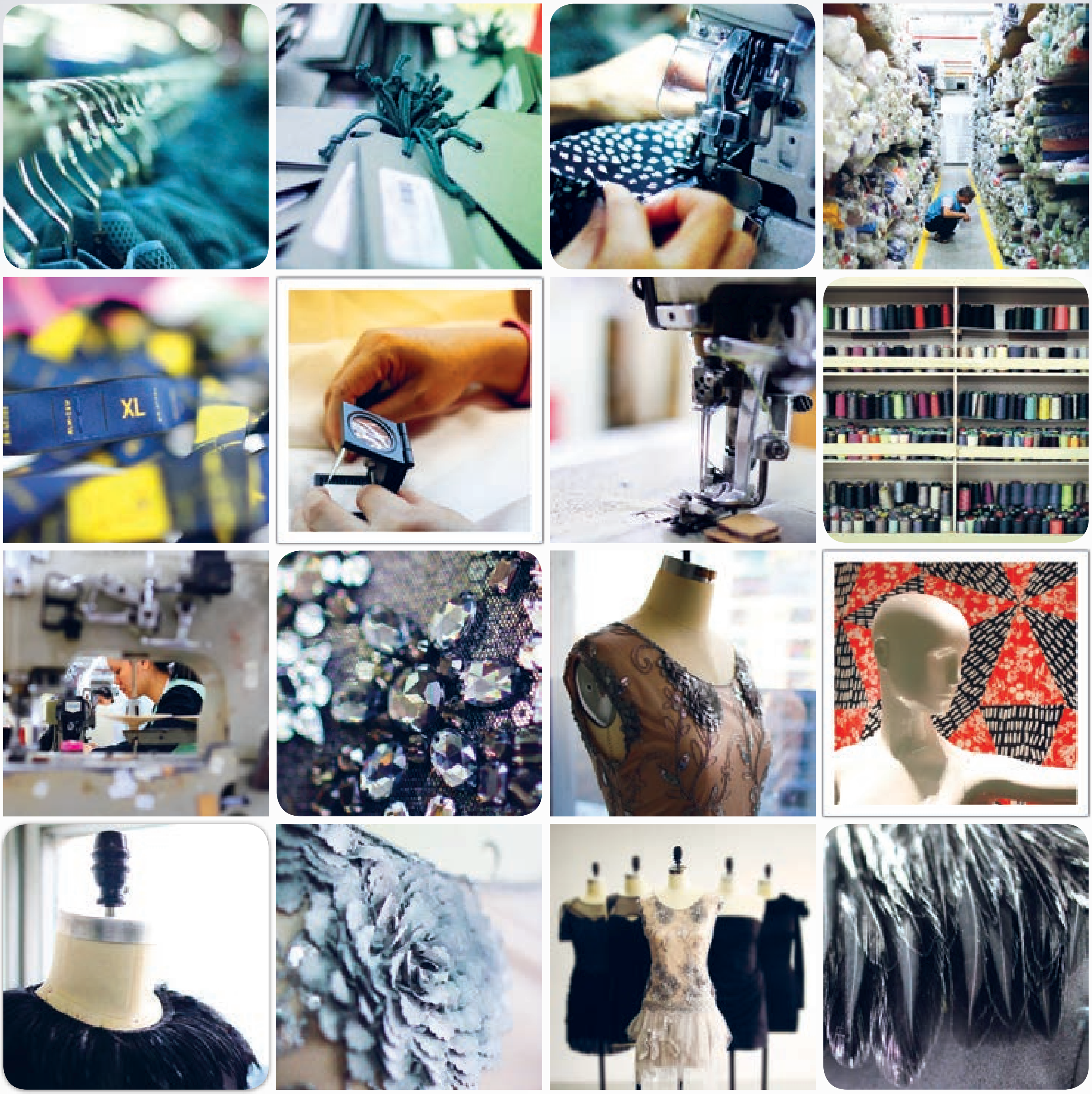


2015
ANNUAL REPORT 年報

TUNGTEX

(Holdings) Company Limited

同得仕（集團）有限公司

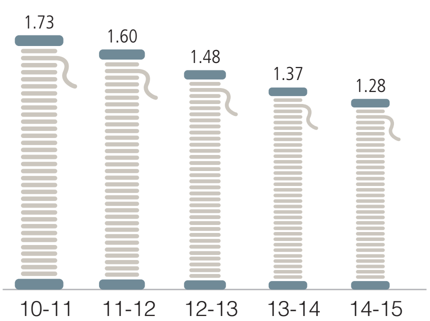
Stock Code 股份代號：00518

TUNGTEX

FINANCIAL HIGHLIGHTS
財務資料概要

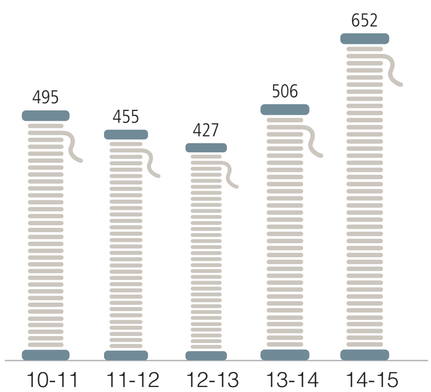
Turnover
營業額

in HK$ billion
港幣拾億元



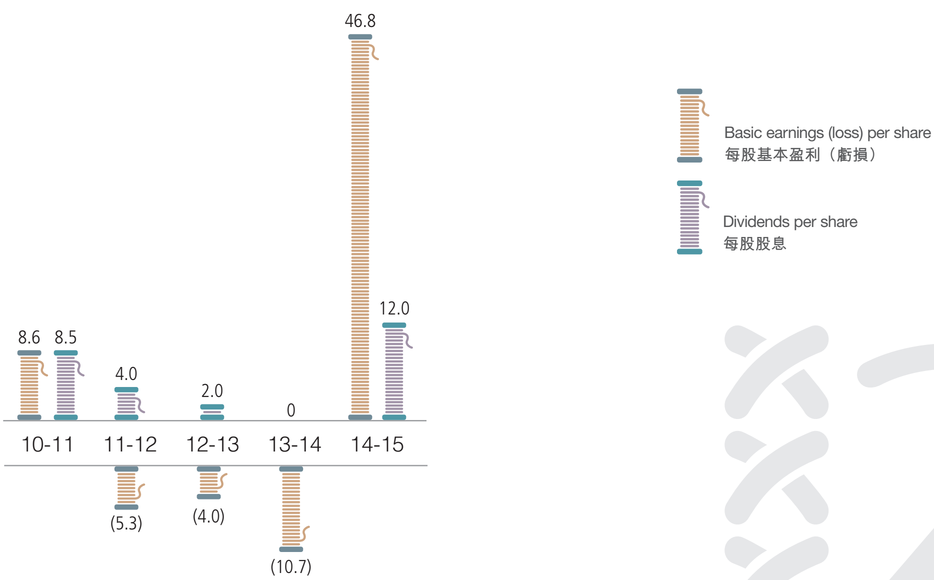
Equity attributable to owners of the Company
本公司擁有人應佔權益

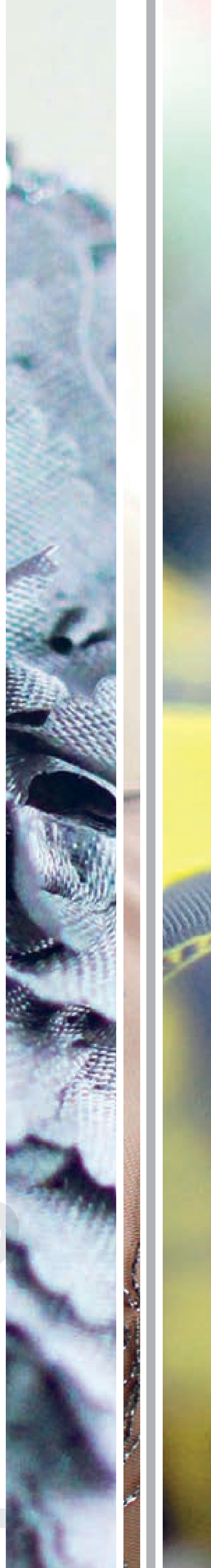
in HK$ million
港幣佰萬元



Basic earnings (loss) per share and Dividends per share
每股基本盈利（虧損）及股息

in HK cents
港仙





CONTENTS

MAJOR FACTORIES / OFFICES


(1)

(2)

(3)

(4)

(5)

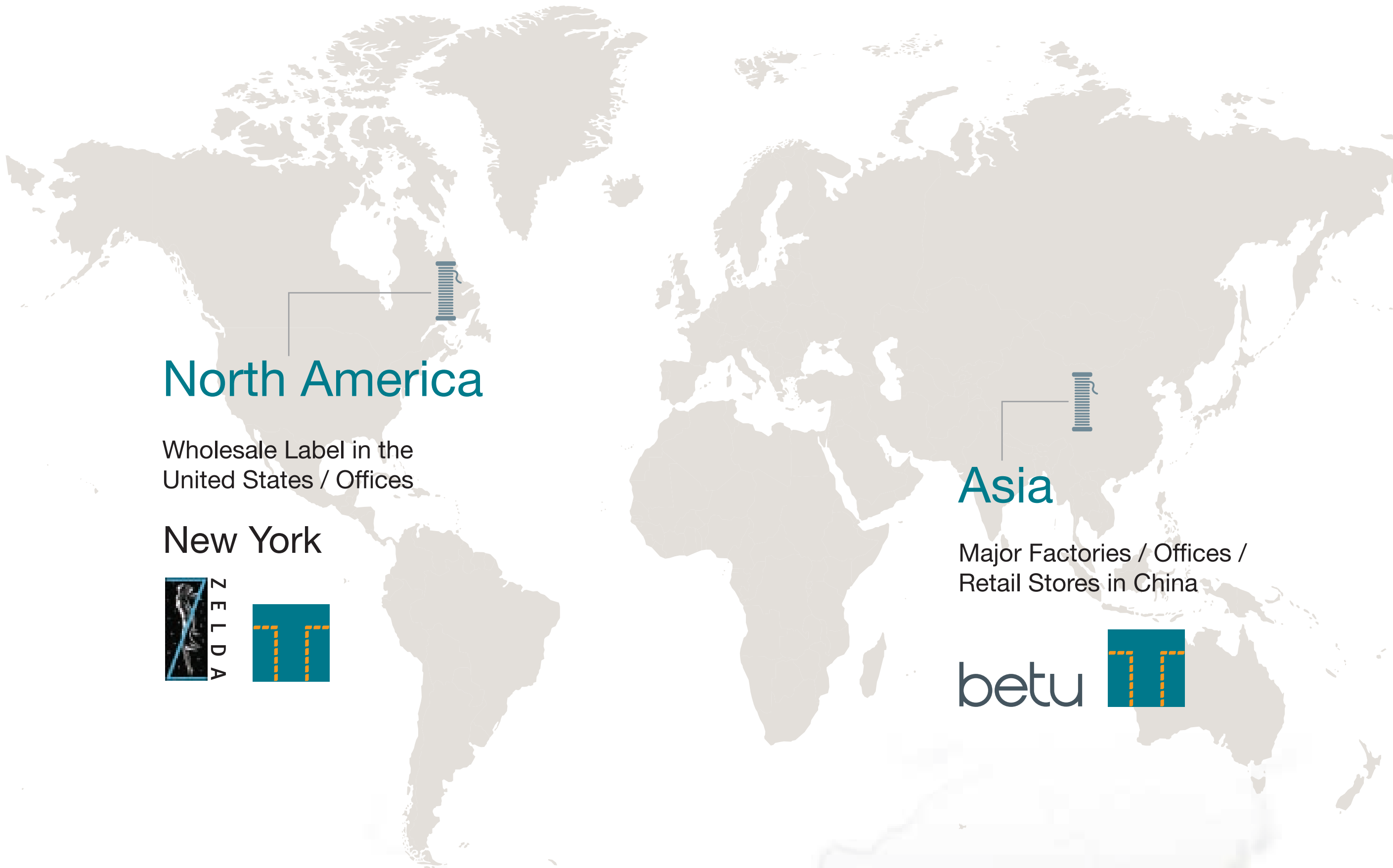

(6)

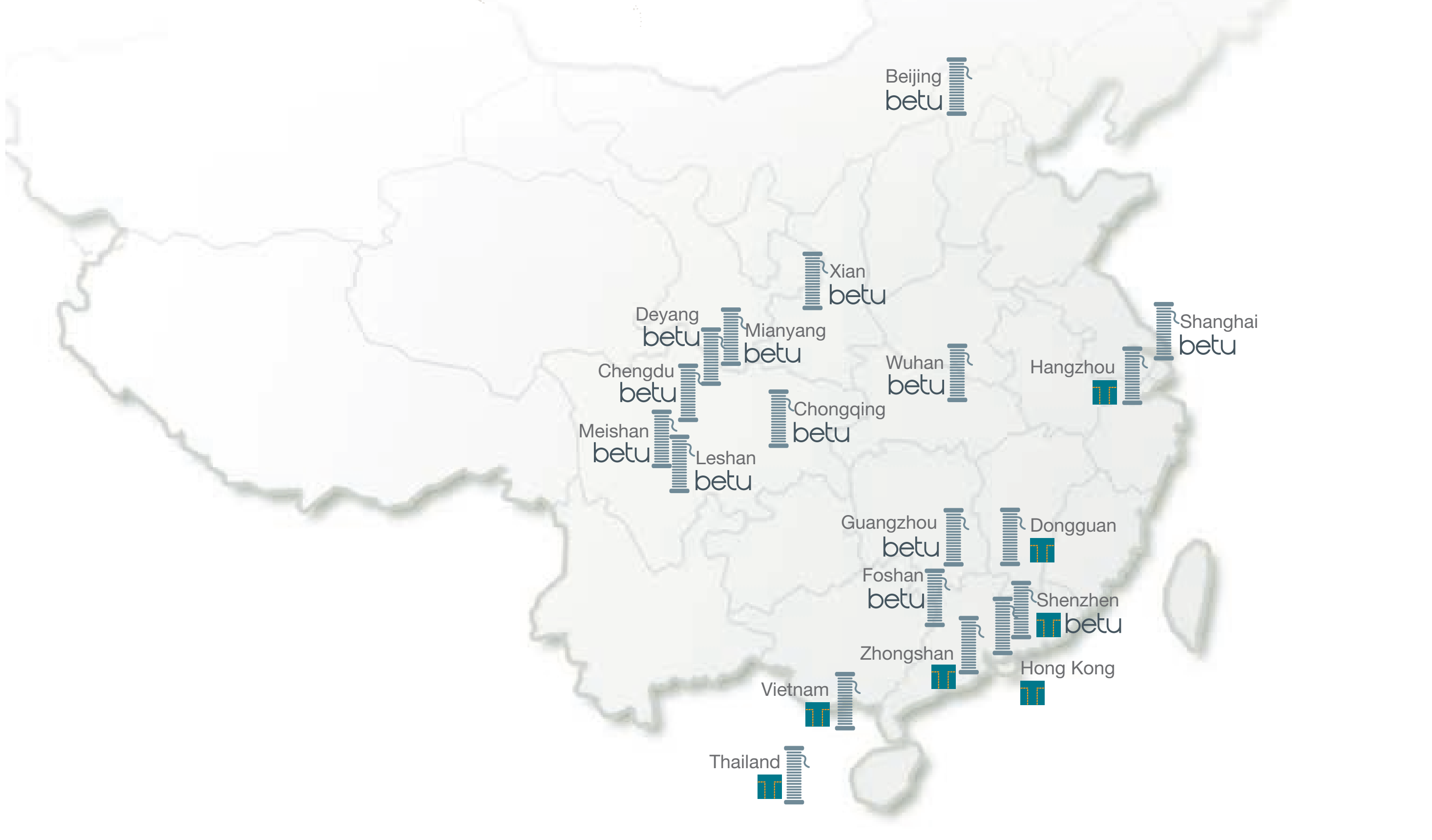
(1) **Shenzhen** *China*
(2) **Zhongshan** *China*
(3) **Dongguan** *China*
(4) **Hangzhou** *China*
(5) *Vietnam*
(6) *Thailand*

Major Factories / Offices

Wholesale Label in the United States

Retail Stores in China





CORPORATE INFORMATION

DIRECTORS

Executive Directors

Benson Tung Wah Wing *(Chairman)*
Alan Lam Yiu On *(Managing Director)*
Raymond Tung Wai Man
Martin Tung Hau Man
Billy Tung Chung Man

Non-Executive Directors

Tung Siu Wing
Kevin Lee Kwok Bun

Independent Non-Executive Directors

Johnny Chang Tak Cheung
Tony Chang Chung Kay
Robert Yau Ming Kim
Edwin Siu Pui Lap
Leslie Chang Shuk Chien

AUDIT COMMITTEE

Leslie Chang Shuk Chien *(Chairman)*
Tony Chang Chung Kay
Robert Yau Ming Kim
Edwin Siu Pui Lap

REMUNERATION COMMITTEE

Robert Yau Ming Kim *(Chairman)*
Benson Tung Wah Wing
Tony Chang Chung Kay
Leslie Chang Shuk Chien

NOMINATION COMMITTEE

Benson Tung Wah Wing *(Chairman)*
Tony Chang Chung Kay
Robert Yau Ming Kim
Leslie Chang Shuk Chien

COMPANY SECRETARY

Lee Siu Mei

REGISTERED OFFICE

12th Floor, Tungtex Building
203 Wai Yip Street
Kwun Tong
Kowloon
Hong Kong
Telephone: 2797 7000
Fax: 2343 9668

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Hang Seng Bank Limited
Industrial and Commercial Bank of China (Asia) Limited
The Bank of Tokyo-Mitsubishi UFJ, Ltd.
The Hongkong & Shanghai Banking Corporation Limited

SHARE REGISTRAR AND TRANSFER OFFICE

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

WEBSITE

http://www.tungtex.com

CHAIRMAN'S STATEMENT

OPERATING RESULTS

I am pleased to report the results of the Group for the fiscal year ended March 31, 2015, which remained to be a year of challenge and also an important year of structural reform to the Group.

In the fiscal year ended March 31, 2015, the global macro-economic performance was mixed and economic recovery was slow in general. Overseas demands for fashion apparel was still under pressure, undermining the export sales and the profit margin in our industry. In mainland China, uptrend in wages and operating costs prevailed, while the economic slowdown and weak consumer spending impacted adversely the retail business environment. The Group scaled down, disposed and reshuffled certain business units and factories with continuous loss to improve its structural cost effectiveness. As a result, the Group's gross margin increased to 20.1% as compared to 16.5% of last fiscal year.

