Skyworth

創維數碼控股有限公司
SKYWORTH DIGITAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code : 00751

ANNUAL REPORT 2015/16

CONTENTS

Financial Highlights

Amount expressed in HK$ million (except for Share data)

	2016	2015	Change
OPERATING RESULTS			
Revenue	**42,695**	40,135	+6.4%
EBIT	**3,389**	4,324	–21.6%
EBITDA	**4,050**	4,784	–15.3%
Net Profit for the year	**2,527**	3,350	–24.6%
Profit attributable to owners of the Company	**2,170**	3,128	–30.6%
OPERATING RESULTS (EXCLUDING ONE-OFF GAIN)			
EBIT	**3,389**	2,569	+31.9%
EBITDA	**4,050**	3,029	+33.7%
Net Profit for the year	**2,527**	1,988	+27.1%
Profit attributable to owners of the Company	**2,170**	1,766	+22.9%
FINANCIAL POSITION			
Net cash from operating activities	**1,187**	3,799	–68.8%
Cash position*	**5,516**	3,740	+47.5%
Bank borrowings	**8,105**	2,586	+213.4%
Equity attributable to owners of the Company	**15,092**	13,739	+9.8%
Working capital	**10,675**	8,992	+18.7%
Bills receivable	**7,245**	7,297	–0.7%
Trade receivables	**5,290**	5,258	+0.6%
Inventories	**5,494**	4,342	+26.5%
KEY RATIOS			
Gross profit margin (%)	**21.9**	20.0	+1.9pp
EBIT margin (%)	**7.9**	10.8	–2.9pp
EBITDA margin (%)	**9.5**	11.9	–2.4pp
Profit margin (%)	**5.9**	8.3	–2.4pp
ROE (%)	**14.4**	22.8	–8.4pp
Debt to equity (%)**	**48.5**	17.0	+31.5pp
Net debt to equity***	**Net Cash**	Net Cash	N/A
Current ratio (times)	**1.5**	1.6	–6.3%
Trade receivable turnover period (days)****	**108**	123	–12.2%
Inventories turnover period (days) ****	**55**	49	+12.2%
DATA PER SHARE (HK CENTS)			
Earnings per Share – Basic	**75.89**	110.71	–31.5%
Earnings per Share – Diluted	**74.88**	110.43	–32.2%
Dividend per Share (including special dividend)	**24.00**	24.50	–2.0%
Book value per Share	**568.02**	533.81	+6.4%
SHARE INFORMATION AT FINANCIAL YEAR END			
Skyworth Digital Holdings Limited			
(Shares are listed in Hong Kong, stock code: 00751)			
Number of Shares in issue (million)	**2,940**	2,848	+3.2%
Market capitalisation	**14,112**	17,373	–18.8%
Skyworth Digital Co., Limited			
(Shares are listed in Shenzhen, stock code: 000810)			
Number of shares in issue (million)	**999**	499	+100.2%
Market capitalisation	**24,676**	20,830	+18.5%

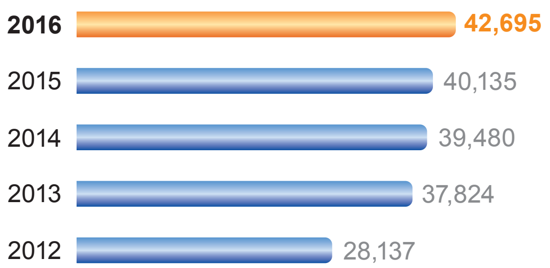
* *Cash position refers to bank balances and cash and pledged bank deposits*

** *Bank borrowings/total equity*

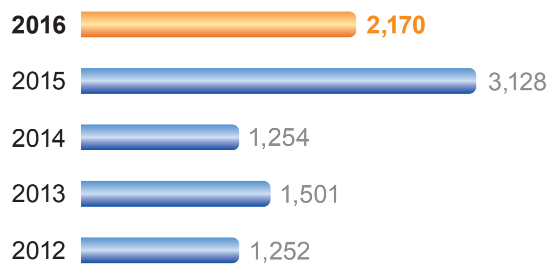
*** *Calculation based on (cash position + bills on hand – bank borrowings)/total equity*

