ZHIDAO INTERNATIONAL (HOLDINGS) LIMITED
志道國際(控股)有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1220)

2015
ANNUAL REPORT

* For identification purpose only

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Tung Yee Shing *(Chairman)*
Ms. Cheung Oi Chun

Independent Non-executive Directors

Mr. Chan Yin Tsung
Mr. Li Kam Chung
Mr. Kwok Lap Fung, Beeson

AUDIT COMMITTEE

Mr. Chan Yin Tsung *(Chairman)*
Mr. Li Kam Chung
Mr. Kwok Lap Fung, Beeson

REMUNERATION COMMITTEE

Mr. Li Kam Chung *(Chairman)*
Mr. Chan Yin Tsung
Ms. Cheung Oi Chun

NOMINATION COMMITTEE

Mr. Chan Yin Tsung *(Chairman)*
Mr. Li Kam Chung
Mr. Kwok Lap Fung, Beeson

COMPANY SECRETARY

Mr. Lee Cheuk Man

LEGAL ADVISORS

TC & Co.

AUDITORS

Ascenda Cachet CPA Limited
Certified Public Accountants

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

PRINCIPAL OFFICE IN HONG KONG

Unit 3328D, 33rd Floor
China Merchants Tower, Shun Tak Centre
168 Connaught Road Central
Sheung Wan, Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Bank of Communications Co., Ltd.
Hong Kong Branch

STOCK CODE

01220

COMPANY WEBSITE

www.zdihl.com

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

On behalf of the board of directors (the "**Board**") of Zhidao International (Holdings) Limited (the "**Company**"), I am pleased to present the results and operations of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 March 2015 (the "**Year**").

BUSINESS REVIEW

The uncertainty of the Chinese economy continued to give the Group a challenging environment. Since the resumption of operations in 2012, the Group has been focusing on the market in the Mainland China and Hong Kong. The economy of Mainland China is undergoing changes and has slower growth. In addition, the changes in competitive landscape in the supply of aluminium products industry in Hong Kong further harmed the Group's result. For the Year, turnover of the Group was approximately HK$96.5 million, representing a decrease of 30.6% compared to that in 2013/14.

With the decrease in turnover, thanks to the higher margin of our trading business, the Group was able to maintain the gross profit at approximately HK$10.7 million, which was comparable to that in 2013/14. For the Year, the Group had a loss attributable to owners of the Company of HK$6.8 million, increase of 4.0% compared to last year.

The Group recorded a turnover of the trading of aluminium products segment of HK$93.3 million, a 30.3% decrease compared to that in 2013/14. The segment of trading of aluminium products resulted a profit before tax of HK$4.4 million for the year, which was 4.6% lower than the profit before tax in 2013/14.

With the slower growth of the economy in China and continuously sluggish property development market in China, the construction project segment of the Group recorded a further decreased turnover of approximately HK$2.0 million for the year 2014/15, approximately 38.1% lower than that in 2013/14. The segment of construction projects recorded a loss before tax of HK$8.1 million for the year, compared to a loss before tax of HK$8.0 million last year.

DIVIDENDS

Except for the accrual of cumulative preference share dividend of HK$1,774,000 (2014: HK$4,250,000) during the Year, no dividend has been declared or paid by the Company for the ordinary shareholders during the Year (2014: Nil).

PROSPECTS

Looking ahead, the management believes that the environment will continue to be challenging to the Group. In addition to expand its customer and supplier base by expanding the trading business, the Group will seek expansion in the construction project supply business as far as possible.

In addition, the Group will actively identify and pursue new businesses and investment opportunities which could bring potential and long-term value to the Group and its shareholders.

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2015, the Group had cash and bank balances of HK$43.4 million (2014: HK$37.9 million) while net assets was HK$138.7 million (2014: HK$147.2 million). The Group's gearing ratio, being a ratio of total bank and other borrowings to shareholders' funds, was nil as at 31 March 2015 (2014: nil).

Details of the movements in the share capital of the Company during the Year are set out in note 26 to the consolidated financial statements.

FOREIGN EXCHANGE EXPOSURE

As at 31 March 2015, the majority of the Group's assets and liabilities were denominated in Hong Kong dollars. The Board considered its exposure to foreign exchange risk was insignificant, therefore no financial instruments was made to hedge such exposure.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2015, the Group had 43 (2014: 45) employees. The Group's remuneration policy is reviewed periodically and determined by reference to market terms, the Group's performance, and individual qualifications and performance.

The emolument policy for the employees of the Group is set up by the Company's remuneration committee on the basis of their merit, qualifications and competence. The emoluments of the directors are decided by the remuneration committee, having regard to the Group's operating results, individual performance and comparable market statistics.

Disclosure of directors' emoluments is set out in note 7 to the consolidated financial statements.

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the plans are held separately from those of the Group in funds under the control of trustees. The employees of the Group's subsidiaries in the People's Republic of China (the "**PRC**") are members of a state-managed retirement benefit plan operated by the government of the PRC. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

APPRECIATIONS

On behalf of the Board, I would like to take this opportunity to express our appreciation to the staff and management team of the Group for their contribution during the Year and also to give our sincere gratitude to all our shareholders for their continuous support.

Tung Yee Shing
Chairman

Hong Kong, 25 June 2015

BIOGRAPHICAL DETAILS OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Tung Yee Shing, aged 40, was appointed as an executive Director on 1 December 2013. Mr. Tung has extensive professional and management experience in finance and accounting, mergers and acquisitions ("**M&A**") and strategic planning. Mr. Tung is currently the company secretary of Taung Gold International Limited (listed on the Stock Exchange). Mr. Tung was the Chief Financial Officer ("**CFO**") of the Company from January 2012 to October 2012, where he focused on financial and accounting management of the Group and assisting the Board in strategic planning of the Group. Before joining the Company as the CFO, Mr. Tung was a Vice President in a private consulting firm focusing on pre-IPO and M&A strategic consulting services.

Prior to that, from 1999 to 2008, Mr. Tung worked for Deloitte Touche Tohmatsu, a global professional firm, mainly in its management consulting and corporate finance divisions, where Mr. Tung assisted various companies in their strategic planning, operational improvement and mergers and acquisitions.

Mr. Tung was an executive director of Green International Holdings Limited (listed on the Stock Exchange) from 7 November 2012 to 31 July 2013.

Mr. Tung is a member of the Association of Chartered Certified Accountant and the Hong Kong Institute of Certified Public Accountants. He holds a Master Degree in Business Administration from the Chinese University of Hong Kong and a Bachelor Degree in Social Science (Economics) from the Chinese University of Hong Kong.

Ms. Cheung Oi Chun, aged 50, was appointed as an executive Director on 9 January 2012. Ms. Cheung worked for the Judiciary of The Government of Hong Kong Special Administrative Region.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Yin Tsung, aged 35, was appointed as an independent non-executive Director on 15 September 2014. Mr. Chan is a Certified Public Accountant certified under the American Institute of Certified Public Accountants. He holds a bachelor degree in commerce from the University of British Columbia and a master degree in financial analysis from The Hong Kong University of Science and Technology.

Mr. Chan has over 12 years of experience in initial public offering, corporate merger and acquisitions, restructuring, due diligence, audit, financial modeling and business valuation. From 2003 to 2010, Mr. Chan held various positions in Ernst & Young, KPMG Transaction Advisory Services and PricewaterhouseCoopers Corporate Finance, providing transaction advisory and audit services in China and Hong Kong to various corporations. Mr. Chan joined the investment banking division of Essence International Financial Holdings Limited in October 2010 where he focused on advising clients in initial public offering. In August 2011, Mr. Chan joined the private equity department of the same company as a senior manager and he was responsible for investment projects' origination, analysis and execution. From July 2012 to July 2013, Mr. Chan was appointed as an executive director of Green International Holdings Limited (listed on the Stock Exchange).

On 17 February 2014, Mr. Chan was appointed as the Chief Executive Officer of Hao Wen Holdings Limited (listed on the Stock Exchange).

Mr. Li Kam Chung, aged 63, was appointed as an independent non-executive Director on 9 January 2012. Mr. Li is also an independent non-executive director of Taung Gold International Limited (listed on the Stock Exchange). Mr. Li was the chairman of Joint Village Office for Villages in Shuen Wan, Tai Po, New Territories and is currently a member of Tai Po District Council Environment, Housing and Works Committee.

Mr. Kwok Lap Fung Beeson, aged 29, was appointed as an independent non-executive Director on 9 January 2012. Mr. Kwok holds a Bachelor of Business awarded by the University of Technology, Sydney, Australia and is an associate member of CPA Australia.

DIRECTORS' REPORT

The directors (the "**Directors**") of Zhidao International (Holdings) Limited (the "**Company**") are pleased to present the annual report and the audited consolidated financial statements of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2015 (the "**Year**").

PRINCIPAL ACTIVITIES

The principal activity of the Company has not changed during the Year and is an investment holding company. The principal activities and other particulars of its principal subsidiaries are set out in note 17 to the consolidated financial statements.

FINANCIAL STATEMENTS

The results of the Group for the Year and the state of the Company's and the Group's affairs as at 31 March 2015 are set out in the consolidated financial statements on pages 23 to 73.

DIVIDENDS

Except for the accrual of cumulative preference share dividend of HK$1,774,000 (2014: HK$4,250,000) during the Year, no dividend has been declared or paid by the Company for the ordinary shareholders during the Year (2014: Nil).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of Group during the Year is set out in note 13 to the consolidated financial statements.

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITIONS

The Company did not have any significant investments or material acquisitions for the Year.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 March 2015.

COMMITMENTS

Details of the commitments are set out in note 28 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group and the Company during the Year are set out in the consolidated statement of changes in equity on page 25 and note 27 to the consolidated financial statements, respectively.

DISTRIBUTABLE RESERVES

Under the Companies Act of Bermuda, the share premium of the Company can be used in paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares. As at 31 March 2015, there was no aggregate amount of reserves available for distribution to equity holders of the Company (2014: Nil).

SHARE CAPITAL

Details of the movements in the share capital of the Company during the Year are set out in note 26 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

GROUP FINANCIAL SUMMARY

A summary of the consolidated results and the assets and liabilities of the Group for the last five financial years is set out on page 74 of this report.

DIRECTORS

The Directors during the Year and up to the date of this annual report were as follows:

Executive Directors
Mr. Tung Yee Shing, *Chairman*
Ms. Cheung Oi Chun

Independent Non-executive Directors

Mr. Chan Yin Tsung	(appointed on 15 September 2014)
Mr. Li Kam Chung	
Mr. Kwok Lap Fung, Beeson	
Mr. Choi Wing Koon	(resigned on 15 September 2014)

In accordance with Bye-laws 86(2), Mr. Chan Yin Tsung will retire and, being eligible, has offered himself for re-election at the forthcoming annual general meeting of the Company ("**AGM**").