In the second half of the fiscal year, the Group disposed of its 60% equity interest in the Disposal Group (as defined in note 34 to the consolidated financial statements), in order to stem the continuing operating loss incurred by them and to streamline the corporate structure of the Group, realizing a gain on such disposal of approximately HK$19.8 million. Strategically, the Group disposed of Tungtex Building located in Kwun Tong following the ordinary resolution in respect of the disposal passed at the extraordinary general meeting in November 2014, and realized a gain on such disposal of approximately HK$211.2 million. In the first half of the year, the Group also disposed of a self-used industrial property, a property unit in Mow Hing Factory Building located in Kwun Tong, realizing a gain on such disposal of approximately HK$12.3 million which was recorded in other income and other gain of the Group.

For the year ended March 31, 2015, total turnover of the Group declined by 6.5% to HK$1,283.0 million. The Group recorded a profit attributable to owners of the Company and earnings per share of HK$197.6 million and HK46.8 cents respectively, as compared to a loss attributable to owners of the Company and loss per share of HK$43.9 million and HK10.7 cents respectively for the last fiscal year.

BUSINESS REVIEW

The United States' economy gradually regained its foothold in the year under review. Demand for fashion apparel products manufactured in China was affected by the increasing competition from other Asian export countries. In Euro zone, economic growth was mild while consumer confidence remained very weak. Depreciation in Euro currency also decreased the purchasing power of the Euro zone buyers. In the fiscal year ended March 31, 2015, the Group's turnover declined by 6.5% to HK$1,283.0 million from that of last fiscal year. In terms of geographical segment, sales to North America declined by 13.0% to HK$868.2 million, representing 67.7% of the Group's turnover. Total sales to Europe and other markets increased by 12.0% to HK$123.2 million, accounted for 9.6% of the Group's turnover, mainly attributable to the growth in the United Kingdom and the Netherlands market. Total sales to Asia increased by 10.2% to HK$291.7 million, representing 22.7% of the Group's turnover.

In China, the economy was losing momentum since the third quarter of 2014, growing at its slowest pace since the first quarter of 2009. Economic activities were in the transition stage of realignment and consumption sentiment became weak. Attributable to the strenuous effort of the dedicated team and the increasing on-line sales through the e-commerce platforms, the Group recorded a growth of 9.8% in the retail sales in mainland China, which accounted for 19.5% of the Group's turnover for the fiscal year under review. At the mean time, to strive for profitability improvement and to better allocate resources among different platforms of distribution channels, the Group strategically closed a number of poor performers in the fiscal year. At the end of the fiscal year, the numbers of self-managed and franchised stores were 133 and 159 respectively.

CHAIRMAN'S STATEMENT

PROSPECTS

Facing the headwind and challenge ahead, structural streamlining and internal reorganization of business units are essential and will continue in the Group in the short term to overcome the current adversities and improve competitiveness. Riding on the gradual increase of the production capacities of the new factories set up in Vietnam and Dongguan of mainland China, the Group will strengthen the product design and development capability, widen the product range and perform stringent cost control and operating efficiency enhancement.

In China, 2015 is a year of new economic development stage which Chinese government named it as the "New Normal" stage. It is a clear market expectation that interest rate cut and lowering in reserve requirement ratio will prevail for a period in order to stabilize the deceleration in economic growth. Under such economic circumstance, it is expected that consumer spending atmosphere will remain weak in general and retail market will remain acutely competitive. The Group will further the focused progress of improving profitability by controlling the retail discount, replacing under-performed self-managed stores and franchised stores and enlarging the online selling platforms. As at the report date, there are 130 self-managed stores and 108 franchised stores in operation. Nevertheless, the Group is keen on searching for new opportunities in this New Normal era in China market.

Looking ahead, the current economic growth paces and monetary policies of the United States, Euro zone and China are becoming divergent in direction. Against such backdrop, the outlook of global business condition and consumption sentiment is gloomy. While our structural reform and streamlining process are still ongoing, there is no clue to predict the recovery of the demand of fashion apparel products in our major markets. Taking into account of the above outlook and the operating losses for the past years, we consider to explore investment opportunities to diversify our product group and business group with a view to broaden revenue base and achieve a better return to the shareholders of the Company.

ACKNOWLEDGEMENT

I would like to take this opportunity to express my gratitude to our valued shareholders, banks, customers and business partners for their continuous trust and support over the years, especially in the year of adversities. I also sincerely thank our Group's management team and employees for their commitment and dedication to the Group. Last but not least, I would like to extend my grateful appreciation to all fellow directors for their valuable guidance and support.

Benson Tung Wah Wing
Chairman
Hong Kong, June 26, 2015

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS

Affected by the negative factors including the global slow economic recovery and weak consumer spending, increasing competition from Asian countries other than China for manufacture and export of fashion apparel to major markets in North America and Euro zone, and the Group's strategic scaling down, disposal or cessation of certain business units and factories with continuous loss, the Group's turnover for the fiscal year decreased by 6.5% to HK$1,283.0 million. Geographically, the decline in the Group's turnover comprised of the combined effect of decrease of 13.0% in export sales to North America segment and increase of 12.0% in export sales to Europe and others segment. Meanwhile, total sales in Asia segment increased by 10.2%. The pre-tax profit contribution from North America segment was HK$13.5 million, as compared to a segment loss of HK$31.1 million of last fiscal year. The pre-tax profit contribution from Europe and other markets segment was HK$6.5 million, as compared to a segment loss of HK$0.9 million of last fiscal year. The pre-tax segment loss from Asia segment decreased to HK$13.1 million, as compared to a segment loss of HK$21.6 million of last fiscal year.

During the fiscal year, labor costs and manufacturing costs continued to increase in China and other Asian countries. The Group was still facing the challenge of elevated operating costs which could not be substantially shifted to our customers. However, thanks to the structural reshuffle of non-performing business units and factories with continuous loss, and the persistent cost control, the percentage of consolidated cost of sales decreased to 79.9% from 83.5% of last fiscal year.

Due to the increased salesmen wages and store rental rate, coupled with the increase in expenditure for advertising, promotional and marketing activities for the growth of the Group's retail business in China, selling and distribution costs of the Group increased by 6.0% to HK$126.6 million as compared to that of last fiscal year. Thanks to the structural streamlining and the reshuffle of business units, and the stern discipline in managing operating costs, administrative expenses decreased by 16.4% to HK$189.4 million as compared to that of last year. Due to the increased short-term bank borrowings for operational needs for the period before receiving the majority of sale proceeds upon completion of the sale of Tungtex Building in January 2015, finance costs increased by 12.2% to HK$8.5 million.

The Group recorded an operating loss before interest and tax of HK$51.1 million for the fiscal year as compared to an operating loss before interest and tax of HK$111.4 million of last fiscal year. The Group recorded a profit attributable to owners of the Company and earnings per share of HK$197.6 million and HK46.8 cents respectively, as compared to a loss attributable to owners of the Company and loss per share of HK$43.9 million and HK10.7 cents respectively for the last fiscal year.

Disposal of Tungtex Building

On November 17, 2014, an extraordinary general meeting was held and the ordinary resolution in respect of the disposal of Tungtex Building located in Kwun Tong was then passed. The Group realized a gain on the disposal before taxation of approximately HK$211.2 million. The Group considers that the disposal is a good opportunity to yield a reasonable gain and generate flexibility in cash flow with additional working capital. Details of the disposal was stated in the circular to shareholders of the Company dated October 30, 2014.

Disposal of 60% Interest in Golden Will

On August 6, 2014, a subsidiary of the Group entered into an agreement in respect of the disposal of its 60% equity interest in the Disposal Group (as defined in note 34 to the consolidated financial statements). The Group realized a gain on the disposal of approximately HK$19.8 million. Subsequently, the disposal was completed on November 20, 2014. The Group considers that the disposal is a good opportunity for the Group to stem the continuing operating loss incurred by the Disposal Group, to streamline the corporate structure of the Group and to yield a reasonable gain. After the disposal of the Disposal Group, flexibility in cash flow was generated with additional working capital provided to the Group. Details of the disposal was stated in the announcement to shareholders of the Company dated November 20, 2014.

CAPITAL EXPENDITURE

During the fiscal year, the Group incurred approximately HK$16.2 million capital expenditure as compared to approximately HK$84.7 million of the last fiscal year. Such capital expenditure mainly represented the investment of production facilities in the factories in Vietnam and Dongguan of mainland China, and regular replacement and upgrading of production facilities of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

The Group's financial position continued to be prudently monitored and precisely managed throughout the fiscal year. At the end of the fiscal year, the Group's cash level was recorded at HK$348.1 million (of which HK$116.0 million was pledged bank deposits) as compared to HK$151.8 million of last year. Most of the bank balance was placed in USD, HKD and RMB short term deposits with major banks. Total bank borrowings of HK$74.6 million, which were denominated in USD, HKD and RMB, consisted of HK$57.0 million short-term bank borrowings and HK$17.6 million long-term bank borrowings. The gearing ratio (total bank borrowings to total equity) was 11.5%. The Group is of the opinion that, after taking into consideration of the internal available financial resources and the current banking facilities, the Group has sufficient funds to finance its operations and to meet the financial obligations of its business when they fall due. During the fiscal year, working capital cycle remained under stringent control. Trade receivable turnover decreased from last year's 52 days to 42 days, while inventory turnover remained at 54 days, same as that of last fiscal year. Thanks to the improved operating results, the gain on disposal of assets classified as held for sale and the gain recognized on disposal of subsidiaries and associate, current ratio and quick ratio increased from last fiscal year's 1.7 and 0.8 to 2.8 and 2.1 respectively.

At the end of the fiscal year, certain land and buildings with an aggregate net book value of approximately HK$23.4 million (2014: HK$25.1 million) were pledged to banks to secure general banking facilities granted to the Group.

Use of Net Proceeds from Rights Issue in 2013

In early June of 2013, the Company raised net proceeds of approximately HK$53.8 million by issuing 70,346,259 new ordinary shares of HK$0.20 each on the basis of one rights share for every five shares held on May 9, 2013 at a subscription price of HK$0.80 per rights share. Up to the end of the fiscal year, the actual use of net proceeds from the rights issue was summarized as follows: (i) approximately HK$27.0 million was applied to increase the Group's factory capacities and facilities in Vietnam and Dongguan of mainland China; and (ii) approximately HK$26.8 million was utilized for general working capital of the Group.

KEY PERFORMANCE INDICATORS ("KPI")

The KPI judged by the directors to be effective in measuring the development, performance or position of the business of the Group include:

Percentage of consolidated cost of sales

Percentage of consolidated cost of sales decreased to 79.9% (2014: 83.5%). The comparison of percentage of consolidated cost of sales is as follows:

	2015 ***HK$'000***	2014 *HK$'000*
Revenue	**1,283,034**	1,372,616
Cost of sales	**(1,024,700)**	(1,145,888)
Percentage of consolidated cost of sales	**79.9%**	83.5%

Selling and distribution costs and administrative expenses

The comparison of selling and distribution costs and administrative expenses to last year is as follows:

	2015 HK$'000	2014 HK$'000	Changes %
Selling and distribution costs	126,607	119,400	6.0%
Administrative expenses	189,422	226,469	(16.4%)

EBITDA

The EBITDA for the fiscal year improved to HK$221.5 million (2014: negative EBITDA of HK$44.3 million). The comparison of EBITDA is as follows:

	2015 HK$'000	2014 HK$'000
Profit (loss) for the year	190,530	(57,256)
Add:		
Finance costs	8,517	7,591
Income tax expense (credit)	650	(18,813)
Depreciation	20,953	23,465
Amortisation	828	752
EBITDA	221,478	(44,261)

Operating loss

The Group incurred an operating loss before interest and tax of HK$51.1 million for the fiscal year (2014: HK$111.4 million), representing a decrease of 54.1% compared to last year.

	2015 HK$'000	2014 HK$'000
Profit (loss) before tax	191,180	(76,069)
Less:		
(Decrease) increase in fair value of investment properties	(1,752)	45,873
Increase in fair value of assets classified as held for sale	9,512	–
Fair value changes on derivative financial instruments	106	(333)
Gain on disposal of assets classified as held for sale	211,216	–
Gain on disposal of a property	12,320	–
Finance costs	(8,517)	(7,591)
Share of loss of associates	(456)	(2,666)
Gain on disposal of subsidiaries and an associate	19,809	–
Operating loss before interest and tax	(51,058)	(111,352)

MANAGEMENT DISCUSSION AND ANALYSIS

Profit (loss) before tax

Profit before tax for the fiscal year is HK$191.2 million (2014: loss before tax of HK$76.1 million).

Earnings (loss) per share

The Group's earnings per share for the fiscal year improved to HK46.8 cents (2014: loss per share of HK10.7 cents).

Inventory turnover days

Inventory turnover days remained 54 days for the year ended March 31, 2015 (2014: 54 days). The comparison of inventory turnover days is as follows:

	2015 *HK$'000*	2014 *HK$'000*
Revenue	**1,283,034**	1,372,616
Inventory as at March 31	**188,340**	201,318
Inventory turnover days	**54 days**	54 days

Trade receivable turnover days

Trade receivable turnover days decreased by 10 days to 42 days for the year (2014: 52 days). The comparison of trade receivable turnover days is as follows:

	2015 *HK$'000*	2014 *HK$'000*
Revenue	**1,283,034**	1,372,616
Trade and bills receivables as at March 31	**146,548**	194,421
Trade receivable turnover days	**42 days**	52 days

Please refer to Management Discussion and Analysis from pages 7 to 11 for the detailed analysis of the KPI.

TREASURY POLICY

The Group continued to adopt prudent policies consistently to hedge exchange rate and interest rate risks associated with our core business. It is our Group's policy not to engage in speculative activities. The majority of our export sales are denominated in USD, while incomes from our retail business in China are denominated in RMB and a tiny portion destined for the European export markets is denominated in EUR. As a substantial portion of the purchases and overheads are denominated in RMB and the EUR exchange rate fluctuation may be significant, the Group entered into forward contracts to hedge the risks as deemed appropriate.

HUMAN RESOURCES

During the fiscal year, the Group scaled down, disposed and reshuffled certain business units and factories. As at March 31, 2015, the Group has approximately 4,700 employees globally, as compared to 5,600 as at March 31, 2014. The Group regards employees as the most valuable asset and the core element of our long-term success. In spite of the harsh operating environment, we keep on retaining and inspiring competent staff who dedicate to develop their careers in line with our core corporate values and strategic goals by offering career development opportunities, job satisfaction via empowerment, harmonious teamwork and competitive remuneration package with reference to the market practice and performance.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Rainbow

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors:

Benson Tung Wah Wing
Chairman
Chairman of Nomination Committee
Member of Remuneration Committee
Aged 64, is the principal founder of the Group. He has been involved in the garment industry since 1967. Under his leadership, the Group was listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in 1988. He is the brother of Mr. Tung Siu Wing, the uncle of Mr. Raymond Tung, the father of Mr. Martin Tung and Mr. Billy Tung and the father-in-law of Mr. Li Ka Ki. He and his spouse, Madam Wong Fung Lin, together own the entire equity interests in equal shares in Corona Investments Limited ("Corona"). Corona is the substantial shareholder of the Company (as disclosed in the section headed "Substantial Shareholders" in Directors' Report). Mr. Benson Tung is also a director of Corona.

Alan Lam Yiu On
Managing Director
Aged 53, was appointed as an executive director in 1995, the deputy managing director in 2001 and then the managing director in 2003. Prior to joining the Company in 1988, he worked for an international accounting firm for over 3 years. He holds a Professional Diploma in Accountancy from The Hong Kong Polytechnic University.

Raymond Tung Wai Man
Aged 49, joined the Group in 1988 and was appointed as an executive director in 2000. He is also an executive director of Tungtex Trading Company Limited. He holds a Post-experience Certificate in Engineering Business Management from The University of Warwick. He is the nephew of Mr. Benson Tung and Mr. Tung Siu Wing, the cousin of Mr. Martin Tung and Mr. Billy Tung and the cousin-in-law of Mr. Li Ka Ki.

Martin Tung Hau Man
Aged 40, joined the Group in 2000 and was promoted to assistant director in 2002 and was appointed as an executive director in 2010. He holds a Bachelor of Arts Degree in Economics from Simon Fraser University and a Master of Science Degree in Engineering Business Management from The University of Warwick. He is the son of Mr. Benson Tung, the brother of Mr. Billy Tung, the nephew of Mr. Tung Siu Wing, the cousin of Mr. Raymond Tung and the brother-in-law of Mr. Li Ka Ki. Mr. Martin Tung is a director of Corona.

Billy Tung Chung Man
Aged 38, joined the Group in 2001 and was promoted to assistant director in 2003, and was appointed as an executive director in 2010. He is also the managing director of the Group's retail operation. He holds a Bachelor of Engineering Degree in Civil Engineering from The University of Warwick and a Master of Science Degree in Information Technology from University College London. He is the son of Mr. Benson Tung, the brother of Mr. Martin Tung, the nephew of Mr. Tung Siu Wing, the cousin of Mr. Raymond Tung and the brother-in-law of Mr. Li Ka Ki. Mr. Billy Tung is a director of Corona.

Non-executive Directors:

Tung Siu Wing
Aged 65, is a co-founder of the Group. He was re-designated as a non-executive director in 2002. He has been involved in the garment industry for over 49 years. He is the brother of Mr. Benson Tung, the uncle of Mr. Raymond Tung, Mr. Martin Tung and Mr. Billy Tung and the uncle-in-law of Mr. Li Ka Ki.

Kevin Lee Kwok Bun
Aged 65, was appointed as an executive director in 1987. He was re-designated as a non-executive director of the Company in 1995. Prior to joining the Company, he worked for an international accounting firm for 10 years and held the position of chief financial officer at two local listed companies. He is a fellow member of the Association of Chartered Certified Accountants, a member of the Canadian Institute of Chartered Accountants and the Hong Kong Institute of Certified Public Accountants. He holds a Bachelor of Social Science Degree from The University of Hong Kong.

Independent Non-executive Directors:

Johnny Chang Tak Cheung
Aged 72, has been a non-executive director since the listing of the Company's shares in 1988. He was re-designated as an independent non-executive director of the Company in 1995. He has 47 years' experience in the garment business and is currently a director of a famous shirt making private company. He is the uncle of Mr. Tony Chang.

