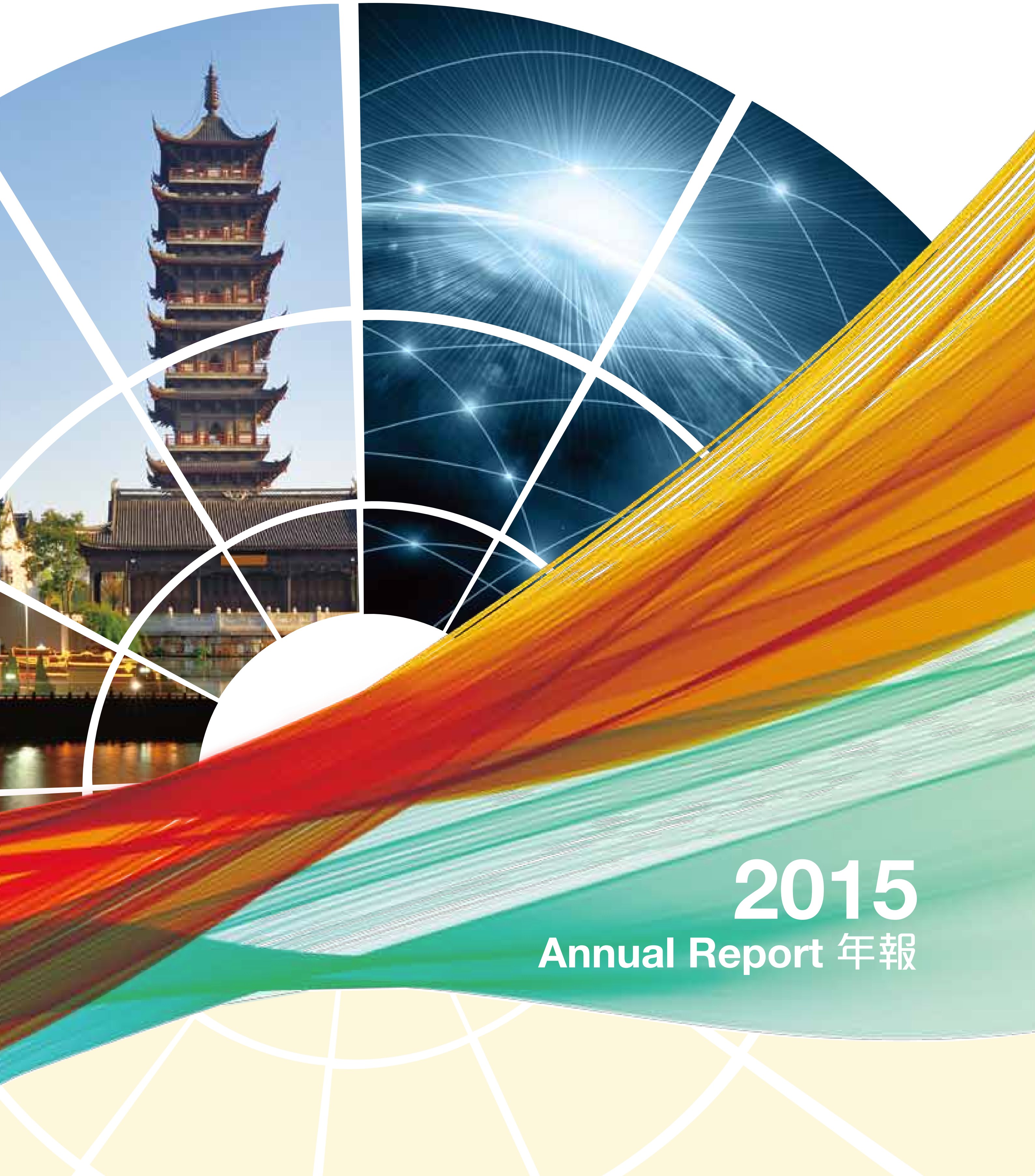
HIGHLIGHT CHINA IOT INTERNATIONAL LIMITED
高 銳 中 國 物 聯 網 國 際 有 限 公 司

(Incorporated in Bermuda with limited liability)
(於百慕達註冊成立之有限公司)

Stock Code 股份代號：1682



2015
Annual Report 年報

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CORPORATE INFORMATION

BOARD OF DIRECTORS*

Executive Directors

Mr. Gao Zhiyin *(Chairman)*
(appointed on 26 July 2014)
Mr. Gao Zhiping *(Chief Executive Officer)*
(appointed on 26 July 2014)
Mr. Shi Jiguo *(appointed on 26 July 2014)*

Independent Non-Executive Directors

Mr. Lau Chi Kit *(re-appointed on 16 August 2014)*
Mr. Lam Kai Yeung *(appointed on 16 August 2014)*
Mr. Ma Ming *(appointed on 8 July 2015)*

COMPANY SECRETARY^

Ms. Sze Suet Ling *ACIS ACS*
(appointed on 16 August 2014)

AUDIT COMMITTEE

Mr. Lam Kai Yeung *(chairman)*
Mr. Lau Chi Kit
Mr. Ma Ming

REMUNERATION COMMITTEE

Mr. Lam Kai Yeung *(chairman)*
Mr. Gao Zhiyin
Mr. Lau Chi Kit

NOMINATION COMMITTEE

Mr. Gao Zhiyin *(chairman)*
Mr. Lau Chi Kit
Mr. Lam Kai Yeung

AUTHORISED REPRESENTATIVES

Mr. Gao Zhiyin
Ms. Sze Suet Ling *ACIS ACS*

LEGAL ADVISER AS TO HONG KONG LAW

Paul Hastings

AUDITOR+

Deloitte Touche Tohmatsu

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
OCBC Wing Hang Bank Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM 08
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Rooms 4114 – 4119, 41st Floor
Sun Hung Kai Centre, No. 30 Harbour Road
Wanchai, Hong Kong

STOCK CODE

1682

COMPANY WEBSITE

www.highlightiot.com

* *Each of Mr. Choi Lin Hung (chairman & chief executive officer), Mr. Lau Kwok Wa, Stanley and Mr. Ng Tze On resigned on 16 August 2014. Each of Mr. Chen Tien Tui and Mr. Li Ming Hung resigned as a non-executive director on 16 August 2014. Each of Mr. Lau Chi Kit, Mr. Mak Chi Yan, Mr. Wong Wai Kit, Louis and Mr. Yuen Kin Kei resigned on 16 August 2014. Dr. Chen Yifan resigned on 9 April 2015.*

^ *Mr. Lee Chung Shing resigned on 16 August 2014.*

\+ *Messrs. Grant Thornton Hong Kong Limited was appointed as auditor on 28 August 2014 in place of Messrs. Deloitte Touche Tohmatsu and resigned on 18 May 2015. Messrs. Deloitte Touche Tohmatsu was appointed as auditor on 5 June 2015.*

FINANCIAL SUMMARY

RESULTS

	Year ended 31 March				
	2011	2012	2013	2014	**2015**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
				(restated)	
Revenue	902,878	909,908	1,071,162	282,089	**365,690**
Profit (loss) before taxation	31,245	11,097	17,776	8,586	**(454)**
Income tax expense	(10,053)	(3,377)	(10,507)	(1,980)	**(902)**
Profit (loss) for the year from continuing operation	21,192	7,720	7,269	6,606	**(1,356)**
Profit (loss) for the year from discontinued operations	–	–	–	4,972	**(5,074)**
Profit (loss) for the year	21,192	7,720	7,269	11,578	**(6,430)**
Attributable to:					
Owners of the Company	17,225	7,256	11,178	18,961	**(6,833)**
Non-controlling interests	3,967	464	(3,909)	(7,383)	**403**
	21,192	7,720	7,269	11,578	**(6,430)**

ASSETS AND LIABILITIES

	At 31 March				
	2011	2012	2013	2014	**2015**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Total assets	557,537	573,145	632,594	592,803	**134,009**
Total liabilities	(230,957)	(231,906)	(272,318)	(214,543)	**(91,929)**
	326,580	341,239	360,276	378,260	**42,080**
Equity attributable to:					
Owners of the Company	315,240	331,682	354,613	379,978	**42,080**
Non-controlling interests	11,340	9,557	5,663	(1,718)	**–**
	326,580	341,239	360,276	378,260	**42,080**

note: As mentioned in Note 11 to the consolidated financial statements, the Group disposed of certain subsidiaries during the year ended 31 March 2015. The results of the disposed subsidiaries for the years presented have been reclassified for separate disclosure as discontinued operations above while the results for each of the three years ended 31 March 2013 have not been reclassified and represented both the continuing and discontinued operations.

CHAIRMAN'S STATEMENT

On behalf of the board (the "Board") of directors (the "Directors") of Highlight China IoT International Limited (the "Company") and its subsidiaries (collectively, the "Group"), I am pleased to present the Group's audited consolidated results for the year ended 31 March 2015.

BUSINESS REVIEW

During the year ended 31 March 2015, the garment industry had operated in an environment full of challenges and opportunities. Nevertheless, the Group's customised out-sourcing capabilities enabled the Group to navigate successfully through the global macro-economic pressure and associated unfavourable consumer spending environment. The export market demonstrated a mixed picture. The unresolved debt crisis in the Eurozone has weighed on consumer confidence and has led to persistently low demand. On the other hand, the United States of America ("USA"), the Group's major export destination, has shown soft signs of recovery.

According to the Major Shippers Report released by the USA Department of Commerce, imports of apparel increased by approximately 2.5% to approximately US$81.8 billion during January to December of 2014, as compared to the corresponding period in the previous year. Although the USA recorded a soft rebound, retailers have become increasingly price cautious in order to remain resilient. Thanks to the Group's successful implementation of its one-stop shop approach in garment sourcing and the Group's network of quality garment suppliers, the Group was able to remain competitive.

Continuing and Discontinued Operations

The Company disposed of its garment manufacturing and trading business ("Discontinued Operations") for a cash consideration of HK$270 million on 22 July 2014 (the "Disposal"), together with a tax indemnity receivable of HK$3,425,000 (details of which were disclosed in the circular of the Company dated 18 June 2014 and Note 11, under sub-heading "Losses arising from the Disposal" of the audited consolidated financial statements in this report).

The Disposal enables the Company to better focus on the Group's garment sourcing business ("Continuing Operation") and to further leverage the Group's advantages. The Company recorded a loss of approximately HK$24 million from the Disposal, an analysis of which is disclosed in Note 11, under sub-heading "Losses arising from the Disposal" of the audited consolidated financial statements in this report.

For the year ended 31 March 2015, the Group's total revenue (including Continuing Operations and Discontinued Operations) decreased by approximately 28.7% on a year-on-year basis to approximately HK$668 million (2014: approximately HK$937 million). The decrease in total revenue (including Continuing Operations and Discontinued Operations) during the year ended 31 March 2015 was mainly attributable to the incorporation of performance of the Discontinued Operations only up to 22 July 2014 upon completion of the Disposal, details of which were disclosed in Note 11 to the audited consolidated financial statements in this report.

Gross profit (including Continuing Operations and Discontinued Operations) decreased by approximately 45.2% to approximately HK$91 million (2014: approximately HK$167 million) and gross profit margin decreased from approximately 17.8% for the year ended 31 March 2014 to approximately 13.7% in the current financial year.

Loss (including Continuing Operations and Discontinued Operations) attributable to owners of the Company for the year ended 31 March 2015 was approximately HK$7 million, representing an approximately 136.0% decrease as compared to the previous year (2014: profit of HK$19 million).

Loss (including Continuing Operation and Discontinued Operations) for the year ended 31 March 2015 of approximately HK$6.4 million (2014: profit of HK$11.6 million) included professional fees of approximately HK$8.4 million, tax arising on disposal of HK$1.2 million and impairment loss recognised on the disposal group of approximately HK$18.8 million directly related to the Disposal (collectively, "One-off Expenses"). If the One-off Expenses were excluded, the profit (including Continuing Operation and Discontinued Operations) attributable to the owners of the Company would be approximately HK$22 million. Details of such loss was disclosed in Note 11, under the sub-heading "Losses arising from the Disposal" to the audited consolidated financial statements in this report.

Total comprehensive expense (including Continuing Operation and Discontinued Operations) for the year ended 31 March 2015 amounted to approximately HK$14 million (2014: income of HK$13 million), representing a decrease of approximately 207.8%. The decrease was primarily due to the release of foreign currency translation reserve of approximately HK$8 million upon the Disposal and the One-off Expenses in relation to the Disposal mentioned above.

Garment Sourcing Business — continuing operation

For the year ended 31 March 2015, revenue contributed from the garment sourcing business of the Group ("Garment Sourcing Business") increased by approximately 29.6% to approximately HK$366 million (2014: HK$282 million). Such increase was mainly attributable to the Group's ability to source quality products at competitive prices from different garment sub-contractors, enabling the Group to successfully capture the recovering orders from the USA and Canada during the year under review. Such competitive advantages allowed the Group to grasp greater market shares in North America. With the Group's flexibility and capability to fulfill orders with a diversified garment sub-contractor network, the Group is capable of serving its customers with competitive prices, fast lead time and quality workmanship.

The Garment Sourcing Business recorded a loss attributable to the owners of the Company of approximately HK$1 million (2014: profit of HK$7 million) due to the increase in selling and administrative expenses, including sampling expenses, rental of a new office in Wanchai, and remuneration of newly appointed Directors, while gross profit was maintained at approximately HK$27 million (2014: HK$27 million).

Major Disposal of Subsidiaries and Change in Controlling Shareholders

As disclosed in the Company's announcement dated 22 July 2014, all conditions precedent to the sale and purchase agreement relating to the Disposal were fulfilled and completion of the Disposal took place on 22 July 2014 in accordance with the terms thereof. In other words, the Company disposed of its garment manufacturing and trading business to Sure Strategy Limited ("Sure Strategy") for HK$270 million in cash as consideration and tax indemnity receivable of HK$3,425,000 (details of which were disclosed in Note 11, under the sub-heading "Losses arising from the Disposal" to the audited consolidated financial statements in this report).

Immediately after completion of the acquisition of shares of the Company (the "Shares") pursuant to a share sale agreement dated 14 March 2014, Unitech Enterprises Group Limited ("Unitech") became interested in 320,000,000 Shares, representing approximately 61.56% of the entire issued share capital of the Company on 22 July 2014. Accordingly, Kingston Securities Limited, on behalf of Unitech, made an unconditional mandatory cash offer (the "Share Offer") for all the issued Shares not already owned and/or agreed to be acquired by Unitech and/or parties acting in concert with it. The composite document on the Share Offer was despatched to the shareholders of the Company (the "Shareholders") on 25 July 2014 (the "Despatch Date").

Upon the close of the Share Offer on 15 August 2014, Shareholders holding 2,326,500 Shares had accepted the Share Offer, as a result of which Unitech held 322,326,500 Shares, representing approximately 62.01% of the total issued Shares.

Details of the above were also disclosed in the Company's composite document dated 25 July 2014 and announcement dated 15 August 2014.

CHANGE IN COMPOSITION OF THE BOARD AND BOARD COMMITTEES

During the year ended 31 March 2015 and up to the date of this report, the Company has had the following changes in the composition of its Board and Board committees:

On 26 July 2014 (being the date immediately after the Despatch Date), in connection with the Share Offer, three new executive Directors, namely Mr. Gao Zhiyin, Mr. Gao Zhiping and Mr. Shi Jiguo, and one independent non-executive Director, namely Dr. Chen Yifan, were appointed by the Board.

With effect from 16 August 2014, being the day immediately after the first closing date of the Share Offer, each of Mr. Choi Lin Hung, Mr. Lau Kwok Wa, Stanley and Mr. Ng Tze On resigned as an executive Director, each of Mr. Chen Tien Tui and Mr. Li Ming Hung resigned as a non-executive Director and each of Mr. Lau Chi Kit, Mr. Mak Chi Yan, Mr. Wong Wai Kit, Louis and Mr. Yuen Kin Kei resigned as an independent non-executive Director.

On the same day (i.e. 16 August 2014), (i) Mr. Choi Lin Hung also resigned as the chairman of the Board and the chief executive officer of the Company and ceased to be the authorised representative of the Company under Rule 3.05 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong); (ii) Mr. Gao Zhiyin, an executive Director, was appointed as the chairman of the Board and the authorised representative of the Company under Rule 3.05 of the Listing Rules; (iii) Mr. Gao Zhiping, an executive Director, was appointed as the chief executive officer of the Company; (iv) Mr. Lau Chi Kit was re-appointed as an independent non-executive Director; and (v) Mr. Lam Kai Yeung was appointed as an independent non-executive Director.

On the same day (i.e. 16 August 2014), the composition of the Board committees was then as follows:

— The audit committee of the Company (the "Audit Committee") comprised three independent non-executive Directors, namely Mr. Lam Kai Yeung (chairman), Mr. Lau Chi Kit and Dr. Chen Yifan.

— The remuneration committee of the Company (the "Remuneration Committee") comprised two independent non-executive Directors, namely Dr. Chen Yifan (chairman) and Mr. Lau Chi Kit and one executive Director, namely Mr. Gao Zhiyin.

— The nomination committee of the Company (the "Nomination Committee") comprised one executive Director, namely Mr. Gao Zhiyin (chairman) and two independent non-executive Directors, namely Mr. Lau Chi Kit and Dr. Chen Yifan.

Details of above were disclosed in the Company's announcements dated 22 July 2014 and 18 August 2014.

On 9 April 2015, Dr. Chen Yifan resigned as an independent non-executive Director. Upon his resignation, Dr. Chen Yifan also ceased to be the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee.

On the same day (i.e. 9 April 2015), the Board appointed Mr. Lam Kai Yeung, an independent non-executive Director, as the chairman of the Remuneration Committee and a member of the Nomination Committee.

Following the resignation of Dr. Chen Yifan as an independent non-executive Director with effect from 9 April 2015, the number of independent non-executive Directors fell below the minimum number as required under Rule 3.10(1) of the Listing Rules and the number of members of the Audit Committee fell short of the requirement under Rule 3.21 of the Listing Rules.

As at the date of this report, the composition of the Board committees was as follows:

— The Audit Committee comprised two independent non-executive Directors, namely Mr. Lam Kai Yeung (chairman) and Mr. Lau Chi Kit.

— The Remuneration Committee comprised two independent non-executive Directors, namely Mr. Lam Kai Yeung (chairman) and Mr. Lau Chi Kit and one executive Director, namely Mr. Gao Zhiyin.

— The Nomination Committee comprised one executive Director, namely Mr. Gao Zhiyin (chairman) and two independent non-executive Directors, namely Mr. Lau Chi Kit and Mr. Lam Kai Yeung.

Details of the above were disclosed in the Company's announcement dated 9 April 2015.

Prospects and Development Plan

The Group has continued the Garment Souring Business after the Disposal. The Group will conduct a detailed review of its operations and formulate feasible business strategies with a view to developing a sustainable corporate strategy to broaden the Group's income stream, which may include rebalancing the resources of the Group should appropriate opportunities arise.

During the year under review, the Board had been reorganized. Under the leadership of the reorganized Board, the Board intends to explore new business opportunities in the internet, IoT ("Internet of Things"), tri-network integration and new media industries by utilizing the experience of Unitech (being the controlling Shareholder) and resources, identify suitable projects and new investment opportunities in other sectors.