In accordance with Bye-laws 87(1) and 87(2), Ms. Cheung Oi Chun and Mr. Kwok Lap Fung, Beeson will retire by rotation and, being eligible, have offered themselves for re-election at the AGM.

Biographical details of Directors are set out on page 5.

CONFIRMATION OF INDEPENDENCE

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 Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**"). The Company considers all independent non-executive Directors to be independent.

DIRECTORS' INTEREST IN CONTRACT OF SIGNIFICANCE

Save as the related party transactions disclosed in note 29 to the consolidated financial statements, no contracts of significance in relation to the businesses of the Company and its subsidiaries to which the Company or a subsidiary was a party in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

DIRECTORS' SERVICE CONTRACTS

None of Directors who are proposed for re-election at the forthcoming annual general meeting 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.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the Year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate.

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

As at 31 March 2015, none of the Directors, chief executives of the Company or their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance ("**SFO**")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") adopted by the Company for the Year.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2015, so far as is known to any Directors or chief executive of the Company, other than the interests disclosed above in respect of the Directors and the chief executive, the following substantial shareholders had 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 which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

Long position in the shares and underlying shares

Ordinary shares of HK$0.01 each of the Company

Substantial shareholder	Capacity	Number of ordinary shares	Approximate percentage of the issued share capital of the Company
Ng Ting Wai	Interest of controlled corporation *(Note a)*	450,000,000	27.27%
Kwok Tao Capital Investment Limited	Beneficial owner	400,000,000	24.24%
	Interest of controlled corporation *(Note a)*	50,000,000	3.03%
		450,000,000	27.27%
Xu QunZhen	Beneficial owner	100,000,000	6.06%
Zhong Can	Beneficial owner	100,000,000	6.06%
Xiong JiWei	Beneficial owner	98,950,000	6.00%
深圳市鼎益豐資產管理股份有限公司	Interest of controlled corporation *(Note b)*	94,830,000	5.75%
HK DYF Int'l Holding Group Limited	Beneficial owner *(Note b)*	94,830,000	5.75%
Sha Feng Lian	Beneficial owner	90,730,000	*5.50%*

Notes:

(a) Mr. Ng Ting Wai ("**Mr. Ng**") was deemed to be interested in these shares through his controlling interest in Kwok Tao Capital Investment Limited ("**Kwok Tao**"). 50,000,000 shares were beneficially owned by Goldstar Success Limited, which was owned as to 70.00% by Prosper Wing Limited and as to 30.00% by Kwok Tao. Kwok Tao was in turn wholly-owned by Mr. Ng.

(b) 深圳市鼎益豐資產管理股份有限公司 ("**深圳市鼎益豐**") was deemed to be interested in these shares through its controlling interest in HK DYF Int'l Holding Group Limited which was wholly-owned by 深圳市鼎益豐.

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

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, the respective percentage of purchases attributable to the Group's five largest suppliers combined by value, accounted for 100.0% in value of total purchases, while purchase attributable to the Group's largest supplier by value, accounted for 99.5% in value of total purchases during the Year. The respective percentage of turnover attributable to the Group's five largest customers combined by value accounted for 100.0% in value of the turnover during the Year, while turnover attributable to the Group's largest customer by value accounted for 96.7% in value of the turnover during the Year.

At no time during the Year did the Directors, their associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) have an interest in the major suppliers or customers noted above.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float as required under the Listing Rules during the Year and up to the date of this report.

AUDITORS

The consolidated financial statements for the year ended 31 March 2012 was audited by Ray W.H. Chan & Co.. Ray W.H. Chan & Co. resigned and Ascenda Cachet CPA Limited was appointed by the Board as the Company's auditors with effect from 19 December 2012 to fill the casual vacancy. Save for the above, there has been no other change in the auditors of the Company in any of the preceding three years. A resolution for the re-appointment of Ascenda Cachet CPA Limited as the auditors of the Company for the subsequent year will be proposed at the AGM.

By order of the Board
Tung Yee Shing
Chairman

Hong Kong, 25 June 2015

CORPORATE GOVERNANCE REPORT

The Company is committed to maintain good corporate governance standard and procedures to ensure the integrity, transparency and quality of disclosure in order to enhance the shareholders' value.

The Company has adopted the code provisions set out in Corporate Governance Code and Corporate Governance Report in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**") ("**CG Code**"). The Company was in compliance with all code provisions set out in the CG Code throughout the year ended 31 March 2015 (the "**Year**") except for the following deviations as explained:

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 Company does not at present have any office with the title "chief executive officer". The board of directors (the "**Board**"/"**Directors**") is of the view that currently vesting the roles of chairman and chief executive officer in Mr. Tung Yee Shing provides the Group with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as execution of long term business strategies.

Save as those mentioned above and in the opinion of the Directors, the Company has met the code provisions set out in the CG Code during the Year.

The current corporate governance practice of the Company will be reviewed and updated in a timely manner in order to comply with the CG Code.

THE BOARD

Role of the Board

The Board is responsible for the leadership and control of the Company, and is responsible for setting up the overall strategy as well as reviewing the operation and financial performance of the Group. The Board reserved for its decision or consideration matters covering overall Group strategy, major acquisitions and disposals, annual budgets, annual and interim results, recommendations on Directors' appointment or re-appointment, approval of major capital transactions and other significant operational and financial matters. The management was delegated the authority and responsibility by the Board for the daily management of the Group. In addition, the Board has also delegated various responsibilities to the Board committees. Further details of these committees are set out in this report.

Board Composition

The Board currently has two executive Directors and three non-executive Directors. All the non-executive Directors are independent to ensure that proposed strategies protect all shareholders' interests.

The Board members have no financial, business, family or other material/relevant relationships with each other. Such balanced Board composition is formed to ensure strong independence exists across the Board. The composition of the Board reflects the balanced skills and experience for effective leadership. The biographical information of the Directors are set out on page 5 under the section headed "Biographical Details of Directors".

The Company complies with Rule 3.10 of the Listing Rules that there is sufficient number of independent non-executive Directors ("**INEDs**") and each of them has appropriate qualifications. The Company has received from each of the INEDs an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. In addition, all INEDs do not involve in the daily management of the Company and there are no relationships or circumstances which would interfere with the exercise of their independent judgment. The Board considers that all of the INEDs are independent.

There is respective service contract between the Company and each Director with specific terms. All Directors are subject to re-election by shareholders at the annual general meetings of the Company ("**AGM**") and at least about once every three years on a rotation basis in accordance with the bye-laws of the Company. A retiring Director is eligible for re-election and re-election of retiring Directors at general meetings is dealt with by separate individual resolutions. No Director has a service contract with the Company which is not terminable by the Company within one year without payment of compensation (other than statutory compensation).

Shareholders may propose a candidate for election as Director in accordance with the bye-laws of the Company. The procedures for such proposal are posted on the website of the Group.

Chairman of the Board

The Chairman of the Board is Mr. Tung Yee Shing, an executive Director of the Company. The Chairman is responsible for providing leadership to, and overseeing, the functioning of the Board and, with the support of executive Directors and the Company Secretary, seeking to ensure that all Directors are properly briefed on issues arising at Board meetings and that they receive adequate and reliable information in a timely manner. The Chairman promotes a culture of openness and actively encourages Directors with different views to voice their opinion and be fully engaged in the Board's affairs so as to contribute to the Board's functions. The Board, under the leadership of the Chairman, has adopted good corporate governance practices and procedures and taken appropriate steps to provide effective communication with shareholders and other stakeholders, as outlined later in the report.

The Company does not at present have an office with the title "chief executive officer". The Board is of the view that currently vesting the roles of chairman and chief executive officer in Mr. Tung Yee Shing provides the Group with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as execution of long term business strategies.

Board Meetings

The Directors can attend meetings in person or through other electronic means of communication in accordance with the bye-laws of the Company.

The Board meets regularly, and at least four times a year, with meeting dates scheduled in advance. Between scheduled meetings, senior management of the Group provides to Directors on a regular basis monthly updates and other information with respect to the performance, and business activities and development of the Group. Throughout the Year, Directors participate in the consideration and approval of routine and operational matters of the Company by way of circular resolutions with supporting explanatory materials, supplemented by additional verbal and/or written information or notification from the Group's Company Secretary ("**Company Secretary**") and other executives as and when required. Whenever necessary, additional Board meetings are held. Notice is given to all Directors so as to give them an opportunity to attend. Board papers are circulated not less than three days before the date of a Board meeting to enable the Directors to make informed decision on matters to be raised at the Board meetings. Board minutes are kept by the Company Secretary and are open for inspection by the Directors. In addition, Directors have full access to information on the Group and independent professional advice at all times whenever deemed necessary by the Directors and they are at liberty to propose appropriate matters for inclusion in Board agendas.

During the Year, the Company held 11 Board meetings and the 2014 AGM on 29 August 2014. The attendance of each Director is set out as follows:

Name of Directors	Board Meeting Attended/Eligible to Attend	2014 AGM Attended
Executive Directors		
Mr. Tung Yee Shing, *Chairman*	11/11	✔
Ms. Cheung Oi Chun	11/11	✔
Independent Non-executive Directors		
Mr. Chan Yin Tsung (appointed on 15 September 2014)	4/4	N/A
Mr. Li Kam Chung	7/8	–
Mr. Kwok Lap Fung, Beeson	7/8	✔
Mr. Choi Wing Koon (resigned on 15 September 2014)	4/4	✔

The Board is responsible for maintaining an on-going dialogue with shareholders and in particular, uses annual general meetings or other general meetings to communicate with them and encourage their participation.

Directors' Training

All Directors have participated in continuous professional development and provided a record of training they received for the Year to the Company. In addition to their own participation in professional training, relevant training and reading materials was provided to the Directors by the Company in the Year to develop and refresh their knowledge and skills to ensure that their contribution to the board remains informed and relevant.

Securities Transactions

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "**Model Code**") as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Directors confirmed that they had complied with the required standards set out in the Model Code throughout the Year.

Board Committees

The Board is supported by three permanent board committees: the Audit Committee, the Remuneration Committee and the Nomination Committee, details of which are described later in this report. The terms of reference for these Committees, which have been reviewed and revised with reference to the CG Code and adopted by the Board, are available on the websites of the Group and the Stock Exchange.

Board Diversity Policy

The Board has adopted a Board Diversity Policy on 28 November 2013 (the "**Policy**") which sets out the approach to achieve diversity on the Board. The Company recognises that increasing diversity at the Board level will support the attainment of the Company's strategic objectives and sustainable development. The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Company will also take into consideration its own business model and specific needs from time to time in determining the optimum composition of the Board.