Tony Chang Chung Kay
Member of Audit Committee, Remuneration Committee and Nomination Committee
Aged 59, was appointed as a non-executive director in 1994. He was re-designated as an independent non-executive director of the Company in 1995. He is a director of a famous shirt making private company and has 38 years' experience in the garment industry. He holds a Bachelor of Science Degree from McGill University. He is the nephew of Mr. Johnny Chang.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

Robert Yau Ming Kim

Chairman of Remuneration Committee
Member of Audit Committee and Nomination Committee
Aged 76, was appointed as an independent non-executive director in 2006. He has extraordinary and extensive experience in the textile and clothing industry. Before his retirement as managing director of a renowned international apparel buying office in Hong Kong in August 2004, he had held senior positions including chief executive or managing director of various major international and local apparel companies since 1971. From 1998 to 2004, he served as vice chairman of The Hong Kong Exporters' Association, member of the Executive Committee of The Hong Kong Shippers' Council and member of the Garment Advisory Committee of the Hong Kong Trade Development Council. Graduated at Wah Yan College, he served as trade officer in the Hong Kong Government in 1960s. In 1970, he was seconded by the Hong Kong Government to the General Agreement on Tariffs and Trade ("GATT") Secretariat (now known as the World Trade Organization) in Geneva, Switzerland and was awarded GATT Fellowship after his attachment. He is currently an independent non-executive director of Parkson Retail Group Limited and Alltronics Holdings Limited respectively, which shares are listed on the Main Board of the Stock Exchange.

Edwin Siu Pui Lap

Member of Audit Committee
Aged 63, was appointed as the independent non-executive director in 2012. He is a retired banker with extensive experience in banking operations and business finance activities. He began his banking career in 1972 and held senior positions in various large international banks for the following 40 years, with extensive experience in the fields of internal audit, financial analysis, credit administration and corporate finance. He retired from the banking industry in mid-2012 and now engages in providing business and financial advisory services to private companies.

Leslie Chang Shuk Chien

Chairman of Audit Committee
Member of Remuneration Committee and Nomination Committee
Aged 68, was appointed as the independent non-executive director in 2012. He is an associate member of Hong Kong Institute of Certified Public Accountants. He is the managing director of Chang Leung Hui & Li C.P.A. Limited since 1997. He is a certified public accountant practicing in Hong Kong since 1982 and has over 37 years of experience in the field of auditing and accounting.

SENIOR MANAGEMENT

Lee Siu Mei

Aged 41, is the group chief financial officer and the company secretary of the Company. She is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. Prior to joining the Company in 1999, she worked for an international accounting firm for about 3 years. She holds a Bachelor of Business Administration Degree in Professional Accountancy from The Chinese University of Hong Kong and a Master of Science Degree in Engineering Business Management from The University of Warwick.

Monnie Tong Lai Ying

Aged 53, is the executive director of Do Do Fashion Limited in charge of Finance and Administration. She joined the Group in 1988 and has 31 years' experience in the garment industry.

Li Ka Ki

Aged 34, is the executive director of Do Do Fashion Limited in charge of Sales and Product Development. Prior to joining the Group in 2011, he worked for a global trading company for over 4 years. He has over 11 years of experience in the garment industry. He is the son-in-law of Mr. Benson Tung, the brother-in-law of Mr. Martin Tung and Mr. Billy Tung, the nephew-in-law of Mr. Tung Siu Wing and the cousin-in-law of Mr. Raymond Tung.


ZELDA

CORPORATE GOVERNANCE REPORT

The Board of Directors and Management are committed to uphold a high standard of corporate governance with an aim to safeguard the interest of shareholders and the Company as a whole.

The Company complied with all the code provisions set out in the Corporate Governance Code (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the review year.

A. DIRECTORS

A.1 The Board

The Board is accountable to the shareholders for leading the Group in a responsible and effective manner. Every director is charged with acting in the best interest of the Group and contributing to the Group with their expertise and knowledge. The Board decides on overall Group strategies and monitors the Group's performance on behalf of the shareholders.

The Board meets regularly, and at least four times a year scheduled at approximately quarterly intervals according to the Code. Between scheduled meetings, monthly updates for the performance of the Group are provided to directors on a regular basis. Whenever warranted, additional board meetings are held. During the year ended March 31, 2015, an Annual General Meeting ("AGM"), an Extraordinary General Meeting ("EGM") and twelve Board meetings were held. The attendance of each director is set out as follows:

Name of director	Attendance at 2014 AGM	Attendance at 2014 EGM	Attendance at Board meetings
Mr. Benson Tung Wah Wing	1/1	1/1	12/12
Mr. Alan Lam Yiu On	1/1	1/1	12/12
Mr. Raymond Tung Wai Man	1/1	1/1	12/12
Mr. Martin Tung Hau Man	1/1	1/1	12/12
Mr. Billy Tung Chung Man	1/1	1/1	11/12
Mr. Tung Siu Wing	1/1	1/1	11/12
Mr. Kevin Lee Kwok Bun	1/1	1/1	12/12
Mr. Johnny Chang Tak Cheung	1/1	1/1	12/12
Mr. Tony Chang Chung Kay	1/1	1/1	12/12
Mr. Robert Yau Ming Kim	1/1	1/1	12/12
Mr. Edwin Siu Pui Lap	1/1	1/1	12/12
Mr. Leslie Chang Shuk Chien	1/1	1/1	12/12

To provide an opportunity to directors to include matters for discussion in the agenda, at least 14 days' notice of a Board meeting is normally given to all directors. Every director is entitled to have access to the advice and services of the company secretary with a view to ensuring that the Board procedures, and all applicable rules and regulations, are followed. All minutes are kept by the company secretary and are open for inspection by any director with reasonably advance notice. Minutes of Board meetings and meetings of Board committees should record in sufficient detail the matters considered by the Board/Board Committees and decisions reached. Draft and final versions of minutes of Board meetings will be sent to all directors for their comments and records respectively within a reasonable time after the Board meeting is held.

CORPORATE GOVERNANCE REPORT

Directors have been advised that the Company Secretary can arrange independent professional advice at the expense of the Company should such advice be considered necessary by any director. If a substantial shareholder or a director has a conflict of interest in a matter to be considered material by the Board, the matter will be dealt with in accordance with applicable rules and regulations and, if appropriate, an independent Board committee will be set up to deal with the matter.

The Company has arranged appropriate Directors and Officers liability insurance coverage for its directors and officers.

A.2 Chairman and Managing Director

The positions of the Chairman and the Managing Director of the Company are currently held by separated individuals, with Mr. Benson Tung Wah Wing being the Chairman and Mr. Alan Lam Yiu On being the Managing Director. The Chairman is responsible for ensuring that the Board is functioning properly, with good corporate governance practices and procedures. He also steers the Board and the Company towards corporate goals. The Managing Director is responsible for effective implementation of the overall strategies and initiatives adopted by the Board.

With the support of the Managing Director and the Company Secretary, the Chairman seeks to ensure that all directors are properly briefed on issues arising at Board meetings and receive adequate and reliable information on a timely basis. Apart from the regular Board meetings, the Chairman holds at least one meeting with the non-executive directors (including independent non-executive directors) annually without the presence of executive directors.

A.3 Board composition

The Board consists of five executive directors, two non-executive directors and five independent non-executive directors:

Executive directors:
Mr. Benson Tung Wah Wing *(Chairman)*
Mr. Alan Lam Yiu On *(Managing Director)*
Mr. Raymond Tung Wai Man
Mr. Martin Tung Hau Man
Mr. Billy Tung Chung Man

Non-executive directors:
Mr. Tung Siu Wing
Mr. Kevin Lee Kwok Bun

Independent non-executive directors:
Mr. Johnny Chang Tak Cheung
Mr. Tony Chang Chung Kay
Mr. Robert Yau Ming Kim
Mr. Edwin Siu Pui Lap
Mr. Leslie Chang Shuk Chien

More than one-third of the Board are independent non-executive directors. The Company has received, from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. Mr. Johnny Chang Tak Cheung is the uncle of Mr. Tony Chang Chung Kay. They declare the relationship does not affect their independence as they make decision independently and vote in their own accord. Mr. Leslie Chang Shuk Chien, an independent non-executive director of the Company, is the managing director of Chang Leung Hui & Li C.P.A. Limited ("Mr. Chang's Firm") which provides auditing, accounting and taxation services to the public. Mr. Chang's Firm, through another engagement partner, has been providing auditing, accounting and taxation services to a private company controlled by Mr. Robert Yau Ming Kim, an existing independent non-executive director of the Company, and personal taxation service to Mr. Yau himself for over 20 years. Mr. Chang personally was not, and would not be involved in the provision of any services to Mr. Yau and his controlled company. Apart from the above, Mr. Chang or Mr. Chang's Firm has not provided and does not provide services to any of the Company's existing directors (including executive directors) and/or substantial shareholders. Nor has he been involved and is involved in business dealings with the Company, its respective subsidiaries, its executive directors or with any connected persons of the Company. In view of the above and that the level of fees received by Mr. Chang's Firm from Mr. Yau and his controlled company is insignificant, the Company considers they are independent. The Company considers that all independent non-executive directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent.

The relationship among members of the Board is disclosed in "Profile of Directors and Senior Management" of this annual report.

A.4 Appointment, re-election and removal

In accordance with the Code and the Company's Articles of Association, all directors (including independent non-executive directors) are subject to retirement by rotation once every three years. Composition of the Board will be reviewed regularly to ensure that it covers a balance of expertise, skills and experience appropriate for the requirements of the business of the Company. The directors' profile is set out on pages 14 to 15.

The structure, size and composition of the Board are reviewed from time to time to ensure the Board has a balanced composition of skills, knowledge and experience appropriate for the requirements of the businesses of the Group. Any nomination of directors will be reviewed and discussed by the Nomination Committee. Suitable candidates will be recommended by the Nomination Committee to the Board for consideration.

A.5 Nomination Committee

A Nomination Committee was established by the Company on March 20, 2012. The Committee is chaired by Mr. Benson Tung Wah Wing, the Chairman of the Board. The other members are independent non-executive directors.

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board, identify and nominate potential individuals for directorship, and assess the independence of independent non-executive directors and make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors. Nomination Committee meets at least once a year. The full terms of reference are available on the Company's website at http://www.tungtex.com and the website of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company has adopted the Board Diversity Policy, setting out the approach to diversity on the Board and complying with a code Provision on board diversity. The Nomination Committee has, from time to time, reviewed the Board Diversity Policy to ensure its effectiveness.

In the Board Diversity Policy:–

– The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. A truly diverse Board will include and make good use of differences in the gender, age, cultural and educational background, professional and industry experience, skills and knowledge, ethnicity, length of service and other qualities of Directors. These differences will be taken into account in determining the optimum composition of the Board. All Board appointments will be based on merit, having due regard for the benefits of diversity on the Board.

During the year ended March 31, 2015, the Nomination Committee held one meeting, with attendance record as follows:

Name of member	Number of attendance
Mr. Benson Tung Wah Wing *(Chairman)*	1/1
Mr. Tony Chang Chung Kay	1/1
Mr. Robert Yau Ming Kim	1/1
Mr. Leslie Chang Shuk Chien	1/1

The following is a summary of the work of the Nomination Committee during the year ended March 31, 2015:

– Reviewed the structure and composition of the Board;
– Reviewed the retirement of directors by rotation and the re-appointment of retiring directors at 2014 AGM; and
– Assessed the independence of independent non-executive directors.

A.6 Responsibilities of directors

The directors are continually updated with the regulatory requirements, business activities and development of the Company to facilitate the discharge of their responsibilities. Through regular Board meetings, all directors are kept abreast of the conduct, business activities and development of the Company.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors. Confirmation has been sought from all directors that they have complied with the required standards set out in the Model Code throughout the year ended March 31, 2015. The Board has also adopted the Model Code as guidelines for relevant employees in respect of their dealings in the securities of the Company.

The directors have disclosed to the Company at the time of their appointment and from time to time thereafter the number and nature of offices held in public companies or organisations and other significant commitments with an indication of the time involved.

The Company has from time to time provided relevant reading materials and briefings to directors on the latest developments regarding the Listing Rules and other applicable legal and regulatory requirements relating to the roles, functions and duties of a listed company director. Attendance at external seminars or briefing sessions on the relevant topics also counts toward Continuous Professional Development ("CPD") training.

The directors have provided to the Company their records of CPD training during the year ended March 31, 2015 and the CPD training undertaken by the directors is summarised into the following areas:

Name of Director	Legal, regulatory and Corporate Governance	Directors' roles, functions and duties
Executive directors:		
Mr. Benson Tung Wah Wing	✓	✓
Mr. Alan Lam Yiu On	✓	✓
Mr. Raymond Tung Wai Man	✓	✓
Mr. Martin Tung Hau Man	✓	✓
Mr. Billy Tung Chung Man	✓	✓
Non-executive directors:		
Mr. Tung Siu Wing	✓	✓
Mr. Kevin Lee Kwok Bun	✓	✓
Independent non-executive directors:		
Mr. Johnny Chang Tak Cheung	✓	✓
Mr. Tony Chang Chung Kay	✓	✓
Mr. Robert Yau Ming Kim	✓	✓
Mr. Edwin Siu Pui Lap	✓	✓
Mr. Leslie Chang Shuk Chien	✓	✓

A.7 Supply of and access to information

In respect of regular Board meetings, an agenda and accompanying board papers of the meeting are sent in full to all directors at least 3 days before the intended date of a meeting.

The management has the obligation to supply the Board and the various Committees with adequate information in a timely manner to enable the members to make informed decisions. Each director has separate and independent access to the Company's senior management to acquire more information than is volunteered by management and to make further enquiries if necessary.

B. REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

B.1 The level and make-up of remuneration and disclosure

A Remuneration Committee was established by the Company in 2005. The Committee is chaired by Mr. Robert Yau Ming Kim, who is an independent non-executive director and a majority of the members are independent non-executive directors.

The primary function of the Remuneration Committee is to make recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management. The director's emoluments are determined, among other things, by reference to his duties and responsibilities with the Company, his experience for the industry, prevailing market conditions and the Company's performance. The Remuneration Committee ensures that no Director or any of his associates is involved in deciding his own remuneration. The full terms of reference are available on the Company's website at http://www.tungtex.com and the website of the Stock Exchange.

During the year ended March 31, 2015, the Remuneration Committee held two meetings, with attendance record as follows:

Name of member	Number of attendance
Mr. Robert Yau Ming Kim *(Chairman)*	2/2
Mr. Benson Tung Wah Wing	2/2
Mr. Tony Chang Chung Kay	2/2
Mr. Leslie Chang Shuk Chien	2/2

The following is a summary of the work of the Remuneration Committee during the year ended March 31, 2015:

– Determined, with delegated responsibility, the remuneration packages of individual executive directors and senior management;
– Made recommendations to the Board on the remuneration of non-executive directors;
– Approved annual bonus for the year ended March 31, 2015; and
– Ensured that no director or any of his associates is involved in deciding his own remuneration.

The remuneration paid to the members of senior management by bands for the year ended March 31, 2015 is set out below:

Remuneration bands	Number of individuals
Up to HK$1,000,000	1
HK$1,000,001 to HK$1,500,000	2

In order to attract and retain suitable and high-calibre personnel, to incentivise them to contribute to the future development and growth of the Group, a share option scheme was adopted by the Company on September 5, 2006. Details of the share option scheme are set out in note 32 to the consolidated financial statements.

C. ACCOUNTABILITY AND AUDIT

C.1 Financial reporting

The management provides such explanation and information to the Board to facilitate an informed assessment of the financial and other information put before the Board for approval.

The directors acknowledge their responsibility to prepare the financial statements that give a true and fair view of the state of affairs of the Group. Meanwhile, the directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently; and that judgments and estimates made are prudent and reasonable. The preparation of the financial statements for the year ended March 31, 2015 is in accordance with statutory requirements and applicable accounting standards.

The Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group's ability to continue as a going concern. The Board has prepared the financial statements on a going concern basis.

The primary objective of the Company is to maximize shareholders' value and sustain steady business development in the long run. The "Chairman's Statement" contain a discussion and analysis of the group's performance, an explanation of the basis on which the Company generates or preserves value over the longer term and the strategy for delivering its objectives.

The reporting responsibilities of external auditor of the Company are disclosed in "Independent Auditor's Report".

C.2 Internal controls

The Board has overall responsibilities for maintaining a sound and effective internal control system of the Group. The system includes a defined management structure with limits of authority, safeguards its assets against unauthorized use or disposition, ensures the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensures compliance with relevant laws and regulations. The system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss, and to manage the risks of failure in the Group's operational systems and in the achievement of the Group's objectives.

The Board periodically conducts review of the effectiveness of the system of internal controls, covering all material controls including financial, operational and compliance controls and risk management functions.

Resources, qualifications and experience of the Group's accounting staff, their training programmes and budget, and financial reporting function are considered by the Board from time to time.

C.3 Audit Committee

The Audit Committee was established in 1999 and all the members are independent non-executive directors. The Committee is chaired by Mr. Leslie Chang Shuk Chien, who possesses recognised professional qualifications in accounting and extensive experience in audit and accounting. None of the Audit Committee members is a former partner of the existing auditing firm of the Company during the one year after he ceases to be a partner of the auditing firm. The Audit Committee is to oversee the Group's financial reporting system and internal control procedures, and to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standard. The full terms of reference are available on the Company's website at http://www.tungtex.com and the website of the Stock Exchange.

During the year ended March 31, 2015 the Audit Committee held four meetings with attendance record as follows:

Name of member	Number of attendance
Mr. Leslie Chang Shuk Chien *(Chairman)*	4/4
Mr. Tony Chang Chung Kay	4/4
Mr. Robert Yau Ming Kim	4/4
Mr. Edwin Siu Pui Lap	4/4

At the meetings, the Audit Committee has reviewed the audited financial statements for the year ended March 31, 2015 and the interim accounts for six months ended September 30, 2014 respectively with senior management and the Company's external auditor. The Audit Committee has also reviewed the Group's accounting principles and practices, listing rules and statutory compliance, and financial reporting matters.

C.4 Remuneration to the external auditor of the Company

The remuneration to the external auditor of the Company for the year ended March 31, 2015 is set out as follows:

Services rendered	**Fee** *HK$'000*
Audit services	1,689
Non-audit services	
– taxation services	168
– other services	648

D. DELEGATION BY THE BOARD

D.1 Management functions

Executive directors are in charge of different business and functional divisions in accordance with their respective areas of expertise. The Board, led by the Chairman, is responsible for setting overall corporate strategies; evaluation of the performance of the Group and the management; and approval of matters that are of a material or substantial nature. Supported by senior management members, the Managing Director is responsible for effective implementation of the Board's decisions and the day-to-day operations of the Group.

D.2 Board committees

Audit Committee, Remuneration Committee and Nomination Committee have been established to oversee specific aspects of the Company's affairs. Each of these committees has specific written terms of reference which deal clearly with their authority and duties.