As disclosed in the Company's announcement dated 25 March 2015, an agreement (the "Agreement") was entered into by the Company as purchaser and Unitech and other sellers (the "Sellers") in relation to the proposed transfer of the entire issued share capital of Highlight Holding Limited from the Sellers to the Company pursuant to the terms of the Agreement (the "Acquisition") and the assignment of loan from Unitech to the Company at a total consideration of HK$36,450,903,600, which shall be satisfied by the issue and allotment of Shares by the Company to the Sellers at an issue price of HK$2.87 per Share.

The Acquisition constitutes a very substantial acquisition for the Company, a connected transaction of the Company as Unitech is a connected person of the Company by virtue of it being the controlling Shareholder and a reverse takeover for the Company. Closing of the Acquisition is conditional upon the satisfaction of the conditions precedent as set out in the Agreement.

The Board will strive to explore new business opportunities and thus enhance financial performance, so as to create better returns for Shareholders in the long run.

MATERIAL DISPOSAL OF SUBSIDIARIES AND PROPOSED ACQUISITION

Save as disclosed in the paragraph under the section headed "Major Disposal of Subsidiaries and Change in Controlling Shareholders" and "Prospects and Development Plan" above, the Group did not make any material disposal of subsidiaries and did not have any proposed material acquisition during the year ended 31 March 2015.

Gao Zhiyin
Chairman

Hong Kong, 30 June 2015

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group maintained a healthy financial position for the year ended 31 March 2015 with cash and cash equivalents amounting to approximately HK$9 million as at 31 March 2015. The Group did not have any bank borrowing as at 31 March 2015.

As at 31 March 2015, the Group's gearing ratio, being net debt (represented by bank borrowings net of cash and cash equivalents) divided by shareholders' equity, was zero (2014: 17.1%), as the Group did not have any bank borrowing as at 31 March 2015. The Group's current ratio, being total current assets divided by total current liabilities, was approximately 1.4 as at 31 March 2015 (2014: 2.0).

For the year ended 31 March 2015, the Group's bank borrowings were in Hong Kong dollars ("HK$") and US dollars ("US$"). The majority of interest-bearing bank borrowings of the Group were on Hong Kong Interbank Offer Rate ("HIBOR") and London Interbank Offer Rate ("LIBOR") basis.

Foreign Exchange and Risk Management

The Group's working capital is mainly financed through internally generated cash flows. The management of the Group regularly monitors the funding requirements of the Group to support its normal operations and development plans. Most of the Group's cash balances were deposits in US$ and HK$ with major global financial institutions and most of the Group's monetary assets, revenues, monetary liabilities and payments were held in US$ and HK$.

Foreign exchange risks arising from sales and purchases transacted in different currencies are normally managed by the Group through the use of foreign exchange forward contracts. Pursuant to the Group's policy in place, foreign exchange forward contracts or any other financial derivatives contracts are entered into by the Group for hedging purpose. The Group has not entered into any financial derivatives contracts for speculation. The Group had no outstanding financial derivatives contracts as at 31 March 2015.

Capital Expenditure and Commitments

During the year ended 31 March 2015, the Group disposed of property, plant and equipment through the Disposal that included the manufacturing and trading of garment business, with an aggregate carrying value of approximately HK$151.9 million. For the Continuing Operation, the Group did not have any material investment in property, plant and equipment in the year ended 31 March 2015. Nevertheless, during the year ended 31 March 2015, the Group invested approximately HK$10.5 million on additions to property, plant and equipment.

As at 31 March 2015, the Group had no commitment (as at 31 March 2014: Nil) in respect of acquisition of new machineries nor had any other significant capital commitments.

Charges on Assets

As at 31 March 2015, the Group had no pledged assets.

Employee Information

As at 31 March 2015, the Group employed approximately 20 employees (excluding Directors). The total salaries and related costs of Continuing Operation (excluding Directors' fee) amounted to approximately HK$9,660,000 for the year ended 31 March 2015. The Group offers its employees competitive remuneration schemes which are generally structured with reference to market terms and individual qualifications. Salaries and wages are normally reviewed annually based on performance appraisals and other relevant factors. In addition, bonuses are normally paid to those eligible based on the Group's and individual's performance.

The Company maintains a share option scheme (the "Share Option Scheme"), pursuant to which share options are granted to selected eligible participants including employees of the Group, with a view to providing those eligible participants with appropriate incentive to contribute to the success of the Group. During the year ended 31 March 2015, all share options with the exercise prices of HK$0.6 and HK$0.844 granted under the Share Option Scheme had been exercised in full and there is no outstanding share option.

BIOGRAPHICAL DETAILS OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Gao Zhiyin, aged 44, was appointed as an executive Director on 26 July 2014 and the chairman of the Board on 16 August 2014. He is one of the founders of Unitech（卓科企業集團有限公司）, being the controlling Shareholder of the Company. Since 2010, he has served as the chairman of the board of directors and the chief executive officer of Highlight Vision Limited（高鋭視訊有限公司）("Highlight Vision PRC"), a subsidiary of Unitech which is an integrated service provider for IoT, tri-network integration, smart city and internet new media industries in the People's Republic of China ("PRC"). He has also served as the legal representative of Zhejiang Chuangyi Optical Transmission Co., Ltd.*（浙江創億光電設備有限公司）(formerly known as Zhejiang Quzhou Chuangyi Optical Transmission Co., Ltd.* (浙江衢州創億光電設備有限公司)) since 2002. He has many years of experience in the industry of broadcasting and television communication and has thorough understanding of the Internet and IoT industries as well as the related upstream and downstream industries.

Mr. Gao graduated with a certificate from the chief executive enhancement class in financial investment and capital operation of the continuing education department of Zhejiang University (浙江大學金融投資與資本運作總裁提高班) in May 2010. He has served as a director of Enablence Technologies Inc., a Canadian-based company listed on the TSX Venture Exchange (TSX.V: ENA), since September 2013.

Mr. Gao Zhiyin is the elder brother of Mr. Gao Zhiping, the chief executive officer of the Company and an executive Director.

Mr. Gao Zhiping, aged 43, was appointed as an executive Director on 26 July 2014 and the chief executive officer of the Company on 16 August 2014. He is one of the co-founders of Unitech. He has served as the general manager of Highlight Vision PRC since 2010. He has served as the legal representative of Zhejiang Chuangjia Digital Co., Ltd.*（浙江創佳數字技術有限公司）(formerly known as Zhejiang Tongfang Digital TV Equipment Co., Ltd.* (浙江同方數字電視設備有限公司)) since 2007. He has many years of work experience in the industry of broadcasting and television communication and has in-depth understanding of the Internet and IoT industries.

Mr. Gao obtained his associate degree in administrative management from China Central Radio and TV University (中央廣播電視大學), now known as The Open University of China (國家開放大學), in July 2006. He subsequently graduated from the EMBA chief executive enhancement class of the management training centre of Zhejiang University (浙江大學高級工商管理總裁研修班) with a certificate in March 2007.

Mr. Gao Zhiping is the younger brother of Mr. Gao Zhiyin, the chairman of the Board and an executive Director.

Mr. Shi Jiguo, aged 60, was appointed as an executive Director on 26 July 2014. He joined Highlight Vision PRC in 2009. He is currently the executive deputy general manager and chief sales officer of Highlight Vision PRC. He has been a director and deputy general manager of Zhejiang Chuangyi Optical Transmission Co., Ltd.*（浙江創億光電設備有限公司）since January 2015. From March 2004 to December 2014, he worked for several PRC state-owned enterprises in the broadcasting and television communication industry.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lau Chi Kit, aged 70, was appointed as an independent non-executive Director on 8 September 2010 and resigned and re-appointed as an independent non-executive Director with effect from 16 August 2014. He retired from The Hongkong and Shanghai Banking Corporation Limited ("HSBC") in December 2000 after more than 35 years of service. Among the major positions in HSBC, he was the assistant general manager and head of Personal Banking Hong Kong and assistant general manager and head of Strategic Implementation, Asia-Pacific Region.

Mr. Lau is currently a fellow of the Hong Kong Institute of Bankers ("Institute") and the honorary advisor of the Institute's Executive Committee. He was the chairman of the Institute's Executive Committee (from January 1999 to December 2000).

Mr. Lau served as a member on a number of committees appointed by the Government of the Hong Kong Special Administrative Region, including the Advisory Council on the Environment (from October 1998 to December 2001), the Advisory Committee on Human Resources Development in the Financial Services Sector (from June 2000 to May 2001), the Corruption Prevention Advisory Committee of the Independent Commission Against Corruption (from January 2000 to December 2003), the Environment and Conservation Fund Committee (from August 2000 to October 2006), the Innovation and Technology Fund (Environment) Projects Vetting Committee (from January 2000 to December 2004) and the Law Reform Commission's Privacy Sub-committee (from February 1990 to March 2006). He also served as chairman of the Business Environment Council Limited (from September 1998 to December 2001).

Mr. Lau is currently an executive director of Chinlink International Holdings Limited (stock code: 997) (formerly known as "Decca Holdings Limited"). He is also currently an independent non-executive director of Royale Furniture Holdings Limited (stock code: 1198), Century Sunshine Group Holdings Limited (stock code: 509) and Leoch International Technology Limited (stock code: 842). All of those companies are listed on the Main Board of the Stock Exchange.

Mr. Lam Kai Yeung, aged 46, was appointed as an independent non-executive Director on 16 August 2014. He is an independent non-executive director of Finsoft Corporation (stock code: 8018), a company listed on the Growth Enterprise Market of the Stock Exchange ("GEM"). He is also an independent non-executive director of Silverman Holdings Limited (stock code: 1616) and Sunway International Holdings Limited (stock code: 58), both companies are listed on the Main Board of the Stock Exchange.

Mr. Lam was an independent non-executive director of Northeast Tiger Pharmaceutical Co., Ltd. (stock code: 8197), a company listed on the GEM, from August 2008 to June 2015. He was a non-executive director of Ping Shan Tea Group Limited (stock code: 364) (formerly known as "Huafeng Group Holdings Limited"), a company listed on the Main Board of the Stock Exchange, from December 2014 to May 2015.

From September 2013 to November 2014, Mr. Lam was the vice president of International Telecommunication Group Holdings Limited (國際通信集團控股有限公司). He was previously the chief financial officer of Hunan Nonferrous Metals Jinsheng Development Co., Ltd.（湖南有色金晟發展有限公司）. From July 2006 to August 2013, he was the company secretary and qualified accountant of Hunan Nonferrous Metals Corporation Limited (湖南有色金屬股份有限公司), a company previously listed on the Main Board of the Stock Exchange with its then stock code of 2626 and which had been delisted from the Stock Exchange in March 2015. Hunan Nonferrous Metals Corporation Limited and Hunan Nonferrous Metals Jinsheng Development Co., Ltd. are both subsidiaries of Hunan Nonferrous Metals Holding Group Co., Ltd.

Mr. Lam is an executive member of the Hong Kong division of China Mergers & Acquisitions Association. He is a fellow of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He has more than 20 years' experience in finance and auditing. He obtained a bachelor degree in accounting from Xiamen University in July 1990 and a master degree in business administration from Oxford Brookes University in the United Kingdom in July 2010.

Mr. Ma Ming, aged 66, was appointed as an independent non-executive Director on 8 July 2015. He has over 25 years of experience in the television and broadcasting industry.

Mr. Ma has been the deputy director and secretary of Chinese Institute of Electronics (Broadcasting Technology Branch)* (中國電子學會廣播電視技術分會) since May 2008. Before his retirement from the State Administration of Radio Film and Television* (國家廣播電影電視總局) (now known as the State Administration of Press, Publication, Radio, Film and Television of The People's Republic of China* (中華人民共和國國家新聞出版廣電總局)) in March 2009, he had held various positions there, including serving as (i) a director of the design department from March 1982 to May 1997, (ii) a deputy director of the network center from May 1997 to July 2007, and (iii) a consultant of the institute of broadcasting science from July 2007 to March 2009.

Mr. Ma is currently an independent director of each of the following companies listed on the Shenzhen Stock Exchange: (i) Hangzhou CNCR-IT Co., Ltd.* (杭州初靈信息技術股份有限公司) (stock code: 300250) (since March 2010); (ii) Sichuan Jiuzhou Electrical Appliance Co., Ltd.* (四川九洲電器股份有限公司) (stock code: 000801) (since May 2011); and (iii) Beijing Jetsen Technology Co., Ltd.* (北京捷成世紀科技股份有限公司) (stock code: 300182) (since August 2013).

Since November 2012, Mr. Ma has also been an independent director of Guangxi Radio and Television Information Network Corporation Limited* (廣西廣播電視信息網絡股份有限公司).

Prior to his career in television and broadcasting industry, Mr. Ma had served as a performer in Central Radio Symphony Orchestra* (中央廣播交響樂團) from December 1975 to March 1978 and in Shanxi Local Opera Troupe* (山西省晉劇院) from May 1971 to December 1975.

Mr. Ma graduated with a bachelor's degree in engineering from the Beijing Institute of Iron and Steel Technology* (北京鋼鐵學院) (now known as University of Science and Technology Beijing* (北京科技大學)), majoring in electrification and automation for metallurgical industrial and mining enterprises in automation in April 1982.

** for identification purposes only*

REPORT OF THE DIRECTORS

The Directors present their annual report and the audited consolidated financial statements of the Group for the year ended 31 March 2015.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries are principally engaged in the garment sourcing business. The activities of its principal subsidiaries are set out in Note 36 to the consolidated financial statements.

RESULTS AND APPROPRIATION

The results of the Group for the year ended 31 March 2015 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 39 and 40.

The Board has resolved not to declare any final dividend for the year ended 31 March 2015.

A special cash dividend of HK$0.72 per ordinary share was declared by the Board and was approved by the Shareholders at the special general meeting ("SGM") held on 10 July 2014. The aggregate amount of the special dividend declared and paid amounted to approximately HK$374.2 million and was paid on 22 July 2014.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 March 2015 are set out in Note 14 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

Details of the movements during the year in the reserves of the Group are set out in the consolidated statement of changes in equity on page 43.

The Company's reserve available for distribution to Shareholders as at 31 March 2015, represented by its share premium, special reserve and accumulated profits were approximately HK$30,676,000 (2014: HK$161,957,000).

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 March 2015 are set out in Note 29 to the consolidated financial statements.

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

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

DIRECTORS AND SERVICE CONTRACTS

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

Executive Directors*:

Mr. Gao Zhiyin *(Chairman)*	(appointed on 26 July 2014)
Mr. Gao Zhiping *(Chief Executive Officer)*	(appointed on 26 July 2014)
Mr. Shi Jiguo	(appointed on 26 July 2014)
Mr. Choi Lin Hung	(resigned on 16 August 2014)
Mr. Lau Kwok Wa, Stanley	(resigned on 16 August 2014)
Mr. Ng Tze On	(resigned on 16 August 2014)

* Mr. Gao Zhiyin was appointed as an executive Director on 26 July 2014 and the chairman of the Board on 16 August 2014. Mr. Gao Zhiping was appointed as an executive Director on 26 July 2014 and the chief executive officer of the Company on 16 August 2014. Mr. Choi Lin Hung resigned as an executive Director, the chairman of the Board and the chief executive officer of the Company on 16 August 2014.

Non-executive Directors:

Mr. Chen Tien Tui	(resigned on 16 August 2014)
Mr. Li Ming Hung	(resigned on 16 August 2014)

Independent Non-executive Directors:

Mr. Lau Chi Kit	(resigned on 16 August 2014 and re-appointed on the same date)
Mr. Lam Kai Yeung	(appointed on 16 August 2014)
Dr. Chen Yifan	(appointed on 26 July 2014 and resigned on 9 April 2015)
Mr. Mak Chi Yan	(resigned on 16 August 2014)
Mr. Wong Wai Kit, Louis	(resigned on 16 August 2014)
Mr. Yuen Kin Kei	(resigned on 16 August 2014)

Note: Mr. Ma Ming who was appointed by the Board on 8 July 2015.

In accordance with Bye-law 112 of the Company, any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of Shareholders after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

As disclosed in Company's announcement dated 18 August 2014, each of Mr. Lau Chi Kit was re-appointed and Mr. Lam Kai Yeung was appointed as an independent non-executive Director on 16 August 2014 and as disclosed in Company's announcement dated 8 July 2015, Mr. Ma Ming was appointed as an independent non-executive Director on 8 July 2015 following the resignation of Dr. Chen Yifan as an independent non-executive Director on 9 April 2015. In accordance with Bye-law 112, each of Mr. Lau Chi Kit, Mr. Lam Kai Yeung and Mr. Ma Ming shall hold office until the forthcoming annual general meeting and shall retire and be eligible for re-election at the forthcoming annual general meeting.

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

CHANGE OF COMPANY NAME, STOCK SHORT NAME AND WEBSITE

In order to better reflect the change in controlling Shareholder and provide a fresh corporate identity, the Company proceeded to change its company name, stock short name and company website after the completion of the Disposal.

With effect from 4 August 2014, the English name of the Company has been changed from "Ford Glory Group Holdings Limited" to "Highlight China IoT International Limited" and the Chinese name of "高銳中國物聯網國際有限公司" has been adopted as the secondary name to replace "福源集團控股有限公司" which was used for identification purposes only.

With effect from 1 September 2014, the English stock short name of the Company has been changed from "FORD GLORY GP" to "HIGHLIGHT IOT" and the Chinese stock short name of the Company has been changed from "福源集團控股" to "高銳中國物聯". The stock code of the Company remains as "1682".

With effect from 27 August 2014, the website of the Company has been changed from "www.fordglory.com.hk" to "www.highlightiot.com" to reflect the change of company name.

Details of the change of company name, stock short name and website were set out in the Company's announcement dated 27 August 2014.

MAJOR DISPOSAL OF SUBSIDIARIES AND CHANGE IN CONTROLLING SHAREHOLDERS

Details are set out on page 5 of this report.

CHANGE IN INFORMATION OF DIRECTORS

Upon specific enquiry by the Company and following confirmations from the Directors, save as otherwise set out in this report, there is no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Name of Director	Details of Changes
Mr. Lam Kai Yeung ("Mr. Lam"), an independent non-executive Director	– HIGHLIGHT CHINA IOT INTERNATIONAL LIMITED (stock code: 1682) Mr. Lam was appointed as the chairman of the Remuneration Committee and a member of the Nomination Committee on 9 April 2015. – FINSOFT CORPORATION (stock code: 8018) Mr. Lam was appointed as an independent non-executive director and the chairman of each of the audit committee and the non-competition review committee on 24 June 2015. – NORTHEAST TIGER PHARMACEUTICAL CO., LTD (stock code: 8197) Mr. Lam resigned as an independent non-executive director and the chairman of each of the audit committee, remuneration committee and nomination committee on 18 June 2015. – PING SHAN TEA GROUP LIMITED (stock code: 364) Mr. Lam was appointed as a non-executive director on 19 December 2014 and was also appointed as a member of the audit committee, remuneration committee and nomination committee on 1 April 2015. He resigned as an non-executive director and ceased to act as a member of audit committee, remuneration committee and nomination committee on 18 May 2015. – SUNWAY INTERNATIONAL HOLDINGS LIMITED (stock code : 58) Mr. Lam was appointed as independent non-executive director with effect from 20 May 2015. He was also appointed as a member of each of the audit committee, nomination committee and remuneration committee on the same day. On 10 June 2015, Mr. Lam was appointed as the chairman of each of the audit committee and remuneration committee.