**** *Calculation based on average inventory; average sum of bills receivable and trade receivables*

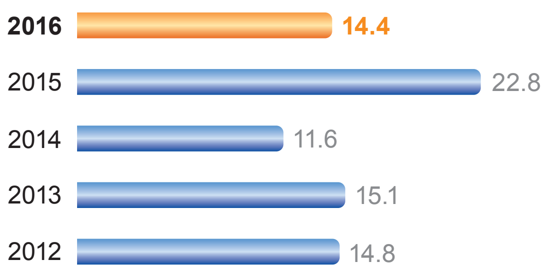
Revenue
(HK$ million)



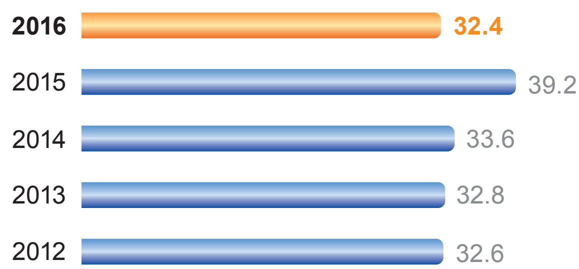
Profit Attributable to Owners of the Company
(HK$ million)



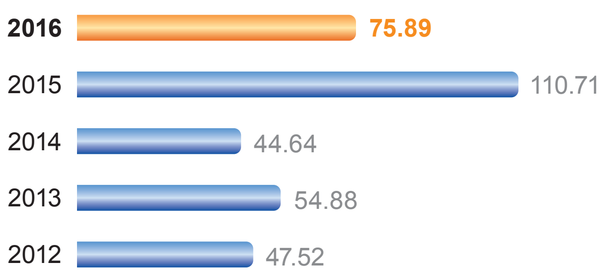
ROE
(%)



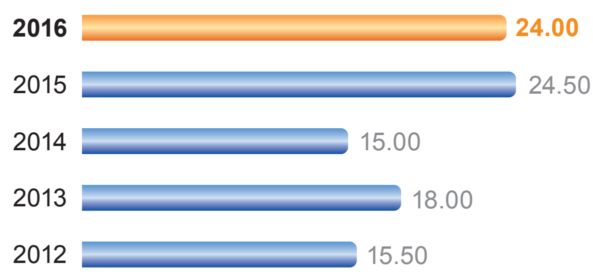
Dividend Payout Ratio
(%)



Earnings Per Share – Basic
(HK cents)



Dividend Per Share
(HK cents)



Letter from EXECUTIVE CHAIRPERSON

Skyworth will permeate "internationalisation, diversification and intellectualisation" as our strategic paths to all of our business units in the next five-year plans.

LIN WEI PING
Executive Chairperson

HIGHLIGHTS OF RESULTS

The Group recorded the following results for the Reporting Year:

- Revenue reached HK$42,695 million, an increase of 6.4% from that of the Previous Year.
- Sales of TV products and digital set-top boxes accounted for 70.5% and 13.8% of the Group's total revenue respectively.
- Gross profit achieved HK$9,363 million, increased by 16.7%; and gross profit margin was 21.9%, increased by 1.9 percentage points compared with that of the Previous Year.
- Profit for the year was HK$2,527 million, decreased by 24.6% from that of the Previous Year (including one-off gain). Profit for the year attributable to the owners of the Company decreased by 30.6%, from HK$3,128 million of the Previous Year (including one-off gain) to HK$2,170 million.
- By excluding the one-off gain on disposal of land and other associated assets in the Previous Year, profit for the year and profit attributable to the owners of the Company increased by 27.1% and 22.9% respectively.
- Basic earnings per Share was HK75.89 cents, decreased by 31.5% compared to that of the Previous Year (including one-off gain), whilst increased by 21.4% compared to that of the Previous Year (excluding one-off gain).
- The Board has proposed a final dividend of HK14.4 cents per Share with an option to elect new Shares in lieu of cash. This represents a dividend payout ratio of 32.4% for the whole year.