D.3 Corporate governance functions

The Board is responsible for performing the corporate governance duties. Specific terms of reference are set out in the Terms of Reference of the Board of the Company and the relevant duties include the followings:

- To develop and review the Company's policies and practices on corporate governance;
- To review and monitor the training and continuous professional development of directors and senior management;
- To review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- To develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and
- To review the Company's compliance with the code and disclosure in the Corporate Governance Report.

E. COMMUNICATION WITH SHAREHOLDERS

E.1 Effective communication

The Company discloses relevant information to shareholders through the Company's annual report and financial statements, the interim report, as well as the AGM. The sections under "Chairman's Statement" and "Management Discussion and Analysis" of the annual reports facilitate the shareholders' understanding of the Company's activities. The AGM allows the directors to meet and communicate with shareholders. The Company gives at least 20 clear business days' prior notice to shareholders before the AGM. The Company's financial statements and each of the required disclosure of information are dispatched within the prescribed period imposed by laws and regulations.

At the 2014 AGM, a separate resolution was proposed in respect of each substantially separate issue, including the re-election of individual directors. The Chairman of the Board (also being the Chairman of the Nomination Committee), Chairman of the Audit Committee and Chairman of the Remuneration Committee attended the 2014 AGM and were available to answer questions of the shareholders.

To further promote effective communication, the corporate website is maintained to disseminate Company announcements and other relevant financial and non-financial information electronically on a timely basis. The Board has adopted a shareholders' communication policy which will be subject to periodic review to ensure its effectiveness.

E.2 Shareholders' rights

Shareholder(s) representing at least 5% of the total voting rights of all the shareholders having a right to vote at general meetings may, in accordance with the requirements and procedures set out in Companies Ordinance (Chapter 622), request the Board to convene a general meeting. The general nature of the business to be dealt with at the meeting must be stated in the request which may be sent to the Company in hard copy form or in electronic form, and must be authenticated by the person(s) making it. One EGM in relation to the disposal of Tungtex Building was held by the Company on November 17, 2014. For details, please refer to the circular to shareholders of the Company dated October 30, 2014.

E.3 Voting by poll

Detailed procedures for conducting a poll were properly explained at the commencement of the 2014 AGM.

At the 2015 AGM, the chairman of the meeting will demand a poll on all the resolutions in accordance with the requirements of the Listing Rules. Poll results will be posted on the websites of the Company and the Stock Exchange on the business day following the general meeting.

DIRECTORS' REPORT

The directors present their annual report and the audited consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended March 31, 2015.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activity of its subsidiaries is the manufacture and sale of garments. The activities of its principal subsidiaries and associates are set out in notes 20 and 21 to the consolidated financial statements, respectively.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate sales attributable to the Group's largest and five largest customers were 12% and 37%, respectively. The aggregate purchases attributable to the Group's largest and five largest suppliers were 18% and 28%, respectively.

At no time during the year did a director, close associate of a director or a shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest customers or suppliers.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended March 31, 2015 are set out in the consolidated statement of profit or loss on page 37.

A special dividend of HK12 cents per share amounting to approximately HK$50.6 million were paid to the shareholders of the Company during the year.

The Board of Directors does not recommend the payment of a final dividend for the year ended March 31, 2015.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders as at March 31, 2015 represented the retained profits of HK$432,120,000 (2014: HK$288,239,000).

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 112.

FIXED ASSETS

Movements in investment properties and property, plant and equipment during the year are set out in notes 16 and 17 to the consolidated financial statements respectively.

BUSINESS REVIEW AND PERFORMANCE

Review of our business and performance

A review of the business of the Company and a discussion and analysis of the Group's performance during the year and the material factors underlying its results and financial position are provided in the Chairman's Statement and Management Discussion and Analysis respectively from pages 5 to 6 and pages 7 to 11 of this Annual Report. The outlook of the Company's business is discussed throughout this Annual Report.

BUSINESS REVIEW AND PERFORMANCE *(Continued)*

Principal risks and uncertainties

The following are the principal risks and uncertainties facing the Company as required to be disclosed pursuant to the Companies Ordinance (Chapter 622 of the laws of Hong Kong) and are in addition to the matters referred to in the Chairman's Statement and Management Discussion and Analysis.

1. *Economic climate and individual market performance*

The impact of economic conditions on consumer confidence and buying habits would affect sales and results of the Group. The economic growth or decline in our geographical markets that affected consumer spending on garments would also affect our business. The Group continues to implement its strategies to develop and strengthen penetration of different geographical markets thereby reducing its dependency on specific markets.

2. *Loss of key individuals or the inability to attract and retain talent*

Lack of appropriately skilled and experienced resource could result in a delay in achieving the Group's strategic goals. The risk of the loss of key personnel is mitigated by regular reviews of recruitment and retention practices, remuneration packages and succession planning within the management team.

3. *Customers' credit risk*

The maximum exposure to credit risk by the Group which will cause a financial loss due to failure to discharge an obligation by the counterparties is arising from the carrying amounts of the recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. The Group only extends credit to customers based on careful evaluation of the customers' financial conditions and credit history. Credit sales of products are made to customers with an appropriate credit history. In addition, the Group reviews the recoverable amount of debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

Details of the customers' credit risk are set out in note 6(b) to the consolidated financial statements.

4. *Liquidity risk*

In management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with the relevant loan covenants.

Details of the liquidity risk are set out in note 6(b) to the consolidated financial statements.

BUSINESS REVIEW AND PERFORMANCE *(Continued)*

Principal risks and uncertainties *(Continued)*

5. Currency risk

The Group has foreign currency transactions and foreign currency borrowings, which expose the Group to foreign currency risk.

The Group manages and monitors foreign exchange exposures to ensure appropriate measures are implemented on a timely and effective manner. The Group has entered into several foreign currency forward contracts to mitigate the risks as deemed appropriate.

Details of the currency risk are set out in note 6(b) to the consolidated financial statements.

6. Interest rate risk

The Group is mainly exposed to cash flow interest rate risk in relation to floating-rate bank balances and bank borrowings. It is the Group's policy to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk. The management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Details of the interest rate risk are set out in note 6(b) to the consolidated financial statements.

Group's environmental policies and performance

1. Sustainable Apparel Coalition (SAC) and Higg Index

We are accountable for the environmental impacts of our operations. We are a supplier of some active members of the SAC, and have been using its Higg Index, a groundbreaking industry tool designed to measure environmental and social performance and the sustainability impacts of our operations and to enhance the efficiencies and improve the operation of our business. Ultimately, the goal of the Higg Index is to understand and quantify sustainability impacts, and to create a common way of communicating sustainability to consumers.

In 2013, we introduced the Higg Index's social and environmental assessments to our operations. We have worked with our customers to set energy saving target, helping us to improve our performance while reducing cost.

2. Business for Social Responsibility (BSR) and HERproject

Women continue to represent a significant proportion of the workforce in our operation. Since 2014, we are undertaking a major initiative to support the BSR's HERproject, which provides basic health education to female workers, helping to improve their health and build their confidence and participation in the workplace. The HERproject also demonstrates the business benefits of these program activities to promote long-term factory investments in women's health.

Our collaboration has helped to reach a number of women workers in Mainland China. Internal follow-up surveys show the program has raised awareness of important health issues, but more important, the program has promoted adoption of healthier behaviors. We will continue to introduce the HERproject to remaining women workers.

BUSINESS REVIEW AND PERFORMANCE *(Continued)*

Stakeholders' engagement

We obtain and understand the views of our stakeholders regularly. This communication provides valuable feedback for our business and assists us to understand stakeholders' needs and assess the best way to leverage our resources and expertise to contribute to future business and community development.

Across the supply chain, we have taken steps through the year to ensure that we operate responsibly and in the interests of our customers, workforce, suppliers and other stakeholders.

An account of the Company's relationships with employees is included in the Management Discussion and Analysis from pages 7 to 11.

SHARE CAPITAL

Details of movements in the Company's share capital for the year ended March 31, 2015 are set out in note 31 to the consolidated financial statements.

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

During the year, the Company has not redeemed, and neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities.

PERMITTED INDEMNITY PROVISION

The Company has arranged for appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities. The permitted indemnity provision is in force for the benefit of the Directors as required by section 470 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) when the Report of the Board of the Directors prepared by the Directors is approved in accordance with section 391(1)(a) of the Companies Ordinance.

DIRECTORS' REPORT

DIRECTORS

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

Executive directors:

Benson Tung Wah Wing *(Chairman)*
Alan Lam Yiu On *(Managing Director)*
Raymond Tung Wai Man
Martin Tung Hau Man
Billy Tung Chung Man

Non-executive directors:

Tung Siu Wing
Kevin Lee Kwok Bun

Independent non-executive directors:

Johnny Chang Tak Cheung
Tony Chang Chung Kay
Robert Yau Ming Kim
Edwin Siu Pui Lap
Leslie Chang Shuk Chien

Pursuant to Article 84(A) of the Company's Articles of Association, at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third shall retire from office by rotation, provided that every director (including those appointed for a specific term or holding office as Chairman or Managing Director) shall be subject to retirement by rotation at least once every three years or within such other period as The Stock Exchange of Hong Kong Limited (the "Stock Exchange") may from time to time prescribe. Accordingly, Messrs. Alan Lam Yiu On, Martin Tung Hau Man, Tony Chang Chung Kay and Robert Yau Ming Kim retire by rotation and, being eligible, offer themselves for re-election.

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

DIRECTORS OF SUBSIDIARIES

The names of all directors who have served on the boards of the subsidiaries of the Company during the year ended March 31, 2015 or during the period from April 1, 2015 to the date of this report are available on the website of the Company.

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

As at March 31, 2015, the interests and short positions of the directors, chief executives of the Company and their associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which have been notified to the Company and the Stock Exchange pursuant to the provision of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such director or chief executive was taken or deemed to have under such provisions of the SFO) and have been recorded in the register maintained by the Company pursuant to section 352 of the SFO, or which have been notified to the Company and the Stock Exchange pursuant to the model code for securities transactions by directors of listed issuers (the "Model Code") contained in the Listing Rules, were as follows:

Long positions in shares and underlying shares of the Company

Name of director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Benson Tung Wah Wing	Interest of controlled corporation *(note a)*	150,059,268	35.55%
Alan Lam Yiu On	Beneficial owner	620,000	0.15%
Raymond Tung Wai Man	Beneficial owner	360,000	0.09%
Martin Tung Hau Man	Beneficial owner	1,604,000	0.38%
Billy Tung Chung Man	Beneficial owner	1,472,400	0.35%
Kevin Lee Kwok Bun	Beneficial owner	9,000,000	2.13%
Johnny Chang Tak Cheung	Beneficial owner/Beneficiary of a trust *(note b)*	2,829,752	0.67%
Tony Chang Chung Kay	Beneficial owner	3,844,760	0.91%

Notes:

(a) Mr. Benson Tung Wah Wing and his spouse, Madam. Wong Fung Lin, together own entire equity interests in equal share in Corona Investments Limited ("Corona"). Corona owned 150,059,268 shares in the Company as at March 31, 2015, representing 35.55% of the issued share capital of the Company. By virtue of the SFO, Mr. Benson Tung Wah Wing is deemed to be interested in the shares held by Corona.

(b) Mr. Johnny Chang Tak Cheung is the beneficiary owner who owned 777,752 shares in the Company as at March 31, 2015. He is also a beneficiary of a trust, Chaco International Limited, which owned 2,052,000 shares in the Company as at March 31, 2015.

DIRECTORS' REPORT

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(Continued)*

Save as disclosed above, as at March 31, 2015, none of the directors, chief executives of the Company nor their associates had or was deemed to have any interest or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which has been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which has been notified to the Company and the Stock Exchange pursuant to the Model Code of the Listing Rules.

SHARE OPTIONS

Particulars of the share option scheme and the movements in share options of the Company are set out in note 32 to the consolidated financial statements.

During the year, the movements in the share options to subscribe for the Company's shares are as follows:

	Date of grant	Vesting period	Exercisable period	Original exercise price per share HK$	Adjusted exercise price per Share HK$ (Note)	Number of share options: Outstanding at April 1, 2014	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at March 31, 2015
Category 1: Directors										
Benson Tung Wah Wing	November 9, 2006	3 years	November 9, 2009 – November 8, 2014	1.80	1.812	1,490,250	–	–	(1,490,250)	–
Alan Lam Yiu On	November 9, 2006	3 years	November 9, 2009 – November 8, 2014	1.80	1.812	1,490,250	–	–	(1,490,250)	–
Raymond Tung Wai Man	November 9, 2006	3 years	November 9, 2009 – November 8, 2014	1.80	1.812	993,500	–	–	(993,500)	–
Martin Tung Hau Man	November 9, 2006	3 years	November 9, 2009 – November 8, 2014	1.80	1.812	993,500	–	–	(993,500)	–
Billy Tung Chung Man	November 9, 2006	3 years	November 9, 2009 – November 8, 2014	1.80	1.812	993,500	–	–	(993,500)	–
Total for directors						5,961,000	–	–	(5,961,000)	–
Category 2: Employees	November 9, 2006	3 years	November 9, 2009 – November 8, 2014	1.80	1.812	3,278,550	–	–	(3,278,550)	–
Total for employees						3,278,550	–	–	(3,278,550)	–
Total for all categories						9,239,550	–	–	(9,239,550)	–

Note:

As announced on June 3, 2013, the exercise price and the number of shares to be allotted and issued upon exercise of the subscription rights attaching to the outstanding share options have been adjusted with effect from May 31, 2013 as a result of the rights issued became unconditional.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed under the heading "Share Options" above and in note 32 "Share-based payment transactions" to the consolidated financial statements, at no time during the year was the Company, or any of its subsidiaries, a party to any arrangement 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.

DIRECTORS' INTERESTS IN CONTRACTS

Details of the connected transactions and related party transactions entered into by the Group during the year ended March 31, 2015 are disclosed in note 38 to the consolidated financial statements.

No contracts of significance, to which the Company or any of its subsidiaries 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.

SUBSTANTIAL SHAREHOLDERS

As at March 31, 2015, the following substantial shareholders, other than directors and chief executives of the Company, had the interests and short positions in the shares and underlying shares of the Company which have been disclosed to the Company pursuant to the provision of Divisions 2 and 3 of Part XV of the SFO, have been recorded in the register kept by the Company pursuant to section 336 of SFO:

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Corona Investments Limited	Beneficial owner *(note a)*	150,059,268	35.55%
Madam Wong Fung Lin	Interest of controlled corporation *(note b)*	150,059,268	35.55%
FMR LLC	Investment manager	25,250,000	5.98%

Notes:

a These shares have been disclosed in the section headed "Directors' and Chief Executives' Interests and Short Positions in shares, Underlying Shares and Debentures" above.

b. The 150,059,268 shares are shares in issue held by Corona, the entire issued share capital of which is beneficially owned by Mr. Benson Tung Wah Wing and his spouse, Madam Wong Fung Lin, in equal shares. By virtue of the SFO, Madam Wong Fung Lin is deemed to be interested in the shares held by Corona.

Save as disclosed above, as at March 31, 2015, no person, other than the directors or chief executives of the Company, whose interests are set out in the section "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" above, had registered a long or short position in the shares, underlying shares and debentures of the Company that was required to be recorded pursuant to section 336 of the SFO.

MANAGEMENT CONTRACTS

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

DIRECTORS' REPORT

INDEPENDENCE CONFIRMATIONS OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors are independent.

CORPORATE GOVERNANCE

Throughout the year ended March 31, 2015, the Company complied with all the code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange.

Further information on the Company's corporate governance practices is set out in the "Corporate Governance Report" from pages 17 to 25 of the Annual Report.

EMOLUMENT POLICY

The emoluments of the directors of the Company are determined, among other things, with reference to their duties and responsibilities in the Company, their experience in the industry, prevailing market conditions and the Company's performance.

The Company has adopted a share option scheme to directors and eligible employees, details of the scheme are set out in note 32 to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules throughout the year ended March 31, 2015.

DONATIONS

During the year, the Group made charitable and other donations amounting to HK$47,000.

AUDITOR

The consolidated financial statements for the year ended March 31, 2015 were audited by Messrs. Deloitte Touche Tohmatsu.