MATERIAL DISPOSAL OF SUBSIDIARIES AND PROPOSED ACQUISITION

Save as disclosed in the paragraph under the section headed "Major Disposal of Subsidiaries and Change in Controlling Shareholders" and "Prospects and Development Plan" in this report, the Group did not make any material disposal of subsidiaries and did not have any proposed material acquisition during the year ended 31 March 2015.

CHANGE IN COMPOSITION OF THE BOARD AND BOARD COMMITTEES

Details are set out on pages 6 to 7 of this report.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in the sections headed "Connected Transactions", "Continuing Connected Transactions" in this report and "Related Party Disclosure" in Note 35 to the consolidated financial statements, no contracts of significance, to which the Company, or any of its holding companies, fellow subsidiaries or subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

COMPETING BUSINESS INTERESTS OF DIRECTORS

None of the Directors or their respective associates has any interests in a business which competes or may compete with the business of the Company.

CONNECTED TRANSACTIONS

(i) On 14 March 2014, the Company and Sure Strategy (the former immediate holding company of the Company) entered into a disposal agreement (the "Disposal Agreement") pursuant to which Sure Strategy conditionally agreed to acquire and the Company conditionally agreed to dispose of the disposal shares, representing the entire issued share capital of Ford Glory Holdings Limited (a wholly-owned subsidiary of the Company before completion of the Disposal took place on 22 July 2014). Following the Disposal, the Group no longer operates the manufacturing business. The consideration for the Disposal (the "Disposal Consideration") was HK$270,000,000 and was satisfied in cash upon completion of the Disposal (i.e. on 22 July 2014) and tax indemnity receivable HK$3,425,000.

    Details of the Disposal was stated in the Company's circular dated 18 June 2014.

(ii) On 20 March 2015, Unitech (the controlling shareholder of the Company) and the Sellers and the Company (as purchaser) entered into the Agreement pursuant to which the parties agreed that the Sellers shall transfer to the Company the entire issued share capital of Highlight Holding Limited (高鋭控股有限公司), a limited liability company incorporated in the Cayman Islands, and Unitech shall agree to the loan assignment to the Company at a total consideration of HK$36,450,903,600, which shall be satisfied by the issue and allotment of Shares by the Company to the Sellers at an issue price of HK$2.87 per Share.

    Details of the Acquisition was stated in the Company's announcement dated 25 March 2015.

Save as disclosed in this report, there were no other connected transactions which are required to be disclosed in the annual report in accordance with Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

During the year, the Group entered into the following continuing connected transactions:

(i) Fabric master agreement dated 20 February 2013 of a term from 1 April 2013 to 31 March 2016 (both days inclusive) and entered into between Victory City Holdings Limited ("VC Holdings") (on its own behalf and as trustee for the benefit of other members of the VC Holdings and its subsidiaries from time to time ("VC Group") and Ford Glory Holdings Limited ("FG Holdings") (on its own behalf and as trustee for the benefit of other members of the FG Holdings and its subsidiaries from time to time ("FG Group")) in relation to the sale of fabric products by the VC Group to the FG Group.

For the year ended 31 March 2015, the aggregate value in respect of purchase of fabric under the above agreement amounted to approximately HK$14,086,000 and did not exceed the annual cap for the year.

note: Before completion of the Disposal, the Company's ultimate holding company was Victory City International Holdings Limited ("VC"). VC Holdings was a subsidiary of VC.

(ii) Kimberley-FG Holdings master agreement dated 20 February 2013 of a term from 1 April 2013 to 31 March 2016 (both days inclusive) and entered into between 加美(清遠)製衣有限公司 (Kimberley (Qing Yuan) Garment Limited) ("Kimberley") and FG Holdings (on its own behalf and as trustee for the benefit of other members of the FG Group) in relation to the purchase of apparel products by the FG Group from Kimberley.

For the year ended 31 March 2015, the aggregate value in respect of purchase of apparel products under the above agreement amounted to approximately HK$32,103,000 and did not exceed the annual cap for the year.

note: Mr. Lau Kwok Wa, Stanley ("Mr. Stanley Lau"), a former executive Director who resigned on 16 August 2014, held the entire equity interest in Kimberley together with his wife.

(iii) Mayer-FG Holdings master agreement dated 20 February 2013 of a term from 1 April 2013 to 31 March 2016 (both days inclusive) and entered into between Mayer Apparel Limited ("Mayer") and FG Holdings (on its own behalf and as trustee for the benefit of other members of the FG Group (excluding Mayer)) in relation to (i) the purchase of apparel products by the FG Group (excluding Mayer) from Mayer; and (ii) the provision of business supporting services by the FG Group (excluding Mayer) to Mayer.

For the year ended 31 March 2015, the aggregate value in respect of purchase of apparel products and provision of business supporting services under the above agreement amounted to approximately HK$39,096,000 and HK$93,689 respectively did not exceed the annual caps for the year.

note: Mayer was owned as to 51% by FG Holdings and as to 49% by Mr. Stanley Lau.

(iv) Steam and electricity master agreement dated 20 February 2013 of a term from 1 April 2013 to 31 March 2016 (both days inclusive) and entered into between VC Holdings (on its own behalf and as trustee for the benefit of other members of the VC Group) and FG Holdings (on its own behalf and as trustee for the benefit of other members of the FG Group) in relation to the supply of steam and electricity by the VC Group to the FG Group.

For the year ended 31 March 2015, the aggregate value in respect of the supply of steam and electricity under the above agreement amounted to approximately HK$1,219,000 and did not exceed the annual cap for the year.

CONTINUING CONNECTED TRANSACTIONS (continued)

(v) Yarn master agreement dated 20 February 2013 of a term from 1 April 2013 to 31 March 2016 (both days inclusive) and entered into between VC Holdings (on its own behalf and as trustee for the benefit of other members of the VC Group) and FG Holdings (on its own behalf and as trustee for the benefit of other members of the FG Group) in relation to the sales of yarn from the VC Group to the FG Group.

For the year ended 31 March 2015, the aggregate value in respect of purchase of yarn under the above agreement amounted to approximately HK$2,434,000 and did not exceed the annual cap for the year.

Details of above continuing connected transactions were disclosed in the Company's announcement dated 14 March 2013,

Annual Review

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

The auditor has reviewed and confirmed above continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules and advised the Board in writing that the transactions: (i) have been approved by the Board, (ii) were, in all material respects, in accordance with the pricing policies of the Company where the transactions involve the provisions of goods or services by the Group; (iii) have been entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and (iv) have not exceeded the respective annual caps.

The independent non-executive Directors have confirmed above continuing connected transactions in accordance with Rule 14A.55 of the Listing Rules. Specifically, the independent non-executive Directors have reviewed the continuing connected transactions and the unqualified letter from the auditor and have confirmed that the continuing connected transactions entered into by the Group were (i) in the ordinary and usual course of its business, (ii) on normal commercial terms, or on terms no less favorable than terms available to or from independent third parties, and (iii) in accordance with the terms of the agreement governing such transactions that are fair and reasonable and in the interests of the Shareholders as a whole.

Details of the above continuing connected transactions for the year are set out in Note 35 to the consolidated financial statements.

RELATED PARTY TRANSACTIONS

The related party transactions set out in Note 35 to the consolidated financial statements constituted non-exempt continuing connected transactions under Chapter 14A of the Listing Rules and have been disclosed in the section "Connected Transactions" above.

Save as disclosed above, there were no other transactions which are required to be disclosed as continuing connected transactions in accordance with Chapter 14A of the Listing Rules.

COMPLIANCE WITH LISTING RULES

The Board discovered that Dr. Chen Yifan, a former independent non-executive Director, did not fulfill the independence criteria under Rule 3.13 of the Listing Rules. Subsequently, Dr. Chen Yifan resigned as an independent non-executive Director with effect from 9 April 2015.

Details of the above were disclosed in the Company's announcement dated 9 April 2015.

Following the resignation of Dr. Chen Yifan as an independent non-executive Director with effect from 9 April 2015, the number of independent non-executive Directors fell below the minimum number as required under Rule 3.10(1) of the Listing Rules and the number of members of the Audit Committee fell short of the requirement under Rule 3.21 of the Listing Rules.

Following the appointment of Mr. Ma Ming as an independent non-executive Director and a member of the Audit Committee on 8 July 2015, the Company has recomplied with the requirements of Rule 3.10(1) and Rule 3.21 of the Listing Rules.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

In accordance with the Company's announcement dated 9 April 2015 and stated in this report regarding that Dr. Chen Yifan, a former independent non-executive Director, did not fulfill the independence criteria under Rule 3.13 of the Listing Rules and Dr. Chen Yifan resigned as an independent non-executive Director on 9 April 2015.

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. Save as disclosed above, the Company considers all the independent non-executive Directors are independent.

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

As at 31 March 2015, the interests and short positions of the Directors and chief executive of the Company in the Shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) (i) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (iii) which were required to be 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 Appendix 10 to the Listing Rules, were as follows:

Name of Director	**Name of Group member**	**Capacity/ nature of interests**	**Number and class of securities** (note 1)	**Interest in underlying shares of share options** (note 1)	**Approximate percentage of shareholding**
Mr. Gao Zhiyin	The Company	Interest of controlled corporation	322,326,500 ordinary shares of HK$0.01 each of the Company ("Shares") (L) (note 2)	–	62.01%*
Mr. Gao Zhiping	The Company	Interest of controlled corporation	322,326,500 Shares (L) (note 2)	–	62.01%*

* *The percentage has been calculated based on 519,777,000 Shares in issue as at 31 March 2015.*

notes:

1. The letter "L" denotes the Directors' long position in the Shares or the relevant associated corporation.

2. These Shares were held by Unitech, which was owned as to 60% by Mr. Gao Zhiyin and owned as to 40% by Mr. Gao Zhiping.

Save as disclosed above in this report, as at 31 March 2015, none of the Directors nor the chief executive of the Company had any interest or short position in the Shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2015, according to the register kept by the Company pursuant to section 336 of the SFO and so far as is known to, or can be ascertained after reasonable enquiry by the Directors, the following persons (other than Directors and chief executive of the Company) had interests or short positions in the Shares and/or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholder	**Capacity/ nature of interest**	**Number and class of securities** (note 1)	**Approximate percentage of shareholding**
Unitech	Beneficial owner	322,326,500 Shares (L) (note 2)	62.01%*
Mr. Ng Tsze Lun	Beneficial owner	50,173,000 Shares (L)	9.65%*
Ms. Yau Yuk Chun Carole (note 3)	Interest of spouse	50,173,000 Shares (L)	9.65%*

* *The percentage has been calculated based on 519,777,000 Shares in issue as at 31 March 2015.*

notes:

1. The letter "L" denotes the individuals or corporation's long position in the Shares.

2. Unitech was owned as to 60% by Mr. Gao Zhiyin and owned as to 40% by Mr. Gao Zhiping, both of whom are Directors.

3. Ms. Yau Yuk Chun Carole is the wife of Mr. Ng Tsze Lun.

Save as disclosed above, as at 31 March 2015, there was no other person who was recorded in the register of the Company as having interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all the circumstances at general meetings of members of the Group other than the Company, or which were required, pursuant to section 336 of the SFO, to be entered in the register referred to therein.

SHARE OPTION SCHEME

The Company conditionally adopted the Share Option Scheme on 2 June 2010 which became effective upon the Shares were listed on the Stock Exchange on 5 October 2010. The purpose of the Share Option Scheme is to provide incentives and rewards to eligible participants for their contributions to the Group. As at 31 March 2015 and as at the date of this report, there was no outstanding share option under the Share Option Scheme. Therefore, no Share was available for issue under the Share Option Scheme. Details of the Share Option Scheme and particulars of the options for the year ended 31 March 2015 are set out in Note 31 to the consolidated financial statements.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in the paragraph headed "Share Option Scheme" in this report, at no time during the year was the Company, nor any of its holding companies, fellow subsidiaries or subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the Directors and senior management of the Company are reviewed and recommended by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has also adopted the Share Option Scheme as an incentive to Directors and eligible employees. Details of the Share Option Scheme are set out in Note 31 to the consolidated financial statements.

MANAGEMENT CONTRACTS

The Company has not entered into any contract with any individual, firm or body corporate to manage or administer the whole or any substantial part of any business of the Company for the year ended 31 March 2015.

CONTRACT OF SIGNIFICANCE

Save as disclosed in Note 31 to the consolidated financial statements in respect of the Share Option Scheme, in the sections headed "Connected Transactions" and "Continuing Connected Transactions" in this report, there is no contract of significance subsisting for the year ended 31 March 2015 in which a Director is or was materially interested, either directly or indirectly. And there is no contract of significance for the provision of services to the Group by its controlling Shareholders subsisted for the year ended 31 March 2015.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Bye-laws or the laws of Bermuda which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

MAJOR CUSTOMERS AND SUPPLIERS

For the year under review, sales to the five largest customers of the Continuing Operation accounted for approximately 94.7% of the total revenue of the Continuing Operation and sales to the largest customer included therein accounted for approximately 78.7%.

Purchases from the five largest suppliers of the Continuing Operation accounted for approximately 66.0% of the total purchases of the Continuing Operation in the year under review and purchases from the largest supplier therein accounted for approximately 20.8%. One of the largest suppliers to the Continuing Operation in the period was Kimberley, which was wholly-owned by Mr. Stanley Lau and his associate. Details of the purchases of the Continuing Operation from Kimberley during the financial year are set out in Note 35 to the consolidated financial statements.

Save as disclosed above, none of the Directors or any of their associates or any Shareholders who own more than five per cent of the issued share capital of the Company had any interest in the five largest customers and suppliers of the Continuing Operation during the year under review.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained the prescribed public float pursuant to the Listing Rules.

EVENT AFTER THE REPORTING PERIOD

Details are set out in Note 37 to the consolidated financial statements.

AUDITOR

Messrs. Deloitte Touche Tohmatsu acted as auditor of the Company for the past three years until its retirement on 28 August 2014 (the date of last annual general meeting). Messrs. Grant Thornton Hong Kong Limited was appointed as auditor of the Company on the same date (i.e. 28 August 2014) and resigned on 18 May 2015. Messrs. Deloitte Touche Tohmatsu was appointed as auditor of the Company on 5 June 2015. A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Gao Zhiyin
CHAIRMAN

Hong Kong
30 June 2015

CORPORATE GOVERNANCE PRACTICES

Save for the deviation disclosed below, the Company had complied with all the code provisions ("Code Provisions") under the Corporate Governance Code ("CG Code") contained in Appendix 14 to the Listing Rules throughout the year ended 31 March 2015.

Under Code Provision A.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual.

The roles of the chairman and the chief executive officer of the Company were not separate and both were performed by Mr. Choi Lin Hung until 16 August 2014, being the date of change of Board composition, details of which were disclosed in the announcement of the Company dated 18 August 2014. Since the Directors met regularly to consider major matters affecting the operations of the Company, the Directors considered that this structure did not impair the balance of power and authority between the Directors and the management of the Company before the change of Board composition on 16 August 2014.

Since 16 August 2014, Mr. Gao Zhiyin has been appointed as the chairman of the Company and Mr. Gao Zhiping has been appointed as the chief executive officer of the Company.

Therefore, the roles of the chairman and the chief executive officer of the Company are now separate and performed by Mr. Gao Zhiyin and Mr. Gao Zhiping respectively since 16 August 2014. The Board believes that such arrangement is in the best interest of the Company and the Shareholders as a whole.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has established a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code. Having made specific enquiries to the Directors, all Directors confirmed that they had complied with the required standard set out in the Model Code during the year ended 31 March 2015.

BOARD OF DIRECTORS

The Board currently comprises six Directors, including three executive Directors, namely Mr. Gao Zhiyin (chairman), Mr. Gao Zhiping (chief executive officer) and Mr. Shi Jiguo; and three independent non-executive Directors, namely Mr. Lau Chi Kit, Mr. Lam Kai Yeung and Mr. Ma Ming.

The relationship among members of the Board and biographical details of the in this report, Directors who are currently serving on the Board are set out on pages 10 to 12 of this annual report. To the best knowledge of the Company and save as disclosed under section headed "Biographical Details of Directors" in this report, there is no financial, business, family or other material or relevant relationship(s) among members of the Board.

All Directors are subject to retirement by rotation and if eligible, may offer themselves for re-election at the annual general meeting of the Company in accordance with the provisions of the Bye-laws.

The Board collectively monitors performance and the related risks and controls in pursuit of the strategic objectives of the Company. Day-to-day management of the Company is delegated to the executive Directors and senior management of the Company in charge of the Group's business.

To implement the strategies and plans effectively, executive Directors and the management meet on a regular basis to review the performance of the business of the Group, co-ordinate overall resources and make financial and operational decisions.

COMPLIANCE WITH LISTING RULES

The Board discovered that Dr. Chen Yifan, a former independent non-executive Director, did not fulfill the independence criteria under Rule 3.13 of the Listing Rules. Dr. Chen Yifan resigned as an independent non-executive Director with effect from 9 April 2015. Upon his resignation, Dr. Chen Yifan also ceased to be the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee. Details are set out below:

In its preparation for Acquisition having received legal advice, the Board discovered that Dr. Chen Yifan, who was appointed as an independent non-executive Director on 26 July 2014 (the "Appointment Date"), did not satisfy the independence criteria set out in Rule 3.13 of the Listing Rules for the following reasons:

(1) From the Appointment Date to 15 December 2014, China TriComm Ltd. ("China TriComm") and Irixi Holding Limited ("Irixi") together held approximately 30.7% of the issued share capital of in Enablence Technologies Inc. ("Enablence"), which is a Canadian company listed on the TSX Venture Exchange (TSX.V:ENA). China TriComm is 100% owned by Unitech, the Company's controlling shareholder held as to 60% and 40% by executive Directors, Mr. Gao Zhiyin and Mr. Gao Zhiping, respectively, whilst Irixi was in turn 60% held by China TriComm and 40% by Win Brand Limited ("Win Brand") (an independent third party at the relevant time). Enablence was therefore a core connected person of the Company pursuant to the Listing Rules at the relevant time. Dr. Chen had been and remains the chief executive officer of Enablence. Accordingly, Dr. Chen Yifan did not fulfill the independence requirement under Rule 3.13(7) of the Listing Rules by virtue of him being an executive of a core connected person of the Company. From 15 December 2014 onwards, due to the further issue of shares by Enablence to an independent third party, the interests of China TriComm and Irixi in Enablence fell to below 30%, and Enablence ceased to be a core connected person of the Company thereafter.