Letter from Executive Chairperson

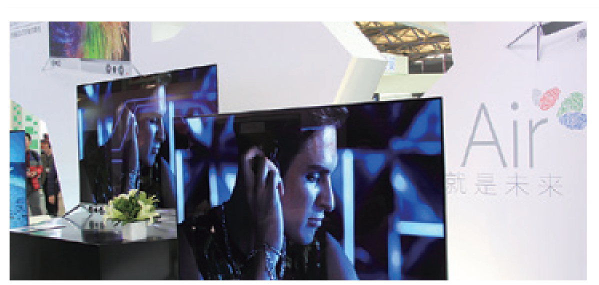
Letter from Executive Chairperson

We are pleased to announce a remarkable result of the Group for the Reporting Year, with revenue and net profit (excluding one-off gain) reached HK$42,695 million and HK$2,527 million, respectively, representing an increment of 6.4% and 27.1%, respectively.

China's economy grew by 6.9% in 2015 and this pace was the slowest year in a quarter century, signaling the economy is weakening. Although we faced uncertainties in China's economy, fierce market competition and the challenges from internet players, the new opportunities were relatively created and energised the traditional TV brands formulating new operating strategies. In 2016, Skyworth stood out from our peers by product mix upgrade and prospective, not only that we have an outstanding management team to implement effective strategies upon the ever-changing market, we are also proud to have a strong marketing team that nestled our customers' preferences. China market is the Group's core business, but we are also eager to explore new opportunities in the overseas markets and that is one of the significant strategies in our next five-year plans. To review the sales volume for the Reporting Year, China market reached 10 million sets and overseas market achieved 4 million sets of television, representing an increase of 6.1% and 18.7%, respectively as compared to the Previous Year. The growth in the overseas market will be refreshing, by taking the opportunity of the withdrawal from Japan's home appliances leaders, the Group boosted up its investments in the overseas markets. The Group believes that it is the right timing for Skyworth to expand the overseas businesses.

Our proven management and executive professionals has leaded our businesses well throughout the Reporting Year. The TV business unit remains the core engine attributing to the Group's results and the second one is the set-top boxes business unit. During the Reporting Year, the TV business unit resulted a close achievement of the full year target with total sales volumes up to 14 million sets, representing 70.5% of the Group's total revenue, amounted to HK$30,112 million. In which, the overseas TV market expansion harvested a fruitful return, by sizing up our penetration in the European and African countries, utilising with the dual-brand strategy. The total revenue for the TV sales in the overseas markets increased by 3.8% as compared to the same period of the Previous Year, reached HK$5,983 million, 13.3% contributed from our own brand sales and the remaining was OEM/ODM manufacturing, and achieved segmental result (before taxation) of HK$154 million. The Group targets to meet 6 million sets in the coming year and 10 million sets in the financial year 2017/18, aiming of achieving at least 50% sales will be Skyworth brand.