The Board delegated certain duties under the Policy to the Nomination Committee. The Nomination Committee will discuss and review the measurable objectives for implementing the Policy from time to time to ensure their appropriateness and the progress made towards achieving those objectives will be ascertained.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its continued effectiveness from time to time.

COMPANY SECRETARY

The Company Secretary, Mr. Lee Cheuk Man, is responsible to the Board for ensuring that Board procedures are followed and Board activities are efficiently and effectively conducted. These objectives are achieved through adherence to proper Board processes and the timely preparation and dissemination to Directors comprehensive meeting agendas and papers. Minutes of all Board meetings and Board Committees are prepared and maintained by the Company Secretary to record in sufficient details the matters considered and decisions reached by the Board or Committee, including any concerns raised or dissenting views voiced by any Director. All draft and final minutes of Board meetings and meetings of Board Committees are sent to Directors and Committee members respectively for comments and records and are available for inspection by any Director upon request.

The Company Secretary is responsible for ensuring that the Board is fully apprised of all legislative, regulatory and corporate governance developments relating to the Group and that it takes these into consideration when making decisions for the Group. From time to time, he organises seminars on specific topics of significance and interest and disseminate reference materials to the Directors for their information.

The Company Secretary is also directly responsible for the Group's compliance with all obligations of the Listing Rules and Codes on Takeovers and Mergers and Share Repurchases, including the preparation, publication and despatch of annual reports and interim reports within the time limits laid down in the Listing Rules, the timely dissemination to shareholders and the market of information relating to the Group.

Furthermore, the Company Secretary advises the Directors on their obligations for disclosure of interests and dealings in the Group's securities, connected transactions and inside information and ensures that the standards and disclosures required by the Listing Rules are observed and, where required, reflected in the annual report of the Company.

The appointment and removal of the Company Secretary is subject to Board approval in accordance with the bye-laws of the Company. Whilst the Company Secretary reports to the Chairman, all members of the Board have access to the advice and service of the Company Secretary. Mr. Lee Cheuk Man has been appointed as the Company Secretary of the Company since 2011 and has day-to-day knowledge of the Group's affairs. In response to specific enquiries made, the Company Secretary confirmed that he has complied with all the required qualifications, experience and training requirements of the Listing Rules.

ACCOUNTABILITY AND AUDIT

Directors' Responsibility for the Consolidated Financial Statements

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Group and ensuring that the statements give a true and fair presentation in accordance with statutory requirements and applicable accounting standards. The Directors ensure the publication of the Group's consolidated financial statements in a timely manner.

The statement of the Group's Auditors about their reporting responsibilities on the accounts of the Group is set out in the Independent Auditors' Report on pages 21 to 22 of this Annual Report.

The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors, having made appropriate enquiries, consider that the Group has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

Audit Committee

The Company established the Audit Committee with written terms of reference on 9 January 2012. The terms of reference of the Audit Committee is currently made available on the websites of the Stock Exchange and the Company. Terms of reference adopted by the Audit Committee are aligned with the code provisions set out in the CG Code. The Audit Committee is provided with sufficient resources to discharge its duties and has access to independent professional advice according to the Company's policy if considered necessary.

The Audit Committee comprises three Independent Non-executive Directors, namely, Mr. Chan Yin Tsung (Chairman of the Audit Committee), Mr. Li Kam Chung and Mr. Kwok Lap Fung, Beeson. The Chairman of the Audit Committee has the appropriate professional qualification as required by the Listing Rules.

The Audit Committee is mainly responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditors and to approve the remuneration and terms of engagement of the external auditors, and any questions of resignation or dismissal of such auditors; reviewing the interim and annual reports and consolidated financial statements of the Group; and overseeing the Company's financial reporting system including the adequacy of resources, qualifications and experience of staff in charge of the Company's financial reporting function and their training arrangement and budget, and internal control procedures.

The Audit Committee meets the external auditors regularly to discuss any area of concern during the audit. The Audit Committee reviews the interim and annual reports before submission to the Board. The Audit Committee focuses not only on the impact of the changes in accounting policies and practices but also on the compliance with accounting standards, the Listing Rules and the legal requirements in the review of the Company's interim and annual report.

The Audit Committee held three meeting during the Year.

Name of Members	Attended/ Eligible to Attend
Mr. Chan Yin Tsung *(Chairman)* (appointed on 15 September 2014)	1/1
Mr. Li Kam Chung	3/3
Mr. Kwok Lap Fung, Beeson	2/3
Mr. Choi Wing Koon (resigned on 15 September 2014)	1/2

External Auditors

The Audit Committee reviews and monitors the external auditors' independence and objectivity and effectiveness of the audit process. It receives each year the letter from the external auditors confirming their independence and objectivity and holds meetings with representatives of the external auditors to consider the scope of their audit, approve their fees, and the scope and appropriateness of non-audit services, if any, to be provided by them. The Audit Committee also makes recommendations to the Board on the appointment and retention of the external auditors.

The accounts for the Year were audited by Ascenda Cachet CPA Limited whose term of office will expire upon the forthcoming AGM. The Audit Committee has recommended to the Board that Ascenda Cachet CPA Limited be re-appointed as the auditors of the Company at the forthcoming AGM.

Auditors' Remuneration

During the Year, the total remuneration in respect of statutory audit services provided by the Company's external auditors, Ascenda Cachet CPA Limited, amounted to HK$550,000.

INTERNAL CONTROL

The Board is responsible for maintaining sound and effective internal control systems for the Group in order to safeguard the Group's assets and shareholders' interests, as well as for reviewing the effectiveness of such systems. The Board will from time to time conduct a review of the Group's internal control system. During the Year, the Board, through the Audit Committee, reviewed the overall effectiveness of the system of internal control of the Group over financial, operational and compliance issues, risk management process, information systems security, scope and quality of the management's monitoring of risks and the effectiveness of financial reporting and compliance with the Listing Rules. The Board considered that the resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget were adequate. The Board concluded that in general, the Group had set up a sound control environment and installed necessary control mechanisms to monitor and correct non-compliance.

Group Risk Management

Appropriate insurance cover on Directors' liabilities has been in force to protect the Directors of the Group from their risks arising from the businesses of the Group.

REMUNERATION OF DIRECTORS

Remuneration Committee

The Company established the Remuneration Committee with written terms of reference on 9 January 2012. The terms of reference of the Remuneration Committee is currently made available on the websites of the Stock Exchange and the Company. Terms of reference adopted by the Remuneration Committee are aligned with the code provisions set out in the CG Code. The written terms of reference clearly define the role, authority and function of the Remuneration Committee.

The Remuneration Committee is currently chaired by Mr. Li Kam Chung with Mr. Chan Yin Tsung (both were Independent Non-executive Directors) and Ms. Cheung Oi Chun (Executive Directors) as members. The composition of the Remuneration Committee meets the requirements of chairmanship and independence of the Listing Rules. The Committee meets towards the end of each year for the determination of the remuneration package of Directors of the Group.

The principal duties of the Remuneration Committee are to assist the Board in achieving its objective of attracting, retaining and motivating employees of the highest calibre and experience needed to shape and execute strategy across the Group's business operations. It includes making recommendations to the Board on the Company's policy and structure on the remuneration package of all Director and senior management remuneration and on the establishment of a fair and transparent procedure for developing remuneration policy.

The share option scheme adopted by the Company had lapsed on 6 June 2012. The Company has not adopted any share option scheme currently. The emoluments of Directors are determined based on the duties and responsibilities of each Director. The Directors' fees were reviewed by the Remuneration Committee.

During the Year, the Remuneration Committee held its meeting twice to review and approve the remuneration package of each Director. The attendance record is set out below.

Name of Member	Attended/ Eligible to attend
Mr. Li Kam Chung *(Chairman)*	2/2
Mr. Chan Yin Tsung (appointed on 15 September 2014)	0/0
Ms. Cheung Oi Chun	2/2
Mr. Choi Wing Koon (resigned on 15 September 2014)	1/2

Remuneration Policy

The remuneration payable to Directors depend on their respective contractual terms under the employment agreements, if any, and is fixed by the Board with reference to the recommendation of the Remuneration Committee of the Company, the performance of the Group and the prevailing market conditions.

Emoluments of Directors

Details of the emoluments of the Directors for the Year are set out in note 7 to the consolidated financial statements.

NOMINATION OF DIRECTORS

Nomination Committee

In considering the nomination of new Directors, the Board will take into account the qualification, ability, working experience, leadership and professional ethics of the candidates.

The Company established the Nomination Committee with written terms of reference on 9 January 2012. The terms of reference of the Nomination Committee is currently made available on the websites of the Stock Exchange and the Company. Terms of reference adopted by the Nomination Committee are aligned with the code provisions set out in the CG Code.

The Nomination Committee is currently chaired by Mr. Chan Yin Tsung with Mr. Li Kam Chung and Mr. Kwok Lap Fung, Beeson as members. All the Nomination Committee members are INEDs of the Company.

The function of the Nomination Committee are to review and monitor the structure, size and composition of the Board and made recommendations on any proposed changes to the Board to complement the Group's strategy; to identify qualified individuals to become members of the Board; to assess the independence of the independent non-executive Directors; and to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman.

During the Year, the Nomination Committee held its meetings to assess the independence of the INEDs, to consider the re-election of Directors and to review the composition of the Board. The attendance record is set out below.

Name of Member	Attended/ Eligible to attend
Mr. Chan Yin Tsung *(Chairman)* (appointed on 15 September 2014)	0/0
Mr. Li Kam Chung	2/2
Mr. Kwok Lap Fung, Beeson	2/2
Mr. Choi Wing Koon (resigned on 15 September 2014)	1/2

RELATIONSHIP WITH SHAREHOLDERS AND OTHER STAKEHOLDERS

The Company is committed to a policy of open and regular communication and reasonable disclosure of information to its shareholders. The policy is subject to regular review by the Board to ensure its effectiveness and compliance with the prevailing regulatory and other requirements.

The Board is committed to providing clear and full information on the Group to shareholders through the publication of notices, announcements, circulars, interim and annual reports in accordance with the continuing disclosure obligations under the Listing Rules. An up-to-date consolidated version of the Bye-laws of the Company is published on the websites of the Group and the Stock Exchange.

