review, the Group has further pushed forward continued growth of its different business segments, including telecommunications retail sales and management services, property investment as well as property development and management. Meanwhile, we have focused on the PRC market and embarked on global expansion by prudently assessing and capturing market opportunities in order to drive business growth.



During the year, the global economy has demonstrated a weak recovery while economic growth of the People's Republic of China (the "PRC") has entered the "New Normal" phase with its growth rate slowing down. In the property market, the government has adopted property austerity measures to maintain stability. The national annual land transaction price was RMB1,002,000,000,000, a year-on-year increase of 1.0%. The selling price per square meter of commodity housing nationally has also slightly increased to RMB6,323 on average. In the long term, with the huge development potential of the property industry, the Group has strategically expanded into the property market of Jilin Province of the PRC. The Changbaishan high-end resort and property project in Jilin Province has continued to progress smoothly during the period. The project is expected to become a spearhead for the Group to enter the PRC property investment and management markets. At the same time, to enhance its position in the property market in Jilin Province of the PRC, the Group has entered into a sale and purchase agreement with Ka Yik Investments Limited, which is wholly-owned by Ms. Cui Xintong, the controlling shareholder of the Company, to acquire the entire equity interest in a company at a consideration of HK\$4,650,000,000 and also entered into a memorandum of understanding to acquire the entire equity interest in 吉林市萬升房地產開發有限公司 (Jilin Wan Sheng Property Development Company Limited*). These initiatives are facilitating the Group's expansion into the residential property development sector and broadening its business network. The profitability of its property development and management business is expected to improve through development of quality projects with strong growth potential.

Chairman's Statement

While developing a diversified property business with quality potential, the telecommunications retail sales and management services operations has continued to contribute stable income to the Group. During the year, the Group has completed two acquisitions, namely 上海潤迅君斯通信科技有限公司 (Shanghai Motion JUNS Communication Technology Company Limited*) and 上海星際通實業有限公司 (Shanghai XingJiTong Shi Ye Company Limited*), which have strategically enlarged the market share of the Group in the telecommunications retail sales and management services segment and delivered satisfactory results. The Group's professional management team has also helped to enhance its operating efficiency, thus improving the profitability of this segment.

Going forward, we remain highly confident about the prospects of the business segments of property development management as well as the telecommunications retail sales and management services. The Group continues to capture property development opportunities in Jilin on the sound basis of smooth progress of the Changbaishan project which has established a good foundation in the local market. We will also closely monitor changes in the market and carefully evaluate potential business opportunities. Moreover, we are fully leveraging the management's resources and network in Jilin as part of our strategy to enter the residential and commercial property market with huge development potential in Jilin Province and we plan to launch quality, innovative and competitive projects in the market at the appropriate time. With the rapid development of e-commerce across China, the telecommunications retail sales and management services segment is expected to report satisfactory results continuously. As for the property investment business, we intend to adhere to the Group's strategies by seeking business opportunities with high growth potential.

Last but not least, on behalf of the Board of Directors, I would like to express my sincere appreciation to the Group's colleagues for their collective contribution to the Group's development. I would also like to thank our business partners and shareholders for their unwavering support. We resolve to continue to further pursue excellence in the future so as to achieve sustained growth of our three business segments.

Management Discussion and Analysis

OPERATION REVIEW

During the year ended 31 March 2015 (“2015”), the Group recorded an overall turnover of approximately HK\$129,494,000 (2014: approximately HK\$56,211,000), a year-on-year increase of 1.3 times, which was mainly attributable to significant growth in the sales of mobile phones, headphones and other products with lower margins when compared to the last financial year. Overall gross profit was HK\$56,007,000 (2014: approximately HK\$39,414,000), a year-on-year growth of more than 42%. Moreover, the Group recorded an increase of approximately HK\$25,000,000 in the fair value of investment properties in 2015 (2014: approximately HK\$11,000,000). Despite the increase in income, gross profit and the fair value of investment properties, the Group reported an increase in net loss in 2015. Its loss after tax was HK\$22,719,000 (2014: HK\$3,856,000) mainly attributable to (i) the grants of share options on 19 June 2014 and 24 October 2014 that resulted in a sharp increase in equity-settled share-based payment of approximately HK\$28,107,000 (2014: Nil) and (ii) the increase of interest expenses arising from new bank loans and existing promissory notes of approximately HK\$12,996,000 (2014: HK\$3,747,000).

Management Discussion and Analysis

	Turnover		Gross profit	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Telecommunications retail sales and management services	129,028	46,452	55,629	31,859
Property development and management	18	–	18	–
Property investment	448	9,759	360	7,555
Total	129,494	56,211	56,007	39,414

Telecommunications retail sales and management services

During the year under review, the Group has completed two acquisitions, namely 上海潤迅君斯通信科技有限公司 (Shanghai Motion JUNS Communication Technology Company Limited*) (“Shanghai Motion JUNS”) and 上海星際通實業有限公司 (Shanghai XingJiTong Shi Ye Company Limited*) (“Shanghai XingJiTong”). As a result, the Group has achieved good results as witnessed in the expansion of its telecommunications retail network while boosting retail sales performance of its mobile accessories. Secondly, the Group has entered into a cooperative agreement with a renowned US audio brand and has become exclusive distributor of the brand’s popular headphone product series in the PRC. Having integrated and expanded its telecommunications retail network and enriched its product portfolio, sales of the Group’s mobile phones, headphones and other related products has increased by 6.27 times, thereby resulting in a notable growth of its overall turnover when compared to last year.

The Group has expanded in its telecommunications retail sales and management services business by (i) increasing additional 8 retail service stores through the acquisition of Shanghai XingJiTong; (ii) obtaining an internationally-renowned headphone brand’s exclusive distribution rights in the PRC in June 2014; (iii) obtaining two service contracts with a PRC telecommunications operator A to provide inbound and outbound call centre services through the acquisition of Shanghai Motion JUNS; and (iv) collaborating with another leading national telecommunications operator B for the retail network and outbound call centre services in Shanghai through the acquisition of Shanghai Motion JUNS.

Owing to the above success of the Group’s development strategy in expanding its telecommunications retail network, turnover of this segment has climbed by 1.78 times from HK\$46,452,000 in the last corresponding period to approximately HK\$129,028,000. Gross profit has risen by 75% from HK\$31,859,000 to HK\$55,629,000. The telecommunications retail sales and management services segment has reported a profit after taxation of approximately HK\$12,862,000 (2014: loss after taxation of HK\$1,112,000), mainly due to the improvement in operating efficiency by the management team, the consolidated effect for Shanghai Motion JUNS and Shanghai XingJiTong after the completion of acquisitions and the spending increase within the telecommunications industry due to rising popularity of and implementation of 4G network and e-commerce facilities.

Retail service stores operation – Telecommunications operator A

To further augment and expand the telecommunications retail sales and management services, the Group has acquired the entire equity interest in Shanghai XingJiTong in September 2014 and has added 8 retail service stores at prime commercial locations in Shanghai, thereby expanding its retail outlet network and enlarging its market share. As at 31 March 2015, the Group managed a total of 28 retail service stores in Shanghai (2014: 20 stores), among which 8 retail service stores were under Shanghai XingJiTong.

Trading of a renowned headphone brand

During the year under review, the Group has entered into a cooperative agreement with a renowned US audio brand in June 2014 to become the exclusive distributor of the brand's popular headphone product series in the PRC. The added diversity should help the Group expand its end-customer base; and, at the same time, we are considering to establish cooperation through audio and communications channels with smartphone users to achieve target in popularizing consumption pattern of audio products through smartphone interface. As the brand's headphone products are renowned for their unique timbre and have won popular user acclaim, sales have been satisfactory during the period as the Group's new income stream.

Telecommunications call center services – Telecommunications operator A

During the year, the Group has entered into two one-year contracts with the telecommunications operator A with effect from 1 July 2014 and 1 March 2015 respectively. The first one is to provide inbound call centre services which has already completed its one year renewal contract, and the latter one is to provide inbound and outbound call centre services in personal living, such as travelling, hotel booking, medical service and ticketing. This new business is expected to increase the diversity of the type of call centre services of the Group. The phone lines of the call centre increased from 80 to 310 and the number of staff increased from 110 to 420 since the acquisition of Shanghai Motion JUNS.

Retail network operation – Telecommunications operator B

The Group holds 55% equity interests in 上海新華匯訊通信設備銷售有限公司 (Shanghai Xinhua Motion Communication Technology Company Limited*) ("Shanghai Xinhua Motion"), which has been collaborating with another leading national telecommunications operator B primarily engaging in telecommunications retail network operation for this operator, including selling telecommunications and mobile products to end user customers in Shanghai since its establishment in 2010.

Management Discussion and Analysis

Property development and management

As for the property development and management business, the Changbaishan property project (the “Changbaishan Property Project”) has been progressing on schedule. To enhance its position in the property market in Jilin Province, the PRC, the Group has been actively expanding its business network and further strengthened its residential property market development in Jilin Province in order to boost the profitability of the segment.

The Group holds 35% equity interest in the Changbaishan Property Project as at 31 March 2015. The Changbaishan Property Project covers a gross floor area of more than 1,000,000 square metres. Phase 1 of the project is still in progress and is expected to start pre-sale in 2016. Phase 1 and the supporting facilities are scheduled to be completed at the end of 2016. In addition to the 35% equity interest in the Changbaishan Property Project, the Group also owns the management rights of Changbaishan Property Project, enabling it to create income streams through providing management services including planning, design, budgeting, licensing, contract tendering and contract administration. This segment has contributed HK\$18,000 revenue to the Group during the year.

During the year under review, on the other hand, the Group has also signed a memorandum of understanding with the equity holders of 吉林市萬升房地產開發有限公司 (Jilin Wan Sheng Property Development Company Limited*) (“Jilin Wan Sheng”) in relation to the intended acquisition of all of its equity interests, as well as an entrusted loan to Jilin Wan Sheng. The maturity date of the entrusted loan of Jilin Wan Sheng in an amount of RMB143,900,000 (equivalent to approximately HK\$179,830,000) has been extended for a further term of six months from 26 March 2015 to 26 September 2015. The principal activity of Jilin Wan Sheng is property development in Jilin City. As at the date of this report, no legally-binding agreement was entered into by the Company.

In addition, the Group has entered into a conditional sale and purchase agreement with the controlling shareholder of the Company to acquire the entire equity interest in a company incorporated in the British Virgin Islands, which together with its subsidiaries, is principally engaged in the development of residential and commercial properties in Jilin Province, the PRC. This acquisition would allow the Group to fast track the pace of growth and scale of its property development and management business and, following completion of the acquisition, to be in a stronger financial position to obtain financing when needed.

Property investment

During the year, the lease contract of the investment properties was expired in April 2014, and the Group is currently negotiating with potential tenants for the leasing. Therefore, the rental income of this segment was only approximately HK\$448,000 for the year. The Group recorded rental income of HK\$9,759,000 for the last financial year.

PROSPECTS

As the PRC has entered into the “New Normal” development stage, its growth drivers are expected to become more diverse and the country is believed to be able to maintain stable and sustainable growth. The GDP per capita in the PRC has continued to rise, and the disposable income per capita in the PRC was RMB20,167 in 2014, actually increasing by 8% when compared with last year. The improving living standard of the public is expected to stimulate the market demand for a high quality lifestyle with greater leisure time. As the Central Government strives to establish and optimise the long term effective regulatory mechanism to guide the healthy development of the property market, the Group believes that the operation of the property market will become more standardised. The management is poised to fully capitalise on the Group’s advantages and rich experience in property investment and management and capture the enormous opportunities from the booming property market in the PRC.

The Changbaishan Property Project in which the Group has invested is situated in a prime location, near the National Scenic Area of Tianchi and Changbaishan Airport. It is well-positioned to meet local demand for hotels, sightseeing and tourist facilities. Therefore, the Group is positive about its development prospects. As for the residential property, given the strong rigid demand in northeastern China and the healthy market environment, the Group is seeking appropriate development opportunities in this region. In the future, the Group plans to increase its land bank at a gradual pace to add new drivers for business development. We intend to leverage the management’s resources and network in Jilin to strategically plan and develop the residential and commercial property market there as we open a new chapter for business development.

As the professional telecommunications outsourcing services provider from the PRC, the Group will continue to strengthen cooperation with existing partners and explore opportunities to work with other telecommunications service providers to expand its telecommunications business and capitalize on its channel advantage to further expand the retailing of electronic products, such as mobile accessories. The Group will prudently assess the potential of fast-growing regions aiming to capture the opportunities to further enlarge its retail store network and enlarge its market share through its high quality services.

The number of staff of Shanghai Motion JUNS has been increasing along with its rapid development. In May 2015, it has more than 600 staff who strive to enrich and improve the diversity and quality of the telecommunications services. The Group believes that its good relationship forged by providing inbound and outbound call centers to local telecom operators, and our strict implementation of the management standard of Customer Operations Performance Centre Inc., will bring more business opportunities and enhance its market reputation. As its cooperation with famous audio brands from the US is proceeding smoothly, the sales performance has exceeded the expectation, generating promising revenue for the Group. To further expand the sales platform and customer source, the Group is in discussion with renowned logistics enterprise and internet companies in the PRC for business cooperation, we hope it can attract more customers and increase cost effectiveness through online sales and marketing.

Management Discussion and Analysis

As for the investment properties business, the Group will adhere to its prudent yet proactive strategy, keep abreast with the latest changes in the market, assess the potential business opportunities and seize the chance to enrich its investment portfolio.

Looking ahead, the Group will strive to diversify business development. It is confident that it can integrate and optimise the telecommunications retail sales and management services business. It will continue to expand its property development and management business and seek property investment opportunities with growth potential, so as to achieve sustainable and stable growth.

FINANCIAL REVIEW

KEY CHANGES TO INCOME STATEMENT ITEMS

Turnover

The overall turnover of the Group for the year ended 31 March 2015 is approximately HK\$129,494,000, representing a substantial increase of HK\$73,283,000 or 1.3 times when compared to last financial year. Such increase is mainly contributed by the significant growth in the sales of mobile phones, headphones and other products and income arising from the telecommunications call center services.

Gross profit

The overall gross profit of the Group for the year ended 31 March 2015 is approximately HK\$56,007,000, representing a substantial increase of HK\$16,593,000 or 42% when compared to last financial year. Such increase is mainly contributed by the significant growth in the sales of mobile phones, headphones and other products and profit arising from the telecommunications call center services.

Other revenue

The overall other revenue of the Group for the year ended 31 March 2015 is approximately HK\$11,295,000, representing an increase of HK\$7,059,000 or 1.67 times when compared to last financial year. The increase is mainly due to the interest income generated from the entrusted loan receivable.

Distribution costs

The Group's distribution costs are mainly related to the direct cost and front line staff wages and benefits of selling function. The distribution costs amounted to approximately HK\$33,327,000 for the year ended 31 March 2015, representing an increase of HK\$5,890,000 or 21% when compared to last financial year. The increase in distribution costs is mainly attributable to the new headphone trading business within the Group's telecommunications retail sales and management services business operation.

Administrative costs

The Group's administrative costs are mainly attributable to the indirect cost and payroll related costs of management and head office staff, which amounted to approximately HK\$64,907,000 for the year ended 31 March 2015, representing a significant increase of HK\$25,354,000 or 64% when compared to last financial year. Such increase is mainly due to the increase of the equity-settled share-based payment of HK\$28,017,000 that related to the grants of share options on 19 June 2014 and 24 October 2014.

Finance costs

The overall finance costs of the Group for the year ended 31 March 2015 amounted to approximately HK\$16,743,000, representing an increase of HK\$12,996,000 or 3.47 times when compared to last financial year. The increase is mainly owing to the 6 months effect in last year as the borrowings obtained at the end of October 2013 but there is a full year effect of the borrowings this financial year. In addition, the Group required to raise an entrusted loan and bears an interest on the promissory note at a rate of 12% in 2015 (2014: 4% to 6%).

Income tax

During the year, the Group's current income tax amounted to HK\$4,103,000, representing an increase of HK\$3,606,000 or 7.26 times when compared to last financial year. The change is mainly due to the turnaround of the financial results relating to the telecommunications retail and management services business operation from operating loss in last financial year into a profit this financial year.

KEY CHANGES TO FINANCIAL POSITION

Investment properties

The Group's investment properties are the office premises in Kowloon Bay, Hong Kong. As at 31 March 2015, the fair value of investment properties of the Group amounted to HK\$340,000,000 representing an increase of HK\$25,000,000 or 8% from the end of last financial year, which was credited to the consolidated income statement. The investment properties are revalued by Savills Valuation and Professional Services Limited, an independent firm of surveyors, on an open market value basis.

Interests in associates

Interests in associates are the Group's investment in the Changbaishan Property Project. As at 31 March 2015, the carrying amount of the interests in associates amounted to HK\$386,532,000, representing a slight increase of HK\$2,613,000 from the end of last financial year attributable to the share of results of Changbaishan Property Project.

Management Discussion and Analysis

Inventories

The increase in the Group's inventories by HK\$29,279,000 or 18.53 times compared to last year reflected the expansion into the trading business in headphone products since June 2014. Also, the inventory turnover days has increased from 74 days to 100 days when compared to the end of last financial year, mainly attributable to the increase in the inventory of headphone products arising from the new headphone trading business. The Group's inventories are substantially aged under six months, and no stock provision is considered necessary.

Trade receivables

As at 31 March 2015, the increase in the Group's trade receivables by HK\$23,384,000 or 4.54 times compared to last financial year was contributed by the new trading business of headphone products starting from June 2014. Management reviews the recoverable amount of each individual balance at the end of the reporting period to ensure adequate impairment losses are made for irrecoverable amounts. As at 31 March 2015, none of the trade receivables was impaired.

Entrusted loan receivable

On 25 September 2014, the Group entered into a memorandum of understanding with an intention to acquire the entire equity interest in Jilin Wan Sheng from independent third parties. On the same day, the Group entered into an entrusted loan agreement with Jilin Wan Sheng to provide a loan of RMB143,900,000. On 25 March 2015, the entrusted loan was extended to 26 September 2015. The purpose of such entrusted loan is solely to provide working capital to Jilin Wan Sheng so as to pay the construction cost for residential units relating to its property development.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2015, the Group had current assets of HK\$528,097,000 (2014: HK\$51,954,000), including cash and bank balances and pledged bank deposits in an aggregate of HK\$275,292,000 (2014: HK\$38,860,000). The net cash position of the Group (i.e. total cash and the bank balance deducting the entrusted loan) is in an aggregate of HK\$95,462,000 (2014: HK\$38,860,000). The increase in the Group's current assets was contributed by the increase in (i) inventories and trade receivables arising from the new headphone trading business; and (ii) entrusted loan receivables and pledged bank deposits arising from loan to Jilin Wan Sheng. The Group's current liabilities as at 31 March 2015 were HK\$361,065,000 (2014: HK\$162,546,000), which increase was mainly attributable to the increase in bank loans for the entrusted loan to Jilin Wan Sheng. The liquidity ratio (calculated on the basis of the Group's current assets to its current liabilities) of the Group as at 31 March 2015 was 1.46 times (2014: 0.32 times). The significant improvement for the liquidity ratio is mainly due to the raising of fund from open offer as well as the expansion of business operation.

As at 31 March 2015, the Group has outstanding borrowings of approximately HK\$497,574,000 (2014: 295,000,000) which comprised of (i) bank borrowings of approximately HK\$412,574,000 and (ii) the promissory note of HK\$85,000,000. The Group's bank loans are repayable quarterly commencing from April 2015 and the last installment will be in October 2018. The gearing ratio of total borrowing as a percentage of the total capital and reserves attributable to equity holders of the Company as at 31 March 2015 was 68.4% (2014: 67.7%).

In May 2014, the Company raised net proceeds of approximately HK\$284,000,000 through the Open Offer on the basis of one (1) offer share (the "Offer Share") for every two (2) then shares at a price of HK\$0.20 per Offer Share.

FINANCIAL RISK MANAGEMENT

As a matter of policy, the Group continues to manage the market risk directly relating to its operations and financing and does not undertake any speculative derivative trading activities. All treasury risk management activities are carried out in accordance with the Group's policies and guidelines, which are reviewed on a regular basis.

Currency risk

As at 31 March 2015, the Group exposes to currency risk on financial assets and liabilities that are denominated in RMB. At 31 March 2015, approximately 97% of the Group's total cash and bank balance (including pledged bank deposit) were denominated in RMB and approximately 59% of the Group's total borrowings were denominated in HKD, while 41% were denominated in RMB. The Group has strategy to match the currency of borrowings with the cash and bank balance so as to mitigate the currency risk.

The Group will continue to monitor the change in the trend of interest rates and the potential causes that trigger large fluctuation in the exchange rates of HKD and RMB, and will consider hedging significant foreign currency exposure if necessary so as to mitigate the foreign currency exposure arising from the Group's business operation and to minimize the Group's financial risks.

Interest rate risk

As at 31 March 2015, 22% of the Group's total borrowings bore interest at a fixed rates of 2.885% and 12.0% per annum, and 78% of the Group's total borrowings bore interest at floating rates ranging from 2.88% to 3.24%. The Group does not enter into any financial instruments to hedge its interest rate risk exposure.

Credit risk

The Group currently grants a credit period of 30-60 days to its customers. The Group's debtor turnover days of 47 days (2014: 46 days) remains within the Group's credit terms. A stringent monitoring procedures has put in place to deal with overdue debts and minimize the credit risk of trade receivables.

For the entrusted loan receivable which is due from an independent third party, the Group reviews the financial information of the borrower regularly and monitor the business operation and income source of the borrower so as to ensure the borrower will have adequate and stable source of income for the repayment of the entrusted loan.

Management Discussion and Analysis

Liquidity risk

The Group policy is to regularly monitor its 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.

SHARE CONSOLIDATION

Following the approval of the share consolidation (the “Share Consolidation”) of every five (5) issued and unissued shares of HK\$0.01 each into one (1) consolidated share of HK\$0.05 each (the “Consolidated Share”) at the special general meeting, the Share Consolidation became effective on 15 May 2014. Accordingly, the authorised and the issued share capital of the Company were consolidated to HK\$780,000,000 divided into 15,600,000,000 shares of HK\$0.05 each and HK\$28,615,000 divided into 572,300,000 shares of HK\$0.05 each respectively on the effective date. Details of the Share Consolidation were set out in the Company’s announcements dated 28 March 2014, 25 April 2014 and 14 May 2014 and the circular dated 25 April 2014.

OPEN OFFER

On 28 March 2014, the Company proposed an open offer (the “Open Offer”) on the basis of one (1) offer share (the “Offer Share”) for every two (2) then shares at a price of HK\$0.20 per Offer Share (or HK\$1.00 per Consolidated Share). Upon completion on 28 May 2014, an aggregate of 286,150,000 Offer Shares were issued and approximate HK\$284,000,000 net proceeds were raised. The net proceeds from the Open Offer applied (i) as to not more than HK\$264,000,000 for developing the Group’s property investment business and (ii) as to the remaining for general working capital purposes. Details and results of the Open Offer were set out in the Company’s announcements dated 28 March 2014, 23 April 2014 and 28 May 2014 and the prospectus dated 7 May 2014.

As disclosed in the announcement of the Company dated 25 September 2014, the Company changed the use of the net proceeds from the Open Offer to (i) not more than HK\$244,000,000 for developing the Group’s Property Investment Business for commercial and/or residential properties in major cities in the PRC, including the entrusted loan agreement, the eventual consideration payment for the proposed acquisition and any additional construction costs to be incurred on the residential project of Jilin Wan Sheng; and (ii) as to the remaining balance for general working capital purposes.

As at 31 March 2015, the net proceeds of HK\$284,000,000 have been utilized as to (i) RMB143,900,000 (equivalent to approximately HK\$181,945,000) for the entrusted loan to Jilin Wan Sheng; (ii) approximately HK\$32,793,000 for payment of loan interests, salary, rent and professional fee; and (iii) the remaining sum of HK\$69,262,000 is being retained as cash and bank balances.