A resolution for the re-appointment of Messrs. Deloitte Touche Tohmatsu as auditor of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board
Benson Tung Wah Wing
Chairman

Hong Kong, June 26, 2015

INDEPENDENT AUDITOR'S REPORT

Deloitte.
德勤

TO THE MEMBERS OF TUNGTEX (HOLDINGS) COMPANY LIMITED
同得仕（集團）有限公司
(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Tungtex (Holdings) Company Limited (the "Company") and its subsidiaries set out on pages 37 to 111, which comprise the consolidated statements of financial position as at March 31, 2015, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the 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 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

INDEPENDENT AUDITOR'S REPORT

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at March 31, 2015, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
June 26, 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended March 31, 2015

	NOTES	**2015 HK$'000**	2014 HK$'000
Revenue	7	**1,283,034**	1,372,616
Cost of sales		**(1,024,700)**	(1,145,888)
Gross profit		**258,334**	226,728
Other income and other gain	8	**18,957**	7,789
(Decrease) increase in fair value of investment properties		**(1,752)**	45,873
Increase in fair value of assets classified as held for sale	26(b)	**9,512**	–
Fair value changes on derivative financial instruments		**106**	(333)
Gain on disposal of assets classified as held for sale	26(c)	**211,216**	–
Selling and distribution costs		**(126,607)**	(119,400)
Administrative expenses		**(189,422)**	(226,469)
Finance costs	9	**(8,517)**	(7,591)
Share of loss of associates		**(456)**	(2,666)
Gain on disposal of subsidiaries and an associate	34	**19,809**	–
Profit (loss) before tax	10	**191,180**	(76,069)
Income tax (expense) credit	13	**(650)**	18,813
Profit (loss) for the year		**190,530**	(57,256)
Profit (loss) for the year attributable to:			
Owners of the Company		**197,578**	(43,889)
Non-controlling interests		**(7,048)**	(13,367)
		190,530	(57,256)
Earnings (loss) per share	15		
Basic and diluted (HK cents)		**46.8**	(10.7)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended March 31, 2015

	2015 *HK$'000*	2014 *HK$'000*
Profit (loss) for the year	**190,530**	(57,256)
Other comprehensive (expenses) income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translating foreign operations		
– exchange differences arising during the year	**(1,158)**	6,457
– reclassification adjustments relating to foreign operations disposed of during the year	**554**	–
	(604)	6,457
Items that will not be reclassified to profit or loss:		
Transfer of property, plant and equipment to investment properties:		
– revaluation surplus	**–**	65,313
– deferred tax charges	**–**	(10,777)
Reclassification of investment properties to assets classified as held for sale:		
– deferred tax credit	**–**	11,988
	–	66,524
Other comprehensive (expenses) income for the year	**(604)**	72,981
Total comprehensive income for the year	**189,926**	15,725
Total comprehensive income (expenses) for the year attributable to:		
Owners of the Company	**196,724**	29,079
Non-controlling interests	**(6,798)**	(13,354)
	189,926	15,725

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At March 31, 2015

	NOTES	2015 HK$'000	2014 HK$'000
Non-current assets			
Investment properties	16	7,828	9,580
Property, plant and equipment	17	170,905	182,017
Prepaid lease payments	18	26,687	27,886
Intangible assets	19	–	–
Interests in associates	21	202	658
Deferred tax assets	22	435	28
		206,057	220,169
Current assets			
Inventories	23	188,340	201,318
Trade and other receivables	24	181,569	238,726
Prepaid lease payments	18	828	534
Amount due from an associate	38	–	634
Tax recoverable		866	1,721
Derivative financial instruments	29	106	–
Pledged bank deposits	25	116,000	–
Bank balances and cash	25	232,138	151,837
		719,847	594,770
Assets classified as held for sale	26	–	256,055
		719,847	850,825
Current liabilities			
Trade and other payables	27	200,146	237,755
Tax liabilities		1,701	259
Obligations under finance leases – due within one year	28	41	91
Derivative financial instruments	29	–	333
Bank borrowings	30	56,973	249,137
		258,861	487,575
Net current assets		460,986	363,250
Total assets less current liabilities		667,043	583,419

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At March 31, 2015

	NOTES	2015 HK$'000	2014 HK$'000
Non-current liabilities			
Bank borrowings	30	17,600	58,549
Deferred tax liabilities	22	1,593	3,449
Obligations under finance leases – due after one year	28	7	97
		19,200	62,095
		647,843	521,324
Capital and reserves			
Share capital	31	212,932	212,932
Reserves		439,165	293,090
Equity attributable to owners of the Company		652,097	506,022
Non-controlling interests		(4,254)	15,302
		647,843	521,324

The consolidated financial statements on pages 37 to 111 were approved and authorised for issue by the Board of Directors on June 26, 2015 and are signed on its behalf by:

Benson Tung Wah Wing
DIRECTOR

Alan Lam Yiu On
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended March 31, 2015

	Attributable to owners of the Company									
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Capital redemption reserve** *HK$'000*	**Translation reserve** *HK$'000*	**Share option reserve** *HK$'000*	**Asset revaluation reserve** *HK$'000*	**Retained profits** *HK$'000*	**Total** *HK$'000*	**Non-controlling interests** *HK$'000*	**Total** *HK$'000*
At April 1, 2013	70,346	84,880	3,930	(3,695)	682	6,128	265,117	427,388	30,656	458,044
Loss for the year	–	–	–	–	–	–	(43,889)	(43,889)	(13,367)	(57,256)
Exchange differences arising on translation of foreign operations	–	–	–	6,444	–	–	–	6,444	13	6,457
Transfer of property, plant and equipment to investment properties:										
– revaluation surplus	–	–	–	–	–	65,313	–	65,313	–	65,313
– deferred tax charges	–	–	–	–	–	(10,777)	–	(10,777)	–	(10,777)
Reclassification of investment properties to assets classified as held for sale:										
– deferred tax credit	–	–	–	–	–	11,988	–	11,988	–	11,988
Total comprehensive income (expenses) for the year	–	–	–	6,444	–	66,524	(43,889)	29,079	(13,354)	15,725
Issuance of new shares due to rights issue	14,069	42,208	–	–	–	–	–	56,277	–	56,277
Transaction cost attributable to rights issue	–	(2,501)	–	–	–	–	–	(2,501)	–	(2,501)
Dividends recognised as distribution *(note 14)*	–	–	–	–	–	–	(4,221)	(4,221)	–	(4,221)
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	–	–	(2,000)	(2,000)
Adjustment upon completion of rights issue	–	–	–	–	(4)	–	4	–	–	–
Lapse of share options	–	–	–	–	(83)	–	83	–	–	–
Transfer upon abolition of par value under the new Hong Kong Companies Ordinance *(Note)*	128,517	(124,587)	(3,930)	–	–	–	–	–	–	–

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended March 31, 2015

	Attributable to owners of the Company									
	Share capital	Share premium	Capital redemption reserve	Translation reserve	Share option reserve	Asset revaluation reserve	Retained profits	Total	Non-controlling interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At March 31, 2014	212,932	–	–	2,749	595	72,652	217,094	506,022	15,302	521,324
Profit (loss) for the year	–	–	–	–	–	–	197,578	197,578	(7,048)	190,530
Reclassification adjustments relating to foreign operations disposed of during the year *(note 34)*	–	–	–	304	–	–	–	304	250	554
Disposal of assets classified as held for sale – revaluation surplus	–	–	–	–	–	(72,652)	72,652	–	–	–
Exchange differences arising on translation of foreign operations	–	–	–	(1,158)	–	–	–	(1,158)	–	(1,158)
Total comprehensive (expenses) income for the year	–	–	–	(854)	–	(72,652)	270,230	196,724	(6,798)	189,926
Disposal of non-controlling interest relating to subsidiaries disposal of during the year	–	–	–	–	–	–	–	–	(4,758)	(4,758)
Cash dividend paid *(Note 14)*	–	–	–	–	–	–	(50,649)	(50,649)	–	(50,649)
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	–	–	(8,000)	(8,000)
Lapse of share options	–	–	–	–	(595)	–	595	–	–	–
At March 31, 2015	212,932	–	–	1,895	–	–	437,270	652,097	(4,254)	647,843

Note: The Company has no authorised share capital and its shares have no par value from the commencement date of the new Hong Kong Companies Ordinance (i.e. March 3, 2014).

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended March 31, 2015

	NOTES	2015 HK$'000	2014 HK$'000
OPERATING ACTIVITIES			
Profit (loss) before tax		191,180	(76,069)
Adjustments for:			
Depreciation of property, plant and equipment		20,744	23,465
Depreciation of assets classified as held for sale		209	–
Decrease (increase) in fair value of investment properties		1,752	(45,873)
Increase in fair value of assets classified as held for sale	26(b)	(9,512)	–
Write down of inventories		–	705
Finance costs		8,517	7,591
Amortisation of prepaid lease payments		828	752
Loss on disposal of property, plant and equipment		2,545	1,234
Gain on disposal of a property		(12,320)	–
Gain on disposal of subsidiaries and an associate	34	(19,809)	–
Gain on disposal of assets classified as held for sale	26(c)	(211,216)	–
Share of loss of associates		456	2,666
Interest income		(388)	(304)
Fair value changes on derivative financial instruments		(106)	333
Operating cash flows before movements in working capital		(27,120)	(85,500)
Decrease (increase) in inventories		12,775	(42,649)
Decrease (increase) in trade and other receivables		49,058	(4,677)
Increase in amount due from an associate		(2,061)	(1,372)
(Decrease) increase in trade and other payables		(36,185)	24,862
(Increase) decrease in derivative financial instruments		(333)	386
Cash used in operations		(3,866)	(108,950)
Hong Kong Profits Tax paid		(291)	(116)
Taxation in other jurisdictions paid		(1,243)	(1,374)
Hong Kong Profits Tax refunded		146	1,007
Taxation in other jurisdictions refunded		–	47
NET CASH USED IN OPERATING ACTIVITIES		(5,254)	(109,386)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended March 31, 2015

	NOTES	2015 HK$'000	2014 HK$'000
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(16,213)	(72,944)
Addition to prepaid lease payments		–	(12,051)
Placement of pledged bank deposits		(116,000)	–
Proceeds on disposal of property, plant and equipment		2,562	728
Net cash inflow on disposal of a property		13,126	–
Net cash inflow on disposal of subsidiaries and an associate	34	25,904	–
Net cash inflow on disposal of assets classified as held for sale	26(c)	476,574	–
Interest received		388	304
NET CASH FROM (USED IN) INVESTING ACTIVITIES		386,341	(83,963)
FINANCING ACTIVITIES			
Bank borrowings raised		559,973	738,992
Repayment of bank borrowings		(793,183)	(659,280)
Issue of new shares under rights issue		–	56,277
Share issue expenses		–	(2,501)
Dividends paid		(50,649)	(4,221)
Interest paid		(8,517)	(7,591)
Dividends paid to non-controlling shareholders of a subsidiary		(8,000)	(2,000)
Repayment of obligations under finance leases		(140)	(116)
NET CASH (USED IN) FROM FINANCING ACTIVITIES		(300,516)	119,560
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		80,571	(73,789)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		151,837	224,490
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		(270)	1,136
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balance and cash		232,138	151,837

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2015

1. GENERAL

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office and the principal place of business of the Company is disclosed in the Corporate Information section of the annual report.

The functional currency of the Company is United States dollars ("USD"). The consolidated financial statements are presented in Hong Kong dollars ("HK$") for the convenience of the shareholders as the Company is listed in Hong Kong.

The Company is an investment holding company. The activities of its principal subsidiaries and associates are set out in notes 20 and 21, respectively.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs and the new Interpretation that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs and the new Interpretation issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies

Except as described below, the amendments to HKFRSs and the new Interpretation in the current year have had no material impact on the Group's financial performance and position for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 32 *Offsetting Financial Assets and Financial Liabilities*

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'. The directors of the Company do not anticipate that the application of these amendments to HKAS 32 will have a significant impact on the Group's consolidated financial statements as the Group does not have significant financial assets and financial liabilities for offset.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

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

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

HKFRS 15 *Revenue from Contracts with Customers*

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HKFRS 15 *Revenue from Contracts with Customers* (Continued)

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In the opinion of the directors, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

The directors of the Company anticipated that the application of other new and revised HKFRSs will have no material impact on these consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, the collective term which includes all applicable individual Hong Kong Financial Reporting Standards and Interpretations issued by HKICPA and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The consolidated financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance which concern the preparation of financial statements, in accordance with the requirement of Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit".

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values, as explained in accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in associates

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 is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

The results of associates are accounted for by the Company on the basis of dividends received and receivable during the year. In the statement of financial position of the Company, investments in associates are stated at cost, as reduced by any identified impairment loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale, except for investment properties which are measured at fair value, are measured at the lower of their previous carrying amount and fair value less costs of disposal.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy for leasing below.

Leasing

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.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's policy on borrowing costs (see the accounting policy below).

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasing *(Continued)*

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity ("foreign currencies") are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see the accounting policies below); and

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Borrowing costs

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

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

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme (the "MPF Scheme") and state-managed retirement benefit scheme, which are defined contribution schemes, are charged as an expense when employees have rendered service entitling them to the contributions.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Equity-settled share-based payment transactions

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share option reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserve.

When the share options are exercised, the amount previously recognised in the share option reserve will be transferred to share capital. 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 options reserve will be transferred to retained earnings.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the above general principles set out in HKAS 12 (i.e. based on the expected manner as to how the properties will be recovered).

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment including land and buildings held for use in the production or supply of goods, or for administrative purposes (other than properties under construction as described below) are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and accumulated impairment losses, if any. Freehold land is stated at cost less accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment, other than freehold land (other than properties under construction), less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of the reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment *(Continued)*

If 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 asset revaluation reserve. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to retained profits.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

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 the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair value. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are accounted for as investment properties and are measured using fair value model. Gains and losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

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 disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the item is derecognised.

If an investment property becomes a property, plant and equipment because its use has changed as evidenced by the end of holding to earn rentals and/or for capital appreciation and commencement of owner-occupation, it is transferred from investment property to property, plant and equipment at fair value (which is regarded as deemed cost) on the date of transfer.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Intangible assets

Intangible assets acquired separately and with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives.

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

Impairment losses on tangible and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generated unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generated unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the first-in, first-out method.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investment in subsidiaries

Investment in subsidiaries are included in the statement of financial position of the Company at cost less any identified impairment loss.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial liabilities at fair value through profit and loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are financial assets at fair value through profit or loss ("FVTPL") and loans and receivables.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Financial assets at fair value through profit or loss

Financial assets at FVTPL are assets held for trading.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any interest earned on the financial assets and is included in the "Fair value changes on derivative financial instruments" in the consolidated statement of profit or loss. Fair value is determined in the manner described in note 29.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, amount due from an associate, pledged bank deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Loans and receivables are assessed for indicators of impairment at the end of the reporting period. Loans and receivables are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Loans and receivables (Continued)

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all loans and receivables.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent 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.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Other financial liabilities (including trade and other payables, obligation under finance leases and bank borrowings) are subsequently measured at amortised cost, using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments (Continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which case the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors review the Group's investment property portfolios on an on-going basis. During the year ended March 31, 2014, the directors determined that the Tungtex Building (as defined in Note 26) are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time through rental income and the Tungtex Building has been reclassified to assets classified as held for sale. Therefore, in measuring the Group's deferred taxation on the Tungtex Building, the directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted.

As a result, during the year ended March 31, 2014, the Group reversed the deferred tax liabilities related to the revaluation of the Tungtex Building previously recognised amounting to HK$21,231,000 (Note 22) to profit and loss and other comprehensive income as the Group is not subject to any income taxes on disposal of the Tungtex Building.

During the year ended March 31, 2015, the Tungtex Building was disposed as detailed in note 26.

Key sources of estimation uncertainty

The key sources of estimation uncertainty at the end of the reporting period that may have a significant risk causing a material adjustment to the carrying amounts of assets within the next financial year are disclosed below:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2015

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Estimated allowance for trade and other receivables

Management regularly reviews the recoverability of trade and other receivables. Allowance for these receivables is made based on evaluation of collectability and on management's judgment by reference to the estimation of the future cash flows discounted at an effective interest rate to calculate the present value. A considerable amount of judgment is required in assessing the ultimate realisation of these debtors, including their current creditworthiness. If the actual future cash flows are less than expected, additional allowance may be required. No allowance for trade and other receivables were provided for both years. As at March 31, 2015, the carrying amount of trade and other receivables is HK$181,569,000 (2014: HK$238,726,000).

Estimated impairment of property, plant and equipment

Determining whether property, plant and equipment are impaired requires an estimation of their recoverable amount, which is the higher of the property, plant and equipment's fair value less costs to sell and value in use. The property, plant and equipment's fair value less costs to sell was estimated based on the best information available to reflect the amount that the Group can obtain, at the end of the reporting period, from the disposal of the property, plant and equipment in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal. Where the actual selling prices are less than expected, a material impairment loss may arise. No impairment of property, plant and equipment were provided for both years. As at March 31, 2015, the carrying amount of property, plant and equipment is HK$170,905,000 (2014: HK$182,017,000).

Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The board of directors of the Company determines the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The directors work closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model and to understand the cause of fluctuations in the fair value of the assets and liabilities.

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. Notes 6(c) and 16 provide detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of assets and liabilities.

5. CAPITAL RISK 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 Group's overall strategy remains unchanged from the prior year.

The capital structure of the Group consists of bank borrowings disclosed in note 30, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and various reserves.

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

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2015	2014
	HK$'000	*HK$'000*
Financial assets		
At FVTPL – Derivative financial instruments	**106**	–
Loans and receivables (including cash and cash equivalents)	**510,867**	361,053
	510,973	361,053
Financial liabilities		
At FVTPL – Derivative financial instruments	**–**	333
Obligation under finance lease	**48**	188
Amortised cost	**222,177**	483,094
	222,225	483,615

6. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies

The major financial instruments of the Group include trade and other receivables, amount due from an associate, derivative financial instruments, pledged bank deposits, bank balances and cash, trade and other payables, obligations under finance leases and bank borrowings. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (represented by currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Market risk

(i) Currency risk

Several subsidiaries of the Company have foreign currency transactions and foreign currency borrowings, which expose the Group to foreign currency risk.

The Group manages and monitors foreign exchange exposures to ensure appropriate measures are implemented on a timely and effective manner. The Group has entered into several foreign currency forward contracts to mitigate the risks as deemed appropriate.

The carrying amounts of foreign currency denominated monetary assets and monetary liabilities of the group entities with USD as functional currency at the end of the reporting period that are considered significant by management are as follows:

	Liabilities		**Assets**	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
HK$	**49,827**	179,724	**196,954**	31,473
Renminbi ("RMB")	**878**	1,963	**1,150**	1,301
EURO ("EUR")	**170**	–	**1,482**	2,085

As at March 31, 2015, the derivative financial instruments of the Group represent foreign currency forward contracts with aggregate notional amounts of HK$2,500,000 and EUR255,000 (2014: HK$19,000,000 and EUR406,000). Details of which are set out in note 29. Upon the maturity of the foreign currency forward contracts, the Group buy RMB and USD amounting to RMB2,005,000 and USD287,000, respectively, in total (2014: the Group buy RMB and USD amounting to RMB14,998,000 and USD557,000, in total).

6. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Market risk (Continued)

(i) Currency risk (Continued)

Sensitivity analysis

As HK$ is pegged with USD, currency risk in relation to HK$ denominated monetary assets/liabilities is expected to be minimal.

The following table details the sensitivity of the Group to a 5% increase and decrease in USD against RMB and EUR. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. On this basis, there will be an decrease in post-tax profit (2014: increase in post-tax loss) for the year where USD strengthens against EUR by 5%, and vice versa; a decrease in post-tax profit (2014: decrease in post-tax loss) for the year where USD strengthens against RMB by 5%, and vice versa.

	RMB impact		**EUR impact**	
	2015 ***HK$'000***	2014 *HK$'000*	**2015** ***HK$'000***	2014 *HK$'000*
Decrease in post-tax profit in 2015; Decrease (increase) in post-tax loss in 2014	**(11)**	28	**(55)**	(87)

As at March 31, 2015, for the Group's outstanding foreign currency forward contracts, if the market bid forward foreign exchange rate of RMB against HK$ and USD against EUR had been 5% higher/lower, post-tax profit for the year would decrease/increase by approximately HK$106,000 and HK$283,000, respectively.

As at March 31, 2014, for the Group's outstanding foreign currency forward contracts, if the market bid forward foreign exchange rate of RMB against HK$ and USD against EUR had been 5% higher/lower, post-tax loss for the year would increase/decrease by approximately HK$1,390,000 and HK$724,000, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2015

6. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Market risk (Continued)

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to the fixed-rate bank deposits. However, management considers the fair value interest rate risk is insignificant as they are relatively short-term.