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. Shareholders are encouraged to attend all general meetings of the Company. The results of the poll are published on the websites of the Group and the Stock Exchange. Regularly updated financial, business and other information on the Group is made available on the Group's website for shareholders and stakeholders. Directors are requested and encouraged to attend shareholders' meetings albeit presence overseas for the Group businesses or unforeseen circumstances might prevent Directors from attending such meetings. Separate resolutions were proposed at 2014 AGM on each substantive issue and the percentage of votes cast in favour of such resolutions as disclosed in the announcement of the Company dated 29 August 2014.

Procedures for Putting Forward Proposed Resolution and Statements by Shareholders at Shareholders' Meeting

Shareholders may by a written request put forward a proposed resolution to or a statement of not more than one thousand words to a resolution at a general meeting. The number of shareholders necessary shall be 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 general meeting to which the requisition relates or not less than one hundred shareholders.

A copy or copies of requisition signed by all requisitionists shall be deposited to the company secretary at the Company's principal place of business in Hong Kong in the case of:

(i) a requisition requiring notice of a resolution, not less than six weeks before the general meeting unless the general meeting is called for a date six weeks or less after the copy has been deposited; and

(ii) any other requisition, not less than one week before the general meeting.

The Board shall include the proposed resolution in the agenda of the general meeting upon confirmation of the written requisition is proper and in order by the Company's share registrars and there is deposited or tendered with the requisition a sum reasonably sufficient to meet the Company's expenses in serving and circulating the notice of the proposed resolution or the statement to a resolution in accordance with relevant statutory requirement to give effect thereto.

Shareholders to Convene a Special General Meeting

Shareholders holding at the date of deposit of the requisition ("**Requisition Date**") not less than one-tenth of the paid-up capital of the Company carrying the voting right at general meetings are entitled to request the Board to convene special general meeting ("**SGM**") by written requisition, duly signed by all the concerned shareholders and deposited to the company secretary of the Company at the principal place of business in Hong Kong.

Shareholders shall state the purposes of SGM in the written requisition and may consist of several documents in like form each signed by one or more of those concerned shareholders.

The written requisition will be verified by the Company's share registrar and upon their confirmation that such requisition is proper and in order, the Board shall convene SGM by serving the notice to all shareholders for passing special resolution by not less than 21 clear days' notice in writing and for ordinary resolution by not less than 14 clear days' notice in writing.

If the Board do not within twenty-one (21) days from the Requisition Date proceed to convene SGM and do not within two (2) months from the Requisition Date to hold the SGM, the concerned shareholders or any of them representing more than one half of the total voting rights of all of them, may convene a SGM themselves but the SGM shall be held within three (3) months from the Requisition Date.

Voting By Poll

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. As such, all the resolutions to be set out in the notice of 2015 AGM will be voted by poll.

Written Communications by Shareholders to the Board

The Group values feedback from shareholders on its efforts to promote transparency and foster investor relationships. Shareholders may send written enquiries, comments and suggestions to the Board or the Company addressed to the Company Secretary at the Company's principal place of business in Hong Kong by mail to Uuit 3328D, 33rd Floor, China Merchants Tower, Shun Tak Centre, 168 Connaught Road Central, Sheung Wan, Hong Kong or by email at info@zdihl.com.

By order of the Board
Lee Cheuk Man
Company Secretary

Hong Kong, 25 June 2015

INDEPENDENT AUDITORS' REPORT

Ascenda CACHET
天健德揚

13F, Neich Tower
128 Gloucester Road
Wanchai, Hong Kong

To the shareholders of Zhidao International (Holdings) Limited
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Zhidao International (Holdings) Limited (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages 23 to 73, which comprise the consolidated and company statements of financial position as at 31 March 2015, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") 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.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, 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 HKICPA. 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 auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT

OPINION

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

Ascenda Cachet CPA Limited
Certified Public Accountants

Chan Chi Yuen
Practising Certificate Number P02671

Hong Kong
25 June 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
REVENUE	5	**96,515**	139,091
Cost of sales		**(85,833)**	(128,382)
Gross profit		**10,682**	10,709
Other income and gains	5	**122**	86
Impairment of goodwill	14	**(573)**	(670)
Impairment of intangible asset	15	**(252)**	–
Impairment of trade receivables	19(a)	**–**	(6,000)
Written off of retention receivables	16	**(6,222)**	–
General and administrative expenses		**(9,799)**	(9,873)
LOSS BEFORE TAX	6	**(6,042)**	(5,748)
Income tax expense	9	**(723)**	(756)
LOSS FOR THE YEAR		**(6,765)**	(6,504)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**–**	(49)
NET OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**–**	(49)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(6,765)**	(6,553)
Loss attributable to:	10		
Owners of the Company		**(6,765)**	(6,504)
Non-controlling interests		**–**	–
		(6,765)	(6,504)
Total comprehensive income attributable to:			
Owners of the Company		**(6,765)**	(6,553)
Non-controlling interests		**–**	–
		(6,765)	(6,553)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	11		
Basic		**HK$(0.01)**	HK$(0.01)
Diluted		**HK$(0.01)**	HK$(0.01)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**284**	316
Goodwill	14	**–**	573
Intangible asset	15	**–**	252
Retention receivables	16	**–**	–
Total non-current assets		**284**	1,141
CURRENT ASSETS			
Inventories	18	**437**	843
Trade receivables	19	**94,545**	98,925
Prepayments, deposits and other receivables	20	**4,267**	4,212
Retention receivables	16	**325**	19,993
Amounts due from customers on construction contracts	21	**–**	–
Tax recoverable	25	**433**	–
Cash and cash equivalents	22	**43,365**	37,862
Total current assets		**143,372**	161,835
CURRENT LIABILITIES			
Trade payables	23	**72**	862
Other payables and accruals	24	**3,904**	3,836
Retention payables	25	**325**	650
Dividend payables	26(a)(i)	**697**	10,070
Tax payables		**–**	361
Total current liabilities		**4,998**	15,779
NET CURRENT ASSETS		**138,374**	146,056
TOTAL ASSETS LESS CURRENT LIABILITIES		**138,658**	147,197
NON-CURRENT LIABILITY			
Retention payables	25	**–**	–
Total non-current liability		**–**	–
Net assets		**138,658**	147,197
EQUITY			
Equity attributable to owners of the Company			
Issued capital	26	**16,500**	16,500
Reserves	27(a)	**122,188**	130,727
Total shareholders' fund		**138,688**	147,227
Non-controlling interests		**(30)**	(30)
Total equity		**138,658**	147,197

Tung Yee Shing
Chairman

Cheung Oi Chun
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2015

	Attributable to owners of the Company								
	Issued capital HK$'000	Share premium account HK$'000	Capital reserve HK$'000	Translation reserve HK$'000	Preference shares dividend reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2013	16,500	164,612	30	158	(5,550)	(17,450)	158,300	(30)	158,270
Loss for the year	–	–	–	–	–	(6,504)	(6,504)	–	(6,504)
Other comprehensive income for the year:									
Exchange difference on translation of foreign operations	–	–	–	(49)	–	–	(49)	–	(49)
Total comprehensive income for the year	–	–	–	(49)	–	(6,504)	(6,553)	–	(6,553)
Cumulative preference share dividend	–	–	–	–	(4,520)	–	(4,520)	–	(4,520)
At 31 March 2014 and 1 April 2014	**16,500**	**164,612**	**30**	**109**	**(10,070)**	**(23,954)**	**147,227**	**(30)**	**147,197**
Loss for the year and total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**(6,765)**	**(6,765)**	**–**	**(6,765)**
Cumulative preference share dividend	**–**	**–**	**–**	**–**	**(1,774)**	**–**	**(1,774)**	**–**	**(1,774)**
Set-off upon conversion of preference shares into ordinary shares *(note 26)*	**–**	**–**	**–**	**–**	**11,844**	**(11,844)**	**–**	**–**	**–**
At 31 March 2015	**16,500**	**164,612***	**30***	**109***	**–***	**(42,563)***	**138,688**	**(30)**	**138,658**

* These reserve accounts comprise the consolidated reserves of approximately HK$122,188,000 (2014: HK$130,727,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2015

	Notes	**2015 HK$'000**	2014 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(6,042)**	(5,748)
Adjustments for:			
Depreciation	*13*	**21**	43
Interest income		**(2)**	(2)
Loss on disposal of property, plant and equipment		**10**	–
Impairment of goodwill	*14*	**573**	670
Impairment of intangible asset		**252**	–
Impairment of trade receivables	*19(a)*	**–**	6,000
Written off of retention receivables		**6,222**	–
		1,034	963
Decrease/(increase) in inventories		**406**	(157)
Decrease in retention receivables		**13,446**	–
Decrease/(increase) in trade receivables		**4,380**	(1,582)
(Increase)/decrease in prepayments, deposits and other receivables		**(55)**	34,102
Decrease in trade payables		**(790)**	(17,529)
Increase in other payables and accruals		**68**	1,062
Decrease in retention payables		**(325)**	(16,140)
Cash generated from operations		**18,164**	719
Hong Kong profits tax paid		**(1,489)**	(809)
PRC income taxes paid		**(28)**	(10)
Net cash flows from/(used in) operating activities		**16,647**	(100)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income		**2**	2
Purchases of items of property, plant and equipment	*13*	**–**	(3)
Proceeds from disposal of property, plant and equipment		**1**	–
Net cash flows from/(used in) investing activities		**3**	(1)
CASH FLOWS FROM FINANCING ACTIVITY			
Preference shares dividend paid	*26(a)(i)*	**(11,147)**	–
Net cash flows used in financing activity		**(11,147)**	–
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**5,503**	(101)
Cash and cash equivalents at beginning of year		**37,862**	37,965
Effect of foreign exchange rate changes, net		**–**	(2)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**43,365**	37,862
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**43,365**	37,862

STATEMENT OF FINANCIAL POSITION

31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
NON-CURRENT ASSETS			
Investment in subsidiaries	17	**–**	–
Due from subsidiaries	17	**136,936**	140,356
Total non-current assets		**136,936**	140,356
CURRENT ASSETS			
Prepayments, deposits and other receivables	20	**148**	–
Cash and cash equivalents	22	**1,075**	2,304
Total current assets		**1,223**	2,304
CURRENT LIABILITIES			
Other payables	24	**300**	300
Dividend payables	26(a)(i)	**697**	10,070
Total current liabilities		**997**	10,370
NET CURRENT ASSETS/(LIABILITIES)		**226**	(8,066)
TOTAL ASSETS LESS CURRENT LIABILITIES		**137,162**	132,290
NON-CURRENT LIABILITY			
Due to subsidiaries	17	**39,575**	30,590
Total non-current liability		**39,575**	30,590
Net assets		**97,587**	101,700
EQUITY			
Issued capital	26	**16,500**	16,500
Reserves	27(b)	**81,087**	85,200
Total equity		**97,587**	101,700

Tung Yee Shing
Chairman

Cheung Oi Chun
Director

1. CORPORATE INFORMATION

Zhidao International (Holdings) Limited (the "**Company**") is a limited liability company incorporated in Bermuda on 8 July 1997. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business in Hong Kong is situated at Unit 3328D, 33th Floor, China Merchants Tower, Shun Tak Centre, 168 Connaught Road Central, Hong Kong.