ACQUISITION OF ENTIRE EQUITY INTEREST OF SHANGHAI MOTION JUNS

On 15 July 2014, 上海潤迅概念通信產品連鎖銷售有限公司 (Shanghai CM Concept Communications Products Franchise Sale Company Limited*) (“Shanghai CM Concept”), a wholly-owned subsidiary of the Company, entered into the agreement (as supplemented by two supplemental agreements dated 29 September 2014 and 11 November 2014 respectively) with Mr. Huang Bingxing (“Mr. Huang”) and Mr. Chen Zhihao (“Mr. Chen”) (collectively, the “Vendors”) pursuant to which, Shanghai CM Concept has conditionally agreed to acquire and the Vendors have conditionally agreed to sell the entire equity interest in Shanghai Motion JUNS at the consideration of RMB9,000,000 (equivalent to approximately HK\$11,325,000) (the “Acquisition of Shanghai Motion JUNS”). Shanghai Motion JUNS, together with Shanghai Xinhua Motion, a limited liability company established under the laws of the PRC and is held as to 55% equity interest by Shanghai Motion JUNS, are primarily engaged in the provision of products and services in the mobile telecommunications market in Shanghai.

The Acquisition of Shanghai Motion JUNS was completed in December 2014 with the shareholders’ approval at the special general meeting held on 4 December 2014. Details of the Acquisition of Shanghai Motion JUNS were set out in the announcements dated 22 July 2014, 20 August 2014, 29 September 2014, 11 November 2014, and 4 December 2014 and the circular dated 18 November 2014.

The financial information of Shanghai Motion JUNS is set out below:

	From 1 December 2014 (date of acquisition) to 31 March 2015 HK\$’000	Year ended 31 December 2014 HK\$’000	Year ended 31 December 2013 HK\$’000
Turnover	9,666	15,956	11,925
Gross profit	3,379	7,770	2,106
Net profit before taxation	2,474	3,619	2,296
Net profit after taxation	1,965	3,171	2,085
Non-current assets	14,970	14,484	8,511
Net current (liabilities) assets	(1,761)	(2,076)	235
Net assets	13,209	12,408	8,746

Management Discussion and Analysis

ACQUISITION OF ENTIRE EQUITY INTEREST OF SHANGHAI XINGJITONG

On 20 August 2014, Shanghai CM Concept entered into the agreement with Mr. Huang and Mr. Chen (collectively, the “Vendors”) pursuant to which, Shanghai CM Concept conditionally agreed to acquire and the Vendors conditionally agreed to sell the entire equity interest in Shanghai XingJiTong at the consideration of RMB1,500,000 (equivalent to approximately HK\$1,896,000) (the “Acquisition of Shanghai XingJiTong”). Shanghai XingJiTong is primarily engaged in the provision of services for leading national telecommunication operators in the mobile telecommunications market in Shanghai. The Acquisition of Shanghai XingJiTong was completed in September 2014. Details of the Acquisition of Shanghai XingJiTong were set out in the Company’s announcement dated 20 August 2014.

The financial information of Shanghai XingjiTong is set out below:

	From 1 October 2014 (date of acquisition) to 31 March 2015 HK\$'000	Year ended 31 December 2014 HK\$'000	Year ended 31 December 2013 HK\$'000
Turnover	4,784	7,668	5,455
Gross profit	3,666	4,657	686
Net profit before taxation	812	480	343
Net profit after taxation	812	194	336
Non-current assets	107	119	42
Net current assets	2,578	871	1,390
Net assets	2,685	990	1,432

PROPOSED ACQUISITION OF THE ENTIRE EQUITY INTEREST IN JILIN WAN SHENG AND THE ENTRUSTED LOAN AGREEMENT

On 25 September 2014, the Company entered into the non-legally binding memorandum of understanding (the “MOU”) with 崔桂英 (Cui Gui Ying*) and 王冬薇 (Wang Dong Wei*) (collectively, the “Proposed Vendors”), each of the Proposed Vendors is an independent third party, pursuant to which the Company intended to acquire 100% equity interest of Jilin Wang Sheng (the “Proposed Acquisition”).

In consideration of the funding needs of Jilin Wan Sheng, on 25 September 2014, Shanghai CM Concept (the “Lender”) entered into the entrusted loan agreement, pursuant to which, the Lender instructed 招商銀行股份有限公司長春分行 (China Merchants Bank Co., Ltd., Changchun branch*) (the “Bank”) to act as a lending agent to, inter alia, release a loan in the principal amount of RMB143,900,000 (equivalent to approximately HK\$181,945,000), which was funded by the Group, to Jilin Wan Sheng (the “Borrower”) in the entrusted loan arrangement. The interest rate for the entrusted loan is 10% per annum in a term of six months and the interest for the entrusted loan should be settled by the Borrower on a monthly basis. The purpose of the entrusted loan is solely for the construction cost of residential units relating to property development at the Property Project by the Borrower (the “Original Entrusted Loan Arrangement”).

On 25 March 2015, the Company and the Proposed Vendors have entered into the supplemental MOU, pursuant to which the expiry date of the exclusivity period stated in the MOU has been extended from 31 March 2015 to 30 September 2015. Besides, the Lender, the Borrower and the Bank also entered into the entrusted loan extension agreement to extend the maturity date of the original entrusted loan for a further term of 6 months from 26 March 2015 to 26 September 2015 (the “Entrusted Loan Extension Arrangement”).

As at the date of this report, no legally-binding agreement in relation to the Proposed Acquisition was entered into by the Company and the Proposed Vendors. Details of the Proposed Acquisition, the Original Entrusted Loan Arrangement and the Entrusted Loan Extension Arrangement were set out in the Company’s announcements dated 25 September 2014 and 25 March 2015 and the circular dated 30 April 2015.

Management Discussion and Analysis

PROPOSED ACQUISITION OF THE ENTIRE EQUITY INTEREST IN A COMPANY ENGAGING IN PROPERTY DEVELOPMENT IN JILIN PROVINCE

On 26 May 2015, a wholly-owned subsidiary of the Company (the “Purchaser”) entered into a sale and purchase agreement with Ka Yik Investments Limited (the “Vendor”), which is wholly-owned by Ms. Cui Xintong, the controlling shareholder of the Company, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the entire equity interest in a company (the “Target Company”) incorporated in British Virgin Islands (the “Acquisition”) at a consideration of HK\$4,650,000,000.

The Target Company, which together with its subsidiaries, is principally engaged in the development of residential and commercial properties in Jilin Province, the PRC. The Acquisition constitutes a connected transaction, a very substantial acquisition and a reverse takeover under the Rules Governing the Listing of Securities of the Stock Exchange (“Listing Rules”).

SHARE CAPITAL

As at 31 March 2015, the Company had 858,450,000 shares of HK\$0.05 each in issue (2014: 2,853,150,000 shares of HK\$0.01 each) with total shareholders’ fund of the Group amounting to approximately HK\$727,816,000 (2014: HK\$435,917,000).

In May 2014, the Company had the following movements in the share capital:

- (i) following the Share Consolidation became effective on 15 May 2014, the authorised share capital and the issued share capital of the Company were consolidated to HK\$780,000,000 divided into 15,600,000,000 shares of HK\$0.05 each and HK\$28,615,000 divided into 572,300,000 shares of HK\$0.05 each respectively; and
- (ii) following the completion of the Open Offer on 28 May 2014, an aggregate of 286,150,000 Offer Shares were issued. Accordingly, the issued share capital of the Company had been increased to HK\$42,922,500 divided into 858,450,000 shares of HK\$0.05 each.

CONTINGENT LIABILITIES

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

CHARGE ON ASSETS

As at 31 March 2015, the Group had the following assets pledged against bank loans granted:

	2015 HK\$'000	2014 HK\$'000
Investment properties	340,000	315,000
Pledged bank deposits	203,326	–

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2015, the Group had 855 (2014: 274) full-time staff. The significant increase in full-time staff is mainly capture with the rapid development of call centre services that operated under Shanghai Motion JUNS. Total staff costs (including directors' emoluments) incurred for the year amounted to approximately HK\$52,297,000 (2014: HK\$36,235,000). The Group's remuneration policy is in line with prevailing market practice and performance of individual staff. In addition to salaries, the Group also offers other benefits to its staff, including discretionary bonus, training allowance and provident fund.

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Ms. Chai Xiu (“Ms. Chai”), aged 50, was appointed as the Executive Director, the Chairman and Chief Executive Officer of the Group in November 2013. Ms. Chai is also a member of Remuneration Committee and Nomination Committee and holds directorships in various subsidiaries of the Company. Apart from the aforesaid, she has not held any other position in the Company or any of its subsidiaries.

Ms. Chai is a businesswoman with over 23 years of working experience primarily in the property investment and dairy product industries in the People’s Republic of China (the “PRC”). Since 2010, she has been the chief executive officer of 廣澤投資控股集團有限公司 (Ground Investment Holding (Group) Limited*) (“Ground Investment Holding”), where she is primarily in charge of the overall operation of its property development and management business in Jilin Province. Ms. Chai is also the chairman of the board of directors of 廣澤地產集團股份有限公司 (Ground Real Estate Group Company Limited*) (“Ground Real Estate”). From 2005 to 2010, she served as the chief executive officer of 吉林省廣澤集團有限公司 (Jilin Ground Group Company Limited*) where she was responsible for the overall operation and management of the group, including dairy business. From 2001 to 2005, she served as the general manager of Ground Dairy Industry Co., Ltd. (formerly known as “Jilin Dairy Group Guangze Co., Ltd.”), where she was responsible for the overall operation and management of the company, including administration, product development, sales and after sales service. Ms. Chai obtained an EMBA degree from Cheung Kong Graduate School of Business in 2008.

Mr. Wang Guanghui (“Mr. Wang”), aged 46, was appointed as the Executive Director in February 2015 and holds directorships in various subsidiaries of the Company. Apart from the aforesaid, he has not held any other position in the Company or any of its subsidiaries.

Mr. Wang has over 21 years of experience in real estate industry, specializing in construction project development, planning and corporate management. He also has extensive experience in product positioning and financial management. Prior to joining the Group, Mr. Wang joined Ground Real Estate in May 2014 and has been appointed as a director of Ground Real Estate since April 2015. He was a deputy general manager of 復地集團長春公司 from 2007 to 2013. Mr. Wang joined 星宇集團 in 1993 and was a group deputy general manager from 2005 to 2007. Mr. Wang graduated from Harbin University of Civil Engineering and Architecture (now known as Harbin Institute of Technology) and obtained a Bachelor degree in Civil Engineering from Beijing Jiaotong University. He obtained a Master degree in Project Management and Traffic Engineering from Jilin University.

Mr. Huang Bingxing (“Mr. Huang”), aged 47, was appointed as the Executive Director in February 2015 and holds directorships in various subsidiaries of the Company. Apart from the aforesaid, he has not held any other position in the Company or any of its subsidiaries.

Mr. Huang has over 23 years of working experience in the telecommunication services industry in the PRC. He is primarily responsible for the overall operation and management of the Group’s telecommunications retail sales and management services business. Prior to joining the Group, Mr. Huang was the regional director in Shanghai E-動都市 from 1999 to 2000 and was a general manager of 上海光大通信天地有限公司 (EBT Mobile Shanghai Company Limited*) from 1991 to 1999. Mr. Huang holds a MBA degree from University of Northern Virginia.

Biographical Details of Directors and Senior Management

NON-EXECUTIVE DIRECTOR

Mr. Chen Luhui (“Mr. Chen”), aged 30, was appointed as the Executive Director in November 2013 and was re-designated as Non-executive Director in February 2015. He holds directorships in various subsidiaries of the Company. Apart from the aforesaid, he has not held any other position in the Company or any of its subsidiaries. Mr. Chen has over 7 years of experience in corporate management, corporate finance, capital and financial management. He has been a director of Ground Real Estate since 2011 and a chief executive officer of 吉林省廣澤乳業投資有限公司 (Jilin Ground Dairy Investment Company Limited*) since December 2014. Mr. Chen was the assistant to the chairman of Ground Investment Holding from 2010 to 2014 and the assistant to the chairman of Jingrui Properties (Group) Co., Ltd. (formerly known as Shanghai Jingrui Properties (Group) Co., Ltd.) from 2007 to 2009. Mr. Chen holds a Bachelor degree in Economics from Tsinghua University, the PRC.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Yuk Tong (“Mr. Chan”), aged 53, was appointed as the Independent Non-executive Director, a member and chairman of Audit Committee and Remuneration Committee and a member of Nomination Committee in November 2013. Apart from the aforesaid, he has not held any other position in the Company or any of its subsidiaries.

Mr. Chan has over 25 years of experience in corporate finance, financial advisory and management, professional accounting and auditing. He is currently a director of Ascenda Cachet CPA Limited. Mr. Chan was an independent non-executive director of each of Global Sweeteners Holdings Limited (Stock Code: 3889) since June 2008, FDG Electric Vehicles Limited (Stock Code: 729) since November 2006 and Kam Hing International Holdings Limited (Stock Code: 2307) since March 2004, all of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). He had also been an independent non-executive director of each of Ausnutria Dairy Coporation Limited (Stock Code: 1717) from September 2009 to January 2015, BYD Electronic (International) Company Limited (Stock Code: 285) from 2009 to 2013, Xinhua Winshare Publishing and Media Co., Ltd. (Stock Code: 811) from 2007 to 2013, Daisho Microline Holdings Limited (Stock Code: 567) from 2004 to 2013, and a non-executive director of Golden Shield Holdings (Industries) Limited (Stock Code: 2123) from June 2014 to December 2014, all of which are listed on the Main Board of the Stock Exchange. Mr. Chan was an independent non-executive director of Anhui Conch Cement Company Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 914) and the Shanghai Stock Exchange (Stock Code: 600585) from 2006 to 2012. Mr. Chan holds a Bachelor degree in Commerce from the University of Newcastle, Australia and a Master degree in Business Administration from the Chinese University of Hong Kong. He is a fellow member of The Hong Kong Institute of Certified Public Accountants and a member of CPA Australia.

Mr. Mei Jianping (“Mr. Mei”), aged 55, was appointed as the Independent Non-executive Director, a member and chairman of Nomination Committee and a member of Audit Committee and Remuneration Committee in November 2013. Apart from the aforesaid, he has not held any other position in the Company or any of its subsidiaries.

Mr. Mei has been a professor of finance at Cheung Kong Graduate School of Business in Beijing, the PRC since 2006 and a fellow at Financial Institutions Center, the Wharton School of University of Pennsylvania, USA since 2004. From 2003 to 2008, he was a visiting professor of finance at Tsinghua University, the PRC. He was an assistant professor of finance from 1990 to 1995 and an associate professor from 1996 to 2005 at New York University, USA respectively. Mr. Mei has been an independent director of Cratings.com Inc. since 1999 and of Zhong De Securities Company Limited since 2009. He had also served as the chairman of board of Shanghai Zhangjiang Jrtan.com Inc. from 2000 to 2012 and acted as a consultant for various financial institutions, such as Deutsche Bank, UBS and NCH Capital. Mr. Mei has also been an independent non-executive director of Powerlong Real Estate Holdings Limited (Stock Code: 1238) since June 2008 and of MIE Holdings Corporation (Stock Code: 1555) since November 2010, both of which are listed on the Main Board of the Stock Exchange. He was also appointed as an independent non-executive director of China Rundong Auto Group Limited (Stock Code: 1365), a company listed on the Main Board of the Stock Exchange, in July 2014. He has published a number of books and articles on topics related to finance. Mr. Mei received a Bachelor degree in Mathematics from Fudan University, the PRC in 1982, a Master degree in Economics and a Doctorate in Economics (Finance) from Princeton University, USA in 1988 and 1990 respectively.

Mr. Wei Lidong (“Mr. Wei”), aged 40, was appointed as the Independent Non-executive Director, a member of Remuneration Committee and Audit Committee in February 2015. Apart from the aforesaid, he has not held any other position in the Company or any of its subsidiaries.

Mr. Wei has over 15 years of experience in equity investments, equity trust and asset management. He currently serves as Alternate Chairman of China Mergers & Acquisitions Association (the “CMAA”) and a supervisor of the CMAA Fund. Mr. Wei has been a managing partner and president of 北京惠農資本管理有限公司, a company registered in the National Development and Reform Commission and China Securities Regulatory Commission and specialized in equity investments and risk investments, since 2009. During 2007 to 2009, he was a vice president of 北京新天域投資管理有限公司, a leading private equity fund mainly focused in the PRC. He was a senior manager of China Huarong Asset Management Co., Ltd. from 2001 to 2007. Besides, Mr. Wei is also an expert of developing financial system business in the PRC. Mr. Wei holds a Bachelor degree in Engineering from Tsinghua University, the PRC.

SENIOR MANAGEMENT

Ms. Cui Xintong (“Ms. Cui”), aged 26, joined the Company in March 2015 and is currently the business development director and holds directorship in various subsidiaries of the Company. Ms. Cui is responsible for exploring new business opportunities, formulating business plan, and executing systematic prospecting, maintaining relationship with existing and potential business partners, developing, coaching and managing a professional team to deliver excellent service and ensure business sustainability. Ms. Cui was an assistant president of Ground Investment Holding from September 2013 to February 2015 and an assistant vice president of Beijing Times Talent Investment Co., Ltd. from July 2011 to December 2011. Ms. Cui obtained her Bachelor degree of Science in Business Administration from Northeastern University-Boston, USA in 2013.

Biographical Details of Directors and Senior Management

Mr. Ng Man Kit Micky (“Mr. Ng”), aged 39, joined the Company as the finance and investor relations director in January 2015. Mr. Ng is responsible for the Group’s financial management and general management of operation in Hong Kong. He has extensive auditing and accounting experience having been with a professional accounting firm for 15 years and is an associate member of Hong Kong Institute of Certified Public Accountants. Mr. Ng obtained his Bachelor degree of Science in Mathematics and Management Science from the University of Hull, United Kingdom in September 1998 and a Postgraduate diploma in Business Administration from the University of Birmingham, United Kingdom in September 1999.

Ms. Lung Yuet Kwan (“Ms. Lung”), aged 48, joined the Group in December 2005 and is currently the chief financial officer and company secretary of the Company. She is responsible for the daily operation of the financial reporting, internal control, risk management and compliance of the Company. She has more than 20 years of experience in auditing, accounting and financial management. Ms. Lung holds a Bachelor degree in Business from Monash University, Australia. She is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of The Association of Chartered Certified Accountants.

Mr. Chen Zhihao, (“Mr. Z. Chen”) aged 41, joined the Group in April 2000 and is currently the general vice president of the telecommunications retail sales and management services business of the Group. He is a compliance officer of 上海潤迅君斯通信科技有限公司 (Shanghai Motion JUNS Communication Technology Company Limited*) (“Shanghai Motion JUNS”). Mr. Z. Chen has over 17 years of working experience in the telecommunication services industry in the PRC. He is responsible for the operation and integration of the front office of the telecommunications retail sales and management services business, especially in charge of the mobility department, telephone business department, terminal business department and marketing department. Prior to joining the Group, Mr. Z. Chen was the sales director of 上海光大通信天地有限公司 (EBT Mobile Shanghai Company Limited*) from 1997 to 2000. Mr. Z. Chen received a Bachelor degree in Foreign Accounting from University of Shanghai for Science and Technology, the PRC in 1997 and a Bachelor degree in Computer Information Management from School of Continuing Education of Fudan University, the PRC in 2000.

Ms. Zhou Xiaoqing, (“Ms. Zhou”) aged 40, was appointed as a general manager of the telecommunication business department of Shanghai Motion JUNS in February 2011, where she is responsible for the operation and management of the telecommunication business of Shanghai Motion JUNS. Prior to joining the Group, Ms. Zhou was the deputy general manager of 上海西美思愛商務諮詢有限公司 (CMCA) from 2010 to 2011 and the project manager of 上海潤迅發展有限公司 (Shanghai Runxun Development Company Limited*) from 2000 to 2010. Ms. Zhou holds a Bachelor degree in Chinese Literature from Nanchang University, the PRC.

Mr. Zhang Jierong, (“Mr. Zhang”) aged 40, was appointed as a vice president of 上海新華匯訊通信設備銷售有限公司 (Shanghai Xinhua Motion Communication Technology Company Limited*) (“Shanghai Xinhua Motion”) in March 2011, where he is responsible for the operation and management of the telecommunication business of Shanghai Xinhua Motion. Prior to joining Shanghai Xinhua Motion, Mr. Zhang was the chief executive officer of 靈動世代信息技術有限公司 (Lingdong Shidai Information Technology Company Limited*) from 2009 to 2011 and the director of strategic planning of SK通訊 (CN-SK) from 2002 to 2009. Mr. Zhang holds a Bachelor degree in Law from Tongji University, the PRC.

Directors' Report

The Board is pleased to submit its report together with the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 March 2015.

PRINCIPAL ACTIVITIES AND SEGMENT INFORMATION

The principal activity of the Company is investment holding. During the year, the Group was principally engaged in provision of telecommunications retail sales and management services, property investment and property development and management. The principal activities and other particulars of the Company's subsidiaries are set out in note 37 to the consolidated financial statements.

Details of the analysis of the performance of the Group for the year by operating segments are set out in note 8 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2015 are set out in the consolidated income statement on page 63.

The Board does not recommend the payment of any dividend for the year ended 31 March 2015 (2014: Nil).

RESERVES

Movement in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 67 and note 31 to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 March 2015 calculated under the Companies Act 1981 of Bermuda (as amended) amounted to approximately HK\$368,325,000 (2014: HK\$361,784,000) subject to restrictions as set out in note 31 to the consolidated financial statements.

INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

Details of the movement in investment properties and property, plant and equipment of the Group during the year are set out in notes 15 and 16 to the consolidated financial statements respectively.

Directors' Report

SHARE CAPITAL AND SHARE OPTIONS

Details of the movement in share capital and share options of the Company during the year are set out in notes 29 and 30 to the consolidated financial statements respectively.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 140.

BORROWINGS

Details of the Group's and the Company's borrowings as at 31 March 2015 are set out in note 27 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's bye-laws (the "Bye-laws") or the laws of Bermuda, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to the existing shareholders of the Company.

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

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

RELATED PARTY TRANSACTIONS

Significant related party transactions entered into by the Group during the year ended 31 March 2015 are set out in note 34 to the consolidated financial statements.

DIRECTORS

The directors of the Company who held office during the year and up to the date of this report were:

Executive Directors

Ms. CHAI Xiu, *Chairman and Chief Executive Officer*

Mr. WANG Guanghui *(appointed on 1 February 2015)*

Mr. HUANG Bingxing *(appointed on 1 February 2015)*

Mr. CONG Hongsong *(resigned on 1 February 2015)*

Non-executive Directors

Mr. CHEN Luhui *(re-designated from Executive Director on 1 February 2015)*

Mr. TING Pang Wan, Raymond *(retired on 8 August 2014)*

Independent Non-executive Directors

Mr. CHAN Yuk Tong

Mr. MEI Jianping

Mr. WEI Lidong *(appointed on 1 February 2015)*

Ms. NIE Meisheng *(resigned on 6 November 2014)*

In accordance with bye-law 86(1) of the Bye-laws, one third of the directors of the Company (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation, provided that every such director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. Any new director appointed by the Board shall hold office only until the next following general meeting of the Company (in case of filling a casual vacancy) or until the next following annual general meeting of the Company (in case of an addition to the Board) and shall then be eligible for re-election pursuant to bye-law 85(2) of the Bye-laws.

In accordance with the bye-law 86(1) of the Bye-laws, Mr. Chen Luhui ("Mr. Chen") and Mr. Mei Jianping shall retire from office as Directors by rotation at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

In accordance with bye-law 85(2) of the Bye-laws, Mr. Wang Guanghui ("Mr. Wang"), Mr. Huang Bingxing and Mr. Wei Lidong, being Directors appointed by the Board as casual vacancy subsequent to the previous annual general meeting, shall hold office only until the forthcoming general meeting and, being eligible, offer themselves for re-election.