(2) From 6 March 2015 and up to 9 April 2015 (the resignation date of Dr. Chen Yifan), as a result of the issue of shares by Win Brand to Dr. Chen, Dr. Chen became a shareholder of Win Brand holding approximately 66.67% of its issued share capital. Win Brand held a 40% interest in Irixi. As a result, Dr. Chen did not fulfill the independence requirement under Rule 3.13(4) of the Listing Rules by virtue of his material interest in the business activity of or involvement in any material business dealings with Irixi, which was 60% held by Mr. Gao Zhiyin, an executive Director and a controlling Shareholder.

The Board and Dr. Chen Yifan have confirmed that the above non-compliance with Rule 3.13 of the Listing Rules was due to inadvertent oversight and misunderstanding of Rule 3.13 of the Listing Rules. For future appointments of independent non-executive Directors, the Board confirms that it will undertake thorough investigation of the background of the candidate, including its directorships, management roles and shareholdings in other companies, family relationships and the existence of business dealings with the Group and its connected persons, in order to ascertain whether the candidate fulfills the independence criteria under Rule 3.13 of the Listing Rules. Further, the Board will seek legal advice on the requirements of Rule 3.13 of the Listing Rules prior to the appointment as appropriate.

COMPLIANCE WITH LISTING RULES (continued)

Nevertheless, following the resignation of Dr. Chen Yifan as an independent non-executive Director on 9 April 2015, the number of independent non-executive Directors fell below the minimum number as required under Rule 3.10(1) of the Listing Rules and the number of members of the Audit Committee fell short of the requirement under Rule 3.21 of the Listing Rules.

Following the appointment of Mr. Ma Ming as an independent non-executive Director and a member of the Audit Committee on 8 July 2015, the Company has recomplied with the requirements of Rule 3.10(1) and Rule 3.21 of the Listing Rules.

Save for disclosed above, during the year ended 31 March 2015, the Board had complied with the requirements of Rules 3.10(1) and 3.10(2) of the Listing Rules in relation to the appointment of a minimum of three independent non-executive Directors and at least one independent non-executive Director having appropriate professional accounting or financial management experience. Details of the above were also disclosed in the Company's announcements dated 9 April 2015 and 8 July 2015.

BOARD MEETINGS

Apart from the regular board meetings, the Board met on other occasions when a board-level decision on a particular matter was required.

The Board meets regularly to review and determine the corporate strategies and overall strategic policies. Each of the Directors has full access to relevant information at the meetings. The Board has met four times during the year ended 31 March 2015 and conducted the following activities at such regular meetings, among other things:

(a) approved the interim and annual results, interim and annual reports, and matters to be considered at annual general meeting of the Company;

(b) reviewed and approved corporate strategies of the Group for the financial year ending 31 March 2015;

(c) reviewed the connected transactions and continuing connected transactions;

(d) reviewed the performance and financial position of the Group;

(e) reviewed, discussed and approved the matters in relation to change of Board composition and Board committees; and

(f) reviewed, among others, the Agreement and the Acquisition.

Corporate Governance Functions

Pursuant to the Board's terms of reference, the Board shall ensure the effectiveness of the corporate governance and system of internal non-financial controls of the Group. The Board shall introduce and propose relevant principles concerning corporate governance and to review and determine the corporate governance policy, so as to effect high standard of corporate governance practices in the Group. The duties of the Board shall include the following aspects:

(a) to develop and review the Group's policies and practices on corporate governance;

(b) to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;

BOARD MEETINGS (continued)

Corporate Governance Functions (continued)

(c) to review and approve the annual corporate governance report and related disclosures in annual and interim reports of the Group and ensure compliance with relevant requirements under the Listing Rules or the rules of any other stock exchange in respect of which the securities of the Company are listed or quoted, or other laws, regulations, rules and codes as may be applicable to the Group (the "Applicable Laws");

(d) to make sure that appropriate monitoring systems are in place to ensure compliance against the relevant internal control systems, processes and policies, and in particular to monitor the implementation of the Group's plans to maintain a high level of compliance with its own risk management standard;

(e) to monitor if each of the Audit Committee, Remuneration Committee and Nomination Committee (or such other Board committee(s) from time to time established) has duly discharged their respective duties and obligations in accordance with their respective terms of reference, the Listing Rules and any Applicable Laws; and

(f) to review the Group's compliance with the CG Code from time to time adopted by the Group and the disclosure in the corporate governance report to be contained in the Company's annual reports.

Chairman and Chief Executive

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The roles of the chairman and the chief executive officer of the Company were not separate and both were performed by Mr. Choi Lin Hung until 16 August 2014, being the date of change of Board composition, details of which were disclosed in the announcement of the Company dated 18 August 2014. Since the Directors met regularly to consider major matters affecting the operations of the Company, the Directors considered that this structure did not impair the balance of power and authority between the Directors and the management of the Company before the change of Board composition on 16 August 2014.

Since 16 August 2014, Mr. Gao Zhiyin has been appointed as the chairman of the Company and Mr. Gao Zhiping has been appointed as the chief executive officer of the Company.

Therefore, the roles of the chairman and the chief executive officer of the Company are now separate and performed by Mr. Gao Zhiyin and Mr. Gao Zhiping respectively since 16 August 2014. The Board believes that such arrangement is in the best interest of the Company and the Shareholders as a whole.

Terms of appointment of independent non-executive Directors

Each of newly appointed and reappointed independent non-executive Directors has entered into an appointment letter with the Company for a fixed term of three years. The term of each of the independent non-executive Directors shall be renewable for successive terms of three years each, subject to retirement by rotation and re-election at the annual general meeting ("AGM") pursuant to its Bye-laws unless terminated by not less than one month's notice in writing.

BOARD MEETINGS (continued)

Terms of appointment of independent non-executive Directors (continued)

Save as disclosed in the section headed "Compliance with Listing Rules" on pages 26-27 in this report, during the year under review, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise.

Each of existing independent non-executive Directors namely Mr. Lau Chi Kit and Mr. Lam Kai Yeung has made an annual confirmation of independence and Mr. Ma Ming, who was appointed on 8 July 2015, has made a confirmation of independence to the Company. Based on the contents of such confirmation, the Company considers that the existing independent non-executive Directors are independent and that they all meet the specific independence guideline as set out in Rule 3.13 of the Listing Rules.

BOARD COMMITTEES

The Board has established three Board committees including the Nomination Committee, the Remuneration Committee and the Audit Committee (collectively, the "Board Committees"). Details of the change of Board Committees are set out on pages 6 to 7, headed "Change in Composition of the Board and Board Committees" of this annual report.

The Board has delegated some of its functions to the Board Committees, details of which are discuss below.

Nomination Committee

The Nomination Committee currently comprises one executive Director, namely Mr. Gao Zhiyin (chairman) and two independent non-executive Directors, namely Mr. Lau Chi Kit and Mr. Lam Kai Yeung. It was established on 19 March 2012 and its duties are clearly defined in its written terms of reference which have been prepared and adopted according to the Code Provisions. The terms of reference of Nomination Committee can be found in the websites of the Stock Exchange and the Company.

The duties of the Nomination Committee are, but not limited to, to review, formulate and consider the nomination procedures as regards the appointment, reappointment and removal of Directors and to make recommendations to the Board regarding candidates to fill vacancies on the Board. No director takes part in any discussions and decisions about his own appointment.

Proposals for the appointment of a new director, if any, will be considered and reviewed by the Nomination Committee prior to recommending them to the Board for approval. All candidates to be selected and qualified to be members of the Board must also meet the standards as set forth in Rules 3.08 and 3.09 of the Listing Rules. A candidate who is to be appointed as an independent non-executive Director should also meet the independence criteria set out in Rule 3.13 of the Listing Rules. The Board will also seek legal advice on the requirements of Rule 3.13 of the Listing Rules prior to the appointment of any independent non-executive Director as appropriate.

Two meetings of the Nomination Committee were held during the year ended 31 March 2015 (with individual member's attendance as set out on page 32 under the section of "Number of Meetings and Directors' Attendance" of this report).

The Nomination Committee conducted the following duties during the year ended 31 March 2015, among other things:

- reviewed the size, structure and the composition of the Board;
- reviewed the independence of independent non-executive Directors;
- made recommendations to the Board on the nomination of Directors for re-election at the annual general meeting; and
- made recommendations to the Board on the nomination and appointment of new Directors.

BOARD COMMITTEES (continued)

Remuneration Committee

The Remuneration Committee currently comprises two independent non-executive Directors, namely Mr. Lam Kai Yeung (chairman) and Mr. Lau Chi Kit and one executive Director, namely Mr. Gao Zhiyin. It was established by the Board on 8 September 2010 and its duties are clearly defined in its written terms of reference which have been prepared and adopted according to the Code Provisions. The terms of reference of Remuneration Committee can be found in the websites of the Stock Exchange and the Company.

The Remuneration Committee is primarily responsible for making recommendations to the Board regarding the Group's policy and structure for remuneration of Directors and senior management and determining the specific remuneration packages of individual Director and senior management of the Company. The remuneration of Directors is determined with reference to duties and responsibilities of the role, experience and the prevailing market conditions.

Two meetings of the Remuneration Committee were held during the year ended 31 March 2015 (with individual member's attendance as set out on page 32 of this annual report under the section of "Number of Meetings and Directors' Attendance") and conducted the following activities:

- reviewed the appropriateness of service contracts of executive Directors and appointment letters of independent non-executive Directors; and

- made recommendations to the Board on the remuneration packages of newly appointed Directors.

No Director took part in any discussions and decisions about his own remuneration during financial year ended 31 March 2015.

Pursuant to Code Provision B.1.5, a company should disclose details of any remuneration payable to members of the senior management by band for the year ended 31 March 2015 in its annual report. In the opinion of the reorganized Board, the Company has no senior management after completion of the Disposal and up to the date of this annual report and no members of senior management would be included in this annual report.

BOARD COMMITTEES (continued)

Audit Committee

The Audit Committee currently comprises three independent non-executive directors, namely Mr. Lam Kai Yeung (chairman), Mr. Lau Chi Kit and Mr. Ma Ming. It was established by the Board on 8 September 2010 and its duties are clearly defined in its written terms of reference which have been prepared and adopted according to the Code Provisions. The terms of reference of Audit Committee can be found in the websites of the Stock Exchange and the Company.

The Audit Committee provides an important link between the Board and the Company's auditor in matters coming within the scope of the Group's audit. It also reviews the interim and annual results of the Company prior to recommending them to the Board for approval, the effectiveness of the external and internal audit and of internal controls and risk evaluation.

During the year ended 31 March 2015, the Audit Committee convened two meetings (with individual member's attendance as set out on page 32 of this report under the section of "Number of meetings and directors' attendance") and conducted the following activities:

(a) reviewed the independence of the external auditors and engagement of external auditors;

(b) reviewed the interim and annual result announcements, interim and annual reports of the Company together with the external auditors and management of the Company and related results announcements;

(c) reviewed with external auditors the internal controls and financial matters of the Group in pursuance of the written terms of reference;

(d) discussion of audit findings with external auditor; and

(e) reviewed and approved the Group's continuing connected transactions.

There was no disagreement between the Board's and the Audit Committee's view on the selection and appointment of the external auditor.

The Audit Committee has reviewed the audited results of the Group for the year ended 31 March 2015 with the management and the Company's external auditor and recommended its adoption by the Board.

NUMBER OF MEETINGS AND DIRECTORS' ATTENDANCE

Attendance records of the Directors at Board Meetings (BM), Audit Committee Meetings (ACM), Remuneration Committee Meetings (RCM), Nomination Committee Meetings (NCM), Annual General Meeting (AGM) and Special General Meeting (SGM) held for the year ended 31 March 2015 are set out below:

	Meetings attended/Eligible to attend For the year ended 31 March 2015					
	BM	**ACM**	**RCM**	**NCM**	**AGM**	**SGM**
Executive Directors						
Mr. Gao Zhiyin *(chairman)* (appointed on 26 July 2014)	1/2	N/A	1/1	N/A	1/1	N/A
Mr. Gao Zhiping *(chief executive officer)* (appointed on 26 July 2014)	2/2	N/A	N/A	N/A	1/1	N/A
Mr. Shi Jiguo (appointed on 26 July 2014)	2/2	N/A	N/A	N/A	0/1	N/A
Mr. Choi Lin Hung (resigned on 16 August 2014)	2/2	N/A	1/1	2/2	N/A	1/1
Mr. Lau Kwok Wa, Stanley (resigned on 16 August 2014)	2/2	N/A	N/A	N/A	N/A	1/1
Mr. Ng Tze On (resigned on 16 August 2014)	2/2	N/A	N/A	N/A	N/A	1/1
Non-executive Directors						
Mr. Chen Tien Tui (resigned on 16 August 2014)	2/2	N/A	N/A	N/A	N/A	1/1
Mr. Li Ming Hung (resigned on 16 August 2014)	2/2	N/A	N/A	N/A	N/A	1/1
Independent non-executive Directors						
Mr. Lau Chi Kit (resigned and re-appointed on 16 August 2014)	4/4	2/2	2/2	2/2	1/1	1/1
Mr. Lam Kai Yeung (appointed on 16 August 2014)	2/2	1/1	N/A	N/A	1/1	N/A
Dr. Chen Yifan (appointed on 26 July 2014 and resigned on 9 April 2015)	2/2	1/1	1/1	N/A	1/1	N/A
Mr. Mak Chi Yan (resigned on 16 August 2014)	2/2	1/1	1/1	2/2	N/A	0/1
Mr. Wong Wai Kit, Louis (resigned on 16 August 2014)	2/2	1/1	1/1	N/A	N/A	1/1
Mr. Yuen Kin Kei (resigned on 16 August 2014)	2/2	1/1	1/1	N/A	N/A	1/1

note: Mr. Ma Ming was appointed as an independent non-executive Director and a member of the Audit Committee on 8 July 2015.

DIRECTORS' AND OFFICERS' INSURANCE

The Company has arranged appropriate insurance cover in respect of potential legal actions against the Directors and its officers.

DIRECTORS' INDUCTION & CONTINUOUS PROFESSIONAL DEVELOPMENT

Every newly appointed Director receives a comprehensive induction package to ensure that he has a proper understanding of the operations, business and governance policies of the Group. In addition, our external legal adviser conducts training for new Directors so that they are aware of the responsibilities and obligations as a director under the Listing Rules, applicable legal requirements and other regulatory requirements.

Pursuant to Code Provision A.6.5, all directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. During the year ended 31 March 2015, the Directors (excluding outgoing Directors) participated in continuous professional development by reading materials which were provided by the company secretary of the Company on the topic related to "the change of risk management and internal control in corporate governance report" as follows:

	Reading materials
Executive Directors	
Mr. Gao Zhiyin *(chairman)*	✓
Mr. Gao Zhiping *(chief executive officer)*	✓
Mr. Shi Jiguo	✓
Independent Non-executive Directors	
Mr. Lau Chi Kit	✓
Mr. Lam Kai Yeung	✓
Dr. Chen Yifan *(resigned on 9 April 2015)*	✓

AUDITOR'S REMUNERATION

During the year, the Group was charged approximately HK$1,480,000 for auditing services by the Company's auditor, Deloitte Touche Tohmatsu and approximately HK$2,423,000 for non-auditing services provided by Grant Thornton Hong Kong Limited (the former auditor of the Company) and Deloitte Touche Tohmatsu; and the relevant fees paid by the Company for non-auditing services are as follows:

- in relation to the Disposal;
- participating in the interim results work;
- taxation services for the Group;
- agreed-upon procedures on the Group's continuing connected transactions; and
- agreed-upon procedures on the Group's annual results announcement.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the financial statements for each financial period which give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the financial statements for the year ended 31 March 2015, the Directors have selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the financial statements on a going concern basis. The Directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group, for safeguarding the assets of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SHAREHOLDERS' RIGHTS

Convening a special general meeting on requisition

1.1 Shareholders have the right to call for a special general meeting on requisition in the manner prescribed by and set out in the Bye-laws and the Companies Act.

1.2 Bye-law 65 provides that "The Directors may, whenever they think fit, convene a special general meeting, and special general meetings shall also be convened on requisition, as provided by the Companies Act, and, in default, may be convened by the requisitionists."

1.3 Pursuant to section 74 of the Companies Act, Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company (the "General Meeting Requisitionists") may by written requisition (the "General Meeting Requisition") to the Board or the secretary of the Company (the "Company Secretary"), require a special general meeting to be called by the Board for the transaction of any business specified in such requisition.

1.4 The General Meeting Requisition must state the purpose of the meeting, and must be signed by the General Meeting Requisitionists; the General Meeting Requisition may consist of several documents in like form each signed by one or more General Meeting Requisitionists.

1.5 The General Meeting Requisition shall be deposited at the registered office of the Company at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and copied to the head office and principal place of business of the Company at Rooms 4114 – 4119, 41st Floor, Sun Hung Kai Centre, No. 30 Harbour Road, Wanchai, Hong Kong and marked for the attention of the Board or the Company Secretary.

1.6 If the Board fails to proceed to convene such meeting within 21 days from the date of the deposit of General Meeting Requisition as set out in the paragraph 1.2 above, the General Meeting Requisitionists, or any of them representing more than one half of their total voting rights, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the date of the deposit of the General Meeting Requisition.

1.7 Any reasonable expenses incurred by the General Meeting Requisitionists by reason of the failure of the Directors to duly convene a meeting shall be repaid to the General Meeting Requisitionists by the Company.

SHAREHOLDERS' RIGHTS (continued)

Procedures for raising enquiries

Shareholders should direct their questions about their shareholdings, share transfer, registration and payment of dividend to the Company's branch share registrar in Hong Kong, details of which are as follows:

Tricor Secretaries Limited

Address: Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong

Email: is-enquiries@hk.tricorglobal.com

Tel: (852) 2980 1333

Fax: (852) 2861 1465

Shareholders may at any time raise any enquiry in respect of the Company at the following designated contacts, correspondence addresses, email addresses and enquiry hotlines of the Company:

Address: Rooms 4114 – 4119, 41st Floor, Sun Hung Kai Centre, No. 30 Harbour Road, Wanchai, Hong Kong

Email: info@highlightiot.com

Tel: (852) 3950 6800

Fax: (852) 3429 0037

Attention: The Board/Company Secretary

Shareholders are encouraged to make enquiries via the online enquiry form available on the Company's website at www.highlightiot.com.

Shareholders are reminded to lodge their questions together with their detailed contact information for the prompt response from the Company if it deems appropriate.

SHAREHOLDERS' RIGHTS (continued)

Procedures for putting forward proposals at general meeting

1. Subject to below paragraph 2, pursuant to in Sections 79 and 80 of the Companies Act, Resolution Requisitionists (as defined in below paragraph 2) may, by requisition in writing (the "Resolution Requisition"), request the Company to give to or circulate to (as the case may be) the Shareholders (i) notice of any resolution which may properly be moved and is intended to be moved at the next annual general meeting of the Company (the "Forthcoming AGM") (and such notice shall be given to Shareholders who are entitled to receive notice of the Forthcoming AGM); or (ii) any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at any general meeting (and such notice shall be circulated to members entitled to have notice of any general meeting sent to them), at the expense of the Resolution Requisitionists.

2. "Resolution Requisitionists" means Shareholders making a requisition under paragraph 1 above and shall constitute either:

   (a) any number of Shareholders representing not less than one-twentieth of the total voting rights of all the Shareholders having at the date of the requisition a right to vote at the meeting to which the requisition relates; or

   (b) not less than one hundred Shareholders.