The Group is mainly exposed to cash flow interest rate risk in relation to floating-rate bank balances and bank borrowings as at March 31, 2015 and March 31, 2014. It is the Group's policy to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk. The management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

For the years ended March 31, 2015 and 2014, the Group's exposure to interest rate risk on financial liabilities is detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rate arising from the Group's bank borrowings.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate bank borrowings and bank balances at the end of the reporting date.

The analysis is prepared assuming the outstanding amount at the end of the reporting period was outstanding for the whole year. For the year ended March 31, 2015 and 2014, 50 basis points increase or decrease for bank borrowings and bank balances is used, when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates for bank borrowings and bank balances.

If interest rates had been higher/lower as indicated above, and all other variables were held constant, the Group's profit for the year would increase/decrease or loss for the year would decrease/increase by approximately HK$1,032,000 (2014: HK$1,538,000).

6. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk

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

In order to minimise the credit risk, management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. The Group only extends credit to customers based on careful evaluation of the customers' financial conditions and credit history. Credit sales of products are made to customers with an appropriate credit history. In addition, the Group reviews the recoverable amount of debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group's concentration of credit risk on trade receivables by geographical locations is mainly in the North America which accounted for 68% (2014: 73%) of the total trade receivables balance at March 31, 2015. The Group also has concentration of credit risk on its five largest customers which represent 29% (2014: 33%) of the total trade receivables balance and of which the largest customer represents 16% (2014: 12%) of the total trade receivables balance. For both years, the five largest customers, which are engaged in garment retailing and are located in the North America, have good repayment history and credit quality with reference to the track records of these customers under internal assessment by the Group.

The credit risk on liquid funds of the Group is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2015

6. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Liquidity risk

In management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with the relevant loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As at March 31, 2015, the Group has available unutilised banking facilities of approximately HK$749,571,000 (2014: HK$803,110,000).

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of the financial liabilities based on the earliest date on which the Group can be required to pay. Specifically bank borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their right. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment date.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from the interest rate at the end of the reporting period.

2015

	Weighted average interest rate	On demand or less than 1 month	1 – 3 months	3 months to 1 year	Over 1 year	Total undiscounted cash flows	Carrying amount at March 31, 2015
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-derivative financial liabilities							
Trade and other payables	–	128,366	18,282	956	–	147,604	147,604
Obligations under finance leases	7.46	4	7	32	7	50	48
Bank borrowings *(Note)*							
– floating-rate	3.38	54,774	402	1,838	17,967	74,981	74,573
		183,144	18,691	2,826	17,974	222,635	222,225
Derivatives – net settlement							
Forward contracts	–	–	–	–	–	–	–

6. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Liquidity risk (Continued)

2014

	Weighted average interest rate %	On demand or less than 1 month *HK$'000*	1 – 3 months *HK$'000*	3 months to 1 year *HK$'000*	Over 1 year *HK$'000*	Total undiscounted cash flows *HK$'000*	Carrying amount at March 31, 2014 *HK$'000*
Non-derivative financial liabilities							
Trade and other payables	–	172,172	2,896	340	–	175,408	175,408
Obligations under finance leases	7.46	10	20	74	101	205	188
Bank borrowings *(Note)*							
– floating-rate	2.85	244,428	1,501	6,752	60,734	313,415	307,686
		416,610	4,417	7,166	60,835	489,028	483,282
Derivatives – net settlement							
Forward contracts	–	333	–	–	–	333	333

Note:

Bank borrowings with a repayment on demand clause are included in the "on demand" time band in the above maturity analysis. As at March 31, 2015, the aggregate principal amount of these bank loans amounted to HK$54,573,000 (2014: HK$241,737,000). Taking into account the Group's financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that the bank loans will be repaid within one year after the end of the reporting period in accordance with the scheduled repayment date set out in the loan agreement. The aggregate principal and interest cash outflows of bank borrowings with a repayment on demand clause are amounted to HK$54,573,000 (2014: HK$243,676,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2015

6. FINANCIAL INSTRUMENTS *(Continued)*

(c) Fair value measurements of financial instruments

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/ financial liabilities	Fair value as at 31/3/2015	Fair value as at 31/3/2014	Fair value hierarchy	Valuation technique(s) and key input(s)
Foreign currency forward contracts classified as derivative financial instruments in the consolidated statement of financial position	**Assets – HK$106,000**	Liabilities – HK$333,000	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.

There were no transfers into or out of Level 2 during the year.

(ii) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The directors consider that the carrying amounts of financial assets and financial liabilities (excluding derivative instruments) recognised in the consolidated financial statements approximate their fair values.

6. FINANCIAL INSTRUMENTS *(Continued)*

(d) Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

The disclosures set out in the tables below include financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the Group's consolidated statement of financial position.

As at March 31, 2015

	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral received	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Description						
Bank balances	**26,756**	**–**	**26,756**	**–**	**–**	**26,756**

As at March 31, 2014

	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral received	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Description						
Bank balances	11,496	–	11,496	(333)	–	11,163

The disclosures set out in the tables above include derivative financial contracts through the banks. If a default occurs, the banks are able to exercise the right to offset against any favourable derivative contracts and/or the bank balances placed.

7. REVENUE AND SEGMENTAL INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision makers for the purposes of resource allocation and assessment of performance focuses on the geographical areas of sales made by the Group's operating divisions based on the location of customers. The Group is principally engaged in the manufacture and sale of women garments. The Group is currently organised into operating divisions which constitute three operating segments – North America, Asia and Europe and others.

No segment assets and liabilities are disclosed as they are not reported to the chief operating decision makers.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment.

For the year ended March 31, 2015:

	North America *HK$'000*	Asia *HK$'000*	Europe and others *HK$'000*	Consolidated *HK$'000*
REVENUE				
Sales of goods – external	868,165	291,693	123,176	1,283,034
SEGMENT PROFITS (LOSS)	13,545	(13,128)	6,482	6,899
Unallocated income				18,957
Unallocated expenses				(64,594)
Decrease in fair value of investment properties				(1,752)
Increase in fair value of assets classified as held for sale				9,512
Fair value changes on derivative financial instruments				106
Gain on disposal of assets classified as held for sale				211,216
Finance costs				(8,517)
Share of loss of associates				(456)
Gain on disposal of subsidiaries and an associate				19,809
Profit before tax				191,180

7. REVENUE AND SEGMENTAL INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

For the year ended March 31, 2014 (restated) *(note):*

	North America *HK$'000*	Asia *HK$'000*	Europe and others *HK$'000*	Consolidated *HK$'000*
REVENUE				
Sales of goods – external	997,884	264,746	109,986	1,372,616
SEGMENT LOSS	(31,076)	(21,571)	(911)	(53,558)
Unallocated income				7,456
Unallocated expenses				(65,250)
Increase in fair value of investment properties				45,873
Fair value changes on derivative financial instruments				(333)
Finance costs				(7,591)
Share of loss of associates				(2,666)
Loss before tax				(76,069)

Note: In current year, the Group reviewed the revenue analysis of North America as a whole for the purposes of resource allocation and assessment of performance. As a result, the comparative information for the year ended March 31, 2014 has been restated by combining the United States of America (the "USA") and Canada in North America to conform with current year's presentation.

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profits (loss) represent the profits (loss) earned (expensed) by each segment without allocation of central administration costs, directors' salaries, depreciation of property, plant and equipment, amortisation of prepaid lease payments, (decrease) increase in fair value of investment properties, increase in fair value of assets classified as held for sale, fair value changes on derivative financial instruments, share of loss of associates, gain on disposal of assets classified as held for sale, gain on disposal of subsidiaries and an associate, other income and other gain and finance costs. This is the measure reported to the Company's executive directors for the purposes of resource allocation and assessment of performance.

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For the year ended March 31, 2015

7. REVENUE AND SEGMENTAL INFORMATION *(Continued)*

Geographical information

The Group's revenue is mainly derived from customers located in Hong Kong (country of domicile), the USA, the People's Republic of China (the "PRC"), United Kingdom, other European countries and Canada. The Group's revenue from external customers by the geographical location of the customers are detailed below:

	2015	2014
	HK$'000	*HK$'000*
The USA	**779,918**	941,874
The PRC	**256,204**	238,148
United Kingdom	**59,842**	51,248
Other European countries	**32,684**	23,318
Canada	**88,247**	56,010
Hong Kong	**19,122**	13,706
Others	**47,017**	48,312
	1,283,034	1,372,616

The Group's business activities are conducted predominantly in Hong Kong, the PRC and the USA. Information about the Group's non-current assets by the geographical location of the assets is detailed below:

	2015	2014
	HK$'000	*HK$'000*
Hong Kong	**2,696**	10,814
The PRC	**166,632**	173,177
The USA	**180**	289
Others	**35,912**	35,203
	205,420	219,483

Note: Non-current assets excluded interests in associates and deferred tax assets.

Information about major customers

For the year ended March 31, 2015, there is one (2014: one) external customer in North America operating segment who contributed over 10% of the total sales of the Group. Its contribution is approximately HK$147,629,000 (2014: HK$222,520,000).

8. OTHER INCOME AND OTHER GAIN

	2015	2014
	HK$'000	*HK$'000*
Bank interest income	**299**	304
Other interest income	**89**	–
Rental income from investment properties under operating leases, net of outgoings of HK$390,000 (2014: HK$334,000)	**6,249**	7,485
Gain on disposal of a property	**12,320**	–
	18,957	7,789

9. FINANCE COSTS

	2015	2014
	HK$'000	*HK$'000*
Bank borrowings	**8,514**	7,581
Finance leases	**3**	10
	8,517	7,591

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For the year ended March 31, 2015

10. PROFIT (LOSS) BEFORE TAX

	2015 *HK$'000*	2014 *HK$'000*
Profit (loss) before tax has been arrived at after charging (crediting):		
Employee benefits expenses, including those of directors:		
Salaries, allowances and bonus	**344,070**	358,683
Contributions to retirement benefit schemes	**25,803**	16,762
Total employee benefits expenses	**369,873**	375,445
Auditor's remuneration		
– audit service	**1,689**	1,844
– non-audit service	**816**	749
Cost of inventories recognised as an expense	**1,024,700**	1,145,888
Amortisation of prepaid lease payments	**828**	752
Depreciation of property, plant and equipment	**20,744**	23,465
Depreciation of assets classified as held for sale	**209**	–
Loss on disposal of property, plant and equipment	**2,545**	1,234
Net exchange (gain) loss	**(1,688)**	8,436

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the twelve (2014: twelve) directors and the chief executive of the Company were as follows:

2015

	Benson Tung Wah Wing HK$'000	Alan Lam Yiu On HK$'000	Raymond Tung Wai Man HK$'000	Martin Tung Hau Man HK$'000	Billy Tung Chung Man HK$'000	Tung Siu Wing HK$'000	Kevin Lee Kwok Bun HK$'000	Johnny Chang Tak Cheung HK$'000	Tony Chang Chung Kay HK$'000	Robert Yau Ming Kim HK$'000	Edwin Siu Pui Lap HK$'000	Leslie Chang Shuk Chien HK$'000	Total HK$'000
Fees	–	–	–	–	–	80	80	80	170	170	110	170	860
Other emoluments:													
Salaries and other benefits	3,640	2,893	1,625	1,365	1,300	–	–	–	–	–	–	–	10,823
Contributions to retirement benefit schemes	17	17	17	17	17	–	–	–	–	–	–	–	85
Performance related incentive payments *(note)*	–	111	63	52	50	–	–	–	–	–	–	–	276
Total emoluments	3,657	3,021	1,705	1,434	1,367	80	80	80	170	170	110	170	12,044

2014

	Benson Tung Wah Wing HK$'000	Alan Lam Yiu On HK$'000	Raymond Tung Wai Man HK$'000	Martin Tung Hau Man HK$'000	Billy Tung Chung Man HK$'000	Tung Siu Wing HK$'000	Kevin Lee Kwok Bun HK$'000	Johnny Chang Tak Cheung HK$'000	Tony Chang Chung Kay HK$'000	Robert Yau Ming Kim HK$'000	Edwin Siu Pui Lap HK$'000	Leslie Chang Shuk Chien HK$'000	Total HK$'000
Fees	–	–	–	–	–	80	80	80	170	170	110	170	860
Other emoluments:													
Salaries and other benefits	3,640	2,893	1,625	1,365	1,300	–	–	–	–	–	–	–	10,823
Contributions to retirement benefit schemes	15	15	15	15	15	–	–	–	–	–	–	–	75
Performance related incentive payments *(note)*	–	–	169	52	50	–	–	–	–	–	–	–	271
Total emoluments	3,655	2,908	1,809	1,432	1,365	80	80	80	170	170	110	170	12,029

Note: The performance related incentive payments are determined by reference to the Group's operating results, individual performance and prevailing market conditions.

Mr. Alan Lam Yiu On is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as Chief Executive.

No directors waived any emoluments in both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2015

12. FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, five (2014: four) were directors and the chief executive of the Company whose emoluments are included in the disclosures in note 11 above. For the year ended March 31, 2014, the emoluments of the remaining one individual were as follows:

	2015 *HK$'000*	2014 *HK$'000*
Salaries and other benefits	–	2,338
Contributions to retirement benefit schemes	–	138
	–	2,476

Their emoluments were within the following bands:

	Number of employee	
	2015	2014
HK$2,000,001 to HK$2,500,000	–	1

During both years, no emoluments were paid by the Group to any of the directors and chief executive or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office.

13. INCOME TAX EXPENSE (CREDIT)

	2015 *HK$'000*	2014 *HK$'000*
Current tax:		
Hong Kong	**906**	6
The PRC	**2,025**	1,252
Other jurisdictions	**–**	34
	2,931	1,292
Overprovision in prior years	**–**	(77)
	2,931	1,215
Deferred taxation *(Note 22)*	**(2,281)**	(20,028)
	650	(18,813)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries remains 25% for both years.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdiction.

According to the EIT Law, the profits of the PRC subsidiaries of the Company and associates of the Group derived since January 1, 2008 will be subject to withholding tax at a rate of 5% upon the distribution of such profits to foreign investors incorporated in Hong Kong, or at a rate of 10% for other foreign investors. The Group determined that no deferred tax on withholding tax liabilities shall be recognised since no significant distributable profit was derived by the PRC subsidiaries and associates since January 1, 2008.

13. INCOME TAX EXPENSE (CREDIT) *(Continued)*

The income tax expense (credit) can be reconciled to the profit (loss) before tax per the consolidated statement of profit or loss as follows:

	2015 ***HK$'000***	2014 *HK$'000*
Profit (loss) before tax	**191,180**	(76,069)
Tax at the Hong Kong Profits Tax rate of 16.5%	**31,545**	(12,551)
Tax effect of expenses not deductible for tax purpose	**6,047**	1,475
Tax effect of income not taxable for tax purpose	**(41,754)**	(2,206)
Tax effect of share of results of associates	**75**	440
Overprovision in prior years	**–**	(77)
Tax effect of tax losses not recognised	**8,221**	14,035
Reversal of deferred tax liabilities upon reclassification of investment properties to assets classified as held for sale	**–**	(20,020)
Utilisation of tax losses previously not recognised	**(3,679)**	(348)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**195**	439
Income tax expense (credit)	**650**	(18,813)

Details of deferred taxation for the year are set out in note 22.

14. DIVIDENDS

	2015 ***HK$'000***	2014 *HK$'000*
Dividends recognised as distribution during the year:		
2015 special of HK12 cents (2014: nil) per share	**50,649**	–
2013 final special of HK1 cent per share	**–**	4,221
	50,649	4,221

A special dividend of HK12 cents per share for the year ended March 31, 2015, amounting to HK$50.6 million has been paid by the Company.

The Board of Directors does not recommend the payment of a final dividend for the year ended March 31, 2015 (2014: nil).

15. EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (loss) per share attributable to the owners of the Company is based on the following data:

	2015 ***HK$'000***	2014 *HK$'000*
Profit (loss) for the year attributable to owners of the Company	**197,578**	(43,889)

	2015	2014
Number of ordinary shares in issue during the year for the purposes of basic and diluted earnings (loss) per share	**422,077,557**	409,550,141

The calculation of basic and diluted earnings (loss) per share for the year ended March 31, 2015 and 2014 has not assumed the exercise of the share options as the exercise price of these options was higher than the average market price for the corresponding years.

During the year ended March 31, 2014, the Group issued 70,346,259 rights shares at HK$0.80 per rights issue with details noted in the note 31. There is no adjustment on the Group's basic and diluted earnings (loss) per share for the current and prior year as there is no bonus element in the rights issue.

16. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At April 1, 2013	144,169
Transfer from property, plant and equipment	67,800
Increase in fair value recognised in profit or loss	45,873
Reclassified as assets classified as held for sale *(Note 26)*	(248,262)
At March 31, 2014	9,580
Decrease in fair value recognised in profit or loss	**(1,752)**
At March 31, 2015	**7,828**

The carrying value of the Group's investment properties shown above comprises:

	Fair value hierarchy	**2015** ***HK$'000***	2014 *HK$'000*
Properties in the PRC held under medium-term land use rights *(Note)*	Level 3	**7,828**	9,580

16. INVESTMENT PROPERTIES *(Continued)*

All of the Group's property interests held under operating leases to earn rentals are measured using the fair value model and are classified and accounted for as investment properties.

The fair values of the Group's investment properties at March 31, 2015, March 31, 2014 and June 1, 2013 (date of transfer of property, plant and equipment to investment properties) have been arrived at on the basis of a valuation carried out on that date by DTZ Debenham Tie Leung Limited for the year ended March 31, 2015 and Jones Lang LaSalle Limited for the year ended March 31, 2014, independent qualified professional valuers not connected with the Group, respectively.

Note: The valuation of properties in the PRC was arrived at by capitalising the rental income derived from the existing tenancies with due provision for the reversionary income potential of the property ("income capitalisation method") and by the direct comparison method assuming sale of the property in its existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market ("direct comparison method"). Under the income capitalisation method, two of the key inputs used in valuing the investment properties were the capitalisation rate, which was 4.6% and the rental income which ranged from HK$132.6/sq. m./month to HK$135.1/sq. m./month respectively. Under the direct comparison method, one of the key inputs used in valuing the investment properties was the asking prices of comparable properties, which ranged from HK$30,050/sq. m. to HK$32,828/sq. m.. There has been no change from the valuation technique used in prior year.

Under the income capitalisation method, a slight increase in the capitalisation rate used would result in a significant decrease in the fair value measurement of the investment properties, and vice versa and an increase in rental income used would result in an increase in the fair value measurement of the investment properties, and vice versa. Under the direct comparison method, an increase in the market prices of comparable properties would result in an increase in fair value measurement of the properties, and vice versa.