Details of the Directors to be retired and subject to re-election at the forthcoming annual general meeting of the Company are contained in the circular to be despatched together with this annual report.

Directors' Report

DIRECTORS (continued)

The Company has received from each of the Independent Non-executive Directors a written annual confirmation of their independence to the Company pursuant to Rule 3.13 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company considers all the Independent Non-executive Directors are independent.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of Directors and Senior Management are set out on pages 22 to 26.

DIRECTORS' SERVICE CONTRACTS

The Non-executive Directors have a fixed term of appointment of one year from 1 April 2015 and shall be subject to retirement by rotation and re-election at the annual general meeting of the Company at least once every three years in accordance with the Bye-laws.

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

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed under the section headed "CONNECTED TRANSACTIONS/CONTINUING CONNECTED TRANSACTIONS" described hereunder, no other contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries or its holding company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the date of this report, Ms. Chai Xiu ("Ms. Chai") and Mr. Wang, the Executive Directors, and Mr. Chen, the Non-executive Director, are directors of 廣澤地產集團股份有限公司 (Ground Real Estate Group Company Limited*) ("Ground Real Estate"), the entire equity interest of which was transferred to Ms. Chai's daughter, Ms. Cui Xintong ("Ms. Cui") by way of gift with effect from 1 January 2014. Ground Real Estate is a holding company with subsidiaries principally engaged in property development and investments in the PRC and therefore, Ms. Chai, Mr. Wang and Mr. Chen are considered to have interest in the business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the Listing Rules.

Save as disclosed above, none of the Directors was interested in any business which competed or was likely to compete, either directly or indirectly, with the business of the Group during the year.

DIRECTORS' INTERESTS IN SECURITIES

As at 31 March 2015, the directors and chief executive of the Company or their respective associates had the following interests or short positions in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in the Listing Rules:

(a) Interests in shares of the Company

Name of Director	Nature of interest	Position	No. of ordinary shares held	Approximate percentage of issued shares
Ms. Chai Xiu	Corporate (Note 1)	Long	558,020,694 (Note 2)	65.00%
Mr. Huang Bingxing	Beneficial Owner	Long	169,000	0.02%

Notes:

- As at 31 March 2015, the corporate interest was beneficially owned by Charm Success Group Limited ("Charm Success"), a company wholly and beneficially owned by Ms. Chai. Ms. Chai was therefore deemed to be interested in the 558,020,694 shares held by Charm Success. Ms. Chai is also the sole director of Charm Success.
- On 24 April 2015, Ms. Chai transferred her entire shareholding in Charm Success to her daughter, Ms. Cui. Upon completion of the share transfer, Ms. Cui became the sole shareholder of Charm Success. As at the date of this report, Charm Success continues to hold 558,020,694 shares, representing approximately 65% of the entire issued share capital of the Company and Ms. Chai remains as the sole director of Charm Success.

Directors' Report

DIRECTORS' INTERESTS IN SECURITIES (continued)

(b) Interests in share options of the Company

Name of Director	Nature of interest	Position	No. of share options held	Approximate percentage of issued shares
Ms. Chai Xiu	Beneficial Owner	Long	850,000	0.10%
Mr. Wang Guanghui	Beneficial Owner	Long	3,000,000	0.35%
Mr. Huang Bingxing	Beneficial Owner	Long	8,000,000	0.93%
Mr. Chen Luhui	Beneficial Owner	Long	8,000,000	0.93%
Mr. Chan Yuk Tong	Beneficial Owner	Long	850,000	0.10%
Mr. Mei Jianping	Beneficial Owner	Long	850,000	0.10%

Save as disclosed above, as at 31 March 2015, none of the directors, chief executive of the Company nor their respective associates had or were deemed to have any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed herein, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the directors, nor chief executive of the Company, or any of their spouses or children under the age of 18 had any interests in, or had been granted, any rights to subscribe for any securities in or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), or had exercised any such rights during the year.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2015, the following parties (other than the directors and chief executive of the Company) had or deemed to have the following interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, or as otherwise notified to the Company were as follows:

Name of shareholder	Nature of interest	Position	No. of ordinary shares held	Approximate percentage of issued shares
Charm Success (Note 1)	Beneficial owner	Long	558,020,694 (Note 3)	65.00%
Mr. Cui Mindong (Note 2)	Interest of spouse	Long	558,870,694	65.10%
China Galaxy International Finance (Hong Kong) Co., Limited	Having a security interest in shares (Note 4)	Long	558,020,694	65.00%

Notes:

- As at 31 March 2015, Charm Success was wholly and beneficially owned by Ms. Chai, a director of the Company. On 24 April 2015, Ms. Chai transferred her entire shareholding in Charm Success to her daughter, Ms. Cui. Upon completion of the share transfer, Ms. Cui became the sole shareholder of Charm Success.
- Mr. Cui Mindong is the spouse of Ms. Chai and therefore, as at 31 March 2015, Mr. Cui was deemed to be interested in 558,020,694 shares and 850,000 underlying shares of the Company owned by Ms. Chai by virtue of the SFO.
- The interests disclosed represent the same interests as the corporate interest of Ms. Chai as disclosed under the section headed "DIRECTORS' INTERESTS IN SECURITIES" above.
- Central Huijin Investment Ltd., which currently holds a 78.57% equity interest of China Galaxy Financial Holdings Company Limited, which in turn is the controlling shareholder of China Galaxy Securities Co., Ltd., a joint stock limited company incorporated in the PRC on 26 January 2007, whose H Shares are listed on the Hong Kong Stock Exchange (Stock Code: 06881). China Galaxy International Financial Holdings Limited and China Galaxy International Finance (Hong Kong) Company Limited are wholly owned subsidiaries of China Galaxy Securities Co. Ltd. All these companies are deemed to have a security interest in the Company's shares.

Save as disclosed above, as at 31 March 2015, no other parties had or deemed to have any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO, or otherwise notified to the Company.

Directors' Report

SHARE OPTION SCHEMES

The share option scheme of the Company adopted on 6 September 2002 with scheme limit refreshed on 23 September 2009 was terminated on 5 September 2012 (the "2002 Share Option Scheme"). A new share option scheme (the "2012 Share Option Scheme") was adopted by the shareholders of the Company at the annual general meeting held on 5 September 2012 with scheme mandate limit refreshed on 8 August 2014.

Upon termination of the 2002 Share Option Scheme, no further share options would be granted by the Company under the 2002 Share Option Scheme but the share options granted and not yet exercised thereunder would however remain valid and exercisable and are bound by the terms therein until the end of the relevant exercise period. According to the 2002 Share Option Scheme and the unconditional mandatory cash offer for, inter alia, cancellation of all the outstanding share options of the Company ("Option Offer") made by Charm Success under the Hong Kong Code on Takeovers and Mergers, all the share options remaining unexercised were lapsed and become null and void and of no further effect from 6 May 2014.

The 2012 Share Option Scheme shall be valid and effective for 10 years from the date of adoption, i.e. 5 September 2012. During the year, a total of 84,350,000 share options were granted by the Company of which: (i) 50,700,000 share options were granted by the Company at an exercise price of HK\$0.98 per share on 19 June 2014 and (ii) 33,650,000 share options were granted by the Company at an exercise price of HK\$1.20 on 24 October 2014. Details of which were set out in the Company's announcements dated 19 June 2014 and 24 October 2014 respectively.

During the year, the movement in the share options under the 2012 Share Option Scheme is as follows:

Grantee	Number of share options				Outstanding and exercisable as at 31 March 2015	Date of grant	Exercise period	Exercise price per share option HK\$	Closing price immediately before the date of grant HK\$	Approximate percentage of issued shares
	Outstanding and exercisable as at 1 April 2014	Granted during the year	Exercised during the year	Cancelled/lapsed during the year						
Directors:										
Ms. Chai Xiu	-	850,000	-	-	850,000	19/06/2014	19/06/2014 – 18/06/2024	0.980	0.980	0.10%
Mr. Wang Guanghui	-	1,500,000	-	-	1,500,000	24/10/2014	24/10/2015 – 23/10/2024	1.200	0.910	0.17%
	-	1,500,000	-	-	1,500,000	24/10/2014	24/10/2016 – 23/10/2024	1.200	0.910	0.17%
Mr. Huang Bingxing	-	4,000,000	-	-	4,000,000	24/10/2014	24/10/2015 – 23/10/2024	1.200	0.910	0.47%
	-	4,000,000	-	-	4,000,000	24/10/2014	24/10/2016 – 23/10/2024	1.200	0.910	0.47%
Mr. Cong Hongsong (Note 1)	-	1,000,000	-	(1,000,000)	-	19/06/2014	19/06/2014 – 18/06/2024	0.980	0.980	-
	-	250,000	-	(250,000)	-	24/10/2014	24/10/2015 – 23/10/2024	1.200	0.910	-
	-	250,000	-	(250,000)	-	24/10/2014	24/10/2016 – 23/10/2024	1.200	0.910	-
Mr. Chen Luhui	-	8,000,000	-	-	8,000,000	19/06/2014	19/06/2014 – 18/06/2024	0.980	0.980	0.93%
Mr. Chan Yuk Tong	-	850,000	-	-	850,000	19/06/2014	19/06/2014 – 18/06/2024	0.980	0.980	0.10%
Mr. Mei Jianping	-	850,000	-	-	850,000	19/06/2014	19/06/2014 – 18/06/2024	0.980	0.980	0.10%
Ms. Nie Meisheng (Note 2)	-	850,000	-	(850,000)	-	19/06/2014	19/06/2014 – 18/06/2024	0.980	0.980	-
	-	850,000	-	(850,000)	-	19/06/2014	19/06/2014 – 18/06/2024	0.980	0.980	-
Sub-total	-	23,900,000	-	(2,350,000)	21,550,000					2.51%
Employees	-	2,300,000	-	(1,000,000)	1,300,000	19/06/2014	19/06/2014 – 18/06/2024	0.980	0.980	0.151%
	-	11,075,000	-	(1,600,000)	9,475,000	24/10/2014	24/10/2015 – 23/10/2024	1.200	0.910	1.10%
	-	11,075,000	-	(1,600,000)	9,475,000	24/10/2014	24/10/2016 – 23/10/2024	1.200	0.910	1.10%
Others	-	36,000,000	-	-	36,000,000	19/06/2014	19/06/2014 – 18/06/2024	0.980	0.980	4.194%
Sub-total	-	60,450,000	-	(4,200,000)	56,250,000					6.55%
Total	-	84,350,000	-	(6,550,000)	77,800,000					9.06%

Notes:

1. Mr. Cong Hongsong resigned as a director of the Company on 1 February 2015. Pursuant to the 2012 Share Options Scheme, the 1,500,000 share options granted to Mr. Cong lapsed on 1 March 2015 (i.e. 1 month following the date of cessation as qualified person) as a result of his resignation.
2. Ms. Nie Meisheng resigned as a director of the Company on 6 November 2014. Pursuant to the 2012 Share Options Scheme, the 850,000 share options granted to Ms. Nie lapsed on 6 December 2014 (i.e. 1 month following the date of cessation as qualified person) as a result of her resignation.

Apart from as disclosed above, no share options were granted, exercised, cancelled or lapsed under the 2012 Share Option Scheme during the year.

Directors' Report

SHARE OPTION SCHEMES (continued)

Summary of each of the 2002 Share Option Scheme and the 2012 Share Option Scheme is as follows:

	2002 Share Option Scheme <i>(Terminated on 5 September 2012)</i>	2012 Share Option Scheme
1) Purpose	To recognise and acknowledge the contributions or potential contributions made or to be made by the qualified persons to the Group, to motivate the qualified persons to optimise their performance and efficiency for the benefit of the Group, and to maintain or attract business relationship with the qualified persons whose contributions are or may be beneficial to the growth of the Group.	To recognise and acknowledge the contributions or potential contributions made or to be made by the participants to the Group or any entity in which the Group holds any equity interests (the "Invested Entity"), to motivate the participants to optimise their performance and efficiency for the benefit of the Group or the Invested Entity, and to maintain or attract business relationship with the participants whose contributions are or may be beneficial to the growth of the Group or the Invested Entity.
2) Participants	<p>(a) any part-time or full-time employee or officer of any member of the Group or any affiliate (as defined under the scheme) or of any substantial shareholder of any member of the Group; or</p> <p>(b) any director (including executive and non-executive) or chief executive of any member of the Group or of any affiliate (as defined under the scheme); or</p>	<p>(a) any employee (including any executive director) or officer (including any non-executive director and independent non-executive director) or substantial shareholder of the Company or any subsidiary or any Invested Entity; or</p> <p>(b) any consultant, agent, professional adviser, customer, business partner, joint venture partner, strategic partner, landlord or tenant of, or any supplier or provider of goods or services to, the Company or any subsidiary or any Invested Entity; or</p>

2002 Share Option Scheme*(Terminated on 5 September 2012)***2012 Share Option Scheme**

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- | | |
|---|--|
| <p>(c) any supplier, sales agent, customer, joint venture partner, accountant or legal adviser of, or business development and technological consultant to, any member of the Group; or</p> <p>(d) any substantial shareholder of the Company or of its subsidiaries who in the opinion of the Board, has made or will make contributions which are or may be beneficial to the Group as a whole.</p> | <p>(c) any trustee(s) of a discretionary trust of which one or more beneficiaries belong to any of the abovementioned category(ies) of persons, or any company beneficially owned by any of the abovementioned category(ies) of persons; or</p> <p>(d) any other person who the Board may determine in its absolute discretion, has made valuable contribution to the business of the Group or Invested Entity based on his performance and/or years of service, or is regarded as valuable resources of the Group or the Invested Entity based on his work experience, knowledge in the industry and other relevant factors, or is expected to be able to contribute to the prosperity, business development or growth of the Group or the Invested Entity based on his/its business connection or network or other relevant factors.</p> |
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Directors' Report

SHARE OPTION SCHEMES (continued)

	2002 Share Option Scheme <i>(Terminated on 5 September 2012)</i>	2012 Share Option Scheme
3) Total number of shares available for issue	282,050,000 shares, being 10% of total number of shares in issue as at the date of refreshment of scheme limit on 23 September 2009.	85,845,000 shares, being 10% of total number of shares in issue as at the date of refreshment of scheme mandate limit on 8 August 2014.
4) Maximum entitlement of each participant	<p>In any 12-month period:</p> <p>(a) for each grantee, not exceeding 1% of the shares then in issue (including both exercised and outstanding options);</p> <p>(b) for substantial shareholders and independent non-executive directors, not more than 0.1% of the total issued shares for the time being and not having value in excess of HK\$5 million (including options exercised, cancelled or outstanding),</p> <p>unless separately approved by independent shareholders at general meeting.</p>	<p>In any 12-month period:</p> <p>(a) for each grantee, not exceeding 1% of the aggregate number of shares for the time being in issue (including both exercised and outstanding options);</p> <p>(b) for substantial shareholders and independent non-executive directors, not over 0.1% of the number of shares then in issue and not having aggregate value in excess of HK\$5 million (including options exercised, cancelled and outstanding),</p> <p>unless separately approved by independent shareholders at general meeting.</p>
5) Option period	A period set out in the relevant offer letter but expiring no later than the tenth anniversary of the date of offer.	A period commencing on the date as specified in the grant letter and expiring on the earliest of the last day of the said period or such time as specified in the scheme and/or the grant letter but not more than 10 years from the date of grant.

2002 Share Option Scheme*(Terminated on 5 September 2012)***2012 Share Option Scheme**

6) Minimum period for which an option must be held before it can vest	No general performance target or minimum holding period to the vesting or exercise of options (subject to the terms of offer letter).	No minimum period before the options can be exercised unless otherwise imposed by the Board at its absolute discretion.
7) Payment on acceptance of option	HK\$1.00 to be payable as consideration for the grant of an option within 21 days from the date of offer.	HK\$1.00 in cash to be payable on acceptance within 21 days from the date of grant.
8) Subscription price	To be notified by the Board and shall be the highest of: <ul style="list-style-type: none"> (a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date on which an option is offered; or (b) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date on which an option is offered; or (c) the nominal value of the shares. 	To be determined by the Board and shall be at least the highest of: <ul style="list-style-type: none"> (a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheets on the date of the grant of the option, which must be a business day; (b) the average closing prices of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of the grant of the option; and (c) the nominal value of the shares.
9) Life	A period of 10 years commencing from the date on which the scheme is taken effect, i.e. 6 September 2002, and expired on the tenth anniversary of such date, i.e. 6 September 2012.	A period of 10 years commencing on 5 September 2012 (being the date on which the scheme is adopted) and expiring on the tenth anniversary of such date, i.e. 5 September 2022.

Directors' Report

MANAGEMENT CONTRACTS

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

CONNECTED TRANSACTIONS/CONTINUING CONNECTED TRANSACTIONS

During the year, the Group had the following connected transactions/continuing connected transactions with connected parties:

- (a) A management contract dated 8 December 2012 (the "Management Contract") was entered into between Ace Plus Global Limited, an indirectly wholly-owned subsidiary of the Company, and 撫松廣澤房地產開發有限公司 (Fusong Guangze Real Estate Development Company Limited*) ("Fusong GZ Real Estate"), of which the Company is interested in 35% equity interest, pursuant to which Ace Plus would provide the management services to Fusong GZ Real Estate at the fees of (i) 4% of the total costs and expenses incurred by Fusong GZ Real Estate in the development of the Land excluding all expenses relating to the acquisition of the Land, tax expenses and finance costs less (ii) the payroll costs. The Management Contract does not have any fixed term and is expected to continue until the development project of the Land is completed.

The Management Contract constituted a continuing connected transaction during the year pursuant to the Listing Rules as Fusong GZ Real Estate is ultimately legally and beneficially owned as to 65% by Ms. Cui, the daughter of Ms. Chai, a director of the Company. The Management Contract and the annual cap for each of the six financial years ending 31 March 2019 were approved by the independent shareholders of the Company at the special general meeting held on 18 October 2013. During the year ended 31 March 2015, the management fee in a total of approximately HK\$18,000 (equivalent to RMB14,400) was generated to the Group under the Management Contract. Details of which were disclosed in the Company's announcements dated 26 April 2013, 10 July 2013, 22 July 2013, 30 August 2013, 19 September 2013, 30 September 2013, 9 October 2013, 18 October 2013, 24 October 2013 and 29 October 2013 and the circular dated 30 September 2013 respectively.

- (b) On 15 July 2014, 上海潤迅概念通信產品連鎖銷售有限公司(Shanghai CM Concept Communications Products Franchise Sale Company Limited*) (the "Purchaser" or "Shanghai CM Concept"), entered into an agreement (the "Agreement", as amended by a supplemental agreement dated 29 September 2014 and a second supplemental agreement dated 11 November 2014) with Mr. Huang Bingxing ("Mr. Huang") and Mr. Chen Zhihao ("Mr. Z. Chen") (collectively, the "Vendors") to acquire the entire equity interest in 上海潤迅君斯通信科技有限公司(Shanghai Motion JUNS Communication Technology Company Limited*) ("Shanghai Motion JUNS") at the consideration of RMB9,000,000 (equivalent to approximately HK\$11,325,000) (the "Acquisition of Shanghai Motion JUNS").

Mr. Huang and Mr. Z. Chen, being the Vendors held 70% and 30% of Shanghai Motion JUNS' equity interest respectively. Mr. Huang has also been a director of the Purchaser, a wholly-owned subsidiary of the Company and Mr. Z. Chen was a former director of the Purchaser within 12 months preceding the date of the Agreement. Save as disclosed, there is no other connected relationship between the Company and Mr. Huang and Mr. Z. Chen. Therefore, the Vendors are connected persons of the Company and the Acquisition of Shanghai Motion JUNS constituted the connected transaction but exempt from the circular, independent financial advice and independent shareholders' approval requirements under Rule 14A.101 of the Listing Rules. However, the Acquisition of Shanghai Motion JUNS also constituted a very substantial acquisition for the Company under the Listing Rules and was therefore subject to reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. The Acquisition of Shanghai Motion JUNS was approved by the shareholders of the Company at the Special General Meeting held on 4 December 2014.

- (c) On 20 August 2014, Shanghai CM Concept (the "Purchaser"), entered into an agreement (the "Agreement") with Mr. Huang and Mr. Z. Chen (collectively, the "Vendors") to acquire the entire equity interest in the Shanghai XingJiTong at the consideration of RMB1,500,000 (equivalent to approximately HK\$1,896,000) (the "Acquisition of Shanghai XingJiTong").

Mr. Huang and Mr. Z. Chen, being the Vendors held 70% and 30% of Shanghai XingJiTong's equity interest respectively. Mr. Huang has also been a director of the Purchaser, a wholly-owned subsidiary of the Company and Mr. Z. Chen was a former director of the Purchaser within 12 months preceding the date of the Agreement. Save as disclosed, there is no other connected relationship between the Company and Mr. Huang and Mr. Z. Chen. Therefore, the Vendors are connected persons of the Company and the Acquisition of Shanghai XingJiTong constituted the connected transaction but exempt from the circular, independent financial advice and independent shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

Details of the acquisitions set out in above parts (b) and (c) were disclosed in the announcements dated 16 July 2014, 22 July 2014, 20 August 2014, 29 September 2014, 11 November 2014, 17 November 2014 and 4 December 2014 and the circular dated 17 November 2014.

Certain exempted continuing connected transactions of the Company which were not subject to announcement and reporting requirements pursuant to the Listing Rules were also incurred during the year.

Directors' Report

CONNECTED TRANSACTIONS/CONTINUING CONNECTED TRANSACTIONS (continued)

However, the Directors, including Independent Non-executive Directors, of the Company have reviewed all continuing connected transactions incurred during the year and confirmed that the transactions have been entered into by the Group:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or on terms no less favourable to the Group than the terms available to or from (as appropriate) independent third parties; and
- (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in interests of the shareholders of the Company as a whole.

The Company confirmed that it has complied with all necessary disclosure requirements for the continuing connected transactions in accordance with Chapter 14A of the Listing Rules.

The auditor of the Company was engaged to report on the continuing connected transactions of the Group incurred during the year 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 and reported its conclusion to the Board that:

- (i) nothing has come to the auditor's attention that causes them to believe that the transactions have not been approved by the Board;
- (ii) for transactions involving the provision of goods or services by the Group, nothing has come to the auditor's attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;
- (iii) nothing has come to the auditor's attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- (iv) with respect to the aggregate amount of the transactions, nothing has come to the auditor's attention that causes them to believe that the transactions have exceeded the maximum aggregate annual value disclosed in the previous announcements and circular made by the Company in respect of the transactions.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of sales and purchases for the year ended 31 March 2015 attributable to the Group's major customers and suppliers are as follows:

Sales

The largest customer	37.5%
Five largest customers combined	82.0%

Purchases

The largest supplier	36.4%
Five largest suppliers combined	80.8%

Save as disclosed above, none of the Directors, any of their close associates or shareholders (which to the knowledge of the Directors owns, more than 5% of the Company's share capital) had any beneficial interest in the Group's five largest major customers or suppliers.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed audit, internal controls and financial reporting matters. The Group's financial statements for the year ended 31 March 2015 together with the notes attached thereto were agreed by the Group's external auditor and were reviewed by the Audit Committee, which was of the opinion that such statements complied with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosures have been made.

SUBSEQUENT EVENT

Pursuant to the announcement dated 26 May 2015, the Group entered into a sale and purchase agreement with Ka Yik Investments Limited to acquire the entire equity interest in a company incorporated in British Virgin Islands at a consideration of HK\$4,650,000,000. Details are set out in section headed "PROPOSED ACQUISITION OF THE ENTIRE EQUITY INTEREST IN A COMPANY ENGAGING IN PROPERTY DEVELOPMENT IN JILIN PROVINCE".

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors of the Company, the Company has maintained sufficient public float of not less than 25% of the Company's total issued share capital as required under the Listing Rules throughout the year ended 31 March 2015 and as at the date of this report.