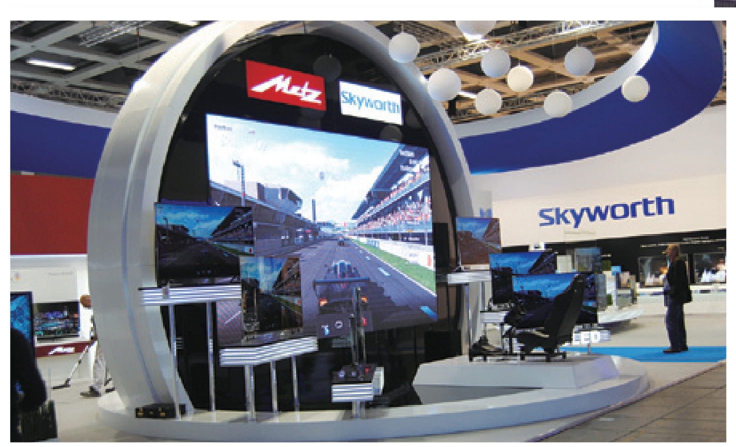
Having a diversification in the product range from OTT to satellite set-top boxes for our set-top boxes business unit, the revenue achieved HK$6,685 million, equivalent to 15.7% to the Group's total revenue, representing an increase of 33.2% as compared to the Previous Year, and in general sold 35 million units as in worldwide coverage. The set-top boxes business unit also maintains its position of China No.1 and No.3 in the world which stands out amongst our peers in products domain. Moreover, the set-top boxes business unit's vision is in line with the Group's internationalisation strategy, it acquired Strong Media during the Reporting Year easing to localise and expand in Europe, where we believe it will be a growth driver in the near future.



Getting hold of the transformation opportunity with our fast penetrating numbers of smart TV and OTT boxes, we have enhanced the creativity as the distribution channel for advertising and content. Meanwhile, we tried to increase the conversion rate of our activated and active household users and source new methods to monetise its value. Cultivation and investing in Coocaa entity will be our key mission to sustain our business growth.

Besides, the white appliances business unit recorded a steady growth of 0.3% to HK$2,366 million in revenue, with a segmental result (before taxation) of HK$190 million, equivalent to 128.9% increment that provides a solid evidence for customer' acceptance to Skyworth brand in white appliances. In response to these positive results, the Group will allocate more resources to product expansion in the white appliances market, from air-conditioners to air-purifiers, in order to fulfill our smart home concept.

During the Reporting Year, the Group set three major strategic paths: internationalisation, intellectualisation, and diversification. We will permeate each path to all of our business units in the next five-year plans. To confront with the volatile market situation in China, cautious internationalisation strategy will help to flatten out a single regional risk. Skyworth continuously seeks opportunities for overseas development, by either acquisition or through strategic partnership or self-exploration. We are prudent but open minded for advancement by equipping with more professionals and experts to identify new business expansion opportunities. In the Reporting Year, we acquired METZ in Germany and Strong Media in Austria, which are already generating profits, in compliance with the Group's belief and initiate our pace to succeed. Having the nation encouragement for creativity and internet plus concept, we increased our research and development cost from HK$614 million to HK$1,222 million for the Reporting Year, representing an increase of 99.0%, especially focused in contents and intellectual property development. We believe that advanced technology is a crucial competitive advantage among competitors and will continuously assign resources to strengthen our core value. By such, we are able to lead the market by having advanced and high quality products. The Group will also contemplate in smart household appliances, by integrating and unifying a standard code to remote control all of our products. The consumers can experience an all-in-one and user-friendly interface to more comfortably and conveniently enjoy the integrated electronic products. We will diversify our product variety in order to accomplish this goal. Besides that, we also diversify our businesses in property rental, property development and intra-finance. With involvement in intra-financial sector such as fund management and finance leasing, we are able to support our upstream and downstream business partners who participate in our sales distributions and supply chain in better funding management. In precise, the Group has been benefited as a result from a shorten working capital turnover days from 70 days to 56 days for the past financial years, and enjoyed a higher efficiency in funding allocation in onshore and offshore by cash pooling setup. We believe that the above reforms will deepen our business development and enhance our results in the future.