In estimating the fair value of the investment properties, the highest and best use of the properties is their current use.

There were no transfers into or out of Level 3 during the year.

17. PROPERTY, PLANT AND EQUIPMENT

	Freehold land *HK$'000*	Leasehold land *HK$'000*	Buildings *HK$'000*	Leasehold improve-ments *HK$'000*	Plant and machinery, furniture, fixtures and equipment *HK$'000*	Motor vehicles and yacht *HK$'000*	Construction in progress *HK$'000*	Total *HK$'000*
COST								
At April 1, 2013	4,780	17,278	141,685	73,417	224,039	9,190	9,899	480,288
Exchange adjustments	(474)	–	(368)	731	(23)	20	(260)	(374)
Additions	–	–	50,465	8,291	7,698	701	5,789	72,944
Transfer to investment properties *(Note 16)*	–	(3,928)	(3,576)	–	–	–	–	(7,504)
Transfer to assets classified as held for sale *(Note 26)*	–	(12,130)	(12,236)	–	–	–	–	(24,366)
Transfer	–	–	15,088	–	340	–	(15,428)	–
Disposals	–	–	–	(10,856)	(12,370)	(639)	–	(23,865)
At March 31, 2014	4,306	1,220	191,058	71,583	219,684	9,272	–	497,123
Exchange adjustments	(23)	–	(199)	43	(75)	6	1	(247)
Additions	–	–	646	6,688	7,281	793	805	16,213
Disposals	–	–	–	(14,847)	(14,068)	(3,804)	–	(32,719)
Disposal of a property	–	(1,220)	(680)	–	–	–	–	(1,900)
Derecognised on disposal of subsidiaries	–	–	–	(1,393)	(14,405)	(613)	–	(16,411)
At March 31, 2015	**4,283**	**–**	**190,825**	**62,074**	**198,417**	**5,654**	**806**	**462,059**
DEPRECIATION								
At April 1, 2013	–	7,017	63,008	57,108	203,639	4,922	–	335,694
Exchange adjustments	–	–	(691)	507	(411)	35	–	(560)
Provided for the year	–	289	5,747	10,893	5,456	1,080	–	23,465
Transfer to investment properties *(Note 16)*	–	(1,575)	(3,442)	–	–	–	–	(5,017)
Transfer to assets classified as held for sale *(Note 26)*	–	(5,249)	(11,324)	–	–	–	–	(16,573)
Eliminated on disposals	–	–	–	(10,721)	(10,568)	(614)	–	(21,903)
At March 31, 2014	–	482	53,298	57,787	198,116	5,423	–	315,106
Exchange adjustments	–	–	(41)	37	(23)	6	–	(21)
Provided for the year	–	–	6,469	8,112	5,257	906	–	20,744
Eliminated on disposals	–	–	–	(12,574)	(12,662)	(2,376)	–	(27,612)
Elimination on disposal of a property	–	(482)	(612)	–	–	–	–	(1,094)
Eliminated on disposal of subsidiaries	–	–	–	(1,393)	(14,229)	(347)	–	(15,969)
At March 31, 2015	**–**	**–**	**59,114**	**51,969**	**176,459**	**3,612**	**–**	**291,154**
CARRYING VALUES								
At March 31, 2015	**4,283**	**–**	**131,711**	**10,105**	**21,958**	**2,042**	**806**	**170,905**
At March 31, 2014	4,306	738	137,760	13,796	21,568	3,849	–	182,017

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

At the date of the transfer of buildings and leasehold land to investment properties during the year ended March 31, 2014, the aggregated carrying value and the fair value gain are HK$2,487,000 and HK$65,313,000 respectively.

The carrying value of the Group's motor vehicles amounted to HK$86,000 (2014: HK$321,000) in respect of assets held under finance leases. The Group has pledged leasehold land and buildings having a carrying value of HK$12,918,000 (2014: HK$14,197,000) to secure general banking facilities granted to the Group.

The above items of property, plant and equipment are depreciated on a straight-line basis (other than construction in progress), after taking into account of their estimated residual values, at the following rates per annum:

Freehold land	Nil
Buildings and leasehold land	4% or over the terms of the lease
Leasehold improvements	Over the shorter of the terms of the lease, or five years
Plant and machinery, furniture, fixtures and equipment	12.5% – 20%
Motor vehicles and yacht	12.5% – 20%

18. PREPAID LEASE PAYMENTS

	2015 ***HK$'000***	2014 *HK$'000*
The Group's prepaid lease payments comprise leasehold land:		
– in the PRC held under medium-term land use rights	**22,095**	22,759
– in Vietnam held under medium-term land use rights	**5,420**	5,661
	27,515	28,420
Analysed for reporting purposes as:		
Non-current assets	**26,687**	27,886
Current assets	**828**	534
	27,515	28,420

19. INTANGIBLE ASSETS

	Trademark
	HK$'000
COST	
At April 1, 2013, March 31, 2014 and **March 31, 2015**	774
AMORTISATION	
At April 1, 2013, March 31, 2014 and **March 31, 2015**	774
CARRYING VALUES	
At March 31, 2015	**–**
At March 31, 2014	–

The trademark had a finite useful life and was amortised on a straight-line basis over ten years.

20. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

(a) General information of subsidiaries

Particulars of the Company's principal subsidiaries at March 31, 2015 and 2014 are as follows:

Name of subsidiary	Place of incorporation/ registration and operation	Paid up issued share capital/ common stock/ registered capital	Class of shares held	Proportion ownership interest held by the Company				Principal activities
				Directly		Indirectly		
		(HK$ unless otherwise indicated)		2015 %	2014 %	2015 %	2014 %	
Do Do Fashion Limited	Hong Kong	10,000,000	Ordinary	100	100	–	–	Garment trading
Dorcash Industrial Limited ("Dorcash")	Hong Kong	20	Ordinary	100	100	–	–	Property holding
Golden Will Fashions Limited ("Golden Will")	Hong Kong	9,000,000	Ordinary	–	–	– (c)	60	Garment trading
Sing Yang (Overseas) Limited	Hong Kong	100,000	Ordinary	100	100	–	–	Procurement service
Sing Yang Trading Limited	Hong Kong	15,000,000	Ordinary	100	100	–	–	Garment trading
THL Inc.	USA	US$10,000	Ordinary	–	–	100	100	Garment trading
Tung Thai Fashions Limited	Thailand	Baht 100,000,000	Ordinary	100	100	–	–	Garment manufacture
Tungtex Trading Company Limited	Hong Kong	6,000,000	Ordinary	100	100	–	–	Garment trading
Tungtex (U.S.A.) Inc.	USA	US$838,802	Ordinary	100	100	–	–	Investment holding

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20. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(Continued)*

(a) General information of subsidiaries *(Continued)*

Name of subsidiary	Place of incorporation/ registration and operation	Paid up issued share capital/ common stock/ registered capital	Class of shares held	Proportion ownership interest held by the Company				Principal activities
				Directly		Indirectly		
		(HK$ unless otherwise indicated)		2015 %	2014 %	2015 %	2014 %	
West Pacific Enterprises Corporation	USA	US$90,000	Ordinary	-	–	100	100	Garment design and trading
Yellow River, Inc. ("Yellow River")	USA	US$80,000	Ordinary	-	–	51	51	Garment design and trading
中山同得仕絲綢服裝有限公司	PRC (a)	38,800,000	Registered capital	-	–	90	90	Garment manufacture
華裳服裝（深圳）有限公司	PRC (b)	8,699,000	Registered capital	-	–	100	100	Garment manufacture
深圳百多爾時裝有限公司	PRC (b)	RMB112,000,000 (2014: RMB82,000,000)	Registered capital	-	–	100	100	Garment manufacture
同得仕（杭州）時裝有限公司	PRC (b)	US$7,100,000	Registered capital	100	100	-	–	Garment manufacture
榮華服裝（深圳）有限公司	PRC (b)	RMB3,000,000 (2014: RMB1,787,381)	Registered capital	-	–	100	100	Garment manufacture
東莞同得仕時裝有限公司	PRC (b)	RMB65,000,000 (2014: RMB47,000,000)	Registered capital	-	–	100	100	Garment manufacture
Tungtex Fashions (Vietnam) Limited	Vietnam	US$1,500,000	Registered capital	-	–	100	100	Garment manufacture

Notes:

(a) This subsidiary is a sino-foreign equity joint venture.

(b) These subsidiaries are wholly foreign owned enterprises.

(c) The entire equity interest of the subsidiary was disposed of during the year ended March 31, 2015, as detailed in note 34.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, results in particulars of excessive length.

None of the subsidiaries had any debt securities outstanding at the end of the year or at any time during the year.

20. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(Continued)*

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests

Summarised financial information in respect of Golden Will that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	Golden Will	
	2015	2014
	HK$'000	*HK$'000*
Current assets	**–**	43,703
Non-current assets	**–**	7,617
Current liabilities	**–**	(12,560)
	–	38,760

	April 1, 2014 to date of disposal	Year ended March 31, 2014
	HK$'000	*HK$'000*
Revenue	**8,187**	111,253
Loss and total comprehensive expenses for the year	**(894)**	(25,420)

During the year ended March 31, 2015, Golden Will was disposed of as detailed in note 34.

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For the year ended March 31, 2015

21. INTERESTS IN ASSOCIATES

	2015 HK$'000	2014 HK$'000
Cost of investment in associates – unlisted	1,686	8,683
Share of post-acquisition losses and other comprehensive income	(1,484)	(8,025)
	202	658

As at March 31, 2015 and 2014, the Group had interests in the following associates, which are registered and operate in the PRC as sino-foreign equity enterprises:

Name of entity	Class of capital held	Proportion of registered capital held by the Company: Directly 2015 %	Directly 2014 %	Indirectly 2015 %	Indirectly 2014 %	Principal activity
番禺市金源時裝有限公司 ("Golden Will Panyu")	Registered capital	–	–	– (note)	30	Garment manufacture
嵊州同泰絲服飾有限公司	Registered capital	30	30	–	–	Garment manufacture

Note:

This indirectly held associate was disposed of during the year ended March 31, 2015 as detailed in note 34.

The summarised financial information in respect of the Group's associates that are individually immaterial is set out below:

	2015 HK$'000	2014 HK$'000
The Group's share of net assets of associates	202	658
The Group's share of loss of associates for the year	456	2,666

22. DEFERRED TAXATION

The following are the major deferred tax (liabilities) assets recognised and movements thereon during the current and prior years:

	Revaluation of investment properties *HK$'000*	**Accelerated tax depreciation** *HK$'000*	**Total** *HK$'000*
At April 1, 2013	(21,231)	(3,429)	(24,660)
Reversal to profit or loss	20,020	8	20,028
Credited to other comprehensive income for the year	1,211	–	1,211
At March 31, 2014	–	(3,421)	(3,421)
Disposal of a subsidiary *(Note 34)*	**–**	**(18)**	**(18)**
Reversal to profit or loss	**–**	**2,281**	**2,281**
At March 31, 2015	**–**	**(1,158)**	**(1,158)**

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2015 ***HK$'000***	2014 *HK$'000*
Deferred tax assets	**435**	28
Deferred tax liabilities	**(1,593)**	(3,449)
	(1,158)	(3,421)

At March 31, 2015, the Group has unused tax losses of approximately HK$318 million (2014: HK$386 million) available for offset against future profits. During the year ended March 31, 2015, included in the above unused tax losses, an amount of HK$63 million was reversed upon disposal of subsidiaries. No deferred tax asset has been recognised in respect of the HK$318 million (2014: HK$386 million) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately HK$137 million (2014: HK$164 million) that can be carried forward for five years and losses of approximately HK$107 million (2014: HK$90 million) that can be carried forward for twenty years. Unrecognised tax losses of HK$33 million (2014: HK$36 million) expired during the year. Other unrecognised tax losses may be carried forward indefinitely.

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23. INVENTORIES

	2015	2014
	HK$'000	*HK$'000*
Raw materials	**53,783**	69,881
Work in progress	**50,724**	53,431
Finished goods	**83,833**	78,006
	188,340	201,318

24. TRADE AND OTHER RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Trade and bills receivables	**146,548**	194,421
Deposits, prepayments and other receivables	**35,021**	44,305
	181,569	238,726

The Group normally grants a credit period ranging from 30 days to 90 days to its trade customers. Included in trade and other receivables are trade and bills receivables, mainly denominated in USD, with the following aged analysis presented based on the invoice date which approximated revenue recognition date at the end of the reporting period:

	2015	2014
	HK$'000	*HK$'000*
Up to 30 days	**86,974**	121,753
31 – 60 days	**46,062**	35,421
61 – 90 days	**9,195**	31,346
More than 90 days	**4,317**	5,901
	146,548	194,421

Before accepting any new customer, the Group will assess the potential customer's credit quality and define its credit limits. Credit sales are made to customers with an appropriate credit history. Credit limits attributed to customers and credit terms granted to customers are reviewed regularly. Trade receivables of HK$123,075,000 (2014: HK$160,975,000) that are neither past due nor impaired have good credit quality with reference to the track records of these customers under internal assessment by the Group.

24. TRADE AND OTHER RECEIVABLES *(Continued)*

Included in the Group's trade and bills receivables balance are debtors with aggregate carrying amount of HK$23,473,000 (2014: HK$33,446,000) which are past due as at the reporting date for which the Group has not provided for impairment loss, as the Group considers such balance can be recovered based on historical experience. The Group does not hold any collateral over these balances.

The following is an aged analysis of trade and bills receivables which are past due but not impaired, at the end of the reporting period:

	2015 HK$'000	2014 HK$'000
Up to 30 days	11,240	–
31 – 60 days	7,155	16,067
61 – 90 days	2,162	13,311
More than 90 days	2,916	4,068
	23,473	33,446

The trade and other receivables that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2015 HK$'000	2014 HK$'000
HK$	4,051	10,103
RMB	9	–
EUR	1,022	1,958
	5,082	12,061

24a. TRANSFERS OF FINANCIAL ASSETS

The following were the Group's bills receivables as at March 31, 2014 that were transferred to banks by discounting those receivables on a full recourse basis.

	2015	2014
	HK$'000	*HK$'000*
Carrying amount of bills receivables transferred	**–**	11,850
Carrying amount of associated liabilities	**–**	(11,850)
Net position	**–**	–

The Group discounted bills receivables to banks by discounting those receivables on a full recourse basis. As the Group has not transferred the significant risks and rewards relating to these receivables, it continues to recognise the full carrying amount of the receivables and has recognised the cash received on the transfer as discounted bills (see Note 30). These financial assets are carried at amortised cost in the Group's consolidated statement of financial position.

25. PLEDGED BANK DEPOSITS AND BANK BALANCES AND CASH

Bank balances and cash of the Group comprises bank balances and cash held by the Group and short-term bank deposits with an original maturity of three months or less. The bank deposits carry interest at market rates ranging from 0.001% to 3.06% (2014: 0.001% to 2.00%) per annum.

Pledged bank deposits are pledged to secure the short term, long term bank borrowings and general banking facilities, which carry interest at market rates ranging from 0.001% to 0.63% (2014: nil) per annum.

The bank balances and cash that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2015	2014
	HK$'000	*HK$'000*
HK$	**192,903**	20,736
RMB	**1,142**	1,301
EUR	**459**	127
	194,504	22,164

26. ASSETS CLASSIFIED AS HELD FOR SALE

On January 17, 2014, the Group announced that it appointed property agents in Hong Kong to market with a view to sell the Group's property, Tungtex Building, located at 203 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong ("Tungtex Building"). Certain portion of the Tungtex Building was occupied for self-use by the Group (classified as buildings and leasehold land in property, plant and equipment) and the remaining portion was leased to third parties (classified as investment properties).

As at March 31, 2014, the Group considered that it was highly probable to sell the Tungtex Building within one year and reclassified the Tungtex Building to assets classified as held for sale for the presentation of the consolidated financial statements. At the date of the reclassification, the carrying value of the buildings and leasehold land and the fair value of the investment properties was HK$7,793,000 (Note 17) and HK$248,262,000 (Note 16), respectively.

On October 16, 2014, Dorcash as vendor entered into a conditional sale and purchase agreement (which superseded the conditional provisional sale and purchase agreement dated September 26, 2014 signed by the same parties on the same subject matters) with Kingwise Enterprises Limited, an independent third party, as purchaser for the disposal of Tungtex Building at a consideration of HK$485,000,000. The completion of the disposal is conditional upon the satisfaction of the conditions precedent set out in the sale and purchase agreement, the same of which had been disclosed in the Company's circular dated October 30, 2014. At the extraordinary general meeting of the Company held on November 17, 2014, the proposed resolution for the purpose of approving the disposal was duly passed by way of poll. During the year ended March 31, 2015, all conditions precedent had been fulfilled and the transaction was completed.

The class of assets classified as held for sale is as follows:

	Fair value hierarchy	**2015** *HK$'000*	2014 *HK$'000*
Property, plant and equipment *(Note a)*	–	**–**	7,793
Investment property *(Note b)*	Level 2	**–**	248,262
		–	256,055

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26. ASSETS CLASSIFIED AS HELD FOR SALE *(Continued)*

Notes:

a.

	HK$'000
Transfer from property, plant and equipment and as at March 31, 2014	7,793
Depreciation provided for the period	(209)
Disposal *(Note c)*	(7,584)
As at March 31, 2015	–

b.

	HK$'000
Transfer from investment property and as at March 31, 2014	248,262
Increase in fair value of assets classified as held for sale	9,512
Disposal *(Note c)*	(257,774)
As at March 31, 2015	–

As at March 31, 2014, the fair value of HK$248,262,000 was determined based on the direct comparison method and the basis of a valuation carried out by Jones Lang LaSalle Limited, independent qualified professional valuer not connected with the Group. The direct comparison method uses prices and other relevant information generated by market transactions involving comparable properties. One of the key inputs was the sales prices of comparable properties, which ranged from HK$3,549/sq. ft. to HK$5,791/sq. ft.. An increase in the sales prices of comparable properties would result in an increase in fair value measurement of the properties, and vice versa. During the year ended March 31, 2015, valuation was carried out by DTZ Debenham Tie Leung Limited, independent qualified professional valuer not connected with the Group and a fair value gain of HK$9,512,000 was recognised in consolidated statement of profit or loss and other comprehensive income before disposal.

c.

	HK$'000
Gain on disposal of assets classified as held for sale:	
Consideration received	485,000
Carrying amount of property, plant and equipment *(Note a)*	(7,584)
Carrying amount of investment property *(Note b)*	(257,774)
Transaction costs	(8,426)
	211,216
Net cash inflow arising on disposal:	
Cash consideration received	485,000
Transaction costs	(8,426)
	476,574

d. At March 31, 2014, the Group has pledged building having a value of HK$202,631,000 (Note 36) to secure general banking facilities granted to the Group. The pledge is released during the year ended March 31, 2015.