Directors' Report

AUDITOR

The consolidated financial statements for the year ended 31 March 2015 were audited by Mazars CPA Limited who would retire at the conclusion of the forthcoming annual general meeting and being eligible, offer itself for re-appointment. A resolution will be submitted to the forthcoming annual general meeting to re-appoint Mazars CPA Limited as auditor of the Company.

There is no change in auditors of the Company since the first appointment on 1 June 2007.

On behalf of the Board

Chai Xiu

Chairman

Hong Kong, 26 June 2015

Corporate Governance Report

The Board recognises the importance of good corporate governance and is committed to maintaining a good governance standards within the Group. The Board has therefore adopted and continuously developed a set of internal guidelines, practices and policies on the corporate governance.

CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has applied the principles in and complied with the applicable code provisions of the Corporate Governance Code (the “Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) during the year except the following deviations:

1. Code Provision A.2.1

Under code provision A.2.1, the Chairman and Chief Executive Officer are not separate and are currently performed by the same individual, namely Ms. Chai Xiu. The reason for the deviation and the application and compliance are set out in the section headed “CHAIRMAN AND CHIEF EXECUTIVE OFFICER” below.

2. Code Provision A.6.7

Under code provision A.6.7, independent non-executive directors and non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Ms. Nie Meisheng, the former Independent Non-executive Director, was unable to attend the annual general meeting of the Company held on 8 August 2014 due to other prior business commitment.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules on 21 July 2009 as the Company’s code of conduct for dealings in securities of the Company by Directors. All Directors have confirmed, following specific enquiries by the Company, that they have complied with the required standard as set out in the Model Code during the year.

Corporate Governance Report

THE BOARD

Composition

During the year and as at the date of this report, the Board comprised the following Directors:

Executive Directors

Ms. CHAI Xiu, *Chairman and Chief Executive Officer*

Mr. WANG Guanghui *(appointed on 1 February 2015)*

Mr. HUANG Bingxing *(appointed on 1 February 2015)*

Mr. CONG Hongsong *(resigned on 1 February 2015)*

Non-executive Directors

Mr. CHEN Luhui *(re-designated from Executive Director on 1 February 2015)*

Mr. TING Pang Wan, Raymond *(retired on 8 August 2014)*

Independent Non-executive Directors

Mr. CHAN Yuk Tong

Mr. MEI Jianping

Mr. WEI Lidong *(appointed on 1 February 2015)*

Ms. NIE Meisheng *(resigned on 6 November 2014)*

The biographical details of the current Directors are set out on pages 22 to 25.

During the year, the Board at all times complied with the requirements of Rules 3.10(1) and 3.10(2) of the Listing Rules for sufficient number and appropriate professional qualifications of independent non-executive directors except for the followings:

Ms. Nie Meisheng resigned as an Independent Non-executive Director on 6 November 2014. As such, the number of independent non-executive directors fell below the requirements under Rule 3.10(1) of the Listing Rules. However, upon the appointment of Mr. Wei Lidong as an Independent Non-executive Director on 1 February 2015, such requirement has been complied with.

As at the date of this report, the Board comprised seven Directors, three of whom were Independent Non-executive Directors, representing more than one third of the Board which is in compliance with Rule 3.10A of the Listing Rules. One of the Independent Non-executive Directors possesses appropriate professional accounting qualifications and expertise.

During the year, the Board maintained a balanced composition of the executive directors, non-executive director and independent non-executive directors which generates a strong independent element to the Board. All directors shall be subject to retirement by rotation and re-election at the general meeting of the Company (in case of filling a casual vacancy) or at the annual general meeting of the Company (in case of an addition to the Board) following their appointment and at least once every three years in accordance with the Bye-laws. A list of Directors identifying their role and function is published on the Stock Exchange's website and the Company's website.

The Board has received from each of the Independent Non-executive Directors a written annual confirmation as regards their respective independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the Independent Non-executive Directors were independent.

To the best knowledge of the Directors, save as Ms. Chai Xiu, Mr. Wang Guanghui and Mr. Chen Luhui (the Directors of the Company) hold directorship in 廣澤地產集團股份有限公司 (Ground Real Estate Group Company Limited*), there was no other relationship (including financial, business, family or other material/relevant relationship) among members of the Board.

Responsibilities of the Board and Management

The Board is responsible for setting the strategic goals of the Company, providing leadership and guidance to the Group's activities and for oversight of the management of the Company and direction of its business strategies, with the ultimate aim to maximise the shareholder value and long-term success of the Company while the management is responsible for management and administrative functions on running the day-to-day operations of the Group within the authority delegated by the Board and properly informing the Board of the status of these operations. Matters specifically reserved for the consideration of Board mainly cover, among others, overall corporate strategies, major business plans and objectives and risk policy of the Group, annual and interim results, major acquisitions and disposals, major capital investments, material contracts and transactions, appointment of directors, other significant operational and financial matters as well as corporate governance matters. In addition, the Board has also established Board committees and has delegated to these committees various responsibilities set out in their respective terms of reference.

Continuous Professional Development

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills so as to ensure that their contributions to the Board remain informed and relevant. Every newly appointed Director shall be given an induction package covering (inter alia) the Group's business, the statutory and regulatory obligations and duties of a director of a listed company. In addition, all directors are provided with monthly updates on the performance and position of the Group to enable the Board a whole and each Director to discharge their duties. Furthermore, all Directors are also continuously updated on the latest changes and development regarding the Listing Rules, corporate governance practices and other regulatory and statutory regime with reference materials from time to time in order to ensure compliance and raise their concern on good corporate governance.

Corporate Governance Report

THE BOARD (continued)

Continuous Professional Development (continued)

During the year, all Directors have participated in continuous professional development through reading materials regarding regulatory updates, director's duties and responsibilities and corporate governance matters and/or attending relevant seminars or courses given by external professional advisors. As at the date of this report, all Directors have provided the Company with a training record they received during the year:

Directors	Attending seminars/courses given by external professional advisors	Reading Material
Executive Directors		
Ms. CHAI Xiu		✓
Mr. WANG Guanghui [^]	✓	✓
Mr. HUANG Bingxing [^]	✓	✓
Mr. CONG Hongsong ^{##}		
Non-executive Directors		
Mr. CHEN Luhui		✓
Mr. TING Pang Wan, Raymond *		
Independent Non-executive Directors		
Mr. CHAN Yuk Tong	✓	✓
Mr. MEI Jianping		✓
Mr. WEI Lidong [^]	✓	✓
Ms. NIE Meisheng [#]		

[^] appointed on 1 February 2015

[#] resigned on 6 November 2014

^{##} resigned on 1 February 2015

^{*} retired on 8 August 2014

Directors' and Officers' Liabilities Insurance

The Company has arranged for appropriate liability insurance coverage for directors and officers of the Company in respect of potential legal actions against its directors or officers arising out of their duties. Such insurance coverage will be reviewed on an annual basis.

Board Meetings and Attendance

The Board held eleven full Board meetings, four of which were the regular ones held at approximately quarterly intervals, during the year ended 31 March 2015. The attendance of each Director is as follows:

	Number of meetings attended/ Eligible to attend
Ms. CHAI Xiu	10/11
Mr. WANG Guanghui ^	2/2
Mr. HUANG Bingxing ^	2/2
Mr. CONG Hongsong ##	7/9
Mr. CHEN Luhui	8/11
Mr. TING Pang Wan, Raymond *	0/5
Mr. CHAN Yuk Tong	11/11
Mr. MEI Jianping	9/11
Mr. WEI Lidong ^	1/2
Ms. NIE Meisheng #	7/8

^ appointed on 1 February 2015

resigned on 6 November 2014

resigned on 1 February 2015

* retired on 8 August 2014

Apart from the said meetings, routine/operational matters requiring Board approval were arranged by means of circulation of written resolutions with supporting materials.

All businesses transacted at the Board meetings and by written resolutions were well-documented. Minutes of the Board meetings and written resolutions are taken by the company secretary and are available to all Directors.

Corporate Governance Report

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under code provision A.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The roles of chairman and chief executive officer of the Company were currently performed by Ms. Chai Xiu who is responsible for overall corporate planning, strategic policy making and managing of day-to-day operations of the Group. The Board believes that the roles of chairman and chief executive officer performed by Ms. Chai Xiu provide the Group with strong and consistent leadership and enables more effective and efficient planning of long-term strategies and implementation of business plans. The Board also believes that the balance of power and authority is adequately ensured by the effective Board which comprises experienced individuals with a balance of skills and experience appropriate for the requirements of the Group.

NON-EXECUTIVE DIRECTORS

As at the date of this report, there were four Non-executive Directors, three of whom were Independent Non-executive Directors namely, Mr. Chan Yuk Tong, Mr. Mei Jianping and Mr. Wei Lidong and one of them is Non-executive Director, namely, Mr. Chen Luhui. Both Mr. Chan Yuk Tong and Mr. Mei Jianping had entered into a letter of appointment with the Company for a fixed term of one year commencing from 1 April 2015 respectively. Since Mr. Wei Lidong was appointed as Independent Non-executive Director and Mr. Chen Luhui was re-designated from Executive Director to Non-executive Director on 1 February 2015, they have entered into a letter of appointment with the Company for an initial term commencing from 1 February 2015 to 31 March 2015 and thereafter a fixed term of one year commencing from 1 April 2015 respectively. All the Non-executive Directors shall be subject to retirement by rotation and re-election at the annual general meeting of the Company at least once every three years in accordance with the Bye-laws.

BOARD COMMITTEES

The Board has established three Board committees, including Remuneration Committee, Nomination Committee and Audit Committee to help with the discharge of its responsibilities.

Remuneration Committee

The Board has established a Remuneration Committee since June 2000. As at the date of this report, the Remuneration Committee comprised all the Independent Non-executive Directors, namely Mr. Chan Yuk Tong (Chairman of the Committee), Mr. Mei Jianping and Mr. Wei Lidong, and an Executive Director, namely Ms. Chai Xiu.

The main duties of the Remuneration Committee are to formulate and review the Company's policy and structure for the remuneration of all directors and senior management, to determine or make recommendation on the remuneration packages for individual executive directors and senior management, to make recommendations on the remuneration of non-executive directors and to administer and oversee the Company's share option scheme(s). No Director or any of his/her associates is involved in deciding his/her own remuneration. The terms of reference of the Remuneration Committee setting out its role and responsibilities are available on the Stock Exchange's website and the Company's website.

The Board has adopted a remuneration policy for directors and senior management to provide guidelines for structuring all remuneration of directors and senior management. The remuneration policy is reviewed annually by the Board and the Remuneration Committee. The policy sets out, among others, the remuneration structure which mainly covers director's fee, basic salary, discretionary bonus, other benefits in kind, pension scheme, share option scheme(s) and termination payments, and determination or review of remuneration packages. The directors' and senior management's remuneration packages are determined, or reviewed annually, taking into consideration the criteria such as experience, responsibilities, workload, time commitment, individual's and the Company's performance as well as the prevailing market conditions. Details of Directors' and senior management's emoluments for the year ended 31 March 2015 are disclosed in note 11 to the consolidated financial statements.

The Remuneration Committee held three meetings during the year ended 31 March 2015. The attendance of each member is set out as follows:

	Number of meetings attended/ Eligible to attend
Mr. CHAN Yuk Tong (<i>Chairman</i>)	3/3
Mr. MEI Jianping	2/3
Ms. NIE Meisheng #	2/2
Ms. CHAI Xiu	3/3
Mr. WEI Lidong ^	N/A

^ appointed on 1 February 2015

resigned on 6 November 2014

Corporate Governance Report

BOARD COMMITTEES (continued)

Remuneration Committee (continued)

The works performed by the Remuneration Committee during the year are summarised as follows:

- (a) To review the remuneration policy and structure of all directors and senior management;
- (b) To review the terms of reference;
- (c) To review or consider the remuneration packages of all directors and senior management and to make recommendations thereof;
- (d) To review the renewal of term of appointment of all independent non-executive directors; and
- (e) To administer and oversee the share options granted under the share option scheme(s) of the Company.

Nomination Committee

The Board has established a Nomination Committee since 20 July 2005. As at the date of this report, the Nomination Committee comprised two Independent Non-executive Directors, namely Mr. Mei Jianping (the Chairman of the Committee) and Mr. Chan Yuk Tong, and an Executive Director, namely Ms. Chai Xiu.

The main duties of the Nomination Committee are to formulate, review and implement nomination policy for directors, to review the structure, size and composition of the Board, to identify individuals suitably qualified to become Board members, to receive nominations from shareholders or directors, to assess the independence of the independent non-executive directors and to undertake an annual performance evaluation of the Board. The terms of reference of the Nomination Committee setting out its role and responsibilities are available on the Stock Exchange's website and the Company's website.

The Board adopted a nomination policy for directors to provide guidelines for effective functioning in the course of director's nomination process. The policy sets out, among others, the selection procedures and evaluation criteria for selecting and recommending the candidates for directorship. The Nomination Committee will first assess the needs of the Board in respect of its structure, size and composition, identify potential candidates by considering their personal ethics, integrity, skills, professional knowledge and experience and time commitment and so on and then develop a short list of potential appointees for recommendation to the Board.

The Board has also adopted a board diversity policy (the “Board Diversity Policy”) on 27 June 2013 which sets out its approach to diversity on the Board. The Board recognises and embraces the benefits of board diversity to enhance the quality of performance and endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company’s business. The Company seeks to achieve board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional qualification and experience, skills, knowledge and length of service. The Nomination Committee will consider candidates on merit and contribution that they will bring to the Board and then recommended the appropriate person(s) to the Board for consideration. The Nomination Committee will review, as appropriate, and monitor the implementation of the Board Diversity Policy to ensure its effectiveness.

The Nomination Committee held one meeting during the year ended 31 March 2015. The attendance of each member is set out as follows:

	Number of meetings attended/ Eligible to attend
Mr. MEI Jianping (<i>Chairman</i>)	0/1
Mr. CHAN Yuk Tong	1/1
Ms. CHAI Xiu	1/1

The works performed by the Nomination Committee during the year are summarised as follows:

- (a) To nominate the incumbent directors for re-election;
- (b) To review the nomination policy for directors;
- (c) To review the terms of reference;
- (d) To review the structure, size and composition of the Board;
- (e) To assess the independence of the independent non-executive directors;
- (f) To evaluate the performance of the Board during the year;
- (g) To recommend the appointment of new directors in place of the resigning director; and
- (h) To approve and recommend the change of membership of the committee.

Corporate Governance Report

BOARD COMMITTEES (continued)

Audit Committee

The Board has established an Audit Committee since 26 September 1996. The Board at all times complied with the requirement of Rule 3.21 of the Listing Rules for minimum number of three non-executive directors and at least one of whom is an independent non-executive director with appropriate professional qualifications except the following:

Ms. Nie Meisheng resigned as a member of Audit Committee on 6 November 2014. As such, the number of Audit Committee member fell below the requirements under Rule 3.21 of the Listing Rules. However, upon the appointment of Mr. Wei Lidong as a member Audit Committee of the Company on 1 February 2015, such requirement has been complied with.

As at the date of this report, the Audit Committee comprised all the Independent Non-executive Directors, namely Mr. Chan Yuk Tong (the Chairman of the Committee), Mr. Mei Jianping and Mr. Wei Lidong. One of the three Committee members possesses appropriate professional accounting qualifications and expertise.

The main duties of Audit Committee are to review and monitor the financial reporting, to oversee and review the Company's financial reporting system, internal control procedures, risk management systems and the Group's financial and accounting policies and practices with the management and the auditor and to consider the appointment and resignation of the auditor and the auditor's remuneration. The terms of reference of the Audit Committee setting out its role and responsibilities are available on the Stock Exchange's website and the Company's website.

The Audit Committee held two meetings during the year ended 31 March 2015. The attendance of each member is set out as follows:

	Number of meetings attended/ Eligible to attend
Mr. CHAN Yuk Tong (<i>Chairman</i>)	2/2
Mr. MEI Jianping	1/2
Ms. NIE Meisheng #	1/1
Mr. WEI Lidong ^	N/A

^ appointed on 1 February 2015

resigned on 6 November 2014

The works performed by the Audit Committee during the year are summarised as follows:

- (a) To review the annual results for year ended 31 March 2014 and the interim results for six months ended 30 September 2014 and the reports from external auditor, management representation letters and management's response in relation thereto;
- (b) To review the accounting policies and practices as well as the financial reporting system of the Group;
- (c) To review the terms of reference;
- (d) To review the connected transactions/continuing connected transactions incurred during the year ended 31 March 2014 and six months ended 30 September 2014;
- (e) To review the practice and procedures relating to related party transactions;
- (f) To recommend and/or approve re-appointment of the external auditor and its remuneration; and
- (g) To review the effectiveness of internal control system of the Group.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the following main corporate governance functions set out under the written responsibilities of the Board revised on 27 March 2012:

- (a) To develop and review the Company's terms of reference, policies, practices, codes and guidelines on corporate governance and to make recommendations thereof;
- (b) To review and monitor the training and continuous professional development of directors and senior management;
- (c) To review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) To develop, review and monitor the code of conduct applicable to employees and directors; and
- (e) To review the Company's compliance with the code and disclosure in the corporate governance report.

During the year and up to the date of the report, the Board has reviewed and performed the said corporate governance functions.

Corporate Governance Report

AUDITOR'S REMUNERATION

The external auditor of the Company is Mazars CPA Limited. For the year ended 31 March 2015, the auditor's remuneration paid and payable in respect of the audit services and other non-audit services, including tax and consultancy services, provided by the auditor to the Group amounted to HK\$870,000 and HK\$1,527,000 respectively.

RESPONSIBILITY FOR PREPARATION AND REPORTING OF FINANCIAL STATEMENTS

The directors of the Company are responsible for monitoring the preparation of consolidated financial statements of the Group which give a true and fair view, and were prepared in accordance with the relevant statutory requirements and applicable accounting standards in force, and were published in a timely manner. The directors of the Company are also responsible for selecting appropriate accounting policies and have applied them consistently, ensuring timely adoption of Hong Kong Accounting Standards and Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company acknowledge their responsibility for preparing the consolidated financial statement of the Group and report that the Company has announced its annual and interim results in a timely manner after the end of the relevant period as laid down in the Listing Rules.

The statement of the auditor of the Company about its reporting responsibilities is set out in the "Independent Auditor's Report" on pages 61 and 62 to this annual report.

INTERNAL CONTROL

The Board has overall responsibility for maintaining an adequate system of internal control and reviewing its effectiveness. The internal control system is designed to facilitate the effectiveness and efficiency of operations, safeguard assets against unauthorised use and disposition, ensure the maintenance of proper accounting records and the truth and fairness of the financial statements, and ensure compliance with relevant legislation and regulations. It provides reasonable, but not absolute, assurance against material misstatement or loss and management, rather than elimination of risks associated with its business activities.

During the year, the Board and the Audit Committee have conducted a review of the effectiveness of the system of internal control of the Group. The review covered all material controls, including financial, operational and compliance controls and risk management system and consideration of adequacy of resources, qualifications and experience of staff of the accounting and financial reporting functions and their training programmes and budgets. Based on the results of the review, the system was satisfactory with no major irregularities reported and the Group would take steps to further enhance the effectiveness of the internal control system.

COMPANY SECRETARY

Ms. Lung is a full-time employee of the Company who has day-to-day knowledge of the Company and is responsible for advising the Board on corporate governance matters. She reports to the Chairman and the Chief Executive Officer directly and assists the Board in ensuring effective information flow among the Board members and that the Board policy and procedures are followed. The company secretary of the Company had duly complied with relevant training requirement under Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

The Company has adopted written shareholders' rights since March 2012 setting out the procedures for shareholders to serve the following purposes:

Procedures for Convening Special General Meetings

Pursuant to the bye-law 57 of the Bye-laws, shareholders at the date of the deposit of the requisition holding not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all time have right, by written requisition to be sent to the Company's principal place of business at Rooms 3505-3506, 35th Floor, Edinburgh Tower, The Landmark, 15 Queen's Road Central, Central, Hong Kong (the "Principal Place of Business") for the attention to the Board or the company secretary, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition.

The written requisition must state the purposes of the meeting, and must be signed by the requisitionists, and may consist of several documents in like form each signed by one or more requisitionists.

The written requisition will be verified with the Company's share registrars and upon their confirmation that the requisition is proper and in order, the company secretary will ask the Board to convene the general meeting by serving sufficient notice to all shareholders.

Such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days after such deposit the Board fails to proceed to convene such meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three (3) months from the said date.

A meeting convened by the requisitionists shall be convened in the same manner as that in which meetings are to be convened by the directors.

Corporate Governance Report

SHAREHOLDERS' RIGHTS (continued)

Procedures for Putting Forward Proposals

Pursuant to section 79 of the Companies Act 1981 of Bermuda, shareholders at the date of the deposit of the requisition (i) holding not less than one-twentieth of the total voting rights of all shareholders having a right to vote at the meeting to which the requisition relates or (ii) being not less than one hundred (100) shareholders, shall have right to require the proposals to put forward in any general meeting by written requisition to be sent to the Principal Place of Business for the attention to the Board or the company secretary:

- (i) in case of a requisition requiring notice of a resolution, not less than six (6) weeks before the meeting; and
- (ii) in case of any other requisition, not less than one (1) week before the meeting,

together with a sum of money reasonably sufficient to meet the Company's expenses to effect thereto.

The written requisition must state the resolution, accompanied by a statement of not more than one thousand (1,000) words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting and must be signed by the requisitionists, and may consist of several documents in like form.

The written requisition will be verified with the Company's share registrars and upon their confirmation that the requisition is proper and in order, the Company shall

- (i) give to all shareholders entitled to receive notice of the next annual general meeting notice of any resolution which may properly be moved and is intended to be moved at the meeting; or
- (ii) circulate to all shareholders entitled to have notice of any general meeting sent to them the said statement.

Procedures for Sending Enquiries to the Board

Shareholders may send their enquiries and concerns, together with their contact information, to the Board by addressing them to the company secretary at the Principal Place of Business. The company secretary will forward such enquiries or concerns to the appropriate Board members or Board committees for following up.

Procedures for Election of Directors by Shareholders

Pursuant to bye-law 87 of the Bye-laws, if a shareholder wishes to nominate a person other than a retiring director for election as a director at any general meeting of the Company, the following documents shall be lodged at the Principal Place of Business for the attention of the company secretary not less than seven (7) days before the date appointed for the meeting:

- (a) a notice in writing of the intention to propose a resolution for electing a person at the general meeting, including the name and contact details of, and the number of shares in the Company held by the nominating shareholder; and
- (b) a notice in writing signed by the person of his/her willingness to be elected together with information as required to be disclosed under Rule 13.51(2) of the Listing Rules and his/her written consent to the publication of his/her personal data.

The period for lodgment of the aforesaid notices shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

The procedures for election of directors by shareholders are available on the Company's website.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Board recognises the importance of maintaining an effective communication with the shareholders and investors of the Company. A shareholders' communication policy was adopted by the Board on 27 March 2013 to ensure the promotion of effective communication. The principal communication channels with shareholders and investors were established as set out below.

General Meetings

Shareholders' meeting, including annual general meeting or other general meeting, of the Company provides a communication channel between the shareholders and the Board that the shareholders are encouraged to participate in such meeting for expressing their views and raising enquiries about the Company's performance while the Board members who attended such general meeting shall reply and answer the enquiries and questions raised by the shareholders.

During the year, there was an annual general meeting held on 8 August 2014 and two special general meetings held on 14 May 2014 and 4 December 2014 respectively. The attendance of each Director is set out as follows:

	Number of meetings attended/ Eligible to attend
Ms. CHAI Xiu	3/3
Mr. WANG Guanghui ^	N/A
Mr. HUANG Bingxing ^	N/A
Mr. CONG Hongsong ##	0/3
Mr. CHEN Luhui	2/3
Mr. TING Pang Wan, Raymond *	0/2
Mr. CHAN Yuk Tong	2/3
Mr. MEI Jianping	2/3
Mr. WEI Lidong ^	N/A
Ms. NIE Meisheng #	0/3

^ appointed on 1 February 2015

resigned on 6 November 2014

resigned on 1 February 2015

* retired on 8 August 2014

Corporate Governance Report

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS (continued)

General Meetings (continued)

Any vote of shareholders at a general meeting is taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The poll results are published on the Stock Exchange's website and the Company's website after the conclusion of the general meeting.