3. A copy of the Resolution Requisition signed by the Resolution Requisitionists with their detailed contact information, or two or more copies containing the signatures of all the Resolution Requisitionists, shall be deposited at the registered office and copied to the head office and principal place of business of the Company at their respective address specified in above headed "convening a special general meeting on requisition":

   (a) in the case of Resolution Requisition requiring notice of a resolution, not less than six weeks before the Forthcoming AGM; and

   (b) in the case of any other requisition, not less than one week before the general meeting.

4. Resolution Requisitionists shall deposit or tender with the Resolution Requisition a sum reasonably sufficient to meet the Company's expenses in giving notice of any resolution or to circulate any statement as provided under the Companies Act.

CONSTITUTIONAL DOCUMENT

There was no change in the Company's constitutional documents during the year ended 31 March 2015.

Deloitte.
德勤

TO THE MEMBERS OF HIGHLIGHT CHINA IOT INTERNATIONAL LIMITED
高銳中國物聯網國際有限公司
(FORMERLY KNOWN AS FORD GLORY GROUP HOLDINGS LIMITED 福源集團控股有限公司)
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Highlight China IoT International Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 39 to 108, which comprise the consolidated statement of financial position as at 31 March 2015, and the 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 disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's 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.

OPINION

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

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
30 June 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000 (restated)
Continuing operation			
Revenue	7	**365,690**	282,089
Cost of sales		**(338,448)**	(254,873)
Gross profit		**27,242**	27,216
Other income		**9**	–
Net foreign exchange losses		**(121)**	–
Selling and distribution costs		**(9,889)**	(5,944)
Administrative expenses		**(17,695)**	(12,686)
(Loss) profit before taxation		**(454)**	8,586
Income tax expense	9	**(902)**	(1,980)
(Loss) profit for the year from continuing operation	10	**(1,356)**	6,606
Discontinued operations			
(Loss) profit for the year from discontinued operations	11	**(5,074)**	4,972
(Loss) profit for the year		**(6,430)**	11,578
Other comprehensive income			
Item that will not be reclassified to profit or loss:			
Remeasurement of defined benefit obligations		**175**	512
Item that may be subsequently reclassified to profit or loss:			
Exchange difference arising on translation of foreign operation		**–**	447
Other comprehensive income for the year		**175**	959
Reclassification adjustments			
Reclassification of exchange difference on dissolution of a subsidiary		**–**	546
Reclassification of exchange differences on disposal of subsidiaries		**(7,852)**	–
		(7,852)	546
Total comprehensive (expense) income for the year		**(14,107)**	13,083

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

For the year ended 31 March 2015

	Notes	**2015 HK$'000**	2014 HK$'000 (restated)
(Loss) profit for the year attributable to owners of the Company:			
– from continuing operation		**(1,356)**	6,606
– from discontinued operations		**(5,477)**	12,355
		(6,833)	18,961
Profit (loss) for the year attributable to non-controlling interests:			
– from continuing operation		**–**	–
– from discontinued operations		**403**	(7,383)
		403	(7,383)
		(6,430)	11,578
Total comprehensive (expense) income attributable to:			
Owners of the Company		**(14,510)**	20,464
Non-controlling interests		**403**	(7,381)
		(14,107)	13,083
(Loss) earnings per share	13		
From continuing and discontinued operations			
Basic (HK cents)		**(1.34)**	4.26
Diluted (HK cents)		**(1.34)**	3.89
From continuing operation			
Basic (HK cents)		**(0.27)**	1.48
Diluted (HK cents)		**(0.27)**	1.36

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment	14	**1,253**	150,540
Prepaid lease payments	15	**–**	3,492
Goodwill	16	**–**	5,970
Intangible asset	17	**–**	1,000
Interest in a joint venture	18	**–**	–
Deferred tax assets	19	**–**	2,329
		1,253	163,331
Current assets			
Inventories	20	**3,809**	180,593
Trade and bills receivables	21	**83,311**	116,800
Deposits, prepayments and other receivables	23	**36,723**	81,794
Prepaid lease payments	15	**–**	99
Derivative financial instruments	24	**–**	3,705
Tax recoverable		**–**	183
Bank balances and cash	25	**8,913**	46,298
		132,756	429,472
Current liabilities			
Trade and bills payables	26	**47,201**	48,477
Other payables and accruals		**9,183**	31,229
Amount due to the immediate holding company	27a	**6,000**	–
Amount due to a former subsidiary	27a	**28,046**	–
Amounts due to related companies	27b	**–**	4,144
Derivative financial instruments	24	**–**	306
Tax payable		**1,499**	15,381
Bank borrowings	28	**–**	111,206
		91,929	210,743
Net current assets		**40,827**	218,729
Total assets less current liabilities		**42,080**	382,060

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

At 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
Capital and reserves			
Share capital	29	**5,198**	4,502
Reserves		**36,882**	375,476
Equity attributable to owners of the Company		**42,080**	379,978
Non-controlling interests		**–**	(1,718)
Total equity		**42,080**	378,260
Non-current liabilities			
Defined benefit obligations	30	**–**	1,494
Deferred tax liabilities	19	**–**	2,306
		–	3,800
		42,080	382,060

The financial statements on pages 39 to 108 were approved and authorised for issue by the Board on 30 June 2015 and are signed on its behalf by:

Gao Zhiyin
DIRECTOR

Gao Zhiping
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2015

	Attributable to owners of the Company								
	Share capital HK$'000 (Note 29)	Share premium HK$'000	Special reserve HK$'000 (note i)	Share option reserve HK$'000	Foreign currency translation reserve HK$'000	Accumulated profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2013	4,381	64,720	(22,325)	30,880	6,858	270,099	354,613	5,663	360,276
Profit for the year	–	–	–	–	–	18,961	18,961	(7,383)	11,578
Remeasurement of defined benefit obligations	–	–	–	–	–	512	512	–	512
Exchange difference arising on translation of foreign operation	–	–	–	–	447	–	447	–	447
Reclassification of exchange difference on dissolution of a subsidiary	–	–	–	–	544	–	544	2	546
Total comprehensive income (expense) for the year	–	–	–	–	991	19,473	20,464	(7,381)	13,083
Dividend paid (Note 12)	–	–	–	–	–	(4,488)	(4,488)	–	(4,488)
Exercise of share options	121	12,340	–	(4,076)	–	–	8,385	–	8,385
Recognition of equity-settled share-based payments	–	–	–	1,004	–	–	1,004	–	1,004
Release of equity-settled share-based payments upon cancellation of options	–	–	–	(76)	–	76	–	–	–
At 31 March 2014	4,502	77,060	(22,325)	27,732	7,849	285,160	379,978	(1,718)	378,260
Loss for the year	–	–	–	–	–	(6,833)	(6,833)	403	(6,430)
Remeasurement of defined benefit obligations	–	–	–	–	–	175	175	–	175
Reclassification of exchange difference on disposal of subsidiaries (Note 11)	–	–	–	–	(7,852)	–	(7,852)	–	(7,852)
Total comprehensive (expense) income for the year	–	–	–	–	(7,852)	(6,658)	(14,510)	403	(14,107)
Exercise of share options	696	77,887	–	(27,732)	–	–	50,851	–	50,851
Transfer (note ii)	–	–	260,404	–	–	(260,404)	–	–	–
Disposal of subsidiaries (Note 11)	–	–	–	–	–	–	–	1,315	1,315
Share premium cancellation (note iii)	–	(154,947)	154,947	–	–	–	–	–	–
Dividend paid (Note 12)	–	–	(374,239)	–	–	–	(374,239)	–	(374,239)
At 31 March 2015	**5,198**	**–**	**18,787**	**–**	**(3)**	**18,098**	**42,080**	**–**	**42,080**

notes:

(i) The special reserve represents i. the reserve arising from a previous group reorganization; and ii. cancellation of share premium, less special dividend of HK$374,239,000.

(ii) The transferred amount represented the net proceeds from the Disposal (as defined in Note 11), after deducting expenses directly attributable thereto for the distribution as special cash dividend out of special reserve.

(iii) Share premium cancellation was approved by the shareholders of the Company (the "Shareholders") at the special general meeting (the "SGM") held on 10 July 2014, pursuant to which the entire amount standing to the credit of the share premium account of the Company was cancelled and the credit arising from the share premium cancellation was transferred to the special reserve of the Company.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2015

	2015 HK$'000	2014 HK$'000
OPERATING ACTIVITIES		
(Loss) profit for the year	**(6,430)**	11,578
Income tax expense from continuing operation	**902**	1,980
Income tax expense from discontinued operations	**6,582**	2,878
	1,054	16,436
Adjustments for:		
Depreciation of property, plant and equipment	**6,932**	20,753
Impairment loss on intangible asset	**1,000**	–
Losses arising from the Disposal (as defined in Note 11), before tax	**19,390**	–
Losses on disposal of property, plant and equipment	**75**	1,009
Gain on fair value changes of derivative financial instruments	**(1,255)**	(7,772)
Interest income	**(302)**	(84)
Interest on bank borrowings	**855**	2,759
Release of prepaid lease payments	**25**	99
Provision for the defined benefit obligations	**185**	444
Recognition of equity-settled share-based payments	**–**	1,004
Write-down of inventories	**–**	1,834
Loss on dissolution of a subsidiary	**–**	546
Operating cash flows before working capital changes	**27,959**	37,028
Increase in inventories	**(9,048)**	(49,862)
(Increase) decrease in trade and bills receivables	**(148,042)**	13,875
Increase in deposits, prepayments and other receivables	**(35,208)**	(26,486)
Increase (decrease) in trade and bills payables	**51,566**	(20,699)
Increase in other payables and accruals and defined benefit obligations	**41,098**	7,989
Decrease in bank borrowing from discounted bills and debts factored with recourse	**–**	(112)
Increase in amounts due to related companies – trade	**16,355**	2,081
Proceeds from and settlement of derivative financial instruments	**2,020**	5,881
Cash used in operations	**(53,300)**	(30,305)
Interest paid on bank borrowings	**(855)**	(2,759)
Tax paid	**(1,446)**	(6,004)
NET CASH USED IN OPERATING ACTIVITIES	**(55,601)**	(39,068)
INVESTING ACTIVITIES		
Disposal of subsidiaries (Note 11)	**210,828**	–
Proceeds from disposal of property, plant and equipment	**824**	973
Interest received	**302**	84
Legal and professional fee paid related to the Disposal (as defined in Note 11)	**(8,396)**	–
Purchase of property, plant and equipment	**(10,451)**	(16,072)
NET CASH FROM (USED IN) INVESTING ACTIVITIES	**193,107**	(15,015)

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

For the year ended 31 March 2015

	2015 HK$'000	2014 HK$'000
FINANCING ACTIVITIES		
Dividend paid to shareholders	**(374,239)**	(4,488)
Repayment of bank borrowings	**(119,625)**	(474,619)
Advance from immediate holding company	**6,000**	–
Proceed from exercise of share options	**50,851**	8,385
Bank borrowings raised	**262,212**	428,759
NET CASH USED IN FINANCING ACTIVITIES	**(174,801)**	(41,963)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(37,295)**	(96,046)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**46,298**	142,491
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**(90)**	(147)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR representing bank balances and cash	**8,913**	46,298

1. GENERAL

The Company is an exempted company with limited liability incorporated in Bermuda and its shares are listed on the Stock Exchange. The Company's registered office is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is located at Rooms 4114 – 4119, 41st Floor, Sun Hung Kai Centre, No. 30 Harbour Road, Wanchai, Hong Kong.

The Company changed its name from "Ford Glory Group Holdings Limited" to "Highlight China IoT International Limited" and adopted the Chinese name of "高銳中國物聯網國際有限公司" as the secondary name to replace "福源集團控股有限公司" which has been used for identification purposes only. This change of name was approved by the Shareholders at the SGM and has become effective from 4 August 2014.

The Company is an investment holding company. Its subsidiaries are principally engaged in the garment sourcing business.

The Company's immediate and ultimate holding company is Unitech, a company incorporated in the British Virgin Islands (the "BVI") with limited liability, since 22 July 2014. Unitech was owned as to 60% by Mr. Gao Zhiyin and owned as to 40% by Mr. Gao Zhiping. Prior to this date, the Company's ultimate holding company was Victory City International Holdings Limited ("VC"), a company incorporated in Bermuda as an exempted company with limited liability under The Companies Act 1981 of Bermuda (as amended) and its shares are listed on the Stock Exchange, and the Company's immediate holding company was Sure Strategy Limited, a company incorporated in the BVI with limited liability.

The functional currency of the Company is United States dollars ("US$"). The consolidated financial statements are presented in Hong Kong dollars ("HK$") because the Company's shares are listed on the Stock Exchange and most of its potential investors are located in Hong Kong.

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

The Group has applied the following amendments to HKFRSs and a new Interpretation issued by the 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

The application of the amendments to HKFRSs and the new interpretation in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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 not yet effective:

HKFRS 9	Financial Instruments[5]
HKFRS 15	Revenue from Contracts with Customers[4]
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]
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 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[3]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[3]
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]

1 Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.
3 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
4 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
5 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

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

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Shares based payment", leasing transactions that are within the scope of HKAS 17 "Leasing", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of Assets".

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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 and other comprehensive income 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 the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes in the Group's ownership interests in existing subsidiaries

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

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received, including losses indemnify by buyers, and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable HKFRSs).

Business combinations

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

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

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income Taxes" and HKAS 19 "Employee Benefits" respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 "Share-based Payment" at the acquisition date (see the accounting policy below); and

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations (continued)

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

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

Goodwill

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

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

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the CGU to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment in a joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in a joint venture 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 joint venture. When the Group's share of losses of joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), 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 joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, 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 a joint venture. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Service income and subcontracting income are recognised when services are provided.

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 income 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)

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 the profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

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

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 lease, 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 released 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

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

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

Depreciation is recognised so as to write off the cost of items of property, plant and equipment other than construction in progress 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 each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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.

Intangible asset

Intangible asset acquired separately

Intangible asset with indefinite useful life that is acquired separately is carried at cost less subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss in the period when the asset is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment losses on tangible and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives 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 CGU to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

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

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) 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 (or a CGU) 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 CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Impairment losses on disposal group

The Group recognises an impairment loss for any initial or subsequent write-down of the disposal group to fair value less costs to sell, to the extent that it has not been recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (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 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 entities are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, 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 (attributed to non-controlling interests as appropriate).

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), 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.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Retirement benefit costs

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in accumulated profits and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

The Group presents the first two components of defined benefit costs in profit or loss. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Share-based payment transactions

Equity-settled share-based payment transactions

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share based transactions are set out in Note 31.

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

At the end of each reporting period, the Group revises its estimate 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 share option reserve.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from '(loss) profit before taxation' as reported in the consolidated statement of profit or loss and other comprehensive income because of 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

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 assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interest in a joint venture, 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 and interest 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.

The carrying amount of deferred tax assets is reviewed at the end of each 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 rate (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.

Current and deferred tax for the year

Current and deferred tax is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

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 assets or financial liabilities at fair value through profit or loss ("FVTPL")) 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 or financial liabilities at FVTPL are recognised immediately in profit or loss.

Financial assets

Financial assets are classified as financial assets at FVTPL and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument 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 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 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 other than those financial assets classified as at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

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.

The Group's financial assets classified as financial assets at FVTPL are derivatives that are not designated as hedging instruments.

Financial assets at FVTPL are measured at fair value, with any gains or losses arising from remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial assets and is included in the "other gains and losses" line item from Discontinued Operations as disclosed in Note 11. Fair value is determined in the manner described in Note 6.

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 bills receivables, other receivables and bank balances and cash) are carried at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment of financial assets below).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be 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.

For all other financial assets, 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 or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, 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 investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments

Classification as debt or equity

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.

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liabilities are either held for trading or designated at FVTPL on initial recognition.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing in the near term; or
- on initial recognition it is a part of a portfolio of identified 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.

The Group's financial liabilities classified as financial liabilities at FVTPL are derivatives that are not designated as hedging instruments.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss includes any interest paid on the financial liabilities and is included in the "other gains and losses" line item from discontinued operations as disclosed in Note 11. Fair value is determined in the manner described in Note 6.

Other financial liabilities

Other financial liabilities including trade and bills payables, other payables, amount(s) due to the immediate holding company/a former subsidiary/related companies 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, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Equity instruments

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

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are 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.

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 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, the difference between the asset's carrying amount and the sum of the consideration received and receivable and cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

Key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities recognised in the consolidated financial statements within the next financial year, are discussed below.

Impairment loss of trade receivables

The assessment of the impairment loss on trade receivables of the Group is based on the evaluation of collectability and aging analysis of accounts and on management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness of each customer. If the financial conditions of the Group's customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. Impairment is made based on the estimation of the future cash flow discounted at the original effective rate to calculate the present value. At 31 March 2015, the carrying amount of trade and bills receivables was HK$83,311,000 (2014: HK$116,800,000, net of allowance for doubtful debts of HK$878,000).

Write-down of inventories

Management reviews the inventories at the end of each reporting period, and write-down obsolete and slow-moving inventory items identified that are no longer suitable for use in operation. Allowance was made by reference to the latest market value for those inventories identified. Where the net realisable value is less than expected, a material write down may arise. At 31 March 2015, the carrying amount of inventories was HK$3,809,000 (2014: HK$180,593,000).

Income taxes

Deferred tax asset in relation to unused tax losses of approximately HK$6,251,000 (2014: HK$45,687,000) was not recognised in the consolidated statement of financial position due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the expectation for future profit streams changes, recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such change takes place.

5. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of debt, which includes bank borrowings disclosed in Note 28, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and accumulated profits.

The directors of the Company review the capital structure on a semi-annual basis. As part of this review, the directors of the Company 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 debts.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2015 HK$'000	2014 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**99,542**	165,511
Derivative financial instruments	**–**	3,705
Financial liabilities		
Amortised cost	**81,247**	163,827
Derivative financial instruments	**–**	306

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and bills receivables, other receivables, derivative financial instruments, bank balances and cash, trade and bills payables, amounts due to the immediate holding company/ a former subsidiary/related companies and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

6. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Market risk

(i) Currency risk

Several subsidiaries of the Company have foreign currency sales, purchases and bank balances and cash, which expose the Group to risk due to changes in foreign exchange rates. The Group entered into structured currency forward contracts in 2014 to cover the anticipated foreign currency exposures. These contracts were arranged mainly to hedge the currency fluctuation of Renminbi ("RMB") against US$, which is the functional currency of the relevant group entities.

At the end of the reporting period, the Group is exposed to foreign currency risk arising from the Group's monetary assets and monetary liabilities that are denominated in currencies other than the functional currency of the relevant group entities are as follows:

	Liabilities		**Assets**	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
HK$	**–**	27,023	**–**	5,829
RMB	**6,750**	20	**394**	1,558
Jordanian Dinar ("JOD")	**–**	468	**–**	7,501
Indonesian Rupiah ("IDR")	**–**	–	**–**	2,359

During the year ended 31 March 2014, the Group was also exposed to foreign currency risk arising from intercompany balances denominated in currencies other than the functional currencies of the relevant group entities. The sensitivity analysis of the balances is disclosed below.

6. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

(i) Currency risk (continued)

Sensitivity analysis

At 31 March 2015, the Group was mainly exposed to foreign currency risk of RMB (2014: HK$, RMB, JOD and IDR).

The following table detailed the Group's sensitivity to increase and decrease in functional currency of the relevant group entities against the relevant foreign currencies by 5%, and vice versa. A positive number below indicated an increase in Group's profit where functional currency strengthens by 5% against foreign currencies. If functional currency weaken by 5% against foreign currencies, there would be an equal and opposite impact on the profit or loss of the Group. 5% was 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 included only outstanding foreign currency denominated monetary items and adjusts their translation at year end for a 5% change in foreign currency rates. The sensitivity analysis included intercompany balances where the denomination of the amount was in a currency other than the functional currency of the relevant group entities. On this basis, there would be a decrease/increase in post-tax profit as follow, where the functional currency of the relevant group entities weaken against the foreign currencies by 5%, and vice versa.

	2015	2014
	HK$'000	HK$'000
Profit or loss	**265**	2,570

At 31 March 2014, as set out in Note 24, the Group had outstanding structured foreign currency forward contracts which also exposed the Group to currency fluctuation risks.

For the structured currency forward contracts outstanding at 31 March 2014, if US$ was strengthened against RMB by 5%, the profit for the year ended 31 March 2014 would decrease by HK$32,276,000; if US$ was weakened against RMB by 5%, the profit for the year ended 31 March 2014 would increase by HK$1,867,000.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure in last year.

6. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rates on its bank balances and floating rate bank borrowings. Most of the Group's bank borrowings carry interest based on Hong Kong Interbank Offer Rate ("HIBOR") or London Interbank Offer Rate ("LIBOR") plus a spread. The management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

In the opinion of the directors, no sensitivity analysis is prepared for the interest rate risk for variable-rate bank balances since the impact to the Group's results is not significant.

The sensitivity analyses below have been determined based on the exposure to floating rate of bank borrowings as at 31 March 2014. The analysis is prepared assuming the amount of bank borrowings outstanding at the end of the reporting period date was outstanding for the whole year. A 25 basis point increase or decrease in interest rate 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.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 March 2014 would decrease/increase by HK$232,000.

Credit risk

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

In order to minimise its 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. In addition, the Group reviews the recoverable amount of each individual trade 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.

At 31 March 2015, the Group had a concentration of credit risk as the top five trade debtors accounted for approximately 96% (2014: 41%) of its total trade debt balance. In view of this, senior management members regularly visit these customers to understand their business operations and cash flows position. In this regard, management considers that this credit concentration risk has been significantly mitigated.

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

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. Management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

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 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 rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

In addition, the following table details the Group's liquidity analysis for its derivative financial liabilities as at 31 March 2014. The table has been drawn up based on the undiscounted contractual net cash (inflows) and outflows on derivative liabilities that settle on a net basis. The liquidity analysis for the Group's derivative financial liabilities are prepared based on the contractual maturities as the management considers that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

	Weighted average effective interest rate %	On demand or less than 1 month HK$'000	1 to 3 months HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
2015					
Non-derivative					
Trade and bills payables	–	38,870	8,331	47,201	47,201
Amount due to immediate holding company	–	6,000	–	6,000	6,000
Amount due to a former subsidiary	–	28,046	–	28,046	28,046
		72,916	8,331	81,247	81,247

6. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

	Weighted average effective interest rate %	On demand or less than 1 month HK$'000	1 to 3 months HK$'000	3 months to 1 year HK$'000	1 to 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
2014							
Non-derivative							
Trade and bills payables	–	25,290	23,187	–	–	48,477	48,477
Amounts due to related companies	–	4,144	–	–	–	4,144	4,144
Bank borrowings	2.45	111,206	–	–	–	111,206	111,206
		140,640	23,187	–	–	163,827	163,827
Derivative – net settlement							
– structured currency forward contracts	–	(85)	(166)	(125)	682	306	306

Bank borrowings with a repayment on demand clause are included in the "on demand or less than 1 month" time band in the above maturity analysis. As at 31 March 2014, the aggregate carrying amounts of these bank borrowings amounted to approximately HK$111,206,000. Taking into account the Group's financial position, the directors did not believe that it is probable that the banks would exercise their discretionary rights to demand immediate repayment. The directors believed that such bank borrowings would be fully repaid in accordance with the scheduled repayment dates set out in the loan agreements. However, in accordance with Hong Kong Interpretation 5 *Presentation of Financial Statements Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*, all such bank loans had been classified as current liabilities.

The following table discloses the maturity analysis in accordance with scheduled repayment dates set out in the facility letters.

	Weighted average effective interest rate %	Less than 1 month HK$'000	1 to 3 months HK$'000	3 months to 1 year HK$'000	1 to 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
2015								
Bank borrowings	–	–	–	–	–	–	–	–
2014								
Bank borrowings	2.45	36,249	57,763	3,756	6,477	9,429	113,674	111,206

The amounts included above for variable interest rate instruments are subject to change of interest rates differ to those determined at the end of the reporting dates.

6. FINANCIAL INSTRUMENTS (continued)

(c) Fair value

This note provides information about how the Group determines fair value of derivative financial instruments.

Fair value of financial instruments that are measured at fair value on a recurring basis

The Group's derivative financial instruments 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 March 2015	Fair value as at 31 March 2014	Fair value hierarchy	Valuation technique(s) and key input(s)
Structured foreign currency contracts classified as derivative financial instruments	**Nil**	Assets – HK$3,705,000 Liabilities – HK$306,000 *(Both not designated for hedging)*	Level 3	Monte Carlo Simulation Method. The key input is the average implied volatility of the exchange rate as at valuation date.

note: The higher the average implied volatility of the exchange rate used, the lower the fair value. If the average implied volatility of the exchange rate is increased/ decreased by 5% and held other variables constant, the Group's pre-tax profit for the year ended 31 March 2014 would have been decreased/ increased by HK$266,000/HK$251,000 respectively. Due to the terms of the contracts, changes in the inputs adopted in the valuation model would lead to asymmetric changes in the fair values.

There were no transfers among the different levels of the fair value hierarchy for both years.

6. FINANCIAL INSTRUMENTS (continued)

(c) Fair value (continued)

Reconciliation of Level 3 fair value measurement of financial assets and financial liabilities

	Structured currency forward contracts HK$'000
At 1 April 2013	1,508
Premium received on contract rate	(428)
Net settlement	(5,453)
Fair value gain credited to profit or loss	
– realised	4,373
– unrealised	3,399
At 31 March 2014	3,399
Net settlement	(2,020)
Fair value gain credited to profit or loss	
– realised	(1,379)
– unrealised	2,634
Disposal of subsidiaries (Note 11)	(2,634)
At 31 March 2015	**–**

7. REVENUE

The Group's revenue for the year from continuing operation represents the amounts received and receivables for sourcing of garment products, less sales returns and allowances.

8. SEGMENT INFORMATION

The Group was involved in (i) garment trading business (trading and sourcing) and (ii) garment manufacturing business, which were included in the operating segment of "Segment A" and "Segment B" as defined in the Group's last year's consolidated financial statements under HKFRS 8.

Following the completion of disposal of subsidiaries as detailed in Note 11, the Group derives all its revenue from the garment sourcing business. The chief operating decision maker monitors the revenue, result, assets and liabilities of the garment sourcing business as a whole based on the monthly management accounts which are substantially in conformity with HKFRSs and considers the segment revenue and segment result of the Group represented revenue and profit for the year for continuing operation as stated in the consolidated statement of profit or loss and other comprehensive income respectively. Accordingly, no further segment information is presented.

Geographical information

The Group's operation is mainly located in Hong Kong and the United States of America ("USA").

The Group's revenue from external customers by location of customers is detailed below:

	Revenue from external customers		**Non-current assets**	
	2015	2014	**2015**	2014
	HK$'000	HK$'000 (restated)	**HK$'000**	HK$'000
USA	**298,615**	185,191	**–**	90
Canada	**45,506**	72,626	**–**	–
Mexico	**18,719**	16,789	**–**	–
Japan	**1,847**	1,434	**–**	–
France	**1,003**	6,049	**–**	–
Hong Kong	**–**	–	**1,253**	29,884
The People's Republic of China ("PRC")	**–**	–	**–**	86,702
Cambodia	**–**	–	**–**	27,778
Indonesia	**–**	–	**–**	2,298
Jordan	**–**	–	**–**	14,239
Others	**–**	–	**–**	11
	365,690	282,089	**1,253**	161,002

8. SEGMENT INFORMATION (continued)

Information about major customers

Revenue from customers contributing to over 10% of the Group's total annual revenue are as follows:

	2015 **HK$'000**	2014 HK$'000
Customer A	**287,962**	117,091
Customer B	**–**	35,113
Customer C	**–**	30,298

9. INCOME TAX EXPENSE

	2015 **HK$'000**	2014 HK$'000 (restated)
Continuing operation		
Hong Kong Profits Tax		
– current year	**917**	1,992
– overprovision in respect of prior years	**(15)**	(12)
	902	1,980

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

9. INCOME TAX EXPENSE (continued)

The income tax expense for the year can be reconciled to the (loss) profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2015 HK$'000	2014 HK$'000 (restated)
(Loss) profit before taxation (from continuing operation)	(454)	8,586
Tax at the domestic income tax rate of 16.5%	(75)	1,417
Tax effect of expenses that are not deductible for tax purpose	84	588
Tax effect of income not taxable for tax purpose	(123)	(13)
Tax effect of tax losses not recognised	1,031	–
Overprovision in respect of prior years	(15)	(12)
Income tax expense for the year	902	1,980

Details of deferred taxation are set out in Note 19.

10. (LOSS) PROFIT FOR THE YEAR

	2015 HK$'000	2014 HK$'000 (restated)
Continuing operation		
(Loss) profit for the year has been arrived at after charging:		
Directors' remuneration (note (i))	2,898	959
Share-based payment expenses	–	1,004
Other staff costs	9,660	8,171
Total staff costs	12,558	10,134
Auditor's remuneration	1,480	1,487
Depreciation of property, plant and equipment	228	11
and after crediting:		
Bank interest income (included in other income)	9	–

10. (LOSS) PROFIT FOR THE YEAR (continued)

Included in the other staff costs is an aggregate amount of HK$299,000 and (2014: HK$231,000) in respect of defined contribution pension scheme made by the Group (Note 30).

The cost of inventories recognised as an expense approximates the cost of sales as disclosed in the consolidated statement of profit or loss and other comprehensive income for both years.

note:

(i) Information regarding directors' and employees' emoluments

Directors

The emoluments paid or payable to each of the fourteen (2014: nine) Directors (from continuing operation) were as follows:

	Gao Zhiyin HK$'000 (note i)	Gao Zhiping HK$'000 (notes i and viii)	Shi Jiguo HK$'000 (note i)	Choi Lin Hung HK$'000 (notes ii and viii)	Lau Kwok Wa, Stanley HK$'000 (note ii)	Ng Tze On HK$'000 (note ii)	Chen Tien Tui HK$'000 (note iii)	Li Ming Hung HK$'000 (note iii)	Lau Chi Kit HK$'000 (note iv)	Lam Kai Yeung HK$'000 (note v)	Chen Yifan HK$'000 (note vi)	Mak Chi Yan HK$'000 (note vii)	Wong Wai Kit, Louis HK$'000 (note vii)	Yuen Kin Kei HK$'000 (note vii)	Total HK$'000
2015															
Fees	819	819	410	–	–	63	–	–	224	157	171	67	67	67	2,864
Salaries and other benefits	–	–	–	–	–	29	–	–	–	–	–	–	–	–	29
Contribution to retirement benefits scheme	–	–	–	–	–	5	–	–	–	–	–	–	–	–	5
Total emoluments	819	819	410	–	–	97	–	–	224	157	171	67	67	67	2,898

	Choi Lin Hung HK$'000 (note viii)	Lau Kwok Wa, Stanley HK$'000	Ng Tze On HK$'000	Chen Tien Tui HK$'000	Li Ming Hung HK$'000	Lau Chi Kit HK$'000	Mak Chi Yan HK$'000	Wong Wai Kit, Louis HK$'000	Yuen Kin Kei HK$'000	Total HK$'000
2014										
Fees	–	–	228	–	–	180	180	180	180	948
Salaries and other benefits	–	–	–	–	–	–	–	–	–	–
Contribution to retirement benefits scheme	–	–	11	–	–	–	–	–	–	11
Total emoluments	–	–	239	–	–	180	180	180	180	959

10. (LOSS) PROFIT FOR THE YEAR (continued)

note: (continued)

(i) Information regarding directors' and employees' emoluments (continued)

Directors (continued)

notes:

(i) Mr. Gao Zhiyin, Mr. Gao Zhiping and Mr. Shi Jiguo were appointed as executive Directors on 26 July 2014.

(ii) Mr. Choi Lin Hung ("Mr. Choi"), Mr. Stanley Lau and Mr. Ng Tze On resigned as executive Directors on 16 August 2014.

(iii) Mr. Chen Tien Tui and Mr. Li Ming Hung resigned as non-executive Directors on 16 August 2014.

(iv) Mr. Lau Chi Kit resigned and was re-appointed as an independent non-executive Director on 16 August 2014.

(v) Mr. Lam Kai Yeung was appointed as an independent non-executive Director on 16 August 2014.

(vi) Dr. Chen Yifan was appointed as an independent non-executive Director on 26 July 2014 and resigned as an independent non-executive Director on 9 April 2015.

(vii) Mr. Mak Chi Yan, Mr. Wong Kai Kit, Louis and Mr. Yuen Kin Kei resigned as independent non-executive Directors on 16 August 2014.

(viii) Mr. Choi was the chief executive of the Group for the year ended 31 March 2014 and up till 16 August 2014 when he resigned as a director of the Company. Mr. Gao Zhiping took the office of Mr. Choi on the same date and assumed the duties as the chief executive. The details of emoluments of all of Mr. Choi and Mr. Gao Zhiping disclosed above include those for their services rendered by them as the chief executive.

10. (LOSS) PROFIT FOR THE YEAR (continued)

Employees

The five highest paid individuals of the Group included three (2014: two) directors of the Company, details of whose emoluments are set out above. The emoluments of the remaining two (2014: three) individuals of the Group, not being directors of the Company, are as follows:

	2015 **HK$'000**	2014 HK$'000
Salaries and other benefits	**1,687**	2,964
Contributions to retirement benefits scheme	**37**	45
Equity-settled share-based payment expense	**–**	–
	1,724	3,009

Their emoluments were within the following bands:

	2015	2014
Not exceeding HK$1,000,000	**2**	2
HK$3,000,001 to HK$3,500,000	**–**	1

During each of the two years ended 31 March 2015, (i) no emoluments were paid by the Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office and (ii) none of the directors waived any emoluments.

11. DISCONTINUED OPERATIONS/DISPOSAL OF SUBSIDIARIES

On 14 March 2014, the Company and Sure Strategy entered into a conditional disposal agreement for the disposal of its garment manufacturing and trading business (the “Disposal”) (the “Disposal Agreement”).

Sure Strategy was the Company’s former immediate holding company. Sure Strategy was then owned as to 49% by Merlotte Enterprise Limited (a company incorporated in the BVI and is wholly-owned by Mr. Choi Lin Hung, who was a former director of the Company and one of the Company’s ultimate beneficial shareholders before the Disposal) and as to 51% by Victory City Investments Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of VC.

11. DISCONTINUED OPERATIONS/DISPOSAL OF SUBSIDIARIES (continued)

According to the Disposal Agreement, Sure Strategy agreed to purchase, and the Company agreed to sell the entire issued share capital of Ford Glory Holdings Limited (a wholly-owned subsidiary of the Company and an investment holding company prior to the Disposal), which, together with its subsidiaries held the garment manufacturing and trading business at a cash consideration of HK$270,000,000 and a tax indemnity and a tax indemnity from Sure Strategy in which Sure Strategy would fully indemnify the Group in respect of tax liability resulting from the Disposal of any amount that exceeds HK$1,200,000. The Disposal was approved by the Shareholders at the SGM and the Disposal was completed on 22 July 2014, on which date the control of Ford Glory Holdings Limited was passed to Sure Strategy.

The Group ceased the garment manufacturing and trading business (“Discontinued Operations”) upon the completion of Disposal. Accordingly, the results of garment manufacturing and trading business for the year have been separately presented as Discontinued Operations in the consolidated statement of profit or loss and other comprehensive income. The presentation of comparative financial information for the year ended 31 March 2014 has been restated to conform to current year’s presentation.

The loss from the Discontinued Operations for the year is analysed as follows:

	1 April 2014 to 22 July 2014 (date of completion of the Disposal)	**1 April 2013 to 31 March 2014**
	HK$’000	HK$’000
Profit for the year	18,941	4,972
Losses arising from the Disposal	(24,015)	–
	(5,074)	4,972

11. DISCONTINUED OPERATIONS/DISPOSAL OF SUBSIDIARIES (continued)

The results of the Discontinued Operations for the relevant year, which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

	1 April 2014 to 22 July 2014 (date of completion of the Disposal) HK$'000	1 April 2013 to 31 March 2014 HK$'000
Revenue	302,622	654,986
Cost of sales	(238,497)	(515,353)
Gross profit	64,125	139,633
Other income	451	2,545
Other gains and losses	204	4,902
Selling and distribution costs	(11,430)	(34,640)
Administrative expenses	(31,597)	(101,831)
Interest on bank borrowings	(855)	(2,759)
Profit before taxation	20,898	7,850
Income tax expense	(1,957)	(2,878)
Profit for the year from discontinued operations	18,941	4,972
Attributable to:		
Owners of the Company	18,538	12,355
Non-controlling interests	403	(7,383)
	18,941	4,972

Loss per share

Basic loss per share from the Discontinued Operations is 1.07 HK cents per share (2014: earning per share of 2.78 HK cents), based on the loss for the year from the Discontinued Operations attributable to owners of the Company of HK$5,477,000 (2014: profit for the year of HK$12,355,000).

Diluted earnings per share for the year ended 31 March 2014 from Discontinued Operations was 2.53 HK cents based on the profit for that year of HK$12,355,000.