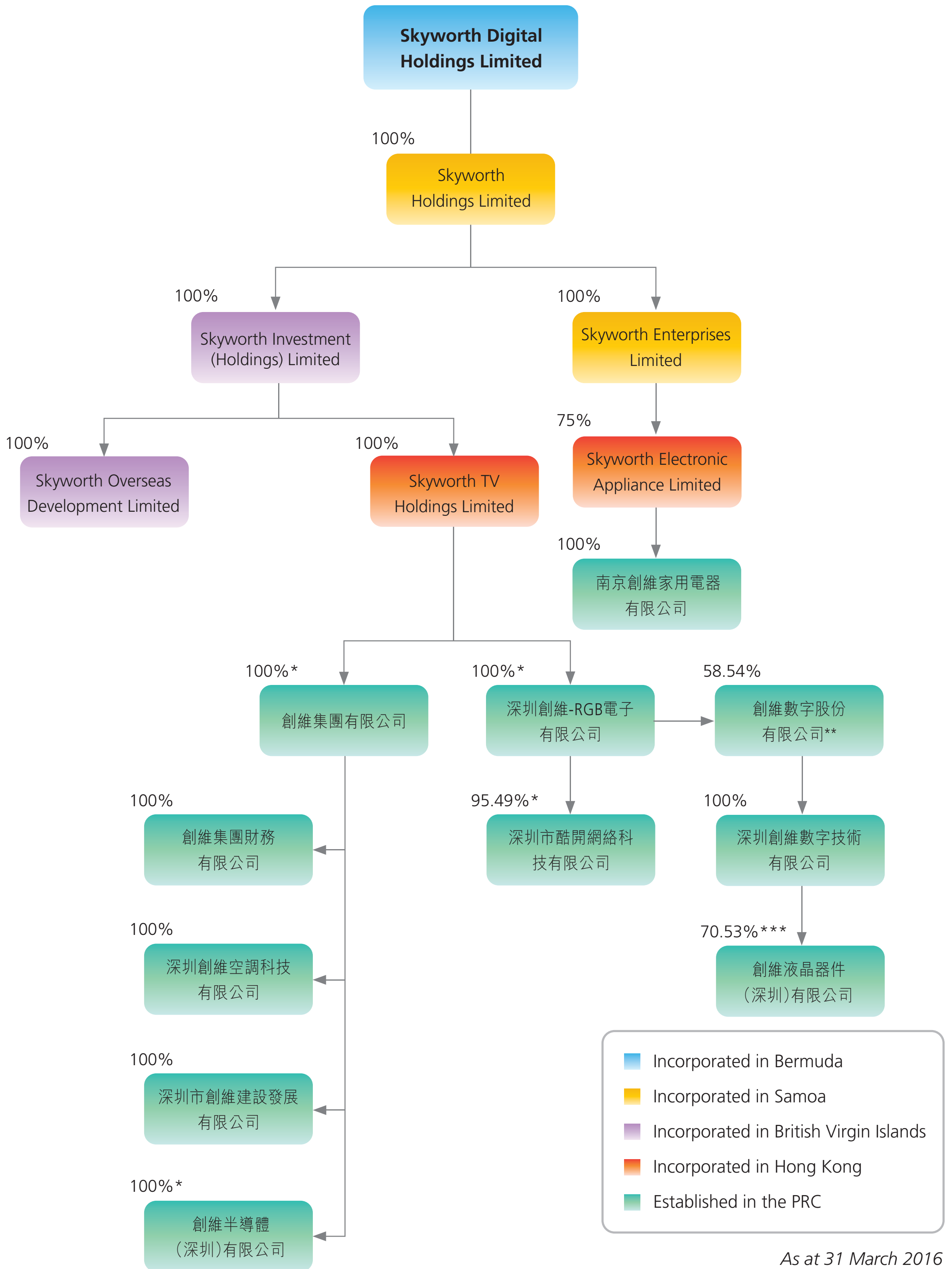


The Board regrets that Mr. Lu Rongchang ("Mr. Lu") resigned as executive Director with effect from 1 January 2016 due to retirement. On behalf of the Board, I would like to take this opportunity to express its gratitude to Mr. Lu for his valuable contribution and dedication to the Group. The Board is pleased to announce that Mr. Liu Tangzhi ("Mr. Liu") was appointed as an executive Director with effect from 15 December 2015 and the Board would like to take this opportunity to welcome Mr. Liu to join the Board.