The principal activity of the Company is investment holdings. The principal activities of the Company's subsidiaries are set out in note 17 to the consolidated financial statements.

The shares of the Company were listed on the main board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 23 September 1997.

2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 March 2015. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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 described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGE IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs and new interpretation for the first time for the current year's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 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
Amendment to HKFRS 2 included in Annual Improvements 2010–2012 Cycle	Definition of Vesting Condition [1]
Amendment to HKFRS 3 included in Annual Improvements 2010–2012 Cycle	Accounting for Contingent Consideration in a Business Combination [1]
Amendment to HKFRS 13 included in Annual Improvements 2010–2012 Cycle	Short-term Receivables and Payables
Amendment to HKFRS 1 included in Annual Improvements 2011–2013 Cycle	Meaning of Effective HKFRSs

[1] *Effective from 1 July 2014*

Other than as further explained below, the adoption of these new and revised HKFRSs has had no significant financial effect on the consolidated financial statements.

The principal effects of adopting these HKFRSs are as follows:

(a) Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The amendments have had no impact on the Group as the Company does not qualify as an investment entity as defined in HKFRS 10.

(b) The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central cleaning house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments have had no impact on the Group as the Group does not have any offsetting arrangement.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these consolidated financial statements.

Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 27 (2011)	Equity Method in Separate Financial Statement[1]
HKFRS 9	Financial Instruments[3]
Amendments HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture[1]
Amendments HKFRS 10, HKFRS12 and HKAS 28 (2011)	Investment Entities: Applying the Consolidated Exception[1]
Amendments to HKFRS 11	Accounting for Acquisition of Interests in Joint Operations[1]
HKFRS 14	Regulatory Deferral Accounts[1]
HKFRS 15	Revenue with Contracts from Customers[2]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[1]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[1]
Annual Improvements 2012–2014 Cycle	Amendments to a number of HKFRSs[1]

[1] *Effective for annual periods beginning on or after 1 January 2016*
[2] *Effective for annual periods beginning on or after 1 January 2017*
[3] *Effective for annual periods beginning on or after 1 January 2018*

In addition, the Hong Kong Companies Ordinance, Cap. 622 will affect the presentation and disclosure of certain information in the consolidated financial statements for the year ending 31 March 2016. The Group is in the process of making an assessment of the impact of these changes.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

2.4 SUMMARY OF SIGNIFICANT ACCOUNT POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company, Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

2.4 SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (continued)

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed 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. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of HKAS 39 is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 March. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

2.4 SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (continued)

Business combinations and goodwill (continued)

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the disposed operation and the portion of the cash-generating unit retained.

Fair value measurement

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets and inventories), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

2.4 SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (continued)

Impairment of non-financial assets (continued)

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to the profit or loss in the period in which it arises in those expense categories consistent with the function of impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person, (i) has control or joint control over the Group; (ii) has significant influence over the Group; or (iii) is a member of the key management personnel of the Group or of a parent of the Group; or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or joint controlled by a person identified in (a); and
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2.4 SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (continued)

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Plant and machineries	10%
Furniture, fixture and equipment	20%
Motor vehicles	10%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at lease at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the profit or loss on the straight-line basis over the lease terms.

2.4 SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (continued)

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by HKAS 39.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with positive net changes in fair value presented as other income and gains and negative net changes in fair value presented as finance costs in the profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition" below.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated as at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value the through profit or loss category.

2.4 SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (continued)

Investments and other financial assets (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the profit or loss. The loss arising from impairment is recognised in the profit or loss in finance costs for loans and in other expenses for receivables.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity. Held-to-maturity investments are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance income in the profit or loss. The loss arising from impairment is recognised in the profit or loss in other expenses.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investment and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the profit or loss in other expenses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in the profit or loss as other income in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets. If management has the ability and intention to hold the assets for the foreseeable future or until maturity.

2.4 SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (continued)

Investments and other financial assets (continued)

Available-for-sale financial investments (continued)

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

2.4 SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (continued)

Impairment of financial assets (continued)

Financial assets carried at amortised cost (continued)

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced either directly or through the use of an allowance account and the loss is recognised in the profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the profit or loss.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the profit or loss, is removed from other comprehensive income and recognised in the profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the profit or loss — is removed from other comprehensive income and recognised in the profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through the profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

2.4 SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (continued)

Impairment of financial assets (continued)

Available-for-sale financial investments (continued)

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. Impairment losses on debt instruments are reversed through the profit or loss if the subsequent increase in fair value of the instruments can be objectively related to an event occurring after the impairment loss was recognised in the profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables and accruals, retention payables and dividend payables.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKAS 39. Separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the date of initial recognition and only if the criteria of HKAS 39 are satisfied.

2.4 SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (continued)

Financial liabilities (continued)

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost method and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial positions, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

2.4 SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (continued)

Provisions (continued)

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses, Deferred tax assets are recognised, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

2.4 SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (continued)

Income tax (continued)

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

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

(a) from the sales of goods, when the significant risks and rewards of ownership have been transferred to the buyers, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) from construction contracts, on the percentage of completion basis, as further explained in the accounting policy for "Construction contracts" below; and

(c) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or shorter period, when appropriate, to the net carrying amount of the financial asset.

Construction contracts

Contract revenue comprises the agreed contract amount and appropriate amounts from variation orders, claims and incentive payments. Contract costs incurred comprise direct materials, the costs of subcontracting, direct labour and an appropriate proportion of variable and fixed construction overheads.

Revenue from fixed price construction contracts is recognised on the percentage of completion method, measured by reference to the proportion of costs incurred to date to the estimated total cost of the relevant contract

Revenue from cost plus construction contracts is recognised on the percentage of completion method, by reference to the recoverable costs incurred during the period plus the related fee earned, measured by the proportion of costs incurred to date to the estimated total cost of the relevant contract.

Provision is made for foreseeable losses as soon as they are anticipated by management. Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from contract customers. Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to contract customers.

2.4 SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (continued)

Employee benefits

Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund.

The employees of the Group's subsidiary which operates in Mainland China ("**PRC**") are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute 5% of its payroll costs to the central pension scheme. The contributions are charged to the profit or loss as they become payable in accordance with the rules of the central pension scheme.

Foreign currencies

These consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Income taxes

Significant judgements on the future tax treatment of certain transactions are required in determining income tax provisions. The Group carefully evaluates tax implications of transactions and tax provision are recorded accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

Percentage of completion of construction works

The Group recognises its contract revenue according to the percentage of work performed to date of the individual contract of construction works as a percentage of total contract value. Because of the nature of the activity undertaken in construction contracts, the date at which the contract activity is entered into and the date when the activity is completed usually fall into different accounting periods. The Group reviews and revises the estimates of contract revenue, contract costs, variation orders and contract claims prepared for each construction contracts as the contract progresses. Management regularly reviews the progress of the contracts and the corresponding cost of the contract revenue.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill at 31 March 2015 were Nil (2014: HK$573,000). Further details are given in notes 14 to the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Useful lives of property, plant and equipment

The management of the Group determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of the property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovation. Management will change the depreciation charge where useful lives are different from the previously estimated lives. It will also write-off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

Provision for impairment of trade receivables

The policy for the provision for impairment of trade receivables of the Group is based on the evaluation of collectibles and ageing analysis of accounts and on the management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these trade receivables, including these current creditworthiness and the past collection history of each customer.

Provision for impairment of retention receivables

The policy for the provision for impairment of retention receivables of the Group is based on the evaluation of collectibles of accounts and on the management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these retention receivables, including these current creditworthiness and the past collection history of each customer.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Provision for impairment of amounts due from subsidiaries

The policy for the provision for impairment of amounts due from subsidiaries is based on the evaluation of collectibles and on the management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of the amount.

Provision for impairment of interests in subsidiaries

Impairment testing of the interests in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiaries in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the financial statements of the investee's net assets including goodwill.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

(a) the trading of aluminium products segment — sales of aluminium products; and

(b) the construction projects segment — supply of aluminium products in the construction projects.

The Group's chairman, who is the chief operating decision marker, monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax from continuing operations. The adjusted profit/(loss) before tax from continuing operations is measured consistently with the Group's profit/(loss) before tax from continuing operations except that interest income, finance costs as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude cash and cash equivalents, tax recoverable and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude tax payables, dividend payables and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the prevailing market prices.

4. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 March 2015	Trading of aluminium products HK$'000	Construction projects HK$'000	Total HK$'000
Segment revenue:			
Sales to external customers	93,300	3,215	96,515
Segment results	4,376	(8,062)	(3,686)
Interest income			2
Corporate and other unallocated expenses			(2,358)
Loss before tax			(6,042)
Segment assets	93,776	5,934	99,710
Corporate and other unallocated assets			43,946
Total assets			143,656
Segment liabilities	1,380	2,621	4,001
Corporate and other unallocated liabilities			997
Total liabilities			4,998
Other segment information:			
Written off of retention receivables	–	6,222	6,222
Impairment of goodwill	–	573	573
Impairment of intangible asset	–	252	252
Depreciation of property, plant and equipment	–	21	21

4. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 March 2014	Trading of aluminium products HK$'000	Construction projects HK$'000	Total HK$'000
Segment revenue:			
Sales to external customers	133,897	5,194	139,091
Segment results	4,586	(8,000)	(3,414)
Interest income			2
Corporate and other unallocated expenses			(2,336)
Profit before tax			(5,748)
Segment assets	86,069	39,045	125,114
Corporate and other unallocated assets			37,862
Total assets			162,976
Segment liabilities	1,238	3,811	5,049
Corporate and other unallocated liabilities			10,730
Total liabilities			15,779
Other segment information:			
Impairment of trade receivables	–	6,000	6,000
Impairment of goodwill	–	670	670
Capital expenditure *	–	3	3
Depreciation of property, plant and equipment	–	43	43

* The capital expenditure included additions of property, plant and equipment.

4. OPERATING SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from external customers

	2015 HK$'000	2014 HK$'000
Hong Kong	**–**	1,874
PRC	**96,515**	137,217
	96,515	139,091

(b) Non-current assets

	2015 HK$'000	2014 HK$'000
Hong Kong	**–**	252
PRC	**284**	316
	284	568

The classification of the non-current assets is based on the locations of the assets (excluded goodwill).