Other Communication Channels

The Company provides corporate communications, including annual and interim reports, notices of meeting and circulars, to shareholders in printed form by post and on the website of the Company to facilitate the shareholders' understanding.

The Company also maintains a website at www.groundproperties.com, as other communication channel for the shareholders and investors, for posting the corporate communications, disseminating information and updates on the Company's business developments and operations, financial information, corporate governance practices and other shareholders information as well as other corporate communications in a timely and convenient manner.

For enquiries about shareholdings, the shareholders may contact the share registrars of the Company and for other enquiries, the shareholders, the investors, media or the public may contact the Company directly, contact details of which are posted on the Company's website.

CONSTITUTIONAL DOCUMENTS

The Memorandum of Association and the Bye-laws of the Company are available on the website of the Stock Exchange and the website of the Company. There have been no changes in the Memorandum of Association and the Bye-laws of the Company since the adoption in September 2012.

By order of the Board

CHAI Xiu

Chairman

Hong Kong, 26 June 2015

* *The English names of the PRC entities referred to in this report are transliterations from their Chinese names and are for identification purposes only, and should not be regarded as the official English name(s) of such Chinese name(s). If there is any inconsistency, the Chinese name shall prevail.*

Independent Auditor's Report



MAZARS CPA LIMITED

瑪澤會計師事務所有限公司

42nd Floor, Central Plaza,
18 Harbour Road, Wanchai, Hong Kong
香港灣仔港灣道 18 號中環廣場 42 樓

To the shareholders of
Ground Properties Company Limited
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Ground Properties Company Limited (the “Company”) and its subsidiaries (together the “Group”) set out on pages 63 to 138, which comprise the consolidated and the Company’s statements of financial position as at 31 March 2015, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS’ RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR’S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 90 of the Companies Act 1981 of Bermuda (as amended), and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

Independent Auditor's Report

AUDITOR'S RESPONSIBILITY (continued)

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 state of affairs of the Company and of the Group as at 31 March 2015 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Mazars CPA Limited

Certified Public Accountants

Hong Kong, 26 June 2015

Chan Wai Man

Practising Certificate number: P02487

Consolidated Income Statement

Year ended 31 March 2015

	Note	2015 HK\$'000	2014 HK\$'000 (Restated)
Turnover	6	129,494	56,211
Cost of sales and services		(73,487)	(16,797)
Gross profit		56,007	39,414
Other revenue	6	11,295	4,236
Other net income	7	989	13,809
Distribution costs		(33,327)	(27,437)
Administrative expenses		(64,907)	(39,553)
Finance costs	9	(16,743)	(3,747)
Change in fair value of investment properties	15	25,000	11,000
Share of results of associates	19	2,641	(1,081)
Share of results of a joint venture	20	429	–
Loss before taxation	10	(18,616)	(3,359)
Taxation	12	(4,103)	(497)
Loss for the year		(22,719)	(3,856)
Loss attributable to:			
Shareholders of the Company		(22,713)	(3,850)
Non-controlling interests		(6)	(6)
		(22,719)	(3,856)
Loss per share			
Basic and diluted	14	(2.79) HK cents	(0.68) HK cents

Details of dividend for the year are disclosed in note 31 to the consolidated financial statements.

Consolidated Statement of Comprehensive Income

Year ended 31 March 2015

	2015 HK\$'000	2014 HK\$'000
Loss for the year	(22,719)	(3,856)
Other comprehensive income:		
<i>Items that are or may be reclassified subsequently to profit or loss:</i>		
Exchange difference on consolidation	104	(50)
Share of other comprehensive income of associates	(28)	–
Reclassification adjustment relating to disposal of subsidiaries	–	(5,011)
Total other comprehensive income	76	(5,061)
Total comprehensive income for the year	(22,643)	(8,917)
Total comprehensive income attributable to:		
Shareholders of the Company	(22,637)	(8,911)
Non-controlling interests	(6)	(6)
	(22,643)	(8,917)

Statements of Financial Position

As at 31 March 2015

	Note	Group		Company	
		31 March	31 March	31 March	31 March
		2015	2014	2015	2014
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets					
Investment properties	15	340,000	315,000	–	–
Property, plant and equipment	16	6,606	2,547	–	–
Goodwill	17	–	–	–	–
Interests in subsidiaries	18	–	–	991,109	730,467
Interests in associates	19	386,532	383,919	–	–
Interests in a joint venture	20	10,597	–	–	–
		743,735	701,466	991,109	730,467
Current assets					
Inventories	21	30,859	1,580	–	–
Trade and other receivables	22	42,116	11,514	1,864	176
Entrusted loan receivable	23	179,830	–	–	–
Pledged bank deposits	24	203,326	–	–	–
Bank balances and cash	25	71,966	38,860	39,947	2,271
		528,097	51,954	41,811	2,447
Current liabilities					
Trade and other payables	26	39,656	17,488	10,263	3,901
Interest-bearing borrowings	27	319,574	145,000	117,000	145,000
Tax payable		1,835	58	–	–
		361,065	162,546	127,263	148,901
Net current assets (liabilities)		167,032	(110,592)	(85,452)	(146,454)
Total assets less current liabilities		910,767	590,874	905,657	584,013
Non-current liabilities					
Interest-bearing borrowings	27	178,000	150,000	178,000	150,000
Deferred tax liabilities	28	5,099	5,099	–	–
		183,099	155,099	178,000	150,000
NET ASSETS		727,668	435,775	727,657	434,013

Statements of Financial Position

As at 31 March 2015

	Note	Group		Company	
		31 March 2015 HK\$'000	31 March 2014 HK\$'000	31 March 2015 HK\$'000	31 March 2014 HK\$'000
CAPITAL AND RESERVES					
Share capital	29	42,923	28,532	42,923	28,532
Reserves	31	684,893	407,385	684,734	405,481
Total capital and reserves attributable to shareholders of the Company		727,816	435,917	727,657	434,013
Non-controlling interests		(148)	(142)	–	–
TOTAL EQUITY		727,668	435,775	727,657	434,013

Approved and authorised for issue by the Board of Directors on 26 June 2015.

Chai Xiu
Director

Wang Guanghui
Director

Consolidated Statement of Changes in Equity

Year ended 31 March 2015

Attributable to shareholders of the Company

	Issued capital HK\$'000	Share premium HK\$'000	Reserves on consolidation HK\$'000	Properties revaluation reserve HK\$000	Exchange reserve HK\$'000	Capital redemption reserve HK\$'000	Enterprise expansion reserve HK\$'000	Contributed surplus HK\$'000	Share option reserve HK\$'000	Accumulated (losses) profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2013	28,205	35,383	4,900	9,294	8,950	450	65,434	210,587	4,986	71,008	439,197	5,934	445,131
Loss for the year	-	-	-	-	-	-	-	-	-	(3,850)	(3,850)	(6)	(3,856)
Other comprehensive income:													
Exchange differences on consolidation	-	-	-	-	(50)	-	-	-	-	-	(50)	-	(50)
Disposal of subsidiaries	-	-	-	-	(5,011)	-	-	-	-	-	(5,011)	-	(5,011)
Total other comprehensive income for the year	-	-	-	-	(5,061)	-	-	-	-	-	(5,061)	-	(5,061)
Total comprehensive income for the year	-	-	-	-	(5,061)	-	-	-	-	(3,850)	(8,911)	(6)	(8,917)
Disposal of subsidiaries	-	-	-	-	-	-	(65,434)	-	-	65,434	-	(6,070)	(6,070)
Transactions with owners:													
Shares issued under share option scheme	327	7,864	-	-	-	-	-	-	(2,560)	-	5,631	-	5,631
Lapse of share options	-	-	-	-	-	-	-	-	(1,752)	1,752	-	-	-
	327	7,864	-	-	-	-	-	-	(4,312)	1,752	5,631	-	5,631
At 31 March 2014 and at 1 April 2014	28,532	43,247	4,900	9,294	3,889	450	-	210,587	674	134,344	435,917	(142)	435,775
Loss for the year	-	-	-	-	-	-	-	-	-	(22,713)	(22,713)	(6)	(22,719)
Other comprehensive income:													
Exchange differences on consolidation	-	-	-	-	104	-	-	-	-	-	104	-	104
Share of other comprehensive income of associates	-	-	-	-	(28)	-	-	-	-	-	(28)	-	(28)
Total other comprehensive income for the year	-	-	-	-	76	-	-	-	-	-	76	-	76
Total comprehensive income for the year	-	-	-	-	76	-	-	-	-	(22,713)	(22,637)	(6)	(22,643)
Transactions with owners:													
Shares issued under share option scheme	84	2,066	-	-	-	-	-	-	(674)	-	1,476	-	1,476
Shares issued on open offer (Note 29)	14,307	271,843	-	-	-	-	-	-	-	-	286,150	-	286,150
Share issuing expenses	-	(1,197)	-	-	-	-	-	-	-	-	(1,197)	-	(1,197)
Share options granted	-	-	-	-	-	-	-	-	28,107	-	28,107	-	28,107
Lapse of share options	-	-	-	-	-	-	-	-	(2,798)	2,798	-	-	-
	14,391	272,712	-	-	-	-	-	-	24,635	2,798	314,536	-	314,536
At 31 March 2015	42,923	315,959	4,900	9,294	3,965	450	-	210,587	25,309	114,429	727,816	(148)	727,668

Consolidated Statement of Cash Flows

Year ended 31 March 2015

	Note	2015 HK\$'000	2014 HK\$'000
OPERATING ACTIVITIES			
Cash (used in) generated from operations	32	(57,300)	17,609
Interest received		10,659	2,632
Interest paid		(9,645)	(2,779)
Income tax paid		(2,843)	(169)
Net cash (used in) generated from operating activities		(59,129)	17,293
INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		–	346
Net proceeds from disposal of subsidiaries		–	5,309
Proceeds from disposal of club membership		–	340
Payment for purchase of property, plant and equipment		(619)	(2,158)
Acquisition of interests in subsidiaries and other assets	33	(12,993)	(300,000)
Increase in entrusted loan receivable		(179,830)	–
Increase in pledged bank deposits		(203,326)	–
Net cash used in investing activities		(396,768)	(296,163)
FINANCING ACTIVITIES			
New bank loans raised		202,574	210,000
Proceeds from issue of new shares arising from the exercise of share options		1,476	5,631
Net proceeds from issue of new shares from open offer		284,953	–
Net cash from financing activities		489,003	215,631
Net increase (decrease) in cash and cash equivalents		33,106	(63,239)
Cash and cash equivalents at the beginning of the year		38,860	102,099
Cash and cash equivalents at the end of the year, represented by bank balances and cash		71,966	38,860

Notes to the Consolidated Financial Statements

Year ended 31 March 2015

1. GENERAL INFORMATION

Ground Properties Company Limited (the “Company”) is a limited liability company incorporated in Bermuda, its shares of which are listed on Main Board of The Stock Exchange of Hong Kong Limited. The Company is an investment holding company. The Company and its subsidiaries (together the “Group”) are principally engaged in the property investment and holding business, provision of management services for the development of properties including planning, design, budgeting, licensing, contract tendering and contract administration, trading of goods and provision of telecommunications retail sales and management services. The address of the Company’s registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The immediate holding company of the Company is Charm Success Group Limited which is incorporated in the British Virgin Islands, and is the ultimate holding company of the Company in the opinion of directors.

2. ADOPTION OF NEW/REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Adoption of new/revised HKFRSs

The Hong Kong Institute of Certified Public Accountants (the “HKICPA”) has issued a number of new/revised HKFRSs and Hong Kong Accounting Standards (“HKASs”) that are first effective for the current accounting period of the Group and the Company. Of these, the changes in accounting policy relevant to the Group’s financial statements are as follows:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27: Investment Entities

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

Amendments to HKAS 32: Presentation – Offsetting Financial Assets and Financial Liabilities

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

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

The amendments to HKAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, additional information is required to be disclosed when the recoverable amount of impaired assets is based on fair value less costs of disposal. These amendments do not have an impact on the consolidated financial statements as the Group does not have impaired non-financial assets nor impaired asset or cash generating unit whose recoverable amount is based on fair value less costs of disposal.

Notes to the Consolidated Financial Statements

Year ended 31 March 2015

2. ADOPTION OF NEW/REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

Impact of new/revised HKFRSs not yet effective

The Group has not early adopted the following new/revised standards, amendments to standards and interpretations, which are applicable to the Group and have been issued but are not yet effective for the financial year beginning on 1 April 2014.

	Effective for accounting periods beginning on or after
Amendments to HKAS 19, <i>Defined benefit plans: Employee contributions</i>	1 July 2014
<i>Annual improvements to HKFRSs 2010-2012 cycle</i>	1 July 2014
<i>Annual improvements to HKFRSs 2011-2013 cycle</i>	1 July 2014
<i>Annual improvements to HKFRSs 2012-2014 cycle</i>	1 January 2016
Amendments to HKAS 16 and HKAS 38, <i>Clarification of acceptable methods of depreciation and amortisation</i>	1 January 2016
Amendments to HKFRS 11, <i>Accounting for acquisitions of interest in joint operations</i>	1 January 2016
Amendments to HKAS 1, <i>Disclosure initiative</i>	1 January 2016
Amendments to HKFRS 10, and HKAS 28, <i>Sale or contribution of assets between an investor and its associate or joint venture</i>	1 January 2016
HKFRS 15, <i>Revenue from contracts with customers</i>	1 January 2017
HKFRS 9, <i>Financial instruments</i>	1 January 2018

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it is not yet in a position to conclude whether the adoption of them will have a significant impact on the Group’s results of operations and financial position.

3. PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

These consolidated financial statements have been prepared in accordance with HKFRSs, which collective term includes all applicable HKFRSs, HKASs and Interpretations issued by the 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 “Listing Rules”).

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2014 consolidated financial statements except for the adoption of the new/revised HKFRSs as set out in note 2 to the consolidated financial statements that are relevant to the Group and effective from the current year. A summary of the principal accounting policies adopted by the Group is set out below.

Basis of measurement

The measurement basis used in the preparation of these consolidated financial statements is historical cost, except for investment properties which are measured at fair value as explained in the accounting policies set out below.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries as at 31 March each year. The financial statements of the subsidiaries are prepared for the same reporting year as that of the Company using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Non-controlling interests are presented, separately from owners of the parent, in the consolidated income statement and within equity in the consolidated statement of financial position. The non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of the acquiree’s net assets in event of liquidation, are measured initially either at fair value or at the present ownership interest’s proportionate share in the recognised amounts of the acquiree’s identifiable net assets. This choice of measurement basis is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are initially measured at fair value, unless another measurement basis is required by HKFRSs.

Notes to the Consolidated Financial Statements

Year ended 31 March 2015

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Allocation of total comprehensive income

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

Changes in ownership interest

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

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest determined at the date when control is lost and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests at the date when control is lost. The amounts previously recognised in other comprehensive income in relation to the disposed subsidiary are accounted for on the same basis as would be required if the parent had directly disposed of the related assets or liabilities. Any investment retained in the former subsidiary and any amounts owed by or to the former subsidiary are accounted for as a financial asset, associate, joint venture or others as appropriate from the date when control is lost.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to profit or loss during the year in which they are incurred.

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment, over their estimated useful lives from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method, at the following rates per annum. Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis and depreciated separately.

Furniture, fixtures and office equipment	10% – 20%
Leasehold improvements	Over the unexpired term of leases
Motor vehicles	20% – 30%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year in which the item is derecognised.

Investment properties

Investment properties are land and/or building that are held by owner or lessee under finance lease, to earn rental income and/or for capital appreciation. These include properties held for a currently undetermined future use and properties that are held under operating lease, which satisfy the definition of investment property and carry at fair value.

Investment properties are stated at fair value at the end of the reporting period. Any gain or loss arising from a change in fair value is recognised in profit or loss. The fair value of investment property is based on a valuation by an independent valuer who holds a recognised professional qualification and has recent experience in the location and category of property being valued. The fair value is based on market value, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties have each acted knowledgeably, prudently and without compulsion.

Notes to the Consolidated Financial Statements

Year ended 31 March 2015

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Investment properties (continued)

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year in which the item is derecognised.

Subsidiaries

A subsidiary is an entity that is 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. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

In the Company's statement of financial position, an investment in subsidiary is stated at cost less impairment loss. The carrying amount of the investment is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Associates and joint venture

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but no control or joint control of those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is a contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The Group reassesses whether it has joint control of an arrangement and whether the type of joint arrangement in which it is involved has changed, if facts and circumstances change.

The Group's investment in associate or joint venture is accounted for under the equity method of accounting, except when the investment or a portion thereof is classified as held for sale. Under the equity method, the investment is initially recorded at cost and adjusted thereafter for the post-acquisition changes in the Group's share of the investee's net assets and any impairment loss relating to the investment. Except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee, the Group discontinues recognising its share of further losses when the Group's share of losses of the investee equals or exceeds the carrying amount of its interest in the investee, which includes any long term interests that, in substance, form part of the Group's net investment in the investee.

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

If an investment in a joint venture becomes an investment in an associate or vice versa, any retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, on the loss of significant influence or joint control, the Group remeasures any retained interest in the former investee at fair value. The difference between the fair value of any retained investment and proceeds from disposing of the partial interest in the investee and the carrying amount of the investment at the date when significant influence or joint control is lost is recognised in profit or loss. In addition, all amounts previously recognised in other comprehensive income in respect of the former investee are accounted for on the same basis as would be required if the former investee had directly disposed of the related assets or liabilities. The fair value of the retained interest on the date of ceasing to be an associate or joint venture is regarded as the fair value on initial recognition as a financial asset.

Notes to the Consolidated Financial Statements

Year ended 31 March 2015

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Goodwill

Goodwill arising on an acquisition of a subsidiary is measured at the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previously held equity interest in the acquiree over the acquisition date amounts of the identifiable assets acquired and the liabilities assumed of the acquired subsidiary. Goodwill arising on an acquisition of an associate or a joint venture is measured as the excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the acquired associate or joint venture.

Goodwill on acquisition of subsidiary is recognised as a separate asset and is carried at cost less accumulated impairment losses, which is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment test and determination of gain or loss on disposal, goodwill is allocated to cash-generating units. An impairment loss on goodwill is not reversed. Goodwill on acquisitions of associates or joint ventures is included in the carrying amount of the interests in associates or joint ventures.

In respect of a subsidiary, any excess of the acquisition date amounts of identifiable assets acquired and the liabilities assumed of the acquired subsidiary over the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree, if any, after reassessment, is recognised immediately in profit or loss as a bargain purchase. In respect of an associate or a joint venture, any excess of the Group's share of its net fair value of identifiable assets and liabilities over the cost of investment is recognised immediately as income.

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.

Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when and only when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Group's contractual rights to future cash flows from the financial asset expire or (ii) the Group transfers the financial asset and either (a) the Group has transferred substantially all the risks and rewards of ownership of the financial asset, or (b) the Group neither transfer nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

Classification and measurement

Financial assets or financial liabilities are initially recognised at their fair value plus, in the case of financial assets or financial liabilities not carried at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liabilities.

1) *Loans and receivables*

Loans and receivables including bank balances and cash, pledged bank deposits, entrusted loan receivable and trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are not held for trading. They are measured at amortised cost using the effective interest method, except where receivables are interest-free loans and without any fixed repayment term or the effect of discounting would be insignificant. In such case, the receivables are stated at cost less impairment loss. Amortised cost is calculated by taking into account any discount or premium on acquisition over the period to maturity. Gains and losses arising from derecognition, impairment or through the amortisation process are recognised in profit or loss.

2) *Financial liabilities*

The Group's financial liabilities include trade and other payables and interest-bearing borrowings. All financial liabilities are recognised initially at their fair value and are subsequently measured at amortised cost, using effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

Notes to the Consolidated Financial Statements

Year ended 31 March 2015

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets

At the end of each reporting period, the Group assesses whether there is objective evidence that financial assets are impaired. The impairment loss of financial assets carried at amortised cost is measured as the difference between the assets' carrying amount and the present value of estimated future cash flow discounted at the financial asset's original effective interest rate. Such impairment loss is reversed in subsequent periods through profit or loss when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Cash equivalents

For the purpose of the consolidated statement of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue and costs, if applicable, can be measured reliably and on the following bases.

- (i) Revenue from the sale of mobile phones, headphones, telecommunications equipment and products is recognised on the transfer of ownership, which generally coincides with the time of delivery.
- (ii) Service income from telecommunications call centre services is recognised when the services are rendered.
- (iii) Telecommunications retail sales and management services income and project management income are recognised when the services are rendered.
- (iv) Rental income is recognised on a straight-line basis over the period of the respective leases.
- (v) Interest income from financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Foreign currency translation

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

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

The results and financial position of all the group entities that have a functional currency different from the presentation currency ("foreign operations") are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period.
- Income and expenses for each income statement are translated at the average exchange rates for the year.
- All resulting exchange differences arising from the above translation and exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are recognised as a separate component of equity.
- On the disposal of a foreign operation, which includes a disposal of the Group's entire interest in a foreign operation, a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest is no longer equity-accounted for, the cumulative amount of the exchange differences relating to the foreign operation that is recognised in other comprehensive income and accumulated in the separate component of equity is reclassified from equity to profit or loss when the gain or loss on disposal is recognised.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the first in, first out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Notes to the Consolidated Financial Statements

Year ended 31 March 2015

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Impairment of non-financial assets, other than goodwill

At the end of each reporting period, the Group reviews internal and external sources of information to assess whether there is any indication that its property, plant and equipment may be impaired or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs of disposal and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. a cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior years. Reversal of impairment loss is recognised as income in profit or loss immediately.

The accounting policy for recognition and reversal of the impairment loss for goodwill is stated in the accounting policy for goodwill in the earlier part of this note.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental receivable under operating leases are credited to profit or loss on a straight-line basis over the term of the relevant lease.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

Lease incentives are recognised in profit or loss as an integral part of the net consideration agreed for the use of the leased asset. Contingent rentals are recognised as expenses in the accounting period in which they are incurred.

Employee benefits

Short term employee benefits

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

Defined contribution plans

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance for all of its employees who are eligible to participate in the MPF Scheme. Contributions are made based on the percentage of the employees’ basic salaries. Contributions are recognised as an expense in profit or loss as they incurred. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund.

The employees of the Group’s subsidiaries in the People’s Republic of China (the “PRC”) are members of state-managed retirement benefits schemes operated by the PRC government. The subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the required contributions under the schemes.

Long service payments

The Group’s net obligation in respect of long service payments is the amounts of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and discounted to its present value and after deducting the fair value of any related assets, including those retirement scheme benefits.

Share-based payment transactions

Equity-settled transactions

The Group’s employees and others providing similar services, including directors, receive remuneration in the form of share-based payment transactions, whereby the employees and others providing similar services rendered services in exchange for shares or rights over shares. The cost of such transactions with employees and others providing similar services is measured by reference to the fair value of the equity instruments at the grant date. The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a reserve within equity. The fair value is determined using the binomial model, taking into account the terms and conditions of the transactions, other than conditions linked to the price of the shares of the Company (“market conditions”).

Notes to the Consolidated Financial Statements

Year ended 31 March 2015

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Share-based payment transactions (continued)

Equity-settled transactions (continued)

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the year(s) in which the vesting conditions are to be fulfilled, ending on the date on which the relevant employees become fully entitled to the award (“vesting date”). During the vesting period, the number of share options that is expected to vest ultimately is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to profit or loss for the year of the review, with a corresponding adjustment to the reserve within equity.