Finally, on behalf of the Board, I would like to express my appreciation and gratitude to our Shareholders, business associates, customers and suppliers for their ongoing support and trust, especially to our colleagues and management team, who are the cornerstone of the success of the Group. With their commitments and contributions, another fruitful year has concluded. The Company will follow the mission and vision of the management team and rely on the efforts made by approximately 38,000 dedicated and loyal staff of the Group, I am confident that we have the ability to meet the challenges ahead and seize available opportunities. The Group is optimistic about the future and we are ready to move towards another milestone. In the upcoming year, we will continue to work closely to create greater success for the Group and drive higher returns for the Shareholders.

Yours sincerely,

Lin Wei Ping
Executive Chairperson
14 June 2016



As at 31 March 2016

* *Effective Interest of Skyworth Digital Holdings Limited*

** *Shares are listed in Shenzhen Stock Exchange, stock code: 000810*

*** *Effective interest of Skyworth Digital Holdings Limited, SSDT effectively holds 51% interest*

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONAL AND FINANCIAL REVIEW

Overall Business Review

For the Reporting Year, the consolidated revenue of the Group reached HK$42,695 million (2015: HK$40,135 million), representing an increase of 6.4% when compared with the Previous Year. The profit for the year reached HK$2,527 million (2015: HK$3,350 million), representing a decrease of 24.6%, on a yearly basis. By excluding the one-off gain on disposal of land and other associated assets in the Previous Year, the profit for the year has shown an increase of 27.1%, on a yearly basis. Gross profit margin was 21.9% (2015: 20.0%), increased by 1.9 percentage points when compared with the Previous Year.

For the Reporting Year, thanks to the co-effort of the Group's sales teams, the total sales volume of TV reached a historical high of 14 million sets. The sales volume of 4K Smart TV has increased significantly by 101.6%. The Group's sales volume of TV by product and geographical segment are analysed as follow:

	April 2015 to March 2016 **Unit ('000)**	April 2014 to March 2015 Unit ('000)	**April 2015 to March 2016 vs. April 2014 to March 2015** **Increase/ (Decrease)**
China Market	**10,036**	9,459	6%
which comprises:			
– Smart TV (4K)	**2,793.8**	1,385.5	102%
– Smart TV (Non-4K)	**4,249.3**	3,435.1	24%
– Other Flat Panel TV	**2,992.8**	4,638.1	(35%)
Overseas Market	**4,410**	3,715	19%
which comprises:			
– LED LCD TV	**4,406.9**	3,712.5	19%
– Other TV	**3.4**	2.3	48%
Total TV sales volume	**14,446**	13,174	10%

The TV business unit in China market recorded the following numbers of users using Skyworth Smart TV as at 31 March 2016:

– Accumulated activated users: 12,650,509

– Weekly active users: 7,490,139

During the Reporting Period, although average selling price of TV has been decreasing due to significant drop in panel prices and other related raw material, the Group has implemented a product diversification strategy. The Group has begun to move its gaze from "TV" to "Smart Home" products. At the same time, by cohering with its diversification in market, channel and product strategies, the overall revenue was able to sustain a continuous growth. Secondly, the Group actively sourced merger and acquisition opportunities in overseas market. By capitalising on brand and channel advantage through these overseas merger and acquisition projects, the Group has enhanced its self-owned brand awareness and market share in the overseas market.

Business Review by Geographical and Product Segments

Mainland China Market

For the Reporting Year, sales in mainland China market accounted for 77.7% of the Group's total revenue, a 5.1% growth from HK$31,541 million in the Previous Year to HK$33,153 million. The corresponding gross profit margin was 23.9% (2015: 22.0%), representing an increase of 1.9 percentage points year-on-year.

For the PRC Market, TV sales in mainland China market accounted for 72.8% of the Group's revenue from the PRC, while sales of digital set-top boxes and LCD modules and white appliances accounted for 12.0% and 6.5%, respectively. Other business units included those engaging in financial services, property leasing, lighting products, property development, security system, air conditioning and other electronic products etc., attributed to the remaining 8.7%.