Information about major customer

Revenue from customers of the corresponding years contributing over 10% of the total revenue are as follows:

	2015 HK$'000	2014 HK$'000
Customer A *	**93,300**	85,710
Customer B *	**–**	44,064

* Revenue from trading of aluminium products segment

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts and an appropriate proportion of contract revenue of construction contracts during the year.

An analysis of revenue, other income and gains is as follows:

	2015 HK$'000	2014 HK$'000
Revenue		
Trading of aluminium products	**93,300**	133,897
Construction projects	**3,215**	5,194
Total revenue	**96,515**	139,091
Other income and gains		
Interest income	**2**	2
Others	**120**	84
Total other income and gains	**122**	86
Total revenue, other income and gains	**96,637**	139,177

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	2015 HK$'000	2014 HK$'000
Cost of construction and inventories sold*	**85,833**	128,382
Auditors' remuneration	**550**	550
Depreciation	**21**	43
Impairment of goodwill *(note 14)*	**573**	670
Impairment of intangible asset *(note 15)*	**252**	–
Impairment of trade receivables *(note 19(a))*	**–**	6,000
Written off of retention receivables *(note 16)*	**6,222**	–
Loss on disposal of property, plant and equipment	**10**	–
Exchange losses, net	**–**	41
Employee benefits expenses (including directors' remuneration *(note 7)*):		
Wages and salaries	**5,627**	6,355
Pension scheme contributions	**265**	272
	5,892	6,627
Minimum lease payments under operating leases on land and buildings	**1,479**	1,229
Interest income	**(2)**	(2)

* Depreciation of property, plant and equipment of approximately HK$8,000 (2014: HK$28,000) for the year ended 31 March 2015 was included in the "cost of construction and inventories sold" in the consolidated statement of profit or loss and other comprehensive income.

7. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules and Section 78 of Schedule 11 to the Hong Kong Companies Ordinance, Cap. 622 with reference to Section 161 of the predecessor Hong Kong Companies Ordinance, Cap. 32 is as follows:

	2015 HK$'000	2014 HK$'000
Fees	**532**	465
Other emoluments:		
Salaries, allowances and benefits in kind	**1,235**	1,790
Pension scheme contributions	**35**	27
	1,270	1,817
	1,802	2,282

	Fees HK$'000	**Salaries, allowances and benefits in kind HK$'000**	**Pension scheme contributions HK$'000**	**Total remuneration HK$'000**
2015				
Executive directors				
Mr. Tung Yee Shing	**–**	**650**	**18**	**668**
Ms. Cheung Oi Chun	**–**	**585**	**17**	**602**
	–	**1,235**	**35**	**1,270**
Independent non-executive directors				
Mr. Choi Wing Koon *(note (a))*	**250**	**–**	**–**	**250**
Mr. Kwok Lap Fung, Beeson	**100**	**–**	**–**	**100**
Mr. Li Kam Chung	**100**	**–**	**–**	**100**
Mr. Chan Yin Tsung *(note (b))*	**82**	**–**	**–**	**82**
	532	**–**	**–**	**532**
	532	**1,235**	**35**	**1,802**

7. DIRECTORS' REMUNERATION (continued)

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2014				
Executive directors				
Mr. Tung Yee Shing *(note (c))*	–	200	5	205
Ms. Cheung Oi Chun	–	365	15	380
Mr. Chau Shing Yim, David *(note (d))*	–	125	6	131
Mr. Mung Hing Choy *(note (e))*	–	1,100	1	1,101
	–	1,790	27	1,817
Non-executive director				
Mr. Tsoi Tong Hoo, Tony *(note (d))*	165	–	–	165
	165	–	–	165
Independent non-executive directors				
Mr. Choi Wing Koon *(note (a))*	100	–	–	100
Mr. Kwok Lap Fung, Beeson	100	–	–	100
Mr. Li Kam Chung	100	–	–	100
	300	–	–	300
	465	1,790	27	2,282

Notes:

(a) Resigned on 15 September 2014.

(b) Appointed on 15 September 2014.

(c) Mr. Tung Yee Shing was appointed on 1 December 2013. Apart from the director's remuneration of HK$205,000 during the period from 1 December 2013 to 31 March 2014, the Group paid staff salary to him before his appointment as a director of the Company ("**Director(s)**") which had been included under "Employee benefits expenses" in note 6 to the consolidated financial statements. The aggregate of his director's remuneration and staff salary constituted one of the 5 highest paid employees and fell within the band of Nil to HK$1,000,000.

(d) Retired on 30 August 2013.

(e) Resigned on 1 December 2013.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2014: Nil).

During the year, no emoluments have been paid to the Directors as an inducement to join or upon joining the Group; or as compensation for loss of office (2014: Nil).

7. DIRECTORS' REMUNERATION (continued)

The number of Directors, whose remuneration fell within the following bands is as follows:

	Number of directors	
	2015	2014
Nil to HK$1,000,000	**6**	7
HK$1,000,001 to HK$2,000,000	**–**	1
	6	8

8. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two (2014: two) directors, details of whose remuneration are set out in note 7 above. Details of the remuneration of the remaining three (2014: three) non-directors, highest paid employees for the year are as follows:

	2015 HK$'000	2014 HK$'000
Salaries, allowances and benefits in kind	**2,095**	1,755
Pension scheme contributions	**53**	45
	2,148	1,800

The number of non-directors, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2015	2014
Nil to HK$1,000,000	**3**	3

9. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

PRC enterprise income tax is calculated at 25% (2014: 25%) on the estimated assessable profits for the year ended 31 March 2015.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	2015 **HK$'000**	2014 HK$'000
Current tax — Hong Kong		
Charge for the year	**702**	746
Current tax — PRC		
Charge for the year	**–**	–
Under-provision in the previous years	**21**	10
Total tax charge for the year	**723**	756

A reconciliation of the tax expense applicable to loss before tax at the statutory rates for the countries in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	2015 **HK$'000**	**%**	2014 HK$'000	%
Loss before tax	**(6,042)**		(5,748)	
Tax at the statutory tax rates	**(1,014)**	**16.8**	(1,059)	18.4
Expenses not deductible for tax	**1,135**	**(18.8)**	1,318	(22.9)
Tax losses not recognised	**603**	**(10.0)**	499	(8.7)
Temporary differences in respect of depreciable assets not recognised	**(2)**	**–**	(2)	–
Under-provision in the previous years	**21**	**(0.4)**	10	(0.2)
Tax concession for year of assessment	**(20)**	**0.4**	(10)	0.2
Tax charge at effective tax rate	**723**	**(12.0)**	756	(13.2)

9. INCOME TAX EXPENSE (continued)

The Group had deferred tax benefits not recognised in respect of tax losses available and decelerated depreciation for offsetting future assessable profits as follows:

	2015 HK$'000	2014 HK$'000
Tax losses	**15,934**	12,277
Decelerated depreciation	**169**	180
	16,103	12,457

10. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated loss attributable to owners of the Company for the year ended 31 March 2015 includes a loss of approximately HK$4,456,000 (2014: loss of approximately HK$4,703,000) which has been dealt with in the financial statements of the Company.

11. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares in issue during the year.

The calculations of basic earnings per share are based on:

	2015 HK$'000	2014 HK$'000
Earnings		
Loss for the year attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	**(6,765)**	(6,504)

	Number of shares	
	2015	2014
Shares		
Weighted average number of ordinary shares in issue during the year used in basic loss per share calculation	**1,307,671,233**	800,000,000

11. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (continued)

The calculation of diluted loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares used in the basic loss per share calculation, as adjusted for the weighted average number of convertible preference shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculation of diluted loss per share for the years ended 31 March 2015 and 2014 is based on:

	2015	2014
	HK$'000	HK$'000
Loss		
Loss for the year attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	**(6,765)**	(6,504)

	Number of shares	
	2015	2014
Shares		
Weighted average number of ordinary shares in issue during the year used in basic loss per share calculation	**1,307,671,233**	800,000,000
Effect on dilution — weighted average number of ordinary shares Convertible preference shares	**–***	–*
Weight average number of ordinary shares for the purpose of diluted loss per share	**1,307,671,233**	800,000,000

* The convertible preference shares had an anti-diluted effect on the basic loss per share for the years ended 31 March 2015 and 2014.

12. DIVIDENDS

Except for the accrual of cumulative preference share dividend of HK$1,774,000 (note 27(b)) (2014: HK$4,520,000) during the year ended 31 March 2015, no dividend has been declared or paid by the Company for the ordinary shareholders during the year ended 31 March 2015 (2014: Nil).

13. PROPERTY, PLANT AND EQUIPMENT

Group

	Plant and machineries HK$'000	Furniture, fixture and equipment HK$'000	Motor vehicle HK$'000	Total HK$'000
31 March 2015				
1 April 2014:				
Cost	723	47	71	841
Accumulated depreciation	(474)	(24)	(27)	(525)
Net carrying amount	249	23	44	316
At 1 April 2014, net of accumulated depreciation	249	23	44	316
Disposal	–	–	(11)	(11)
Depreciation provided during the year	(8)	(5)	(8)	(21)
At 31 March 2015, net of accumulated depreciation	241	18	25	284
At 31 March 2015:				
Cost	723	47	46	816
Accumulated depreciation	(482)	(29)	(21)	(532)
Net carrying amount	241	18	25	284

13. PROPERTY, PLANT AND EQUIPMENT (continued)

Group

	Plant and machineries HK$'000	Furniture, fixture and equipment HK$'000	Motor vehicle HK$'000	Total HK$'000
31 March 2014				
1 April 2013:				
Cost	728	44	71	843
Accumulated depreciation	(450)	(18)	(18)	(486)
Net carrying amount	278	26	53	357
At 1 April 2013, net of accumulated depreciation	278	26	53	357
Additions	–	3	–	3
Depreciation provided during the year	(28)	(6)	(9)	(43)
Exchange realignment	(1)	–	–	(1)
At 31 March 2014, net of accumulated depreciation	249	23	44	316
At 31 March 2014:				
Cost	723	47	71	841
Accumulated depreciation	(474)	(24)	(27)	(525)
Net carrying amount	249	23	44	316

14. GOODWILL

	Group	
	2015	2014
	HK$'000	HK$'000
Cost	**1,243**	1,243
Accumulated impairment	**(1,243)**	(670)
Net carrying amount	**–**	573

Impairment testing of goodwill

Goodwill acquired through business combination has been allocated to the cash-generating unit for impairment testing as follows:

	Group	
	2015	2014
	HK$'000	HK$'000
Carrying amount of goodwill relevant to supply of aluminium products in the construction projects business	**–**	573

The goodwill arose from the acquisition of Tak Lee Metal Manufactory (Hong Kong) Company Limited and its subsidiary during the year ended 31 March 2011. The recoverable amount of the goodwill has been determined based on a value in use calculation which using a cash flow projection based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 8% (2014: 8%). The growth rate used to extrapolate the cash flows of the industrial products unit beyond the five-year period is 2% (2014: 3%). Based on the value in use calculation prepared by the management, an impairment of goodwill of HK$573,000 (note 6) (2014: HK$670,000) was made by the management during the year ended 31 March 2015.