When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated profits.

Share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the share options granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Taxation

The charge for current income tax is based on the results for the year as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, any deferred tax arising from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss is not recognised.

The deferred tax liabilities and assets are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

Deferred tax is provided on temporary differences arising on investment in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Related parties

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

- (a) A person or a close member of that person's family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of the parent of the Group.

- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) 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).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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Year ended 31 March 2015

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Related parties (continued)

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.

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 chief operating decision maker. The Company's Executive Directors, who are responsible for allocating resources to, and assessing the performance of, the Group's various lines of business, have been identified as the chief operating decision makers.

Individual 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 of class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Information about other business activities that are not reportable are combined and disclosed in an "Others" category.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and assumptions concerning the future and judgements are made by the management in the preparation of the consolidated financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

Fair value measurement

The Group's investment properties were valued at 31 March 2015 by Savills Valuation and Professional Services Limited, an independent valuer, who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. Management has reviewed the valuation assumptions and valuation results performed by the independent valuer when the valuation is performed.

Allowance for bad and doubtful debts

The provisioning policy for bad and doubtful debts of the Group is based on the evaluation by management of the collectability and ageing analysis of the accounts receivables. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including assessing the current creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance will be required. At the end of the reporting period, the carrying amount of receivables amounted to HK\$28,537,000 (2014: HK\$5,153,000) and no provision for impairment was made.

Impairment of investments and receivables

The Group assesses annually if investment in subsidiaries, associates and a joint venture has suffered any impairment in accordance with HKAS 36 and follows the guidance of HKAS 39 in determining whether amounts due from these entities are impaired. Details of the approach are stated in the respective accounting policies. The assessment requires an estimation of future cash flows, including expected dividends, from the assets and the selection of appropriate discount rates. Future changes in financial performance and position of these entities would affect the estimation of impairment loss and cause the adjustments of their carrying amounts.

Impairment of goodwill

The Group determines whether goodwill on investment in subsidiaries is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units (“CGU”) to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Notes to the Consolidated Financial Statements

Year ended 31 March 2015

5. RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Financial Risk Management

The Group's major financial instruments include trade and other receivables, trade and other payables, entrusted loan receivable, pledged bank deposits, bank balances and cash and interest-bearing borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Foreign exchange risk

The Group operates mainly in Hong Kong and the PRC and majority of transactions are denominated in HK\$ and Renminbi ("RMB"). The conversion of RMB into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government. The Group has no significant direct exposure to foreign exchange risk as substantial transactions and assets and liabilities of the Group's entities are denominated in a currency same as their functional currency. The Group currently does not have a foreign currency hedging policy in respect of foreign current assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(ii) Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's bank deposits, pledged bank deposits and interest bearing borrowings. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

At the end of the reporting period, if interest rates had been 200 basis point (2014: 200 basis point) higher/lower and all other variables were held constant, the Group's loss for the year would increase/decrease by HK\$2,291,000 (2014: HK\$3,423,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred throughout the year and had been applied to the exposure to interest rate risk for all financial instruments in existence during the year. The 200 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual end of the reporting period.

Credit risk

As at 31 March 2015, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group's credit risk is primarily attributable to trade and other receivables and entrusted loan receivable. At the end of the reporting period, the Group has concentration of credit risk as the trade receivables from the five largest customers represented 100% (2014: 100%) of the total trade receivables, while 81% (2014: 97%) of the total trade receivables were due from the largest single customer.

For the entrusted loan receivable which is due from an independent third party, the Group reviews the financial information of the borrower regularly and monitor the business operation and income source of the borrower so as to ensure the borrower will have adequate and stable source of income for the repayment of the entrusted loan.

In order to minimise the credit risk, the management has credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In this regard, the management considers that the Group's credit risk is significantly reduced.

The Company's credit risk is primarily attributable to amounts due from subsidiaries. At the end of the reporting period, the Company is exposed to concentration of credit risk where 39% (2014: 53%) of amounts due from subsidiaries is originated from one subsidiary.

Liquidity risk

The Group manages liquidity risk by maintaining adequate bank deposits and cash, funding through both equity and debt financing, monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The liquidity risk is under continuous monitoring by management. Management monitors the utilisation of borrowings. At the end of the reporting period, the Board of Directors expected that the Group had no significant liquidity risk in the near future.

Notes to the Consolidated Financial Statements

Year ended 31 March 2015

5. RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Financial Risk Management (continued)

Liquidity risk (continued)

The maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted payments are summarised below:

	Within 1 year or on demand HK\$'000	More than 1 year but within 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000	Total HK\$'000
The Group				
At 31 March 2015				
Trade and other payables	39,656	–	–	39,656
Interest-bearing borrowings	334,498	37,208	152,088	523,794
	374,154	37,208	152,088	563,450
At 31 March 2014				
Trade and other payables	17,488	–	–	17,488
Interest-bearing borrowings	152,665	4,815	160,826	318,306
	170,153	4,815	160,826	335,794

	Within 1 year or on demand HK\$'000	More than 1 year but within 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000	Total HK\$'000
The Company				
At 31 March 2015				
Trade and other payables	10,263	–	–	10,263
Interest-bearing borrowings	129,140	37,208	152,088	318,436
	<u>139,403</u>	<u>37,208</u>	<u>152,088</u>	<u>328,699</u>
At 31 March 2014				
Trade and other payables	3,901	–	–	3,901
Interest-bearing borrowings	152,665	4,815	160,826	318,306
	<u>156,566</u>	<u>4,815</u>	<u>160,826</u>	<u>322,207</u>

Notes to the Consolidated Financial Statements

Year ended 31 March 2015

5. RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Financial Risk Management (continued)

Liquidity risk (continued)

As at 31 March 2014, the amounts repayable under a loan agreement that includes a clause that gives the lender the unconditional right to call the loan at any time are classified under the “on demand” bracket. In this regard, interest-bearing borrowings of HK\$60,000,000 as at the end of the financial period have been so classified even though the directors do not expect that the lender would exercise its rights to demand repayment and thus these borrowings would be repaid according to the following schedule as set out in the loan agreements:

	Group	
	2015 HK\$'000	2014 HK\$'000
Interest-bearing borrowings		
Within 1 year or on demand	319,574	85,000
1-2 years	32,000	32,000
2-5 years	146,000	178,000
	497,574	295,000

	Company	
	2015 HK\$'000	2014 HK\$'000
Interest-bearing borrowings		
Within 1 year or on demand	117,000	85,000
1-2 years	32,000	32,000
2-5 years	146,000	178,000
	295,000	295,000

(b) Capital Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The directors of the Company review the capital structure on an annual basis. As part of this review, the directors of the Company consider the cost of capital and other sources of funds. Adjustments will be made to the capital structure as necessary in response to changes in economic conditions.

The capital structure of the Group consists of equity attributable to shareholders of the Company, comprising issued capital and reserves as disclosed in the consolidated statement of changes in equity.

The Group aims at maintaining the net debt to equity ratio of not more than 80%. The net debt to equity ratio is as follows:

	2015 HK\$'000	2014 HK\$'000
Total debt (<i>Note a</i>)	497,574	295,000
Less: Bank balances and cash	(71,966)	(38,860)
Pledged bank deposits	(203,326)	–
Net debt	<u>222,282</u>	<u>256,140</u>
Equity (<i>Note b</i>)	<u>727,816</u>	<u>435,917</u>
Net debt to equity ratio	<u>31%</u>	<u>59%</u>

Notes:

- (a) Total debt comprises current and non-current interest-bearing borrowings as detailed in note 27 to the consolidated financial statements.
- (b) Equity represents all capital and reserves attributable to equity holders of the Company.

Notes to the Consolidated Financial Statements

Year ended 31 March 2015

6. TURNOVER AND REVENUE

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in note 37 to the consolidated financial statements.

The Group's turnover and revenue recognised by category are as follows:

	2015 HK\$'000	2014 HK\$'000
Sale of mobile phones, headphones, telecommunications equipment and products	77,005	10,589
Rental income	448	9,759
Telecommunications call centre services income	9,666	–
Telecommunications retail sales and management services income	42,357	35,863
Project management income	18	–
Turnover	129,494	56,211
Interest income	10,659	2,632
Others	636	1,604
Other revenue	11,295	4,236
Total revenue	140,789	60,447

7. OTHER NET INCOME

	2015 HK\$'000	2014 HK\$'000
Gain on disposal of property, plant and equipment	–	78
Gain on disposal of subsidiaries	–	13,391
Gain on disposal of club membership	–	340
Bargain purchase on acquisitions of subsidiaries	989	–
	989	13,809

8. SEGMENT INFORMATION

The Group manages its businesses by divisions, which are organised by a mixture of both business lines and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following four reportable segments. No operating segments have been aggregated to form the following reportable segments.

	Operating segments	Nature of business activities	Place of operation
1	Telecommunications retail sales and management services	Sale of mobile phones, headphones, telecommunications equipment and other products and provision for (i) telecommunications call centre services; and (ii) telecommunications retail sales and management services	PRC
2	Property investment	Property holding for long term investment and leasing purposes	Hong Kong
3	Property development and management	Property development and provision of management service to property project	PRC
4	Others	Other businesses including investment holdings	Hong Kong and PRC

For the purpose of monitoring segment performances and allocating resources between segments:

Segment assets include all assets with the exception of bank balances and cash and other corporate assets. Segment liabilities include all liabilities with the exception of provision for taxation, deferred tax liabilities and other corporate liabilities. Those assets and liabilities not allocated to reportable segments are grouped in unallocated assets and unallocated liabilities respectively.

Revenue and expenses allocated to the reportable segments include the sales generated by the segment and the expenses incurred by the segment or which arise from the depreciation of assets attributable to those segments.

Notes to the Consolidated Financial Statements

Year ended 31 March 2015

8. SEGMENT INFORMATION (continued)

(a) Segment results and other segment information

For the year ended 31 March 2015

	Telecommunications retail sales and management services HK\$'000	Property investment HK\$'000	Property development and management HK\$'000	Others HK\$'000	Total HK\$'000
Turnover					
Revenue from external customers	129,028	448	18	-	129,494
Reportable segment revenue	129,028	448	18	-	129,494
Reportable segment results	9,310	18,329	(24,301)	(19,929)	(16,591)
Interest income					10,659
Finance costs					(16,743)
Share of results of associates	-	-	2,641	-	2,641
Share of results of a joint venture	429	-	-	-	429
Bargain purchase on acquisitions of subsidiaries	989	-	-	-	989
Loss before taxation					(18,616)
Taxation					(4,103)
Loss for the year					(22,719)
Assets					
Reportable segment assets	263,566	340,460	386,551	5,963	996,540
Unallocated assets					275,292
Total assets					1,271,832
Liabilities					
Reportable segment liabilities	(27,971)	(159)	(18)	(11,508)	(39,656)
Unallocated liabilities					(504,508)
Total liabilities					(544,164)
Other information					
Capital expenditure	506	-	-	113	619
Change in fair value of investment properties	-	(25,000)	-	-	(25,000)
Depreciation	736	-	-	439	1,175
Equity-settled share-based payment expenses	1,479	-	19,898	6,730	28,107
Significant non-cash expenses (other than depreciation and amortisation)	59	-	-	-	59

For the year ended 31 March 2014

	Telecommunications retail sales and management services HK\$'000	Property investment HK\$'000	Property development and management HK\$'000	Others HK\$'000	Total HK\$'000
Turnover					
Revenue from external customers	46,452	9,759	-	-	56,211
Reportable segment revenue	46,452	9,759	-	-	56,211
Reportable segment results	(1,852)	12,277	-	(11,588)	(1,163)
Interest income					2,632
Finance costs					(3,747)
Share of results of associates	-	-	(1,081)	-	(1,081)
Loss before taxation					(3,359)
Taxation					(497)
Loss for the year					(3,856)
Assets					
Reportable segment assets	10,563	315,523	383,919	4,555	714,560
Unallocated assets					38,860
Total assets					753,420
Liabilities					
Reportable segment liabilities	(8,894)	(741)	-	(7,853)	(17,488)
Unallocated liabilities					(300,157)
Total liabilities					(317,645)
Other information					
Capital expenditure	519	-	-	1,639	2,158
Change in fair value of investment properties	-	(11,000)	-	-	(11,000)
Depreciation	512	-	-	250	762
Gain on disposal of subsidiaries	-	-	-	(13,391)	(13,391)
Gain on disposal of club membership	-	-	-	(340)	(340)
Significant non-cash expenses (other than depreciation and amortisation)	138	-	-	237	375

Notes to the Consolidated Financial Statements

Year ended 31 March 2015

8. SEGMENT INFORMATION (continued)

(b) Geographical information

The following tables set out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, investment properties, goodwill and interests in associates and joint venture ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment and investment properties, and the location of operations, in the case of interests in associates and joint venture.

	Revenue from external customers	
	2015 HK\$'000	2014 HK\$'000
PRC	129,046	46,452
Hong Kong	448	9,759
	129,494	56,211
	Specified non-current assets	
	2015 HK\$'000	2014 HK\$'000
PRC	402,488	384,893
Hong Kong	341,247	316,573
	743,735	701,466

Information about major customers

For the year ended 31 March 2015, approximately HK\$48,617,000 or 37.5% (2014: approximately HK\$45,275,000 or 80%) of the Group's external revenue is derived from a single customer in the telecommunications retail sales and management services segment. (Note)

Note: The single customer consists of two legal entities which are under common control.

9. FINANCE COSTS

	2015 HK\$'000	2014 HK\$'000
Interest on bank loans repayable within five years	9,645	2,909
Interest on promissory notes	7,098	838
	16,743	3,747

10. LOSS BEFORE TAXATION

This is stated after charging (crediting):

	Note	2015 HK\$'000	2014 HK\$'000
Staff costs (including directors' emoluments)			
Salaries, wages and other benefits		33,016	29,655
Equity-settled share-based payment expenses	(a)	12,402	–
Contributions to defined contribution plans		6,879	6,580
		52,297	36,235
Auditor's remuneration			
Current year		870	580
Other services		1,527	1,120
Cost of inventories		59,409	9,920
Depreciation		1,175	762
Operating lease charges on premises		8,685	8,342
Write off of doubtful trade and other receivables		54	138
Loss (Gain) on disposal of property, plant and equipment		5	(78)
Equity-settled share-based payment expenses	(a)	28,107	–
Exchange loss, net		–	24
Direct operating expenses arising from investment properties that generated rental income		89	2,203
Direct operating expenses arising from investment properties that did not generate rental income		2,405	62

Note:

- (a) The equity-settled share-based payment expenses represent the fair value of 84,350,000 share options granted during the year and results in total equity-settled share-based payment expenses of HK\$28,107,000, among which, 48,350,000 share options were granted to the directors and employees of the Group with an aggregate fair value of HK\$12,402,000 that has been included in staff costs.

Notes to the Consolidated Financial Statements

Year ended 31 March 2015

11. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

The aggregate amounts of emoluments received or receivable by the Company's directors are as follows:

	Directors' fees HK\$'000	Salaries, allowances and benefits in kinds HK\$'000	Discretionary Bonus HK\$'000	Retirement scheme contributions HK\$'000	Equity-settled share-based payment HK\$'000	Total HK\$'000
2015						
Executive Directors:						
Chai Xiu	-	4,145	-	18	427	4,590
Cong Hongsong (a)	-	514	-	15	696	1,225
Huang Bingxing (b)	-	120	-	-	998	1,118
Wang Guanghui (b)	-	100	-	-	374	474
Chen Luhui (c)	-	1,028	-	15	3,369	4,412
Non-executive Directors:						
Chen Luhui (c)	40	-	-	-	649	689
Ting Pang Wan, Raymond (d)	36	-	-	-	-	36
Independent Non-executive Directors:						
Chan Yuk Tong	240	-	-	-	427	667
Mei Jianping	240	-	-	-	427	667
Nie Meisheng(e)	144	-	-	-	427	571
Wei Lidong (b)	40	-	-	-	-	40
	740	5,907	-	48	7,794	14,489
2014						
Executive Directors:						
Chai Xiu	-	1,450	-	6	-	1,456
Cong Hongsong	-	203	-	5	-	208
Chen Luhui	-	407	-	5	-	412
Ting Pang Wan, Raymond	-	1,401	-	10	-	1,411
Ji Zuguang	-	1,040	270	15	-	1,325
Non-executive Director:						
Ting Pang Wan, Raymond	34	-	-	-	-	34
Independent Non-executive Directors:						
Chan Yuk Tong	81	-	-	-	-	81
Mei Jianping	81	-	-	-	-	81
Nie Meisheng	81	-	-	-	-	81
Sin Ka Man	66	-	-	-	-	66
Huang An Guo	66	-	-	-	-	66
Wong Fei Tat	66	-	-	-	-	66
	475	4,501	270	41	-	5,287

Notes:

- (a) Resigned on 1 February 2015.
- (b) Appointed on 1 February 2015.
- (c) Re-designated from an Executive Director to a Non-executive Director on 1 February 2015.
- (d) Retired on 8 August 2014.
- (e) Resigned on 6 November 2014.

In addition to the above emoluments, certain directors and employees of the Company or its subsidiaries were granted share options under the share option scheme adopted by the Company. Details of the share options granted by the Company to the individuals are disclosed in note 30.

No directors have waived emoluments in respect of the years ended 31 March 2015 and 2014.

The five individuals whose emoluments were the highest in the Group for the year include four directors (2014: *three*) whose emoluments are reflected in the analysis presented above. Details of the emoluments of the remaining one individual (2014: *two*) are as follows:

	2015 HK\$'000	2014 HK\$'000
Salaries, allowances and benefits in kinds	1,023	2,014
Discretionary bonus	–	1,162
Retirement scheme contributions	18	24
Equity-settled share-based payment	436	–
	<u>1,477</u>	<u>3,200</u>

The emoluments were paid to individuals as follows:

Emoluments band	Number of individuals	
	2015	2014
Nil to HK\$1,000,000	–	–
HK\$1,000,000 to HK\$1,500,000	1	–
HK\$1,500,000 to HK\$2,000,000	–	2
	<u>1</u>	<u>2</u>

Notes to the Consolidated Financial Statements

Year ended 31 March 2015

12. TAXATION

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements for both years as the Group has no assessable profit arising in Hong Kong or Hong Kong taxable profits were wholly absorbed by estimated tax losses brought forward.

PRC Enterprise Income Tax (“EIT”) has been provided for based on the estimated assessable profits in accordance with the relevant tax laws applicable to the subsidiaries in the PRC. The statutory EIT rate in the PRC is 25% (2014: 25%).

Pursuant to the PRC EIT Law, a 10% withholding tax is levied on dividends distributed to foreign investors by the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings accumulated after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between PRC and jurisdiction of the foreign investors. A lower 5% withholding tax rate may be applied when the immediate holding company of the PRC subsidiaries is a resident company in Hong Kong according to the tax treaty arrangement between the PRC and Hong Kong for avoidance of double taxation.

The post 2007 earnings are not expected to be distributed in the foreseeable future and they are subject to additional taxation if they are distributed. The estimated withholding tax effects on the distribution of these unremitted retained earnings of these PRC subsidiaries and the joint venture were approximately of HK\$1,647,000 (2014: HK\$556,000). In the opinion of the directors, these retained earnings, at the present time, are required for financing the continuing operations of the PRC subsidiaries and the joint venture and no distribution would be made in the foreseeable future. Accordingly, no provisions for deferred taxation have been made. For the Group’s interests in associates, since all PRC associates have not yet generated any profit, there are no unremitted retained earnings subject to withholding tax.

The major components of income tax charged to the consolidated income statement are:

	Note	2015 HK\$'000	2014 HK\$'000
Current tax			
PRC Enterprise Income Tax			
Current year		4,103	171
Under provision in prior year		–	7
		<u>4,103</u>	<u>178</u>
Deferred taxation			
Origination and reversal of temporary difference	28	–	319
Total tax charge for the year		<u>4,103</u>	<u>497</u>

Notes to the Consolidated Financial Statements

Year ended 31 March 2015

12. TAXATION (continued)

Reconciliation of tax expense

	2015 HK\$'000	2014 HK\$'000
Loss before taxation	(18,616)	(3,359)
Income tax at applicable tax rates	(3,072)	(554)
Non-deductible expenses	10,413	2,518
Tax exempt revenue	(8,782)	(4,643)
Utilisation of previously unrecognised tax losses	–	(21)
Tax effect of unused tax losses not recognised	3,574	3,150
Under provision in prior years	–	7
Unrecognised temporary differences	71	156
Effect on overseas tax rates differences	1,991	(29)
Others	(92)	(87)
Tax charge for the year	4,103	497

The applicable tax rate is the Hong Kong profits tax rate of 16.5% (2014: 16.5%).

13. LOSS ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The consolidated loss attributable to shareholders of the Company included a loss of HK\$25,953,000 (2014: HK\$16,749,000) which has been dealt with in the financial statements of the Company.

Reconciliation of the above amount to the Company's loss:

	2015 HK\$'000	2014 HK\$'000
Amount of consolidated loss attributed to shareholders of the company dealt with in the Company's financial statements	(25,953)	(16,749)
Reversal of allowance for amount due from subsidiaries	5,061	4,094
Company's loss for the year (Note 31)	(20,892)	(12,655)

14. LOSS PER SHARE

The calculation of basic and diluted loss per share is based on the following data:

(a) Number of shares

	2015	2014
Issued ordinary shares at the beginning of the year	570,630,000	564,100,000
Effect of share options exercised	1,670,000	694,493
Issue of new shares	241,362,904	–
Weighted average number of ordinary shares for the purpose of basic loss per share	813,662,904	564,794,493
Effect of dilutive potential ordinary shares: Share options issued by the Company	–	–
Weighted average number of ordinary shares for the purpose of diluted loss per share	813,662,904	564,794,493
(b) Loss per share for the year:		
Loss attributable to shareholders of the Company (HK\$'000)	(22,713)	(3,850)

Diluted loss per share for the years ended 31 March 2015 and 31 March 2014 are the same as the basic loss per share because share option in issue have no dilutive effect and there are no dilutive potential ordinary shares in existence.

During the year ended 31 March 2015, the Company completed its share consolidation of every five shares of HK\$0.01 each in the issued and unissued share capital into one share of HK\$0.05. Such share consolidation has been reflected in the calculation of the weighted average number of ordinary shares for the purpose of basic loss per share for all periods presented.

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Year ended 31 March 2015

15. INVESTMENT PROPERTIES

	Group	
	2015 HK\$'000	2014 HK\$'000
At fair value		
At the beginning of the year	315,000	304,000
Change in fair value	25,000	11,000
At the end of the year	340,000	315,000

Investment properties of the Group are situated in Hong Kong and are held under the medium term lease.

As at 31 March 2015 and 2014, the investment properties were revalued by Savills Valuation and Professional Services Limited, which is an independent professional qualified valuer, on the open market value basis using direct comparison approach.

The Group's investment properties with an aggregate carrying value at the end of the reporting period of HK\$340,000,000 (2014: HK\$315,000,000) were pledged to secure the Company's bank loans as set out in note 27 to the consolidated financial statements.