27. TRADE AND OTHER PAYABLES

	2015 HK$'000	2014 HK$'000
Trade and bills payables	107,410	132,351
Other payables, accrued charges and receipt in advance	92,736	105,404
	200,146	237,755

The aged analysis of the Group's trade and bills payables presented based on the invoice date at the end of the reporting period are as follows:

	2015 HK$'000	2014 HK$'000
Up to 30 days	62,998	74,472
31 – 60 days	31,130	40,321
61 – 90 days	5,040	9,568
More than 90 days	8,242	7,990
	107,410	132,351

The average credit period on purchases of goods ranges from 30 to 60 days. The Group has financial risk management policies in place to ensure that most of the payables are settled within the credit timeframe.

The trade and other payables that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2015 HK$'000	2014 HK$'000
HK$	23,827	30,584
RMB	878	1,963
EUR	170	–
	24,875	32,547

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28. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Amounts payable under finance leases:				
Within one year	**43**	104	**41**	91
More than one year but not exceeding two years	**7**	86	**7**	77
More than two years but not exceeding three years	**–**	15	**–**	20
	50	205		
Less: Future finance charges	**(2)**	(17)		
Present value of lease obligations	**48**	188	**48**	188
Less: Amount due within one year shown under current liabilities			**(41)**	(91)
Amount due after one year			**7**	97

The Group leases certain of its motor vehicles under finance leases. The average lease term is three years. For the year ended March 31, 2015, the average effective borrowing rate was 7.46% (2014: 7.46%) per annum. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

29. DERIVATIVE FINANCIAL INSTRUMENTS

At the end of the reporting period, major terms of outstanding foreign currency forward contracts of the Group were as follows:

2015

Notional amount	**Maturity date**	**Currency conversion**
2 contracts to sell EUR255,000 in total	September 30, 2015 to November 30, 2015	EUR1: USD1.1200 to 1.2145
1 contract to sell HK$2,500,000 in total	April 16, 2015	HK$1: RMB0.8021

2014

Notional amount	Maturity date	Currency conversion
13 contracts to sell HK$19,000,000 in total	April 15, 2014 to January 9, 2015	HK$1: RMB0.7797 to 0.8056
3 contracts to sell EUR406,000 in total	May 9, 2014 to July 15, 2014	EUR1: USD1.3670 to 1.3735

As at March 31, 2015, a fair value gain of HK$106,000 (2014: loss of HK$333,000) was recognised in profit or loss. The above foreign currency forward contracts were measured at fair value at end of the reporting period, determined based on the prices quoted from the counterparty financial institutions with reference to forward rates with appropriate yield curve of foreign currencies as at March 31, 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2015

30. BANK BORROWINGS

	2015 *HK$'000*	2014 *HK$'000*
Floating-rate borrowings:		
Bank loans	**27,436**	154,904
Bills discounted with recourse	**–**	11,850
Trust receipts loans	**14,028**	50,693
Import trade loans	**33,109**	90,239
	74,573	307,686
Secured	**61,712**	245,035
Unsecured	**12,861**	62,651
	74,573	307,686
Carrying amount repayable:		
Within one year*	**56,973**	249,137
In more than one year but not exceeding two years	**2,400**	58,549
In more than two years but not exceeding five years	**15,200**	–
	74,573	307,686

* Amounted to HK$54,573,000 (2014: HK$241,737,000) are amount due within one year with repayable on demand clause. Amounted to HK$2,400,000 (2014: HK$7,400,000) are amount due within one year without repayable on demand clause.

30. BANK BORROWINGS *(Continued)*

Amounted to HK$41,712,000 (2014: HK$179,086,000) bank borrowings at the end of the reporting period are secured and amounted to HK$12,861,000 (2014: HK$62,651,000) bank borrowings at the end of the reporting period are unsecured. Both amounts are with a repayable on demand clause and repayable within one year and are included under current liabilities. Amounted to HK$2,400,000 (2014: HK$7,400,000) are bank borrowings secured and without a repayable on demand clause whilst repayable within one year and are included under current liabilities.

Amounted to HK$17,600,000 (2014: HK$58,549,000) bank borrowings at the end of the reporting period are secured and without a repayable on demand clause. They are repayable after one year and are included under non-current liabilities.

The effective interest rates (which is also equal to contracted interest rate) on the Group's borrowings ranged from 1.64% to 7.46% (2014: 1.67% to 7.80%) per annum.

The bank borrowings that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2015	2014
	HK$'000	*HK$'000*
HK$	**26,000**	149,140

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2015

31. SHARE CAPITAL

	Number of shares	Amount
		HK$'000
Authorised	500,000,000	100,000
At March 31, 2015 and March 31, 2014	N/A *(Note a)*	N/A *(Note a)*
Issued and fully paid		
At April 1, 2013		
Ordinary shares of HK$0.20 each	351,731,298	70,346
Issue of new ordinary shares under rights issue *(Note b)*	70,346,259	14,069
Transfer from share premium and capital redemption reserve upon abolition of par value under the new Hong Kong Companies Ordinance effective on March 3, 2014 *(Note a)*	–	128,517
At March 31, 2015 and March 31, 2014		
Ordinary shares with no par value	422,077,557	212,932

Note a: The Company has no authorised share capital and its shares have no par value from the commencement date of the new Hong Kong Companies Ordinance (i.e. March 3, 2014).

Note b: On May 31, 2013, the rights issue became unconditional. On June 4, 2013, share certificates of 70,346,259 fully paid rights shares were dispatched at a subscription price of HK$0.80 per rights share, on the basis of one rights share for every five shares. The cash proceeds of approximately HK$56.3 million, before share issue expenses of HK$2.5 million, are used for increasing the Group's factory capacities in Vietnam and the PRC, and for general working capital of the Group. The rights shares rank pari passu in all respects with the then existing shares in issue.

32. SHARE-BASED PAYMENT TRANSACTIONS

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on September 5, 2006 for the primary purpose of attracting and retaining suitable and high-calibre personnel, incentivising them to contribute to the future development and growth of the Group and any invested entity by sharing in the equity interests of the Company. The Scheme will expire on September 4, 2016. Under the Scheme, the Board of the Company may grant options to full time employees, including executive directors of the Company, its subsidiaries or any invested entity ("Participants"), to subscribe for shares in the Company.

At March 31, 2014, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 9,239,550, representing 2.19% of the shares of the Company in issue at that date. These options were lapsed during the year and hence there are no outstanding options under the Scheme as at the date of this report. The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 5% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The total number of shares issued and to be issued upon exercise of the options granted to each Participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares in issue at any point in time, without prior approval from the Company's shareholders.

The Scheme shall be valid and effective for a period of ten years. The Scheme does not contain any minimum period(s) for which an option must be held before it can be exercised. However, at the time of grant of the options, the Board of Directors may specify any vesting period.

Options granted must be taken up within twenty-eight days of the date of grant upon payment of HK$1 per grant. The exercise price in respect of any particular option shall be such price as determined by the Board at its absolute discretion at the time of the making of the offer but in any case the exercise price shall not be lower than the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the date of grant, which must be a trading day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of grant; and (iii) the nominal value of a share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2015

32. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

The following table discloses the movement of the options under the Scheme held by the directors and employees of the Company or the Group and movements in such holdings during the year whereas the exercise price and number of options have been adjusted to reflect of rights issue as defined and set out in Note 31:

						Number of share options					
Category	Date of grant	Vesting period	Exercisable period	Original exercise price per share	Adjusted exercise price per share	At April 1, 2013	Adjusted during the year	Lapsed during the year	At March 31, 2014	Lapsed during the year	At March 31, 2015
				HK$	*HK$*						
Directors	November 9, 2006	3 years	November 9, 2009 – November 8, 2014	1.80	1.812	6,000,000	(39,000)	–	5,961,000	(5,961,000)	-
Employees	November 9, 2006	3 years	November 9, 2009 – November 8, 2014	1.80	1.812	4,900,000	(31,850)	(1,589,600)	3,278,550	(3,278,550)	-
						10,900,000	(70,850)	(1,589,600)	9,239,550	(9,239,550)	-
Exercisable at end of the year						10,900,000			9,239,550		-
Weighted average exercise price						HK$1.80	HK$1.812	HK$1.812	HK$1.812	HK$1.812	-

No options are granted or exercised for the year ended March 31, 2015 and 2014. 9,239,550 (2014: 1,589,600) share options were lapsed during the year. At March 31, 2015, no options were remained outstanding under the Scheme.

The options granted to the above directors and employees were because of their services to the Group.

33. OPERATING LEASES

The Group as lessee

During the year, the Group made minimum lease payments under operating leases of HK$20,536,000 (2014: HK$23,111,000) in respect of rented premises.

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises, which fall due as follows:

	2015	2014
	HK$'000	*HK$'000*
Within one year	**11,849**	12,190
In second to fifth year inclusive	**5,113**	9,362
	16,962	21,552

Operating lease payments represent rentals payable by the Group for certain of its office premises, factories and retail shops. Leases are negotiated for terms ranging from one to five years and rentals are fixed.

The Group as lessor

Property rental income (before outgoings) earned during the year was HK$6,639,000 (2014: HK$7,819,000). The properties held have committed tenants for terms ranging from two to six years.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2015	2014
	HK$'000	*HK$'000*
Within one year	**2,645**	5,941
In second to fifth year inclusive	**7,187**	2,657
	9,832	8,598

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2015

34. DISPOSAL OF SUBSIDIARIES AND AN ASSOCIATE

On November 20, 2014, the Group completed the disposal of 60% interest in an indirectly-owned subsidiary, Golden Will, which holds 100% equity interest in other subsidiaries and 50% equity interest in Golden Will Panyu (the "Disposal Group") to Mr. Ng Po Chuen, a director and a substantial shareholder of the Disposal Group who owned 40% of the entire issued share capital of Golden Will, for a consideration of HK$26,900,000.

Analysis of assets and liabilities over which control was lost:

	HK$'000
Property, plant and equipment	442
Inventories	333
Trade and other receivables	8,464
Amount due from an associate	2,695
Deferred tax assets	18
Tax recoverable	504
Bank balances and cash	362
Trade and other payables	(1,549)
Net assets	11,269
Less: Non-controlling interests	(4,508)
Net assets disposed of	6,761
Gain on disposal of subsidiaries and an associate:	
Consideration received	26,900
Reclassification adjustments relating to foreign operations disposed of	304
Expenses paid in connection with the disposal	(634)
Net assets disposed of	(6,761)
	19,809
Net cash inflow arising on disposal:	
Cash consideration received	26,900
Bank balances and cash disposed of	(362)
Expenses paid in connection with the disposal	(634)
	25,904

35. CAPITAL COMMITMENTS

	2015 *HK$'000*	2014 *HK$'000*
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
– acquisition of property, plant and equipment	**109**	308
– addition of construction in progress	**2,610**	–

36. PLEDGE OF ASSETS

At the end of the reporting period, the following assets of the Group have been pledged to banks to secure general banking facilities granted to the Group:

	2015 *HK$'000*	2014 *HK$'000*
Prepaid lease payments	**10,527**	10,912
Buildings	**12,918**	14,197
Assets classified as held for sale	**–**	202,631
Pledged bank deposits	**116,000**	–

37. RETIREMENT BENEFIT SCHEMES

The Group operates the MPF Scheme for all qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes the lower of 5% of the relevant payroll costs or HK$1,500 (HK$1,250 from April 1, 2013 to May 31, 2014), for each of the employees every month, to the MPF Scheme, which contribution is matched by employees.

The employees in the Company's subsidiaries in the PRC are members of the state-managed retirement benefit scheme operated by the government in the PRC. The subsidiaries in the PRC are required to contribute a certain percentage of their payroll to the retirement benefit scheme to fund the benefit. The only obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the scheme.

In addition, certain subsidiaries of the Company are required to contribute amounts based on employees' salaries to the retirement benefit scheme as stipulated by relevant local authorities. The employees are entitled to the Group's contributions subject to the regulations of the relevant local authorities.

The total cost charged to profit or loss of HK$25,803,000 (2014: HK$16,762,000) represents contributions paid and payable to these schemes by the Group for the year ended March 31, 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2015

38. RELATED PARTIES DISCLOSURES

(a) During the year, the Group had the following transactions with related parties.

	2015 *HK$'000*	2014 *HK$'000*
Purchases from the Group's associate	**613**	21,405

At March 31, 2014, amount due from an associate is HK$634,000 which is trade in nature. The amount due from an associate was unsecured, interest free and repayable on demand. The amount was denominated in HK$, foreign currency of the relevant subsidiary of the Company.

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2015 *HK$'000*	2014 *HK$'000*
Short-term benefits	**15,188**	14,292
Post-employment benefits *(Note)*	**139**	213
	15,327	14,505

Note: The amount represents contributions to retirement benefit schemes and has been included in the amount disclosed in notes 10 and 37.

The emoluments are determined, among other things, by reference to their duties and responsibilities, their experience for the industry, prevailing market conditions and the Group's performance.

39. LITIGATION

In December 2010, the administratrix of the estate of Peter Mui (who has a 49% shareholder of Yellow River, a 51% subsidiary of the Company) (the "Administratrix") filed a Verified Petition (the "Petition") against Tungtex (U.S.A.) Inc. ("Tungtex US"), a wholly-owned subsidiary of the Company and the 51% shareholder of Yellow River, and Yellow River in the Surrogate's Court of the State of New York, County of New York (the "Court") alleging Tungtex US was engaged in oppressive conduct as a majority shareholder of Yellow River and (a) seeking the dissolution of Yellow River and the appointment of receiver to oversee the dissolution; (b) requiring Tungtex US to turnover to the estate of Peter Mui 49% of the value of Yellow River, (c) requiring Tungtex US to account for sums received from Yellow River since April 1, 2009; (d) requiring Tungtex US to turnover to Yellow River funds improperly looted and diverted by it; and (e) seeking the grant of such other and further relief as the Court may deem just and proper. By the verified answers and counterclaims filed, Tungtex US and Yellow River both denied the allegations made by, and asserted counterclaims for damages against, the Administratrix. The Administratrix moved for summary judgment granting its claim for a judicial dissolution and dismissing the counterclaims. Tungtex US and Yellow River opposed the motion and cross-moved for summary judgment dismissing the Petition. The motion and cross-motion have been fully briefed and submitted to the court, which is still pending for decision as at the date that these consolidated financial statements were authorised for issue.

Based on and after consideration of the legal advices obtained and the possible business and financial impacts, the directors are of the view that Tungtex US and Yellow River have meritorious defenses against the claims asserted in the Petition as well as viable counterclaims and the legal proceeding is not of material importance to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2015

40. STATEMENT OF FINANCIAL POSITION

	Note	**2015** **HK$'000**	2014 HK$'000
Non-current assets			
Property, plant and equipment		**252**	1,771
Investments in subsidiaries		**110,285**	140,506
Investment in an associate		**1,686**	1,686
Amount due from a subsidiary		**46,194**	148,748
Deferred tax assets		**115**	23
		158,532	292,734
Current assets			
Deposits and other receivables		**2,092**	2,129
Amounts due from subsidiaries		**448,271**	230,219
Pledged bank deposits		**100,000**	–
Bank balances and cash		**39,317**	18,009
		589,680	250,357
Current liabilities			
Other payables and accruals		**4,057**	5,385
Amounts due to subsidiaries		**99,103**	17,940
Bank borrowings		**–**	18,000
		103,160	41,325
Net current assets		**486,520**	209,032
Total assets less current liabilities		**645,052**	501,766
Capital and reserves			
Share capital		**212,932**	212,932
Reserves	*(a)*	**432,120**	288,834
		645,052	501,766

Approved and authorised for issue by the Board of Directors on June 26, 2015 and are signed on its behalf by:

Benson Tung Wah Wing
DIRECTOR

Alan Lam Yiu On
DIRECTOR

40. STATEMENT OF FINANCIAL POSITION *(Continued)*

Note:

(a) The reserves of the Company at March 31, 2015 and 2014 are as follows:

	Share premium HK$'000	Capital redemption reserve HK$'000	Share option reserve HK$'000	Retained profits HK$'000	Total HK$'000
At April 1, 2013	84,880	3,930	682	297,895	387,387
Loss and total comprehensive expense for the year	–	–	–	(5,522)	(5,522)
Issuance of new shares due to rights issue	42,208	–	–	–	42,208
Transaction cost attributable to rights issue	(2,501)	–	–	–	(2,501)
Adjustment upon completion of rights issue	–	–	(4)	4	–
Lapse of share options	–	–	(83)	83	–
Dividends recognised as distribution *(Note 14)*	–	–	–	(4,221)	(4,221)
Transfer upon abolition of par value under the new Hong Kong Companies Ordinance *(Note)*	(124,587)	(3,930)	–	–	(128,517)
At March 31, 2014	–	–	595	288,239	288,834
Profit and total comprehensive income for the year	–	–	–	193,935	193,935
Lapse of share options	–	–	(595)	595	–
Dividends recognised as distribution *(Note 14)*	–	–	–	(50,649)	(50,649)
At March 31, 2015	**–**	**–**	**–**	**432,120**	**432,120**

Note: The Company has no authorised share capital and its shares have no par value from the commencement date of the new Hong Kong Companies Ordinance (i.e. March 3, 2014).

FINANCIAL SUMMARY

RESULTS

	For the year ended March 31,				
	2011	2012	2013	2014	**2015**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	**HK$'000**
Revenue	1,732,113	1,600,592	1,476,055	1,372,616	**1,283,034**
Profit (loss) before tax	32,913	(15,971)	(13,012)	(76,069)	**191,180**
Profit (loss) for the year attributable to owners of the Company	30,119	(18,630)	(13,900)	(43,889)	**197,578**
	HK cents	*HK cents*	*HK cents*	*HK cents*	***HK cents***
Earnings (loss) per share – Basic	8.6	(5.3)	(4.0)	(10.7)	**46.8**

ASSETS AND LIABILITIES

	As at March 31,				
	2011	2012	2013	2014	**2015**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Total assets	843,532	785,010	928,621	1,070,994	**925,904**
Total liabilities	(304,141)	(291,959)	(470,577)	(549,670)	**(278,061)**
	539,391	493,051	458,044	521,324	**647,843**
Equity attributable to owners of the Company	494,643	454,810	427,388	506,022	**652,097**
Non-controlling interests	44,748	38,241	30,656	15,302	**(4,254)**
	539,391	493,051	458,044	521,324	**647,843**

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