11. DISCONTINUED OPERATIONS/DISPOSAL OF SUBSIDIARIES (continued)

Loss per share (continued)

Profit for the year from Discontinued Operations include the following:

	1 April 2014 to 22 July 2014 (date of completion of the Disposal) HK$'000	**1 April 2013 to 31 March 2014** HK$'000
Director's remuneration (note i)	992	3,419
Other staff costs	42,818	136,627
Total staff costs	43,810	140,046
Depreciation of property, plant and equipment	6,704	20,742
Release of prepaid lease payments	25	99
Loss on disposal of property, plant and equipment	75	1,009
Impairment loss on intangible asset	1,000	–
Write-down of inventories	–	1,834
Interest on bank borrowings:		
– wholly repayable within five years	718	2,325
– not wholly repayable within five years, which contain a repayment on demand clause	137	434
	855	2,759
and after crediting:		
Net gain on fair value changes of derivative financial instruments	1,255	1,315
Interest income	293	84

11. DISCONTINUED OPERATIONS/DISPOSAL OF SUBSIDIARIES (continued)

note:

(i) The emoluments paid or payable to each of the fourteen (2014: nine) directors (from Discontinued Operations) were as follows:

	Gao Zhiyin HK$'000	Gao Zhiping HK$'000	Shi Jiguo HK$'000	Choi Lin Hung HK$'000	Lau Kwok Wa, Stanley HK$'000	Ng Tze On HK$'000	Chen Tien Tui HK$'000	Li Ming Hung HK$'000	Lau Chi Kit HK$'000	Lam Kai Yeung HK$'000	Chen Yifan HK$'000	Mak Chi Yan HK$'000	Wong Wai Kit, Louis HK$'000	Yuen Kin Kei HK$'000	Total HK$'000
2015															
Fees	–	–	–	334	231	83	–	–	–	–	–	–	–	–	648
Salaries and other benefits	–	–	–	334	–	–	–	–	–	–	–	–	–	–	334
Contribution to retirement benefits scheme	–	–	–	5	5	–	–	–	–	–	–	–	–	–	10
Total emoluments	–	–	–	673	236	83	–	–	–	–	–	–	–	–	992

	Choi Lin Hung HK$'000	Lau Kwok Wa, Stanley HK$'000	Ng Tze On HK$'000	Chen Tien Tui HK$'000	Li Ming Hung HK$'000	Lau Chi Kit HK$'000	Mak Chi Yan HK$'000	Wong Wai Kit, Louis HK$'000	Yuen Kin Kei HK$'000	Total HK$'000
2014										
Fees	1,170	720	–	–	–	–	–	–	–	1,890
Salaries and other benefits	1,170	59	270	–	–	–	–	–	–	1,499
Contribution to retirement benefits scheme	15	15	–	–	–	–	–	–	–	30
Total emoluments	2,355	794	270	–	–	–	–	–	–	3,419

11. DISCONTINUED OPERATIONS/DISPOSAL OF SUBSIDIARIES (continued)

The net cash flows generated by the Discontinued Operations are presented below:

	1 April 2014 to 22 July 2014 (date of completion of the Disposal) HK$'000	1 April 2013 to 31 March 2014 HK$'000
Net cash flows used in operating activities	(171,753)	(32,365)
Net cash flows used in investing activities	(10,192)	(15,015)
Net cash flows from (used in) financing activities	195,220	(36,686)
Net cash flows	13,275	(84,066)

The net assets of the subsidiaries disposed of at the date of completion of the Disposal were as follows:

	As at 22 July 2014 HK$'000
Analysis of assets and liabilities over which control was lost	
Property, plant and equipment	151,907
Prepaid lease payments	3,566
Goodwill	5,970
Deferred tax assets	2,404
Inventories	185,832
Trade and bills receivables	181,531
Deposits, prepayments and other receivables	83,704
Amount due from fellow subsidiaries	1,265
Derivative financial instruments	2,634
Tax recoverable	380
Bank balances and cash	59,172
Trade and bills payables	(52,842)
Other payables and accruals	(37,740)
Amounts due to fellow subsidiaries and a former subsidiary	(22,507)
Tax payable	(16,700)
Bank borrowings	(253,793)
Defined benefit obligations	(1,454)
Deferred tax liabilities	(2,373)
Net assets disposed of	290,956

11. DISCONTINUED OPERATIONS/DISPOSAL OF SUBSIDIARIES (continued)

	As at 22 July 2014 HK$'000
Losses arising from the Disposal	
Cash consideration	270,000
Tax indemnity receivable *(note)*	3,425
	273,425
Net assets of HK$290,956,000, net of impairment for disposal group of HK$18,846,000	(272,110)
Non-controlling interests	(1,315)
Cumulative exchange differences in respect of the net assets of the subsidiaries reclassified from equity to profit or loss on disposal of subsidiaries	7,852
	7,852
Legal and professional fee related to the Disposal	(8,396)
Tax arising on disposal	(4,625)
	(5,169)
Impairment loss recognised on the disposal group	(18,846)
	(24,015)
Net cash inflow arising on disposal	
Cash consideration received	270,000
Less: bank balances and cash disposed of	(59,172)
	210,828

note: This relates to the excess of tax liabilities resulting from the Disposal indemnified by Sure Strategy pursuant to the Disposal Agreement. The Group recognised the receivable at the same time that it recognised the excess tax liability and measured both items on the same basis. The receivable is subjected to impairment assessment for uncollectable amounts.

12. DISTRIBUTIONS

No final dividend was paid or proposed for the year ended 31 March 2015, nor has any dividend been proposed since the end of the reporting period (2014: Nil). An interim dividend of HK$1.0 cent per ordinary share amounting to HK$4,488,000 was paid to the Shareholders for the year ended 31 March 2014 (2015: Nil).

During the year ended 31 March 2015, a special cash dividend of HK$0.72 per ordinary share was declared by the Board and was approved by the Shareholders at the SGM held on 10 July 2014. The aggregate amount of the special dividend declared and paid out of special reserve amounted to HK$374,239,000 (2014: Nil) which was paid on 22 July 2014.

13. (LOSS) EARNINGS PER SHARE

From continuing and discontinued operations

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

	2015	2014
	HK$'000	HK$'000
(Loss) earnings		
(Loss) profit for the year attributable to owners of the Company for the purposes of basic and diluted (loss) earnings per share	**(6,833)**	18,961
Number of shares		
Weighted average number of ordinary shares for the purposes of basic (loss) earnings per share	**508,437,671**	445,058,499
Effect of dilutive potential ordinary shares in respect of share options	**N/A**	41,966,467
Weighted average number of ordinary shares for the purposes of diluted (loss) earnings per share	**508,437,671**	487,024,966

From continuing operation

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

Earnings figures are calculated as follows:

	2015	2014
	HK$'000	HK$'000
(Loss) profit for the year attributable to owners of the Company	**(6,833)**	18,961
Less: (loss) profit for the year from Discontinued Operations attributable to owners of the Company	**(5,477)**	12,355
(Loss) earnings for the purpose of basic and diluted (loss) earnings per share from continuing operation	**(1,356)**	6,606

The computation of diluted loss per share does not assume the conversion of the Company's share options since their exercise would result in a decrease in loss per share from continuing operation.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK$'000	Furniture, fixtures and equipment HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Plant and machinery HK$'000	Construction in progress HK$'000	Total HK$'000
COST							
At 1 April 2013	103,207	31,141	29,077	6,994	72,447	–	242,866
Exchange realignment	431	95	61	7	189	–	783
Additions	–	697	8,016	345	7,014	–	16,072
Disposals	–	(133)	(186)	(507)	(5,341)	–	(6,167)
At 31 March 2014	103,638	31,800	36,968	6,839	74,309	–	253,554
Additions	–	885	1,382	10	6,727	1,447	10,451
Disposals	–	(242)	(246)	(203)	(2,598)	–	(3,289)
Disposal of subsidiaries (Note 11)	(103,638)	(30,072)	(36,902)	(6,646)	(78,204)	(1,447)	(256,909)
At 31 March 2015	**–**	**2,371**	**1,202**	**–**	**234**	**–**	**3,807**
DEPRECIATION							
At 1 April 2013	11,090	17,197	13,601	3,260	40,999	–	86,147
Exchange realignment	59	61	55	4	120	–	299
Provided for the year	4,619	3,502	3,892	1,149	7,591	–	20,753
Eliminated on disposals	–	(103)	(148)	(387)	(3,547)	–	(4,185)
At 31 March 2014	15,768	20,657	17,400	4,026	45,163	–	103,014
Provided for the year	1,374	1,148	1,512	367	2,531	–	6,932
Eliminated on disposals	–	(161)	(244)	(150)	(1,835)	–	(2,390)
Eliminated on disposal of subsidiaries (Note 11)	(17,142)	(19,584)	(18,286)	(4,243)	(45,747)	–	(105,002)
At 31 March 2015	**–**	**2,060**	**382**	**–**	**112**	**–**	**2,554**
CARRYING VALUE							
At 31 March 2015	**–**	**311**	**820**	**–**	**122**	**–**	**1,253**
At 31 March 2014	87,870	11,143	19,568	2,813	29,146	–	150,540

14. PROPERTY, PLANT AND EQUIPMENT (continued)

Taking into account the residual values, the above items of property, plant and equipment are depreciated using the straight-line method at the following rates per annum:

Leasehold land and buildings	Over 25 years or the term of the lease, if shorter
Furniture, fixtures and equipment	15% – 25%
Leasehold improvements	Over 5 to 10 years or the term of the relevant leases, if shorter
Motor vehicles	20%
Plant and machinery	$6^2/_3$% – 25%

The Group's leasehold land and buildings comprise:

	2015	2014
	HK$'000	HK$'000
Buildings and leasehold land with medium-term lease located in:		
– Hong Kong	–	25,688
– the PRC	–	60,115
– Jordan	–	2,067
	–	87,870

15. PREPAID LEASE PAYMENTS

	2015	2014
	HK$'000	HK$'000
Prepaid lease payments comprise:		
Leasehold land in PRC:		
Medium-term lease	–	3,591
Analysed for reporting purposes as:		
Current asset	–	99
Non-current asset	–	3,492
	–	3,591

16. GOODWILL

	HK$'000
COST	
At 1 April 2013 and 31 March 2014	5,970
Disposal of subsidiaries (Note 11)	(5,970)
At 31 March 2015	**–**

For the purposes of impairment testing, goodwill was allocated to a group of CGUs, which are included in the garment manufacturing and trading business. The segment represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

At 31 March 2014, the recoverable amount of these units was determined based on a value in use calculation. That calculation used cash flow projections based on financial budgets approved by management covering a 5-year period, and a discount rate of 10%. The cash flows beyond the 5-year period were extrapolated using zero growth rate. The key assumptions for the value in use calculations related to the estimation of cash inflows/outflows which included budgeted sales and gross margin, such estimation is based on the unit's past performance and management's expectations for the market development. Management believed that any reasonably possible change in any of these assumptions would not cause the carrying amount to exceed the recoverable amount.

17. INTANGIBLE ASSET

	HK$'000
COST	
At 1 April 2013 and 31 March 2014	1,000
Disposal of subsidiaries (Note 11)	(1,000)
At 31 March 2015	**–**
IMPAIRMENT	
At 1 April 2013 and 31 March 2014	–
Impairment loss recognised in profit or loss	1,000
Eliminated upon disposal of subsidiaries (Note 11)	(1,000)
At 31 March 2015	**–**
CARRYING VALUES	
At 31 March 2015	**–**
At 31 March 2014	1,000

17. INTANGIBLE ASSET (continued)

The intangible asset represents a trademark acquired. While the trademark has a registered life of 7 years, the directors are of the opinion that it can be renewed at minimal cost upon expiration of its registration and practically has indefinite useful life. Accordingly, no amortisation is recognised on the trademark while impairment testing will be performed at lease annually.

The trademark has been allocated to a cash-generating unit under the garment manufacturing and trading business. During the year ended 31 March 2015, the management determined that the intangible asset is fully impaired, an impairment loss of HK$1,000,000 is recognised in the profit or loss.

18. INTEREST IN A JOINT VENTURE

	2015 **HK$'000**	2014 HK$'000
Cost of unlisted investment in a joint venture	**–**	1,340
Share of post-acquisition loss	**–**	(1,340)
	–	–

As at 31 March 2014, the Group had interest in the following joint venture:

Name of joint venture	Form of business structure	Place of incorporation	Principal place of operation	Proportion of nominal value of issued capital held by the Group	Principal activity
Gojifashion Inc.	Incorporated	Canada	Canada	50%	Inactive

The joint venture is inactive and has insignificant assets and liabilities. The Group has discontinued recognition of its share of losses in prior years. The amounts of income, expenses and unrecognised share of the joint venture, both for the year and cumulatively, are insignificant.

During the year ended 31 March 2015, the interest in a joint venture is disposed of through the disposal of subsidiaries as detailed in Note 11.

19. DEFERRED TAXATION

The following is the analysis of the deferred tax balances for financial reporting purpose:

	2015	2014
	HK$'000	HK$'000
Deferred tax assets	**–**	2,329
Deferred tax liabilities	**–**	(2,306)
	–	23

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

	Accelerated tax and accounting depreciation	**Dividend withholding tax**	**Others**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2013	1,086	(1,847)	404	(357)
Credit (charge) to profit or loss	335	(250)	306	391
Exchange difference	–	(11)	–	(11)
At 31 March 2014	1,421	(2,108)	710	23
Credit (charge) to profit or loss	25	(67)	50	8
Disposal of subsidiaries (Note 11)	(1,446)	2,175	(760)	(31)
At 31 March 2015	**–**	**–**	**–**	**–**

At the end of the reporting period, the Group had unused tax losses of HK$6,251,000 (2014: HK$45,687,000) available for offset against future profits. No deferred tax asset has been recognised in relation to such losses due to the unpredictability of future profit streams (2014: Nil). Such unused tax losses may be carried forward indefinitely.

Under the Enterprise Income Tax Law of the PRC withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has been fully provided for in respect of the undistributed profits from these PRC subsidiaries in the consolidated financial statements.

20. INVENTORIES

	2015 HK$'000	2014 HK$'000
Raw materials	–	81,868
Work in progress	–	49,936
Finished goods	3,809	48,789
	3,809	180,593

21. TRADE AND BILLS RECEIVABLES

	2015 HK$'000	2014 HK$'000
Trade and bills receivables	83,311	117,678
Less: allowance for doubtful debts	–	(878)
	83,311	116,800

The Group allows its trade customers a credit period of 30 to 150 days.

The following is an aged analysis of trade and bills receivables (net of allowance for doubtful debts), presented based on the invoice date at the end of each reporting period:

	2015 HK$'000	2014 HK$'000
0 – 30 days	10,715	52,153
31 – 60 days	33,982	24,856
61 – 90 days	25,492	13,767
91 – 120 days	5,415	19,129
Over 120 days	7,707	6,895
	83,311	116,800

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

	2015 HK$'000	2014 HK$'000
HK$	–	81
IDR	–	188

21. TRADE AND BILLS RECEIVABLES (continued)

Before accepting any new customer, the Group assesses and understands the potential customer's credit quality. Management reviews each customers credit quality regularly. All trade receivables that are neither past due nor impaired have good credit quality after taking into account the repayment history of the trade customers. The Group has not identified any credit risk on these trade receivables.

Included in the Group's trade receivable balance are debtors with an aggregate carrying amount of approximately HK$7,707,000 (2014: HK$6,895,000) which were past due at the reporting date but for which the Group has not provided for impairment loss.

Ageing of trade receivables which are past due but not impaired

	2015 **HK$'000**	2014 HK$'000
Over 120 days	**7,707**	6,895

The Group did not hold any collateral against the above amounts. However, management believes that these amounts are still recoverable because there has not been an adverse change in the relevant entities' credit quality. The Group has assessed the credit quality of the trade receivables by using internal assessment, taking into account the repayment history and financial background of the trade customers and has not identified any credit risk on these trade receivables.

The Group has provided fully for all receivables over 365 days because historical experience is such that receivables that are past due beyond 365 days are generally not recoverable.

Movement in the allowance for doubtful debts

	2015 **HK$'000**	2014 HK$'000
Balance at beginning of the year	**878**	878
Disposal of subsidiaries	**(878)**	–
Balance at end of the year	**–**	878

22. TRANSFER OF FINANCIAL ASSETS

The following were the Group's bills receivables as at 31 March 2014 that were transferred to banks by discounting those bills receivables on a full recourse basis. As the Group had not transferred the significant risks and rewards relating to these bills receivables, it continued to recognise the full carrying amount of the bills receivables and had recognised the cash received on the transfer as an unsecured borrowing (see Note 28). These financial assets were carried at amortised cost in the Group's consolidated statement of financial position.

	2015	2014
	HK$'000	HK$'000
Carry amount of bills receivables	**–**	1,086
Carry amount of assessable liabilities	**–**	(1,086)

During the year ended 31 March 2014, the Group discounted bills receivables with recourse in aggregated amounts of HK$32,581,000 to banks for short term financing. In the opinion of the directors, the receipts from the bills discounting were in substance from trade customers and were presented as operating cash flow in the consolidated statement of cash flows.

23. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2015	2014
	HK$'000	HK$'000
Deposits paid for purchases of raw materials and garment products	**22,543**	64,186
Other deposits and prepayments	**2,787**	14,416
Others	**11,393**	3,192
	36,723	81,794

24. DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives settled in net (not under hedge accounting):

	Assets		**Liabilities**	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Structured currency forward contracts	**–**	3,705	**–**	306

The Group entered into certain contracts with financial institutions to hedge against an increase in RMB/US$ exchange rate for certain agreed periods of time. The Group and the respective financial institutions would settle on a net basis with reference to the fluctuation of the RMB/US$ exchange rate against the pre-determined exchange rate on a monthly basis over the contract periods. Certain of these contracts included knock-out provision whereby the contracts would automatically be terminated in certain scenarios.

The fair values of the structured currency forward contracts were determined by using the Monte Carlo Simulation Method.

25. BANK BALANCES AND CASH

These represent bank balances, cash and short-term bank deposits with original maturity less than three months held by the Group. Bank balances carry interest at market rates ranging from 0.001% to 1% (2014: from 0.001% to 2.65%) per annum.

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

	2015 **HK$'000**	2014 HK$'000
HK$	**56**	5,748
RMB	**373**	178
JOD	**–**	7,501
IDR	**–**	2,171

26. TRADE AND BILLS PAYABLES

The following is an aged analysis of trade and bills payables presented based on the invoice date at the end of the reporting period:

	2015 **HK$'000**	2014 HK$'000
0 – 60 days	**16,063**	41,087
61 – 90 days	**16,349**	6,314
Over 90 days	**14,789**	1,076
	47,201	48,477

The average credit period for purchase of goods is 30 days (2014: 30 to 90 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit periods granted.

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

	2015 **HK$'000**	2014 HK$'000
HK$	**4,288**	7,586
RMB	**6,750**	20
JOD	**–**	468

27A. AMOUNTS DUE TO THE IMMEDIATE HOLDING COMPANY/A FORMER SUBSIDIARY

The amounts represented advances from the immediate holding company/a former subsidiary and are unsecured, interest-free and repayable on demand.

27B. AMOUNTS DUE TO RELATED COMPANIES

The amounts represented amounts due to fellow subsidiaries which were trade in nature, interest free and repayable on demand.

28. BANK BORROWINGS

	2015 HK$'000	2014 HK$'000
Import loans and trust receipts loans	–	30,194
Export loans	–	64,633
Mortgage loans	–	15,293
Advances drawn on bills receivables discounted with recourse	–	1,086
	–	111,206
Analysed as:		
– secured	–	15,293
– unsecured	–	95,913
	–	111,206
Carrying amount of bank loans that contain a repayable on demand clause and repayable*:		
Within one year	–	97,288
In more than one year but not more than two years	–	1,412
In more than two years but not more than three years	–	1,452
In more than three years but not more than four years	–	1,492
In more than four years but not more than five years	–	1,533
In more than five years	–	8,029
Total (shown under current liabilities)	–	111,206

* The amounts due were based on scheduled repayment dates set out in the loan agreements.