16. PROPERTY, PLANT AND EQUIPMENT

	Furniture, fixtures and office equipment HK\$'000	Leasehold improvements HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Reconciliation of carrying amount – year ended 31 March 2014				
At the beginning of the year	727	172	520	1,419
Additions	1,715	306	137	2,158
Disposals	(253)	(1)	(14)	(268)
Depreciation	(281)	(192)	(289)	(762)
Exchange differences	(4)	1	3	–
At the end of the year	1,904	286	357	2,547
Reconciliation of carrying amount – year ended 31 March 2015				
At the beginning of the year	1,904	286	357	2,547
Additions	619	–	–	619
Acquisitions of subsidiaries	1,346	2,121	1,181	4,648
Disposals	(5)	–	–	(5)
Depreciation	(619)	(302)	(254)	(1,175)
Exchange differences	54	(15)	(67)	(28)
At the end of the year	3,299	2,090	1,217	6,606
At 1 April 2014				
Cost	5,871	6,921	2,751	15,543
Accumulated depreciation	(3,967)	(6,635)	(2,394)	(12,996)
	1,904	286	357	2,547
At 31 March 2015				
Cost	5,390	9,027	2,649	17,066
Accumulated depreciation	(2,091)	(6,937)	(1,432)	(10,460)
	3,299	2,090	1,217	6,606

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Year ended 31 March 2015

17. GOODWILL

	Group	
	2015 HK\$'000	2014 HK\$'000
Reconciliation of carrying amount		
At the beginning of the year	–	–
Impairment loss	–	–
At the end of the year	–	–
Cost	119,756	119,756
Accumulated impairment losses	(119,756)	(119,756)
	–	–

As at 31 March 2013, the directors of the Company assessed the recoverable amount of the cash generating units (“CGU”) of the telecommunications retail sales and management services in Shanghai from value in use calculations and its operating results and determined that goodwill associated with the CGU was fully impaired.

18. INTERESTS IN SUBSIDIARIES

	Company	
	2015 HK\$'000	2014 HK\$'000
Unlisted shares, at cost	113,115	113,115
Impairment loss	(113,115)	(113,115)
	–	–
Due from subsidiaries	1,816,069	1,561,088
Allowance for doubtful debts	(824,960)	(830,021)
	991,109	731,067
Due to subsidiaries	–	(600)
	991,109	730,467

The amounts due from (to) subsidiaries are unsecured, interest-free and have no fixed term of repayment but repayment is not expected to be within twelve months from the end of the reporting period. The carrying amounts of the amounts due approximate their fair values.

Particulars of the Company's principal subsidiaries at the end of the reporting period, which in the opinion of the directors principally affect the results for the year or form a substantial portion of the net assets, are set out in note 37 to the consolidated financial statements.

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19. INTERESTS IN ASSOCIATES

	Group	
	2015 HK\$'000	2014 HK\$'000
Investment cost	385,000	385,000
Share of post-acquisition changes in net assets	1,532	(1,081)
	386,532	383,919

Details of the Group's principal associates at the end of the reporting period are as follows:

Name of associates	Principal place of business and place of incorporation	Registered capital	Proportion of registered capital held by the Group		Principal activity
			2015	2014	
吉林省廣澤旅遊開發有限公司 Jilin Ground Tourism Investment Co., Ltd.	PRC	RMB10,000,000	35%	35%	Investment holding
撫松長白山廣澤旅遊開發有限公司 Fusong Changbaishan Guangze Tourism Development Company Limited [#]	PRC	RMB10,000,000	35%	35%	Development of travel related projects
撫松廣澤房地產開發有限公司 Fusong Guangze Real Estate Development Company Limited [#]	PRC	RMB10,000,000	35%	35%	Properties development

[#] English translation for identification purposes only.

Relationship with associates

Jilin Ground Tourism Investment Co., Ltd. and its subsidiaries ("Jilin Ground Group") are PRC companies with a scope of business being consultation of tourism information, development of tourism products and management of tourism projects. Having associates in the Group, the management has viewed it as a business opportunity to enter into the PRC property market and to gain experience in property management project through active involvement in a property development project as project manager.

Financial information of material associates

The following table illustrates the summarised financial information of Jilin Ground Group which is prepared using the same accounting policies as those adopted by the Group and has been adjusted to reflect the fair value of identifiable assets and liabilities of Jilin Ground Group by the Group and reconciled to the carrying amount in the consolidated financial statements.

	At 31 March 2015 HK\$'000	At 31 March 2014 HK\$'000
<i>Gross amount</i>		
Current assets	3,747	5,990
Non-current assets	1,658,988	1,613,202
Current liabilities	(565,496)	(529,421)
Non-current liabilities	(281,341)	(281,341)
Equity	<u>815,898</u>	<u>808,430</u>
<i>Reconciliation</i>		
Gross amount of equity	<u>815,898</u>	<u>808,430</u>
Group's ownership interests and voting rights	<u>35%</u>	<u>35%</u>
Group's share of equity	285,564	282,951
Goodwill	100,968	100,968
Carrying amount of interests	<u>386,532</u>	<u>383,919</u>

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19. INTERESTS IN ASSOCIATES (continued)

Financial information of material associates (continued)

	Year ended 31 March 2015 HK\$'000	Year ended 31 March 2014 HK\$'000
<i>Gross amount</i>		
Revenue	–	–
Profit/(Loss) from operations	7,545	(3,088)
Other comprehensive income	(78)	–
Total comprehensive income	7,467	(3,088)

20. INTERESTS IN A JOINT VENTURE

	Group	
	2015 HK\$'000	2014 HK\$'000
Investment cost	10,168	–
Share of post-acquisition changes in net assets	429	–
	10,597	–

Details of the Group's joint venture at the end of the reporting period are as follows:

Name of joint venture	Principal place of business and place of incorporation	Registered capital	Proportion of registered capital held by the Group		Principal activity
			2015	2014	
上海新華匯訊通信設備銷售 有限公司 Shanghai Xinhua Motion Communication Technology Company Limited# ("Shanghai Xinhua Motion")	PRC	RMB10,000,000	55%	–	Provision of retail sales and management services

English translation for identification purpose only.

Relationship with Shanghai Xinhua Motion

Shanghai Xinhua Motion is a company engaging in retail network, selling of telecommunication and mobile products to end users. The Group has adjusted its strategies to enhance the profitability of the business based on the trends in the development of the telecommunications industry. The Group also seeks for the opportunities to cooperate with other telecommunications operators to further expand its telecommunications business and capitalise on its channel advantage for further expand the retailing of electronic products, such as mobile accessories.

Significant judgement and assumptions

The Group has 55% equity holdings in Shanghai Xinhua Motion and the remaining 45% was held by another joint venture partner. Based on the memorandum of articles of Shanghai Xinhua Motion, the relevant activities which significantly affects the investee's return required the approval of two-thirds equity voting. Therefore, the Group determined that it has no unilateral control but joint control over Shanghai Xinhua Motion.

The joint arrangement is structured as limited company and provides the Group and the joint venture party with rights to the net assets of the limited company under the arrangement. Therefore, Shanghai Xinhua Motion is classified as joint venture of the Group.

Financial information of a joint venture

The following table illustrates the summarised financial information of Shanghai Xinhua Motion which is prepared using the same accounting policies as those adopted by the Group and has been adjusted to reflect the fair value of identifiable assets and liabilities of Shanghai Xinhua Motion at the completion date of acquisition by the Group and reconciled to the carrying amount in the consolidated financial statements.

	At 31 March 2015 HK\$'000
<i>Gross amount</i>	
Current assets	29,554
Non-current assets	73
Current liabilities	(10,360)
Equity	<u>19,267</u>
<i>Reconciliation</i>	
Gross amount of equity	<u>19,267</u>
Group's ownership interests and voting rights	<u>55%</u>
Group's share of equity	<u>10,597</u>
Carrying amount of interests	<u>10,597</u>
Include in above	
Cash and cash equivalent	25,096
Current financial liabilities*	–
Non-current financial liabilities*	<u>–</u>

* Exclude trade and other payables and provision

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Year ended 31 March 2015

20. INTERESTS IN A JOINT VENTURE (continued)

Financial information of a joint venture (continued)

	From the date of acquisition to 31 March 2015 HK\$'000
<i>Gross amount</i>	
Revenue	24,497
Profit from operations	780
Other comprehensive income	–
Total comprehensive income	780
Include in above	
Depreciation and amortization	12
Interest income	44
Interest expenses	–
Income tax income	–
Income tax expenses	524

21. INVENTORIES

	Group	
	2015 HK\$'000	2014 HK\$'000
Finished goods	30,859	1,580

22. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Trade receivables					
Trade receivables from third parties	(a)	28,537	5,153	–	–
Other receivables					
Deposits, prepayments and other receivables		13,579	15,687	1,864	176
Allowance for doubtful debts	(b)	–	(9,326)	–	–
		13,579	6,361	1,864	176
		42,116	11,514	1,864	176

Notes:

(a) Trade receivables

The Group has established credit policies for customers in each of its core businesses. The average credit period granted for trade receivables ranges from 30 to 60 days. The carrying amount of the amounts due approximates their fair values. No allowance for doubtful debts has been made.

The ageing analysis of the trade receivables (net of allowance for doubtful debts) by dates of invoices as at the end of the reporting period is as follows:

	Group	
	2015 HK\$'000	2014 HK\$'000
0 – 30 days	18,860	2,879
31 – 60 days	5,621	2,052
61 – 90 days	4,038	150
Over 90 days	18	72
	28,537	5,153

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

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Year ended 31 March 2015

22. TRADE AND OTHER RECEIVABLES (continued)

(a) Trade receivables (continued)

Included in the Group's trade receivable balance are debtors with a carrying amount of HK\$4,056,000 (2014: HK\$222,000), which are past due at the end of the reporting period for which the Group has not impaired as there has not been a significant change in credit quality and the directors consider that the amounts are recoverable. The Group does not hold any collateral over these balances.

The ageing of trade receivables which are past due but not impaired are as follows:

	Group	
	2015 HK\$'000	2014 HK\$'000
Past due for		
0 – 30 days	4,038	–
31 – 60 days	–	–
61 – 90 days	–	150
over 90 days	18	72
	4,056	222

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

(b) Allowance for doubtful debts – Other receivables

	Group	
	2015 HK\$'000	2014 HK\$'000
Balance at the beginning of the year	9,326	9,326
Amount written off	(9,326)	–
Balance at the end of the year	–	9,326

23. ENTRUSTED LOAN RECEIVABLE

On 25 September 2014, a wholly-owned subsidiary of the Company entered into a memorandum of understanding to acquire the entire equity interest in a property development company in the PRC from independent third parties.

In addition, the wholly-owned subsidiary entered into an entrusted loan agreement with this property development company in the PRC (the “Borrower”) to grant a loan to the Borrower in the principal amount of RMB143,900,000 (equivalent to approximately HK\$179,830,000) through a bank in the PRC. The purpose of the entrusted loan was for the construction cost of residential units relating to property development at a property project and the potential property project to be developed by the Borrower.

The original entrusted loan was for an initial period of 6 months from 26 September 2014 with an interest rate of 10% per annum. On 25 March 2015, an entrusted loan extension agreement was signed among the Borrower, the bank and the Group that the maturity date of the loan was extended to 26 September 2015. The entrusted loan is secured by share charge over the 100% equity interest of the Borrower pursuant to a deed of guarantee dated 25 September 2014, and the account receivable balance generated from the sale of the property development project of the Borrower. The entrusted loan is neither past due nor impaired.

An amount of RMB143,900,000 (equivalent to approximately HK\$179,830,000) out of the total amount of pledged bank deposits of HK\$203,326,000 has been used to secure the entrusted bank loan shown in note 27 in order to facilitate the entrusted loan receivable.

24. PLEDGED BANK DEPOSITS

The pledged bank deposit of RMB143,900,000 (equivalent to approximately HK\$179,830,000) is pledged as cash collateral for the entrusted loan obtained from a bank in the PRC, which was used to finance the entrusted loan receivable made to an independent third party. The details of which are set out in note 23 and note 27(b)(iv) to the consolidated financial statements.

The short-term pledged bank deposit of RMB18,800,000 (equivalent to approximately HK\$23,496,000) is pledged as cash collateral for the operation to a wholly-owned subsidiary in the PRC as trust receipt loan, details of which are set out in note 27(b)(iii) to the consolidated financial statements.

All pledged bank deposits earn interest income at a prevailing rate as published by the People’s Bank of China.

Pledged bank deposits in terms of currencies (expressed in Hong Kong dollars) are as follows:

	Group	
	2015 HK\$’000	2014 HK\$’000
RMB	203,326	–

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25. BANK BALANCES AND CASH

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods between one day and three months, depending on the immediate cash requirement of the Group, and earn interest at the respective short-term deposit rates.

Bank balances and cash in terms of currencies (expressed in Hong Kong dollars) are as follows:

	Group		Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
HK\$	6,495	5,107	2,317	2,110
RMB	64,553	32,839	37,630	161
Others	918	914	–	–
	71,966	38,860	39,947	2,271

26. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Trade payables	(a)	20,443	757	–	–
Other payables					
Accrued charges and other creditors		19,094	13,532	10,263	3,901
Deposits received		119	619	–	–
Due to a related party	(b)	–	2,580	–	–
		19,213	16,731	10,263	3,901
		39,656	17,488	10,263	3,901

*Notes:***(a) Trade payables**

The ageing analysis of trade payables from the date of invoices as at the end of the reporting period is as follows:

	Group	
	2015 HK\$'000	2014 HK\$'000
0 – 30 days	19,332	273
31 – 60 days	286	116
61 – 90 days	170	80
Over 90 days	655	288
	20,443	757

(b) Due to a related party

As at 31 March 2014, the amount due to a related party was unsecured, interest-free and had no fixed repayment term. The related party is an entity controlled by a close family member of a controlling shareholder of the Company.

27. INTEREST-BEARING BORROWINGS

(a) The security and maturity of the interest bearing borrowings are analysed as follows:

	Group		Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Secured	412,574	210,000	210,000	210,000
Unsecured	85,000	85,000	85,000	85,000
	497,574	295,000	295,000	295,000
<i>Amount repayable:</i>				
Within one year	319,574	85,000	117,000	85,000
In the second year	32,000	32,000	32,000	32,000
In the third to fifth years, inclusive	146,000	178,000	146,000	178,000
	497,574	295,000	295,000	295,000
Portion classified as current liabilities	(319,574)	(145,000)	(117,000)	(145,000)
Non-current portion	178,000	150,000	178,000	150,000

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27. INTEREST-BEARING BORROWINGS (continued)

(b) At 31 March 2015, the interest-bearing borrowings consist of the followings.

	Note	Group		Company	
		2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Secured bank loans	(i)	210,000	210,000	210,000	210,000
Unsecured promissory notes	(ii)	85,000	85,000	85,000	85,000
Trust receipt loan	(iii)	22,744	–	–	–
Entrusted loan	(iv)	179,830	–	–	–
		497,574	295,000	295,000	295,000

Notes:

- (i) Secured bank loans of HK\$210,000,000 (2014: HK\$210,000,000) are secured by the investment properties of the Group (Note 15).

The secured bank loans bear interest at HIBOR plus 3% per annum. According to the repayment schedule stated in the loan agreement, an amount of HK\$32,000,000 is repayable within one year which is classified under current liabilities as at 31 March 2015.

Included in secured bank loans as at 31 March 2014, an amount of HK\$60,000,000 was repayable on demand and was classified as interest bearing borrowings under current liabilities. During the financial year ended 31 March 2015, the bank confirmed in writing that the bank will not demand for repayment on the amount of HK\$60,000,000 and such amount will not be repayable within the next 12 months. Thus, such portion of loan balance has been re-classified as interest-bearing borrowings under non-current liabilities.

- (ii) The unsecured promissory notes of HK\$85,000,000 issued by the Company on 29 October 2013 were part of the purchase consideration in connection with the acquisition of the entire equity interest in Ace Plus Global Limited and its subsidiaries in October 2013.

The promissory notes are unsecured and bear interest at rates ranging from 4% to 12% per annum depending on the repayment date of the principal amount(s). The initial maturity date of the promissory notes was 28 October 2014 with an option to extend for a further period of one year. During the year ended 31 March 2015, the Company extended the repayment date of the promissory notes to 28 October 2015.

- (iii) The trust receipt loan of RMB18,200,000 (approximately of HK\$22,744,000) is secured by a bank deposit of RMB18,800,000 (approximately of HK\$23,496,000) made with a bank in the PRC. This loan bears interest at a fixed rate of 2.885% per annum and is repayable in August 2015.

- (iv) The entrusted loan of RMB143,900,000 (approximately of HK\$179,830,000) is secured by a bank deposit of RMB143,900,000 (approximately of HK\$179,830,000) made with a bank in the PRC for the purpose of the entrusted loan receivable made to an independent third party (Note 23).

The loan bears an interest at a prevailing rate as published by the People's Bank of China minus 3.12%. The entrusted loan is repayable on 24 September 2015.

All of the banking facilities are subject to the fulfillment of covenants relating to certain of the Group's statement of financial position ratios, as are commonly found in lending arrangements with financial institutions. If the Group was to breach the covenants the drawn down facilities would become repayable on demand.

The Group regularly monitors its compliance with these covenants, is up to date with the scheduled repayments of the term loans and does not consider it probable that the bank will demand repayment for so long as the Group continues to meet these requirements. Further details of the Group's management of liquidity risk are set out in note 5. As at 31 March 2015, none of the covenants relating to drawn down facilities had been breached (2014: Nil).

28. DEFERRED TAXATION

The movement for the year in the Group's net deferred tax position is as follows:

Recognised deferred tax liabilities

	Accelerated depreciation allowances HK\$'000
At 1 April 2013	4,780
Charged to profit or loss	319
At 31 March 2014	5,099
At 1 April 2014	5,099
Charged to profit or loss	–
At 31 March 2015	5,099

Unrecognised deferred tax assets arising from

	Group	
	2015 HK\$'000	2014 HK\$'000
Deductible temporary differences	901	1,331
Tax losses	355,136	350,222
At the end of the year	356,037	351,553

The Group has not recognised deferred tax assets in respect of tax losses and deductible temporary differences as it is not probable that future taxable profits will be available against which the Group can utilise the benefits therefrom. The tax losses do not expire under current tax legislation.

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29. SHARE CAPITAL

	2015		2014	
	No. of shares	HK\$'000	No. of shares	HK\$'000
Ordinary shares of HK\$0.01 each				
Authorised:				
Ordinary shares of HK\$0.01 each as at 1 April 2014/2013 (<i>Note (i)</i>)	78,000,000,000	780,000	78,000,000,000	780,000
Share consolidation for every 5 shares of HK\$0.01 into 1 consolidated share of HK\$0.05 each (<i>Note (ii)</i>)	(62,400,000,000)	–	–	–
Ordinary shares of HK\$0.05 each as at 31 March (2014: HK\$0.01 each)	15,600,000,000	780,000	78,000,000,000	780,000
Issued and fully paid:				
Ordinary shares of HK\$0.01 each as at 1 April 2014/2013	2,853,150,000	28,532	2,820,500,000	28,205
Exercise of share options (<i>Note 30</i>) (<i>Note (i)</i>)	8,350,000	84	32,650,000	327
Share consolidation for every 5 shares of HK\$0.01 into 1 consolidated share of HK\$0.05 each (<i>Note (ii)</i>)	(2,289,200,000)	–	–	–
Open offer of HK\$0.05 each (<i>Note (iii)</i>)	286,150,000	14,307	–	–
Ordinary shares of HK\$0.05 each as at 31 March (2014: HK\$0.01 each)	858,450,000	42,923	2,853,150,000	28,532

Notes:

- (i) The number of shares was presented as before the Share Consolidation.
- (ii) Pursuant to the share consolidation that came into effect on 15 May 2014, every five issued and unissued shares of HK\$0.01 each were consolidated into one consolidated share of HK\$0.05 each (defined as “Share Consolidation”).
- (iii) On 28 May 2014, the open offer was completed. The subscription price for the open offer is HK\$1.00 per consolidated share, and which an amount of approximately HK\$271,843,000 was created in the share premium account. The number of shares issued pursuant to the open offer was, therefore, presented as after the Share Consolidation. The net proceeds from the open offer not more than HK\$244,000,000 is mainly applied to Group’s property development and management business and the remaining balance for general working capital purposes.

30. EQUITY-SETTLED SHARE-BASED TRANSACTIONS

The Company adopted a share option scheme on 6 September 2002 with scheme limit refreshed on 23 September 2009, which was terminated on 5 September 2012 (the “2002 Share Option Scheme”). Pursuant to the unconditional mandatory cash offer, all the remaining unexercised share options granted under the 2002 Share Option Scheme were lapse and became null and void effective from 6 May 2014 (i.e. 6 calendar months after the date on which the Option Offer was made).

A new share option scheme (the “2012 Share Option Scheme”) was adopted by the shareholders of the Company at the Company’s annual general meeting on 5 September 2012 with scheme limit refreshed on 8 August 2014.

The terms and conditions of the share options granted under the 2012 Share Option Scheme and the 2002 Share Option Scheme were as follows:

2012 Share Option Scheme

Grantee	Number of share options				Outstanding and exercisable as at 31 March 2015	Date of grant	Exercise period	Exercise price per share option HK\$
	Outstanding and exercisable as at 1 April 2014	Granted during the year	Exercised during the year	Cancelled/lapsed during the year				
Directors:								
Ms. Chai Xiu	-	850,000	-	-	850,000	19/06/2014	19/06/2014 – 18/06/2024	0.980
Mr. Wang Guanghui	-	1,500,000	-	-	1,500,000	24/10/2014	24/10/2015 – 23/10/2024	1.200
	-	1,500,000	-	-	1,500,000	24/10/2014	24/10/2016 – 23/10/2024	1.200
Mr. Huang Bingxing	-	4,000,000	-	-	4,000,000	24/10/2014	24/10/2015 – 23/10/2024	1.200
	-	4,000,000	-	-	4,000,000	24/10/2014	24/10/2016 – 23/10/2024	1.200
Mr. Cong Hongsong (Note 1)	-	1,000,000	-	(1,000,000)	-	19/06/2014	19/06/2014 – 18/06/2024	0.980
	-	250,000	-	(250,000)	-	24/10/2014	24/10/2015 – 23/10/2024	1.200
	-	250,000	-	(250,000)	-	24/10/2014	24/10/2016 – 23/10/2024	1.200
Mr. Chen Luhui	-	8,000,000	-	-	8,000,000	19/06/2014	19/06/2014 – 18/06/2024	0.980
Mr. Chan Yuk Tong	-	850,000	-	-	850,000	19/06/2014	19/06/2014 – 18/06/2024	0.980
Mr. Mei Jianping	-	850,000	-	-	850,000	19/06/2014	19/06/2014 – 18/06/2024	0.980
Ms. Nie Meisheng (Note 1)	-	850,000	-	(850,000)	-	19/06/2014	19/06/2014 – 18/06/2024	0.980
Sub-total	-	23,900,000	-	(2,350,000)	21,550,000			
Employees								
	-	2,300,000	-	(1,000,000)	1,300,000	19/06/2014	19/06/2014 – 18/06/2024	0.980
	-	11,075,000	-	(1,600,000)	9,475,000	24/10/2014	24/10/2015 – 23/10/2024	1.200
	-	11,075,000	-	(1,600,000)	9,475,000	24/10/2014	24/10/2016 – 23/10/2024	1.200
Others (Note 2)	-	36,000,000	-	-	36,000,000	19/06/2014	19/06/2014 – 18/06/2024	0.980
Sub-total	-	60,450,000	-	(4,200,000)	56,250,000			
Total	-	84,350,000	-	(6,550,000)	77,800,000			

Notes to the Consolidated Financial Statements

Year ended 31 March 2015

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

2002 Share Option Scheme

According to the 2002 Share Option Scheme and the unconditional mandatory cash offers for, inter alia, cancellation of all the outstanding share options of the Company (the “Option Offer”) made by Charm Success Group Limited under the Hong Kong Code on Takeovers and Mergers, all the share options remaining unexercised will lapse and become null and void and of no further effect on 6 May 2014 (i.e. 6 calendar months after the date on which the Option Offer was made).

Grantee	Number of share options				Outstanding and exercisable as at 31 March 2015	Date of grant	Exercise period	Exercise price per share option HK\$
	Outstanding and exercisable as at 1 April 2014	Granted during the year	Exercised during the year	Cancelled/lapsed during the year				
Employees	6,370,000	-	(6,370,000)	-	-	10/08/2009	10/08/2009 – 09/08/2019	0.182
	1,980,000	-	(1,980,000)	-	-	29/09/2009	29/09/2009 – 28/09/2019	0.160
Total	8,350,000	-	(8,350,000)	-	-			

Notes:

- The 1,500,000 and 850,000 share options granted to former directors, Mr. Cong and Ms. Nie, lapsed in March 2015 and December 2014 respectively (i.e. 1 month following the date of cessation as qualified person) as a result of their resignation pursuant to the 2012 Share Option Scheme.
- Others include the persons providing similar services as employees.