Assumptions were used in the value in use calculation of the goodwill as at 31 March 2015 and 31 March 2014. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

	Group	
	2015	2014
Gross margin	**35%**	13% to 17%
Growth rare	**2%**	3%
Discount rate	**8%**	8%

Management determined the budgeted gross-margin based on past performance and its expectation for market development. The discount rates used are pre-tax that reflected current market assessments of the time value of money and the risks specific risks relating to the relevant segments.

15. INTANGIBLE ASSET

	Group	
	2015	2014
	HK$'000	HK$'000
Cost	**252**	252
Impairment during the year	**(252)**	–
Net carrying amount	**–**	252

The amount represents the cost incurred for the application for inclusion into the Hong Kong Housing Authority's list of approved suppliers for stainless steel gate sets and aluminium windows in the past practice. The Directors are of the opinion that the name of a subsidiary had been included in the list of approved suppliers has an indefinite useful life. As a result, the intangible asset will not be amortised until its useful life is determined to be finite. Instead it will be tested for impairment annually whenever there is an indication that it may be impaired. Based on the valuation results prepared by the management, details of which are set out in note 14 to the consolidated financial statements, an impairment of intangible asset of HK$252,000 (note 6) (2014: Nil) was made by the management during the year ended 31 March 2015.

16. RETENTION RECEIVABLES

	Group	
	2015	2014
	HK$'000	HK$'000
Retention receivables	**325**	19,993
Less: Current portion of retention receivables	**(325)**	(19,993)
Non-current portion of retention receivables	**–**	–

Retention receivables represents certified contract payments in respect of works performed, for which payments are withheld by customers for retention purposes, and the amount retained is withheld on each payment up to a maximum amount calculated on a prescribed percentage of the contract sum. No aging analysis of retention receivables is presented as the retentions are released to the Group pursuant to the provisions of the relevant contracts after the completion of the projects in question. During the year ended 31 March 2015, the Group has written off of its retention receivables of HK$6,222,000 (note 6) as the Directors were of the opinion that such retention receivables were uncollectible.

17. INTERESTS IN SUBSIDIARIES

	Company	
	2015	2014
	HK$'000	HK$'000
Unlisted shares, at cost *	**–**	–
Due from subsidiaries	**136,936**	140,356
Due to subsidiaries	**(39,575)**	(30,590)

* The investment at cost of HK$24 (2014: HK$24) has been presented as "Nil" as a result of rounding as at 31 March 2015.

17. INTERESTS IN SUBSIDIARIES (continued)

The amounts due from/(to) subsidiaries are unsecured and interest-free. The subsidiaries have agreed not to demand for repayment of the amount due to them by the Company within the next 12 months after the report date of these consolidated financial statements.

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation/ registration and operations	Issued and fully paid share capital/paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Zhidao Investment Limited	Hong Kong	HK$1#	100	–	Not yet commenced business
Wealthy Hero Investments Limited *(note 1)*	British Virgin Islands ("**BVI**")	US$1	100	–	Investment holdings
Rongbao Holdings Limited *(note 1)*	BVI	US$1	100	–	Investment holdings
Golden Beach Enterprises Limited *(note 1)*	BVI	US$1	100	–	Investment holdings
Wealthy Hero Holdings Limited	Hong Kong	HK$1#	–	100	Not yet commenced business
Rongbao Investments Limited	Hong Kong	HK$1#	–	100	Not yet commenced business
Fast Excel Limited	Hong Kong	HK$10#	–	100	Investment holdings
Parkson Trade Services Limited	Hong Kong	HK$1#	–	100	Trading of aluminium products
Tak Lee Metal Manufactory (Hong Kong) Company Limited	Hong Kong	HK$3,210,000#	–	100	Supply of aluminium products in construction projects
Fast Excel Gold Mountain Zhongshan Aluminium Products (Hong Kong) Limited	Hong Kong	HK$5#	–	60	Not yet commenced business
Zhongshan City Minzhong Deli Metal Company Limited *(note 1 & 2)*	PRC	US$500,000	–	100	Manufacturing aluminium windows and gates

Under the Hong Kong Companies Ordinance, Cap. 622, which was effective on 3 March 2014, the concept of authorised share capital no longer exists. In accordance with Section 135 of the Hong Kong Companies Ordinance, Cap. 622, the Hong Kong company's shares no longer have a par value with effect from 3 March 2014.

Notes:

(1) Not audited by Ascenda Cachet CPA Limited.

(2) This subsidiary is registered as a wholly-foreign owned enterprise under the PRC law.

18. INVENTORIES

	Group	
	2015	2014
	HK$'000	HK$'000
Raw materials	**344**	469
Finished goods	**93**	374
	437	843

19. TRADE RECEIVABLES

	Group	
	2015	2014
	HK$'000	HK$'000
Trade receivables	**94,545**	104,925
Impairment	**–**	(6,000)
Net carrying amounts	**94,545**	98,925

(a) The movements in the provision for impairment of trade receivables are as follows:

	Group	
	2015	2014
	HK$'000	HK$'000
At 1 April	**6,000**	–
Impairment losses recognised	**–**	6,000
Amount written off as uncollectible	**(6,000)**	–
At 31 March	**–**	6,000

The above provision of impairment of trade receivables was provision for individually impaired trade receivables with carrying amount before provision of HK$17,303,000 as at 31 March 2014 which has been written off during the year as the Directors were of the opinion that such receivables were uncollectible.

19. TRADE RECEIVABLES (continued)

(b) The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivables balances. Trade receivables are non-interest-bearing.

The Group allows a credit period normally 0 to 90 days to its trade customers. An aging analysis of the trade receivables as at the end of the reporting period, based on the date of invoice, is as follows:

	Group	
	2015	2014
	HK$'000	HK$'000
Within 1 month	**11,445**	27,252
1 to 2 months	**10,200**	15,750
2 to 3 months	**10,200**	–
Over 3 months	**62,700**	55,923
Trade receivables	**94,545**	98,925

The aging analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	Group	
	2015	2014
	HK$'000	HK$'000
Neither past due nor impaired	**31,845**	43,002
Less than 1 month past due	**10,200**	–
1 to 3 months past due	**–**	–
Over 3 months past due	**52,500**	44,620
	94,545	87,622

Receivables that were neither past due nor impaired relate to two customers for whom there was no recent history default.

Receivables that were past due but not impaired relate to a single customer and the Group has a significant concentration of credit risk accordingly. Based on the past experience, the Directors are of the opinion that no provision for impairment is necessary in respect of this balance as there has not been a significant change in credit quality and the balance is still considered fully recoverable.

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Prepayments	**202**	61	**148**	–
Trade deposits	**4,995**	5,017	**–**	–
Utility deposits	**603**	476	**–**	–
Other receivables	**23**	214	**–**	–
	5,823	5,768	**148**	–
Less: impairment	**(1,556)**	(1,556)	**–**	–
	4,267	4,212	**148**	–

None of the above assets is either past due or impaired. The financial assets included in the above balances related to receivables for which there was no recent history of default.

21. CONSTRUCTION CONTRACTS IN PROGRESS

	Group	
	2015	2014
	HK$'000	HK$'000
Gross amount due from contract customers	**–**	–
Contract costs incurred plus recognised profits less recognised losses to date	**–**	14,298
Less: Progress billings	**–**	(14,298)
	–	–

22. CASH AND CASH EQUIVALENTS

	Group		Company	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash and bank balances	**43,365**	37,862	**1,075**	2,304

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("**RMB**") amounted to HK$277,000 (2014: HK$350,000). The RMB is not freely convertible into other currencies, however, under PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

23. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	Group	
	2015	2014
	HK$'000	HK$'000
Within 1 month	**65**	–
1 to 2 months	**–**	–
2 to 3 months	**6**	–
Over 3 months	**1**	862
	72	862

The trade payables are non interest bearing and are normally settled on 30 to 60-day terms.

24. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Other payables	**2,965**	3,086	**300**	300
Accruals	**939**	750	**–**	–
	3,904	3,836	**300**	300

25. RETENTION PAYABLES

	Group	
	2015	2014
	HK$'000	HK$'000
Retention payables	**325**	650
Less: current portion of retention payables	**(325)**	(650)
Non current portion of retention payables	**–**	–

Retention payables represents certified contract payments in respect of works performed, for which payments are withheld by the Group for retention purposes, and the amount retained is withheld on each payment up to a maximum amount calculated on a prescribed percentage of the contract sum. No aging analysis of retention payables is presented as the retentions are released to the subcontractors pursuant to the provisions of the relevant contracts after the completion of the projects in question.

26. SHARE CAPITAL

	Company 2015 HK$'000	2014 HK$'000
Authorised:		
2,800,000,000 ordinary shares of HK$0.01 each	**28,000**	28,000
850,000,000 preference shares of HK$0.01 each	**8,500**	8,500
	36,500	36,500
Issued and fully paid:		
1,650,000,000 (2014: 800,000,000) ordinary shares of HK$0.01 each	**16,500**	8,000
Nil (2014: 850,000,000) preference shares of HK$0.01 each	**–**	8,500
	16,500	16,500

During the year ended 31 March 2015, the movement of the ordinary shares and preference shares are as follows:

	Ordinary shares	Preference shares
At 1 April 2014	800,000,000	850,000,000
Conversion from preference shares to ordinary shares *(note)*	850,000,000	(850,000,000)
At 31 March 2015	**1,650,000,000**	**–**

Note: The preference shares with a paid-up value of HK$0.133 per share, were non-redeemable and did not bear any voting right. The preference shares carried a fixed cumulative preferential dividend at a rate of 4% per annum on the initial subscription price of HK$0.133 each out of the funds of the Company available for distribution and 1 preference share can be convert into 1 fully-paid ordinary share of the Company commencing on the first anniversary from the date of the resumption of the Company on 11 January 2012. On 26 August 2014 (the "**Conversion Date**"), the holders of the preference shares converted all the preference shares into the ordinary shares of the Company and 850,000,000 ordinary shares of HK$0.01 each were issued and allotted accordingly. As at the Conversion Date, cumulative preference shares dividend of HK$11,844,000 (2014: HK$10,070,000) was accrued in the preference shares dividend reserve which has been set-off against the retained earnings upon conversion of preference shares.

27. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current year are presented in the consolidated statement of changes in equity on page 25 of the consolidated financial statements.

(b) Company

	Share premium HK$'000	Preference shares dividend reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2013	164,612	(5,550)	(67,014)	92,048
Loss for the year and total comprehensive income for the year	–	–	(2,328)	(2,328)
Cumulative preference share dividend *(note 12)*	–	(4,520)	–	(4,520)
At 31 March 2014 and at 1 April 2014	**164,612**	**(10,070)**	**(69,342)**	**85,200**
Loss for the year and total comprehensive income for the year	**–**	**–**	**(2,339)**	**(2,339)**
Cumulative preference share dividend *(note 12)*	**–**	**(1,774)**	**–**	**(1,774)**
Set-off upon the conversion of preference shares into ordinary shares	**–**	**11,844**	**(11,844)**	**–**
At 31 March 2015	**164,612**	**–**	**(83,525)**	**81,087**

28. OPERATING LEASE COMMITMENTS

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from 1 to 3 years.

At 31 March 2015, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	2015	2014
	HK$'000	HK$'000
Within one year	**1,774**	1,128
2–5 years, inclusive	**3,035**	119
	4,809	1,247

29. RELATED PARTIES TRANSACTIONS

Compensation of key management personnel of the Group:

	2015 HK$'000	2014 HK$'000
Short term employee benefits	**3,950**	4,492
Post-employment benefits	**–**	–
Equity-settled share option expenses	**–**	–
Total compensation paid to key management personnel	**3,950**	4,492

Further details of directors' and the chief executive's emoluments are included in notes 7 and 8 to the consolidated financial statements.

30. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

The Group

Financial assets

	Loans and receivables	
	2015 HK$'000	2014 HK$'000
Retention receivables	**325**	19,993
Trade receivables	**94,545**	98,925
Financial assets included in prepayments, deposits and other receivables	**4,065**	4,151
Cash and cash equivalents	**43,365**	37,862
	142,300	160,931

Financial liabilities

	Financial liabilities at amortised cost	
	2015 HK$'000	2014 HK$'000
Trade payables	**72**	862
Financial liabilities included in other payables and accruals	**3,904**	3,836
Retention payables	**325**	650
Dividend payables	**697**	10,070
	4,998	15,418

30. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

The Company

Financial assets

	Loans and receivables	
	2015	2014
	HK$'000	HK$'000
Due from subsidiaries	**136,936**	140,356
Cash and cash equivalents	**1,075**	2,304
	138,011	142,660

Financial liabilities

	Financial liabilities at amortised cost	
	2015	2014
	HK$'000	HK$'000
Financial liabilities included in other payables	**300**	300
Due to subsidiaries	**39,575**	30,590
Dividend payables	**697**	10,070
	40,572	40,960

31. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, retention receivables, financial assets included in prepayments, deposits and other receivables, trade receivables, dividend payables, financial liabilities included other payables and accruals and trade payables approximate to their carrying amounts largely due to the short term maturities of these instrument.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Fair value hierarchy

As at 31 March 2014 and 2015, the Group and the Company did not have any financial instruments which were measured at fair value.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise trade payables, other payables and accruals and retention payables. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets such as trade receivables, financial assets included in prepayments, deposits and other receivables and retention receivables which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of Directors (the "**Board**") reviews and agrees policies for managing each of these risks and they are summarised below. The Group's accounting policies in relation to derivatives are set out in note 2.4 to the consolidated financial statements.

Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest bearing assets and liabilities. The interest rate risk is considered to be insignificant.

Foreign currency risk

The Directors are of the opinion that almost all of the transactions of the Group and recognised financial assets and liabilities are denominated either in HKD, RMB or United States dollars and accordingly the Group's foreign currency risk is not material as the exchange rates of HKD against US$ are quite stable. The Group currently does not have a foreign currency hedging policy. However, the management will monitor the foreign exchange exposure should the need arises.

The exchange rate of RMB was comparatively volatile.

The following table demonstrates the sensitivity at the financial year end to a reasonably possible change in the exchange rate of RMB, with all other variables held constant, of the Group's loss before tax.

	Increase/ (decrease) in exchange rate %	Increase/ (decrease) in loss before tax HK$'000	Increase/ (decrease) in equity* HK$'000
31 March 2015			
If HKD weakens against RMB	**5%**	**(115)**	**–**
If HKD strengthens against RMB	**(5%)**	**115**	**–**
31 March 2014			
If HKD weakens against RMB	5%	(232)	–
If HKD strengthens against RMB	(5%)	232	–

* Excluding retained profits

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

The Group's credit risk is primarily attributable to trade receivables, prepayments, deposits and other receivables, retention receivables, the amounts due from customers on construction contracts and cash and bank balances. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. The allowance for impairment has been made to reduce the exposure to the credit risk in relation to the receivables. Other than this there are no significant concentrations of credit risk within the Group in relation to other financial assets.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans or other interest-bearing loans.

The maturity of the financial liabilities of the Group at the end of each of the reporting period is as follows:

Group

31 March 2015

	On demand or no fixed terms of repayment HK$'000	Less than 3 months HK$'000	3 to less than 12 months HK$'000	1 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Trade payables	**72**	**–**	**–**	**–**	**–**	**72**
Other payables and accruals	**3,904**	**–**	**–**	**–**	**–**	**3,904**
Retention payables	**–**	**–**	**325**	**–**	**–**	**325**
Dividend payables	**697**	**–**	**–**	**–**	**–**	**697**
	4,673	**–**	**325**	**–**	**–**	**4,998**

31 March 2014

	On demand or no fixed terms of repayment HK$'000	Less than 3 months HK$'000	3 to less than 12 months HK$'000	1 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Trade payables	862	–	–	–	–	862
Other payables and accruals	3,836	–	–	–	–	3,836
Retention payables	–	–	650	–	–	650
Dividend payables	10,070	–	–	–	–	10,070
	14,768	–	650	–	–	15,418

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

Company

31 March 2015

	On demand or no fixed terms of repayment HK$'000	Less than 3 months HK$'000	3 to less than 12 months HK$'000	1 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Financial liabilities included in other payables and accruals	300	–	–	–	–	300
Due to subsidiaries	–	–	–	39,575	–	39,575
Dividend payables	697	–	–	–	–	697
	997	–	–	39,575	–	40,572

31 March 2014

	On demand or no fixed terms of repayment HK$'000	Less than 3 months HK$'000	3 to less than 12 months HK$'000	1 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Financial liabilities included in other payables and accruals	300	–	–	–	–	300
Due to subsidiaries	–	–	–	30,590	–	30,590
Dividend payables	10,070	–	–	–	–	10,070
	10,370	–	–	30,590	–	40,960

Concentration risk

Sales to the largest customer of the Group ("Customer A") accounted for approximately 96.7% (2014: 61.6%) of the Group's total revenue during the year ended 31 March 2015. The Group relied heavily on Customer A for a significant portion of its revenue. The contractual credit periods agreed with Customer A were generally 90 days, whereas the maximum extension of credit period granted to Customer A was 12 months.

The Group anticipates that it will continue to derive a significant portion of its revenue from its major customer and in particular, Customer A, in the near future. There can be no assurance that the Group will be able to retain its major customers or receive any purchase order at favourable terms to the Group, or that they will maintain or increase their current level of business with the Group. Any significant reduction in the volume of business with any of these customers including Customer A or any significant restriction in pricing terms for these customers, or any cancellation, delay or reduction in the scope of the existing sales to any of the major customers of the Group, could have a material adverse effect on the Group's operating results and profitability.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is net debt divided by the total capital plus net debt. Net debt includes trade and other payables and accruals, retention payables and dividend payables, less cash and bank balances. Capital includes equity attributable to equity holders of the Company. The gearing ratios as at the end of reporting periods were as follows:

	The Group	
	2015	2014
	HK$'000	HK$'000
Trade payables	**72**	862
Other payables and accruals	**3,904**	3,836
Retention payables	**325**	650
Dividend payables	**697**	10,070
Less: Cash and bank balances	**(43,365)**	(37,862)
Net cash	**(38,367)**	(22,444)
Total capital:		
Equity attributable to equity holders	**138,658**	147,197
Capital and net cash	**100,291**	124,753
Gearing ratio	**N/A**	N/A

33. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the current year's presentation.

34. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board on 25 June 2015.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited consolidated financial statements and restated/reclassified as appropriate, is set out below. The consolidated financial statements for the year ended 31 March 2011 had been disclaimed by the auditors of the Company and the consolidated financial statements for the year ended 31 March 2012 had been qualified by the auditors of the Company. Details of the disclaimer and qualified opinions of the auditors were set out in the annual reports for the years 2011 and 2012 of the Company, respectively.

	Year ended 31 March				
	2015	2014	2013	2012	2011
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
REVENUE	**96,515**	139,091	202,789	343,153	414,924
Cost of sales	**(85,833)**	(128,382)	(176,929)	(317,376)	(398,317)
Gross profit	**10,682**	10,709	25,860	25,777	16,607
Other income and gains	**122**	86	123	1,930,655	165
Restructuring costs	**–**	–	–	(25,000)	–
Impairment of goodwill	**(573)**	(670)	–	–	–
Impairment of intangible asset	**(252)**	–	–	–	–
Impairment of trade receivables	**–**	(6,000)	–	–	–
Written off of retention receivables	**(6,222)**	–	–	–	–
General and administrative expenses	**(9,799)**	(9,873)	(11,424)	(8,595)	(5,060)
Finance costs	**–**	–	–	(223)	(237)
(LOSS)/PROFIT BEFORE TAX	**(6,042)**	(5,748)	14,559	1,922,614	11,475
Tax	**(723)**	(756)	(854)	(962)	(193)
(LOSS)/PROFIT FOR THE YEAR	**(6,756)**	(6,504)	13,705	1,921,652	11,282
Attributable to:					
Owners of the Company	**(6,756)**	(6,504)	13,705	1,921,652	11,282
Non-controlling interests	**–**	–	–	–	–
	(6,756)	(6,504)	13,705	1,921,652	11,282

ASSETS AND LIABILITIES

	2015	2014	2013	2012	2011
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TOTAL ASSETS	**143,656**	162,976	202,204	208,588	66,672
TOTAL LIABILITIES	**(4,998)**	(15,779)	(43,934)	(58,774)	(2,018,276)
NON-CONTROLLING INTERESTS	**30**	30	30	–	–
	138,688	147,227	158,300	149,814	(1,951,604)