As at 31 March 2014, all the Group's bank borrowings carried interest at rates which fall within the range of HIBOR or LIBOR plus 1.25% to HIBOR plus 2.5% per annum. The range of effective interest rates of the Group's bank borrowings were 1.45% to 2.8% per annum.

28. BANK BORROWINGS (continued)

The Group's bank borrowings that were denominated in a currency other than the functional currency of the relevant group entities are set out below:

	2015	2014
	HK$'000	HK$'000
HK$	**–**	15,293

29. SHARE CAPITAL

	Number of shares	**Amount**
		HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
As at 1 April 2013, 31 March 2014 and 31 March 2015	**900,000,000**	**9,000**
Issued and fully paid:		
As at 1 April 2013	438,120,000	4,381
Exercise of share options	12,142,000	121
As at 31 March 2014	450,262,000	4,502
Exercise of share options	69,515,000	696
As at 31 March 2015	**519,777,000**	**5,198**

The new shares rank pari passu with the then existing shares in all respects.

30. RETIREMENT BENEFIT PLANS

(i) Defined contribution plan

The Group has operated a defined contribution retirement benefit scheme for all qualifying employees in Hong Kong since 1 April 1995. The assets of the scheme are held separately from those of the Group in a provident fund managed by an independent trustee. The retirement benefits scheme contributions represent contributions payable to the fund by the Group at rates specified in the rules of the scheme. Where there are employees who leave the scheme prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions. According to the Mandatory Provident Fund ("MPF") legislation regulated by the Mandatory Provident Fund Schemes Authority in Hong Kong, with effect from 1 December 2000, the Group is also required to participate in a MPF scheme operated by approved trustees in Hong Kong and to make contributions for its eligible employees. The contributions borne by the Group are calculated at 5% of the salaries and wages (monthly contribution is limited to 5% of HK$30,000 (2014: HK$25,000) for each eligible employee) as calculated under the MPF legislation.

30. RETIREMENT BENEFIT PLANS (continued)

(i) Defined contribution plan (continued)

Both the defined contribution retirement benefits scheme and the MPF scheme co-existed within the Group in both years.

As at 31 March 2015 and 2014, there were no forfeited contributions available to offset future employers' contributions to the scheme.

The Company's subsidiaries in the PRC were members of the state-managed retirement benefits scheme operated by the government of the PRC. The retirement scheme contributions, which were based on certain percentage of the salaries of the relevant subsidiaries' employees, were charged to the statement of profit or loss and other comprehensive income in the period to which they related and represented the amount of contributions payable by these subsidiaries to the scheme.

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

(ii) Defined benefit plan

The Company's subsidiary incorporated in Indonesia, which was disposed of as at 22 July 2014 as set out in Note 11, had a defined benefit pension plan (the "Plan") for qualifying employees who were recruited by the subsidiary. The defined benefit pension plan required contributions to be made to separately administered funds.

Under the Plan, the employees were entitled to retirement benefits varying between nil and 100 per cent of final salary on attainment of a retirement age of 55. No other post-retirement benefits were provided to these employees.

The Plan in Indonesia exposed the Group to actuarial risks such as interest rate risk and salary risk.

Interest risk	A decrease in the bond interest rate would increase the plan liability; however, this would be partially offset by an increase in the return on the Plan's debt investments.
Salary risk	The present value of the defined benefit plan liability was calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the Plan participants would increase the Plan's liability.

The most recent actuarial valuations of the present value of the defined benefit obligation were carried out at 31 March 2014 by Padma Radya Aktuaria, Fellow of the Society of Actuaries of Indonesia. The present value of the defined benefit obligation, the related current service cost and past service cost, were measured using the projected unit credit method.

30. RETIREMENT BENEFIT PLANS (continued)

(ii) Defined benefit plan (continued)

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2014
Discount rate	8.00%
Expected rate of salary increase	8.00%
Mortality rate (note)	Indonesia Mortality Table 2011 ("TMI3")
Morbidity rate	5% TMI3
Early resignation rate	15% up to age 30, reducing to 0% at age 55

note: TMI3 is issued by the Insurance Council by Indonesia.

Amounts recognised in comprehensive income in respect of this defined benefit pension plan are as follows:

	2015 **HK$'000**	2014 HK$'000
Current service cost	**69**	358
Net interest expense	**116**	86
Components of defined benefit costs recognised in profit or loss	**185**	444
Remeasurement on the net defined benefit liability:		
Actuarial gains arising from changes in demographic assumptions	**–**	–
Actuarial gains and losses arising from changes in financial assumptions	**–**	(701)
Actuarial gains and losses arising from experience adjustments	**(175)**	189
Components of defined benefit gain recognised in other comprehensive income	**(175)**	(512)
Total	**10**	(68)

The expense for the year is included in the employee benefit expenses in the profit or loss.

30. RETIREMENT BENEFIT PLANS (continued)

(ii) Defined benefit plan (continued)

The remeasurement of the net defined benefit liability is included in other comprehensive income.

The amount included in the consolidated statement of financial position arising from the Group's obligations in respect of its defined benefit pension plans is as follows:

	2015 **HK$'000**	2014 HK$'000
Present value of defined benefit obligations	**–**	1,494

Movements in the present value of the defined benefit obligations in the current year were as follows:

	2015 **HK$'000**	2014 HK$'000
Defined benefit obligations at beginning of the year	**1,494**	1,841
Current service cost	**69**	358
Interest cost	**116**	86
Actuarial gains arising from changes in financial assumptions	**–**	(701)
Actuarial (gains) and losses arising from experience adjustments	**(175)**	189
Exchange difference	**(50)**	(279)
Disposal of subsidiaries (Note 11)	**(1,454)**	–
Defined benefit obligations at end of the year	**–**	1,494

Significant actuarial assumptions for the determination of the defined obligation were discount rate, expected salary increase and mortality. The sensitivity analyses below had been determined based on reasonably possible changes of the respective assumptions occurring at 31 March 2014, while holding all other assumptions constant.

- If the discount rate was 100 basis points higher (lower), the defined benefit obligation would decrease by HK$197,000 (increase by HK$240,000).

- If the expected salary growth increased (decreased) by 1%, the defined benefit obligation would increase by HK$245,000 (decrease by HK$204,000).

30. RETIREMENT BENEFIT PLANS (continued)

(ii) Defined benefit plan (continued)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligations has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the consolidated statement of financial position.

31. SHARE-BASED PAYMENT TRANSACTIONS

Share Option Scheme of the Company

Pursuant to a written resolution passed on 2 June 2010, the Company adopted a share option scheme (the "Scheme"). The purpose of the Scheme is to provide incentives to eligible participants including eligible directors and eligible employees. The Scheme will remain in force for a period of ten years from the date of its adoption.

The maximum number of shares to be issued upon the exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option scheme of the Group must not in aggregate exceed 30% of the issued share capital of the Company from time to time. The total number of shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Scheme and any other share option scheme of the Group) to be granted under the Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the Shares in issue on the date of adoption of the Scheme. Such 10% limit may be refreshed, subject to specific approval by the shareholders of the Company, from time to time with reference to the issued share capital of the Company for the time being. Subject to specific approval by the shareholders of the Company, the total number of shares issued and which may fall to be issued upon exercise of the options granted under the Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being.

Options granted must be taken up within 21 days from the date of grant, upon payment of HK$1 per grant of option(s). Options may, subject to the black-out periods under the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules, generally be exercised at any time from the date of grant to the 10th anniversary of the date of grant. In each grant of options, the Board of Directors of the Company may at its discretion determine the specific exercise period and exercise price. The exercise price shall not be less than the highest of (i) the closing price of shares on the Stock Exchange on the date of the offer of grant; (ii) the average closing price of shares on the Stock Exchange for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the shares.

31. SHARE-BASED PAYMENT TRANSACTIONS (continued)

Share Option Scheme of the Company (continued)

The following table discloses movements in the Company's share options during the current and prior years:

					Number of share options					
Category	Grant date	Vesting period	Exercise price HK$	Exercisable period	Outstanding at 1.4.2013	Exercised during the year	Lapsed during the year	Outstanding at 31.3.2014	Exercised during the year	Outstanding at 31.3.2015
Directors										
Mr. Lau Kwok Wa, Stanley (Note i)	2.6.2010	5.10.2010 – 4.10.2012	0.6	5.10.2012 – 31.5.2020	5,350,000	–	–	5,350,000	(5,350,000)	-
Mr. Ng Tze On (Note i)	2.6.2010	5.10.2010 – 4.10.2012	0.6	5.10.2012 – 31.5.2020	5,350,000	–	–	5,350,000	(5,350,000)	-
Employees										
Mr. Ng Tsze Lun	2.6.2010	5.10.2010 – 4.10.2012	0.6	5.10.2012 – 31.5.2020	21,000,000	–	–	21,000,000	(21,000,000)	-
	27.4.2011	27.4.2011 – 26.4.2013	0.844	27.4.2013 – 26.4.2016	37,000,000	–	–	37,000,000	(37,000,000)	-
Other employees (Note ii)	2.6.2010	5.10.2010 – 4.10.2012	0.6	5.10.2012 – 31.5.2020	8,080,000	(7,630,000)	(100,000)	350,000	(350,000)	-
	27.4.2011	27.4.2011 – 26.4.2013	0.844	27.4.2013 – 26.4.2016	5,080,000	(4,512,000)	(103,000)	465,000	(465,000)	-
					81,860,000	(12,142,000)	(203,000)	69,515,000	(69,515,000)	-
Exercisable at the end of the year					39,780,000			69,515,000		-
Weighted average exercise price					HK$0.73	HK$0.68	HK$0.72	HK$0.73	HK$0.73	-

Notes:

(i) Mr. Lau Kwok Wa, Stanley and Mr. Ng Tze On resigned as Directors on 16 August 2014.

(ii) Other employees include employees of the Group (other than the Directors) working under employment contracts with the Group which are regarded as "continuous contracts" for the purpose of the Employment Ordinance (Cap. 57 of the Laws of Hong Kong).

(iii) In respect of the share options exercised during the year, the weighted average share price at the dates of exercise is HK$2.97.

32. PLEDGE OF ASSETS

At 31 March 2014, the Group has pledged property, plant and equipment with carrying amount of approximately HK$25,687,000 to secure credit facilities granted to the Group. The relevant items of property, plant and equipment and the corresponding bank borrowings were derecognised upon the disposal of subsidiaries as detailed in Note 11.

33. OPERATING LEASE COMMITMENTS

The Group as lessee

	2015 **HK$'000**	2014 HK$'000
Minimum lease payments paid by the Group under operating leases during the year	**4,505**	11,050

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 and warehouses which fall due as follows:

	2015 **HK$'000**	2014 HK$'000
Within one year	**2,539**	10,094
In the second to fifth year inclusive	**3,441**	25,283
	5,980	35,377

Leases are negotiated for terms ranging from one to five years and rental is fixed throughout the lease period.

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

The following is the condensed statement of financial position of the Company as at 31 March 2015 and 31 March 2014:

	2015 HK$'000	2014 HK$'000
ASSETS		
Investment in a subsidiary, unlisted	1	89,405
Property, plant and equipment	1,140	17
Amount due from a subsidiary	77,907	104,577
Others	4,558	351
	83,606	194,350
LIABILITIES		
Other payables and accruals	10,049	–
Amounts due to subsidiaries	36,794	–
Tax payable	889	159
	47,732	159
	35,874	194,191
CAPITAL AND RESERVES		
Share capital	5,198	4,502
Reserves (note (a))	30,676	189,689
	35,874	194,191

note:

(a) **Reserves**

	Share premium and special reserve HK$'000	Share option reserve HK$'000	Accumulated profits HK$'000	Total HK$'000
At 31 March 2013	149,126	30,880	(7,197)	172,809
Profit for the year	–	–	12,100	12,100
Dividend paid in cash	–	–	(4,488)	(4,488)
Exercise of share option	12,340	(4,076)	–	8,264
Recognition of equity-settled share-based payments	–	1,004	–	1,004
Release of equity-settled share-based payments upon cancellation of option	–	(76)	76	–
At 31 March 2014	161,466	27,732	491	189,689
Profit for the year	–	–	165,071	165,071
Transfer	260,404	–	(260,404)	–
Dividend paid in cash	(374,239)	–	–	(374,239)
Exercise of share option	77,887	(27,732)	–	50,155
At 31 March 2015	**125,518**	**–**	**(94,842)**	**30,676**

35. RELATED PARTY DISCLOSURES

(i) Transactions

The Group had the following transactions with related parties:

	notes	2015 HK$'000	2014 HK$'000
VC Group			
Purchase of fabrics	(a)	**14,086**	49,115
Purchase of yarn	(a)	**2,434**	5,071
Utility expenses paid		**1,219**	3,678
Rental income received		**124**	492
Other related party			
Purchase of apparel	(b)	**32,103**	98,133

notes:

(a) During the period from 1 April 2014 to 22 July 2014 and year ended 31 March 2014, the Group purchased fabrics and yarn from the VC and its subsidiaries ("VC Group") who ceased to be the controlling shareholder of the Group on 22 July 2014.

(b) During both years, the Group purchased apparel products from Kimberley. Kimberley was controlled by a former director who ceased to be a director of the Company on 16 August 2014. Kimberley was deemed to be a connected party to the Group. The Group had placed purchase deposits with Kimberley of approximately HK$18,617,000 as at 31 March 2014. There was no deposit placed by the Group to Kimberley as at 31 March 2015.

(ii) Compensation of key management personnel

The directors of the Company and the employees included in the five highest paid individuals (Note 10) are identified as key management members of the Group, their compensation during both years are set out in Note 10.

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES

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

Name of subsidiary	Place of incorporation or registration/ operation	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company				Principal activities
			Directly		Indirectly		
			2015 %	2014 %	**2015 %**	2014 %	
Best Keen International Limited	British Virgin Island ("BVI")	Ordinary US$50,000	**100**	100	**-**	–	Investment holding
Ford Glory Holdings Limited (note ii)	BVI	Ordinary US$100	**-**	100	**-**	–	Investment holding
Ford Glory Inc. (note ii)	the United States of America ("USA")	Ordinary US$0.01	**-**	–	**-**	51	Trading of garment products
Ford Glory International Limited (note ii)	Hong Kong ("HK")	Ordinary HK$5,000,000	**-**	–	**-**	100	Trading of garment products
Ford Glory (Shenzhen) International Ltd. 福源創業信息諮詢服務（深圳）有限公司 (notes i and ii)	the People's Republic of China ("PRC")	Registered capital HK$3,000,000	**-**	–	**-**	100	Provision of procurement services
Ford Glory Trading (Shanghai) Limited 福之源貿易（上海）有限公司 (notes i and ii)	PRC	Registered capital RMB1,000,000	**-**	–	**-**	100	Trading of garment products and accessories
Global Trend Investments Limited (note ii)	BVI	Ordinary US$1,100,000	**-**	–	**-**	100	Investment holding
Glory Time Limited (note ii)	HK	Ordinary HK$100	**-**	–	**-**	70	Trading of garment products
Jerash Garments and Fashions Manufacturing Company Limited (note ii)	Jordan	Ordinary JD50,000	**-**	–	**-**	100	Manufacture of garment products
Jiangmen V-Apparel Manufacturing Ltd. 江門冠暉制衣有限公司 (notes i and ii)	PRC	Registered capital HK$31,260,000	**-**	–	–	100	Manufacture of garment products

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation or registration/ operation	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company				Principal activities
			Directly		Indirectly		
			2015	2014	**2015**	2014	
			%	%	**%**	%	
Major Time Limited (note ii)	HK	Ordinary HK$1	**–**	–	**–**	51	Trading of garment products and accessories
Mayer Apparel Limited (note ii)	HK	Ordinary HK$100	**–**	–	**–**	51	Trading of garment products
MT Studio Inc. (note ii)	USA	Common stock US$1	**–**	–	**–**	51	Trading of garment products and accessories
PT. Victory Apparel Semarang (note ii)	Indonesia	Ordinary US$300,000	**–**	–	**–**	100	Manufacture of garment products
Sky Winner Investment Limited (note ii)	HK	Ordinary HK$100	**–**	–	**–**	70	Trading of garment products and accessories
Teelocker Limited 藝田貿易(上海)有限公司 (notes i and ii)	PRC	Registered capital HK$5,000,000	**–**	–	**–**	70	Trading of garment products
Top Value Inc.	USA	Common stock US$1,000	**–**	–	**100**	100	Trading of garment products
United Gainer Investment Limited	HK	Ordinary HK$1	**–**	–	**100**	100	Trading of garment products
Value Plus (Macao Commercial Offshore) Limited (note ii)	Macau	Quota capital MOP100,000	**–**	–	**–**	100	Provision of quality inspection service
Victory Apparel (Jordan) Manufacturing Ltd. (note ii)	Jordan	Ordinary JD50,000	**–**	–	**–**	100	Manufacture of garment products

notes:

(i) These companies are registered in the form of wholly foreign owned enterprise.
(ii) These companies were disposed of on 22 July 2014 as set out in Note 11.

None of the subsidiaries had any debt securities subsisting at 31 March 2015 or at any time during the year.

37. EVENT AFTER THE REPORTING PERIOD

On 20 March 2015, Unitech, Yi Run Xuan Investment Co., Ltd., Golden Screen Limited, New Fortune Investment Limited, Ever Gain Investment Limited, Jovial Orient Ventures Limited, Sonic Capital Ventures Limited, Rosy Asia Holdings Limited, Bliss Ever Investments Limited, Sanlon International Co., Ltd and Hong Kong Tang Cheng (International) Investment Limited, (collectively, the "Sellers", third parties of the Company except for Unitech), entered into a conditional sale and purchase agreement (the "Share Purchase Agreement") with the Company (the "Purchaser"), pursuant to which the parties agreed that the Sellers shall transfer to the Company the entire issued share capital of Highlight Holding Limited (the "Target Company"), a non-wholly owned subsidiary of Unitech, and Unitech shall agree to the loan assignment to the Company at the total consideration of HK$36,450,903,600, which shall be satisfied by the issue and allotment of the consideration shares by the Company to the Sellers at the issue price of HK$2.87 per Share.

Further, on the announcement released on 25 March 2015, the aforesaid proposed transfer of the entire issued share capital of the Target Company from the Sellers to the Company (the "Acquisition") has constituted (i) a very substantial acquisition for the Company under Rule 14.06(5) of the Listing Rules; (ii) a connected transaction of the Company as Unitech is a connected person of the Company; and (iii) a reverse takeover for the Company under Rule 14.06(6)(b) of the Listing Rules on the basis that the Acquisition (i) constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and (ii) involves acquisition of assets from the controlling shareholder within 24 months of gaining control of the Company.

The Target Company is a provider of tri-network integration and IoT and smart city product solutions. The Target Company's business operations seek to provide a technological transformation of the CATV network so as to embody the functions of the telecom and Internet networks thereby providing multi-media services to end-users.

Details of the transaction were set out in the announcement of the Company dated 25 March 2015.

Up to the date of approving these consolidated financial statements, the above transaction has not yet been completed.

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