In respect of share options of the Company granted to the directors of the Company, the related charge recognised in the consolidated income statement for the year ended 31 March 2015 and 2014, estimated in accordance with the Group’s accounting policy in note 3, was as follows:

	Group	
	2015 HK\$’000	2014 HK\$’000
Ms. Chai Xiu	427	-
Mr. Chen Luhui	4,018	-
Mr. Cong Hongsong	696	-
Mr. Huang Bingxing	998	-
Mr. Wang Guanghui	374	-
Mr. Chan Yuk Tong	427	-
Mr. Mei Jianping	427	-
Ms. Nie Meisheng	427	-
	7,794	-

The fair values of options granted during the year ended 31 March 2015 were approximately HK\$22,936,000 and HK\$13,028,000 which were determined at the grant date using the Binomial Model. Other than the exercise price mentioned above, significant judgement on parameters, such as risk free rate, dividend yield and expected volatility, is required in applying Binomial Model, which is summarized as below:

	Date of grant	
	19/6/2014	24/10/2014
Weighted average share price at the grant date	0.98	0.91
Risk free rate	2.02%	1.75%
Dividend yield	0%	0%
Expected volatility*	49.89%	49.12%

* Based on property development listed companies.

The weighted average exercise prices of share options outstanding as at 31 March 2015 and 2014 are as follows:

	2015		2014	
	Weighted average exercise price in HK\$ per share	Number of share options ('000)	Weighted average exercise price in HK\$ per share	Number of share options ('000)
At the beginning of the year	0.1768 (i)	8,350	0.1733 (i)	61,000
Granted	1.0678 (ii)	84,350	–	–
Exercised	0.1768 (i)	(8,350)	0.1724 (i)	(32,650)
Lapsed	1.0371 (ii)	(6,550)	0.1768 (i)	(20,000)
At the end of the year	1.0692 (ii)	77,800	0.1768 (i)	8,350

The weighted average share price at the date of share options exercised was HK\$1.08 (ii) (2014: HK\$0.28 (i)).

Notes to the Consolidated Financial Statements

Year ended 31 March 2015

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

Terms of unexpired and unexercised share options at the end of the reporting period

Exercise period	Exercise price	2015 Numbers	2014 Numbers
10/08/2009 – 09/08/2019		–	6,370,000
29/09/2009 – 28/09/2019		–	1,980,000
19/06/2014 – 18/06/2024	0.98	47,850,000	–
24/10/2015 – 23/10/2024	1.20	14,975,000	–
24/10/2016 – 23/10/2024	1.20	14,975,000	–
		77,800,000	8,350,000

Notes:

- (i) The number of share and average exercise price were presented as before the effect of Share Consolidation.
- (ii) The number of share and average exercise price were presented as after the effect of Share Consolidation.
- (iii) Of the total number of lapsed share options, 2,350,000 share options were granted to former directors and the remaining 4,200,000 shares options were granted to employees and others providing similar services.

Summary of the 2012 Share Option Scheme is as follows:

- 1) Purpose To recognise and acknowledge the contributions or potential contributions made or to be made by the participant to the Group or any entity in which the Group holds any equity interests (the “Invested Entity”), to motivate the participants to optimise their performance and efficiency for the benefit of the Group or the Invested Entity, and to maintain or attract business relationship with the participants whose contributions are or may be beneficial to the growth of the Group or the Invested Entity.
- 2) Participants
 - (a) any employee (including any executive director) or officer (including any non-executive director and independent non-executive director) or substantial shareholder of the Company or any subsidiary or any Invested Entity; or
 - (b) any consultant, agent, professional adviser, customer, business partner, joint venture partner, strategic partner, landlord or tenant of, or any supplier or provider of goods or services to, the Company or any subsidiary or any Invested Entity; or
 - (c) any trustee(s) of a discretionary trust of which one or more beneficiaries belong to any of the abovementioned category(ies) of persons, or any company beneficially owned by any of the abovementioned category(ies) of persons; or
 - (d) any other person who, the Board may determine in its absolute discretion, has made valuable contribution to the business of the Group or Invested Entity based on his performance and/or years of service, or is regarded as valuable resources of the Group or the Invested Entity based on his work experience, knowledge in the industry and other relevant factors, or is expected to be able to contribute to the prosperity, business development or growth of the Group or the Invested Entity based on his/its business connection or network or other relevant factors.
- 3) Total number of shares available for issue 85,845,000 shares, being 10% of the total numbers of shares in issue as at the date of refreshment of scheme mandate limit on 8 August 2014.
- 4) Maximum entitlement of each participant
 - (a) for each grantee, not exceeding 1% of the aggregate number of shares for the time being in issue (including both exercised and outstanding options);
 - (b) for substantial shareholders and independent non-executive directors, not over 0.1% of the number of shares then in issue and not having aggregate value in excess of HK\$5 million (including options exercised, cancelled and outstanding);

unless separately approved by independent shareholders at general meeting.

Notes to the Consolidated Financial Statements

Year ended 31 March 2015

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

- | | | |
|----|--|--|
| 5) | Option period | A period commencing on the date as specified in the grant letter and expiring on the earliest of the last day of the said period or such time as specified in the scheme and/or the grant letter but not more than 10 years from the date of grant. |
| 6) | Minimum period for which an option must be held before it can vest | No minimum period before the options can be exercised unless otherwise imposed by the Board at its absolute discretion. |
| 7) | Payment on acceptance of option | HK\$1.00 in cash to be payable on acceptance within 21 days from the date of grant. |
| 8) | Subscription price | To be determined by the Board and shall be at least the highest of: <ul style="list-style-type: none"> (a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheets on the date of the grant of the option, which must be a business day; (b) the average closing prices of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of the grant of the option; and (c) the nominal value of the shares. |
| 9) | Life | A period of 10 years commencing on 5 September 2012 (being the date on which the scheme is adopted) and expiring on the tenth anniversary of such date, i.e. 5 September 2022. |

The Group's employees, including directors, receive remuneration in the form of share-based payment transactions, whereby the employees rendered services in exchange for shares or rights over shares. The cost of such transactions with employees is measured by reference to the fair value of the equity instruments at the grant date. The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a share option reserve within equity. The fair value is determined using the Binomial option pricing model (the "Model"), taking into account the terms and conditions of the transactions, other than conditions linked to the price of the shares of the Company ("market conditions").

The cost of equity-settled transactions is recognised, together with a corresponding increase in share option reserve within equity, over the year(s) in which the vesting conditions are to be fulfilled, ending on the date on which the relevant employees become fully entitled to the award. During the vesting period, the number of share options that is expected to vest ultimately is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to profit or loss for the year of the review, with a corresponding adjustment to the reserve within equity.

The estimated fair values of share options granted by the Company were measured on the dates of grant by using the Model. The Model is one of the commonly used models to estimate the fair value of a share option. The variables and assumptions used in computing the fair value of the share options are based on the management's best estimate. The value of a share option varies with different variables of certain subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of a share option.

31. RESERVES

Company

	Note	Share premium HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Share option reserve HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
At 1 April 2013		35,383	450	263,441	4,986	108,572	412,832
Shares issued under share option scheme		7,864	–	–	(2,560)	–	5,304
Lapse of share options		–	–	–	(1,752)	1,752	–
Loss for the year	13	–	–	–	–	(12,655)	(12,655)
At 31 March 2014		43,247	450	263,441	674	97,669	405,481
At 1 April 2014		43,247	450	263,441	674	97,669	405,481
Shares issued under share option scheme		2,066	–	–	(674)	–	1,392
Share issued on open offer		271,843	–	–	–	–	271,843
Share issuing expenses		(1,197)	–	–	–	–	(1,197)
Share options granted		–	–	–	28,107	–	28,107
Lapse of share options		–	–	–	(2,798)	2,798	–
Loss for the year	13	–	–	–	–	(20,892)	(20,892)
At 31 March 2015		315,959	450	263,441	25,309	79,575	684,734

Dividend

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

Notes to the Consolidated Financial Statements

Year ended 31 March 2015

31. RESERVES (continued)

Share premium and capital redemption reserve

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

Properties revaluation reserve

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

Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations and is dealt with in accordance with the accounting policies adopted for foreign currency translation.

Enterprise expansion reserve

Enterprise expansion reserve represents a PRC statutory reserve set up by the operating subsidiaries in the PRC. Upon approval by the relevant PRC authorities, the enterprise expansion reserve may be used for increasing the registered capital of the relevant subsidiaries in the PRC.

Contributed surplus

The contributed surplus of the Company arose from the capital reduction in May 2006, which consists of share capital reduction and cancellation of the entire amount of the share premium account of the Company as at 31 March 2005. Under the Companies Act 1981 of Bermuda (as amended), a company shall not declare or pay a dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that (i) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or (ii) the realisable value of the company's assets would thereby be less than its liabilities.

Share option reserve

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payment transactions in the notes to the consolidated financial statements.

32. CASH (USED IN) GENERATED FROM OPERATIONS

	2015 HK\$'000	2014 HK\$'000
Loss before taxation	(18,616)	(3,359)
Interest income	(10,659)	(2,632)
Interest expenses	16,743	3,747
Gain on disposal of subsidiaries	–	(13,391)
Gain on disposal of club membership	–	(340)
Share of results of associates	(2,641)	1,081
Share of results of a joint venture	(429)	–
Depreciation	1,175	762
Bargain purchase on acquisitions of subsidiaries	(989)	–
Change in fair value of investment properties	(25,000)	(11,000)
Write off of doubtful trade and other receivables	54	138
Loss (Gain) on disposal of property, plant and equipment	5	(78)
Exchange difference arising on translation	132	(51)
Equity-settled share-based payment	28,107	–
(Increase) decrease in inventories	(28,627)	854
(Increase) decrease in trade and other receivables	(22,149)	40,131
Increase in trade and other payables	5,594	1,747
Cash (used in) generated from operations	(57,300)	17,609

Notes to the Consolidated Financial Statements

Year ended 31 March 2015

33. BUSINESS COMBINATIONS

(a) Acquisition of 100% equity interest in Shanghai XingJiTong Shi Ye Company Limited

In August 2014, the Group entered into an agreement with a director and a former director of the Group's wholly-owned subsidiary to acquire 100% equity interest in 上海星際通實業有限公司 (“Shanghai XingJiTong”) (referred to as the “Shanghai XingJiTong Acquisition”) for a consideration of RMB1,500,000 (equivalent to approximately HK\$1,896,000) as disclosed in the Company's announcement dated 20 August 2014.

The principal activity of Shanghai XingJiTong is the provision of services for leading national telecommunication operators in the mobile telecommunication market in Shanghai.

The Shanghai XingJiTong Acquisition represented an opportunity to expand the Group's telecommunications business and capitalise on its channel advantage to further expand the retailing of electronic products. The fair values of the identifiable assets and liabilities of Shanghai XingJiTong as at the date of acquisition and the corresponding carrying amounts immediately before the Shanghai XingJiTong Acquisition were as follows:

	Carrying amount HK\$'000	Fair value recognised on acquisition HK\$'000
Property, plant and equipment	136	136
Inventories	652	652
Trade and other receivables	2,720	2,720
Cash and cash equivalents	213	213
Trade and other payables	(1,490)	(1,490)
Tax payable	(287)	(287)
<i>Net assets</i>		1,944
Bargain purchase		(48)
		<u>1,896</u>
Satisfied by:		
Purchase consideration:		
Cash paid		1,896

	HK\$'000
<hr/>	
Net cash flow on acquisition:	
Net cash acquired	213
Consideration paid	(1,896)
	(1,683)

Since the date of the acquisition to 31 March 2015, Shanghai XingJiTong contributed turnover and profit after tax of HK\$4,784,000 and HK\$812,000 respectively. Had the XingJiTong Acquisition taken place at the beginning of the year, there would have been an increase in turnover and profit after tax for the year ended 31 March 2015 by HK\$8,850,000 and HK\$1,673,000 respectively.

The Group incurred acquisition-related costs of HK\$363,000 relating to external legal and professional fees have been included in “administrative expenses” of the Group’s consolidated income statement.

The receivable acquired (which principally comprised trade receivable) in these transaction with a fair value of HK\$2,720,000 and had gross contractual amount of HK\$2,720,000. The best estimate at acquisition date of the contractual cash flow not expected to be collected is HK\$ Nil.

(b) Acquisition of 100% equity interest in Shanghai Motion JUNS Communication Technology Company Limited

In July 2014, the Group entered into a conditional agreement with a director and a former director of the Group’s wholly-owned subsidiary to acquire 100% equity interest in 上海潤迅君斯通信科技有限公司 (“Shanghai Motion JUNS”)(referred to as the “Shanghai Motion JUNS Acquisition”) for a consideration of RMB9,000,000 (equivalent to approximately HK\$11,325,000) and subject to a price adjustment as disclosed in the Company’s announcement dated 22 July 2014. In November 2014, the Group further entered into a supplemental agreement with the director and former director of the Group’s subsidiary that the consideration will be subject to a completion audit as disclosed in the Company’s announcement dated 11 November 2014. The Shanghai Motion JUNS Acquisition was completed in December 2014.

The principal activity of Shanghai Motion JUNS is the provision of outbound call center services in Shanghai for a leading national telecommunication operator in the PRC.

Notes to the Consolidated Financial Statements

Year ended 31 March 2015

33. BUSINESS COMBINATIONS (continued)

(b) Acquisition of 100% equity interest in Shanghai Motion JUNS Communication Technology Company Limited (continued)

The Shanghai Motion JUNS Acquisition represented an opportunity (i) to diversify the Group's product and service offering in the telecommunication market; (ii) to strengthen the Group's relationship with the telecommunication operators to whom the Group is serving; and (iii) to capitalise on the business synergy between Shanghai Motion JUNS's business and the Group's telecommunications retail sales and management services. The fair values of the identifiable assets and liabilities of Shanghai Motion JUNS as at the date of acquisition and the corresponding carrying amounts immediately before the Shanghai Motion JUNS Acquisition were as follows:

	Carrying amount HK\$'000	Fair value recognised on acquisition HK\$'000
Property, plant and equipment	4,512	4,512
Interest in joint venture	10,168	10,168
Trade and other receivables	5,786	5,786
Cash and cash equivalents	15	15
Trade and other payables	(7,985)	(7,985)
Tax payable	(230)	(230)
Net assets		12,266
Bargain purchase		(941)
		11,325
Satisfied by:		
Purchase consideration:		
Cash paid		11,325
		HK\$'000
Net cash flow on acquisition:		
Net cash acquired		15
Consideration paid		(11,325)
		(11,310)

Since the date of the acquisition to 31 March 2015, Shanghai Motion JUNS contributed turnover and profit after tax of HK\$9,666,000 and HK\$1,965,000 respectively. Had the Shanghai Motion JUNS Acquisition taken place at the beginning of the year, there would have been an increase in turnover and profit after tax for the year ended 31 March 2015 by HK\$19,925,000 and HK\$4,300,000 respectively.

The Group incurred acquisition-related costs of HK\$2,378,000 relating to external legal and professional fees have been included in “administrative expenses” of the Group’s consolidated income statement.

The receivables acquired (which principally comprised trade receivable) in these transaction with a fair value of HK\$5,786,000 and had gross contractual amount of HK\$5,786,000. The best estimate at acquisition date of the contractual cash flow not expected to be collected is HK\$ Nil.

Notes to the Consolidated Financial Statements

Year ended 31 March 2015

34. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these consolidated financial statements, the Group entered into the following material related party transactions in the ordinary course of the Group's business.

	2015 HK\$'000	2014 HK\$'000
(i) Key management personnel		
Compensation for key management personnel, including amount paid to the Company's directors and certain of the highest paid employees, as disclosed in note 11, is as follows:		
– Salaries, allowance and benefit in kinds	9,310	6,931
– Discretionary bonus	76	1,894
– Retirement scheme contribution	395	80
– Termination benefit	–	398
– Equity-settled share-based payment	8,854	–
	18,635	9,303
(ii) Entities controlled by a close family member of a controlling shareholder of the Company		
– Project management fee income	18	–
– Rental expenses paid	216	24
– Purchase of furniture, fixtures and equipment	–	1,160

During the year ended 31 March 2014, an entity controlled by a close family member of a controlling shareholder of the Company assumed rental expenses on premise for a subsidiary of the Company for a period of three and a half month. The monthly rental was approximately HK\$327,000.

35. FAIR VALUE MEASUREMENTS

The following presents the assets and liabilities measured at fair value or required to disclose their fair value in these financial statements on a recurring basis at 31 March 2015 across the three levels of the fair value hierarchy defined in HKFRS 13, *Fair Value Measurement*, with the fair value measurement categorised in its entirety based on the lowest level input that is significant to the entire measurement. The levels of inputs are defined as follows:

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 (lowest level): unobservable inputs for the asset or liability.

The Group's investment properties of HK\$340,000,000 (2014: HK\$315,000,000) are measured at Level 2 of the fair value hierarchy.

During the year ended 31 March 2015, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Description of the valuation techniques and inputs used in Level 2 fair value measurement

As described in note 15, at the end of the reporting period, the investment properties were revalued by Savills Valuation and Professional Services Limited, an independent professional qualified valuer, on the open market value basis using direct comparison approach by making reference to the comparable market transactions as available in the markets assuming sale with the benefit of vacant possession. The most significant input into this valuation approach is market price per square foot.

36. COMMITMENTS

Commitments under operating leases – the Group as lessee

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases, which are payable as follows:

	2015 HK\$'000	2014 HK\$'000
In respect of leased properties:		
Within one year	10,175	6,083
In the second to fifth years inclusive	9,699	5,484
	19,874	11,567

Operating lease payments represented rental payable by the Group for certain of its office premises and retail shops. Leases are negotiated for an average term of two years and rentals are fixed for an average of two years.

Notes to the Consolidated Financial Statements

Year ended 31 March 2015

37. PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries are as follows:

Name	Country/place of incorporation/ operation and kind of legal entity in the PRC	Particulars of issued share capital/ registered capital	Percentage of effective equity interest held ¹	Principal activities
Ground Data System Limited	Hong Kong	2 ordinary shares of total HK\$2	100%	Property holding
Ground Holdings Limited	British Virgin Islands	100 ordinary shares of US\$1 each	100%	Investment holding
Ground Properties (HK) Limited	Hong Kong	2 ordinary shares of total HK\$2	100%	Property holding
Jackie Industries Limited	Hong Kong	2 ordinary shares of total HK\$2	100%	Property holding
Victory Marker Limited	Hong Kong	6,176,497 ordinary shares of total HK\$13,966,499	100%	Investment holding
Sino Success Consultants Limited	Hong Kong	1 ordinary share of total HK\$1	100%	Administration & management services
World Sheen Properties Limited	Hong Kong	2 ordinary shares of total HK\$2	100%	Property holding
上海錦瀚銀通信產品銷售 有限公司	PRC, wholly foreign-owned enterprise	Paid-up capital RMB500,000 Registered capital RMB500,000	100%	Provision of distribution sales and management services
上海潤迅概念通信產品連鎖 銷售有限公司	PRC	Paid-up capital RMB30,000,000 Registered capital RMB30,000,000	100%	Provision of telecommunications retail sales and management services

Name	Country/place of incorporation/ operation and kind of legal entity in the PRC	Particulars of issued share capital/ registered capital	Percentage of effective equity interest held ¹	Principal activities
上海宏億通信產品銷售有限公司	PRC	Paid-up capital RMB500,000 Registered capital RMB500,000	100%	Provision of distribution sales and management services
上海潤迅君斯通信科技有限公司 Shanghai Motion JUNS Communication Technology Company Limited [#]	PRC	Paid-up capital RMB5,000,000 Registered capital RMB5,000,000	100%	Provision of telecommunications call centre services
上海星際通實業有限公司 Shanghai XingJiTong Shi Ye Company Limited [#]	PRC	Paid-up capital RMB5,000,000 Registered capital RMB5,000,000	100%	Provision of telecommunications retail sales and management services

[#] English translation for identification purpose only.

¹ All interests are held indirectly by the Company except for Ground Holdings Limited which is directly owned by the Company.

The above table includes the subsidiaries of the Company which, in the opinion of the directors, principally affected the results of the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

No debts securities have been issued by the subsidiaries of the Company.

Notes to the Consolidated Financial Statements

Year ended 31 March 2015

38. EVENTS AFTER THE REPORTING PERIOD

Pursuant to the announcement dated 26 May 2015, the Group entered into a sale and purchase agreement with Ka Yik Investments Limited to acquire the entire equity interest in a company incorporated in British Virgin Islands at a consideration of HK\$4,650,000,000. The target company, together with its subsidiaries, engaged in the development, sales and leasing of residential, commercial and tourism properties. Through the acquisition, the Group can leverage on the platform of the target group to accelerate property development business. As at the date of approval of these financial statements, the above acquisition has not been completed.

39. COMPARATIVE FIGURES

Conforming to current year's presentation, the expense of HK\$26,401,000 that were included in administration expenses have been reclassified to distribution costs. The revised presentation reflects more appropriately the nature of these items. This reclassification has no effect on the reported financial position, results or cash flows of the Group.

Schedule of Principal Properties

Particulars of principal properties held by the Group at 31 March 2015 are as follows:

INVESTMENT PROPERTIES

	Address	Lot No.	Category of the lease	Use	Percentage held by the Group
1.	20th Floor of Towers I, II and III, Enterprise Square, 9 Sheung Yuet Road, Kowloon Bay, Kowloon	Aggregate of 40,505/728,680 th equal and undivided shares of and in New Kowloon Inland Lot No. 6115 The properties have a total of 40,505 sq.ft. and a total saleable area of approximately 30,522 sq.ft.	Medium-term lease	Commercial	100%
2.	Car parking spaces Nos. A1 to A14 (inclusive) on 1P Floor, Enterprise Square, 9 Sheung Yuet Road, Kowloon Bay, Kowloon	Aggregate of 14/728,680 th equal and undivided shares in New Kowloon Inland Lot No. 6115	Medium-term lease	Commercial	100%

Five-Year Financial Summary

	Year ended 31 March				
	2015	2014	2013 (Restated)	2012 (Restated)	2011 (Restated)
Turnover ⁽¹⁾ (HK\$ million)	129.5	56.2	150.0 ⁽²⁾	178.6 ⁽²⁾	197.7 ⁽²⁾
Gross profit ⁽¹⁾ (HK\$ million)	56.0	39.4	68.3 ⁽²⁾	76.7 ⁽²⁾	84.5 ⁽²⁾
(Loss) Profit for the year from continuing operations (HK\$ million)	(22.7)	(3.8)	42.4	(41.9)	3.7
Profit (Loss) for the year from discontinued operations (HK\$ million)	–	–	40.8	(5.0)	(14.8)
(Loss) Profit for the year ⁽¹⁾ (HK\$ million)	(22.7)	(3.8)	83.2	(46.9)	(11.1)
(Loss) Earnings per share ⁽¹⁾⁽³⁾ (HK cents)	(2.79)	(0.68)	14.75	(8.27)	(2.03)
Total assets (HK\$ million)	1,271.8	753.4	464.7	402.6	442.4
Total liabilities (HK\$ million)	544.1	317.6	19.6	41.1	35.1
Net assets (HK\$ million)	727.7	435.8	445.1	361.5	407.3
Net assets value per share ⁽³⁾ (HK\$)	0.85	0.76	0.79	0.64	0.72

(1) The information represents the continuing and discontinued operations.

(2) The figures have been restated to reclassify rental income of the property investment segment from other revenue to turnover.

(3) The figures for the year ended 31 March 2011, 2012 and 2013 have been restated to conform the presentation in 2014 and 2015 for share consolidation of every 5 shares of HK\$0.01 each in the issued and unissued share capital into 1 share of HK\$0.05.



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