TV products

During the Reporting Year, the Group has continuously focused on large panels and UHD products in mainland China market. The Group was able to strengthen its high-end brand image and position, and concentrated in promoting Smart TV products with higher profit margin and higher average selling price. As a result, the portion of 4K Smart TV products sales volume has increased by 27.8% when compared with the total TV products sales volume in mainland China, also represented a year-on-year growth of 101.6%. The Group has out-performed other competitors in the mainland China market in terms of sales volume. TV sales in mainland China amounted to HK$24,129 million (2015: HK$24,379 million), slightly decreased by 1.0% when compared with the Previous Year.

Along with internet popularity and increasing internet users, the e-commerce industry has received a great opportunity to develop and growth. The Group has fastened its pace in building the online to offline vertically integrated business strategy. Starting from April 2015, "Coocaa", an internet sub-brand of the Group, began to operate independently from the TV business unit and started to compete with other internet business new entrants focusing on youth users. As at 31 March 2016, the accumulated activated users of Coocaa Smart TV and weekly and daily active users were 9,519,615, 6,089,246 and 4,487,950, respectively. The sales volume of Coocaa TV represented 9.3% of the mainland China TV market.

According to the extrapolated TV sales data based on the market survey covering 711 cities with 6,023 retail terminals in mainland China performed by All View Consulting Co., Ltd. (a market research and marketing consulting company focusing on consumer electronic and home appliance industry, the establishment of which was initiated and advocated by China Video Industry Association in China) the Group's market shares among local and foreign TV brands in mainland China for the 12 months ended 31 March 2016 are as follow:

	Ranking	Market share
All TV		
– Volume	1	17.9%
– Revenue	1	17.4%
4K UHD TV		
– Volume	1	21.8%
– Revenue	1	19.1%

Digital set-top boxes and LCD modules

For the Reporting Year, the revenue of digital set-top boxes and LCD modules in mainland China market recorded HK$3,990 million (2015: HK$2,876 million), representing an increase of 38.7% or HK$1,114 million when compared with the Previous Year. The revenue of digital set-top boxes represented 85.8% or HK$3,425 million.

During the Reporting Year, the Group has injected the LCD modules business to the digital set-top boxes business unit and the controlling interest of LCD modules has completed the transferal, therefore, LCD modules has been included in its consolidated financial statements as of 31 March 2016.

The Group continues to concentrate its effort in developing radio and television network operators' market, by strengthen its B2B service and marketing abilities which help to maintain and explore smart terminal market. Owing to the reformation and consolidation of the provincial broadcasting platform, the Group was able to deliver its products in all provinces in mainland China and sustained its number 1 market share position in cable set-top box terminal market for 8 years consecutively. Apart from the traditional business, the Group forms in either cooperation or joint ventures with the radio and television network operators in mainland China to expand its value-added services. Meanwhile, the Group actively nurtures and develops new profit growth point, so as to maintain a momentum in revenue growth.

White Appliances

For the Reporting Year, the revenue of white appliances in mainland China market recorded HK$2,156 million (2015: HK$1,895 million), representing an increase of 13.8% or HK$261 million.

The Group has imposed a diversified products strategy for the white appliances products. During the Reporting Year, the Group has promoted a product mix improvement and resulted competitively for diversified products such as large-volume direct cooling refrigerators, air-cooled refrigerators and inverter washing machines. In addition to the second half of the year, our sales channel has comprehensive coverage of large scale chain stores, on-line shops and traditional rural markets, resulted in a strong sales growth in slack season and lead to a remarkable revenue of the washing machines compared with the Previous Year.

On the other hand, during the Reporting Year, the Group adopted its self-developed healthy and intelligent technological platform ("i-health") to its products and successfully integrated internet and smart features to its refrigerator and washing machine. It is expected that the continuous upgrade and intelligent process of white appliances will become the future growing point of white appliances business unit.

Overseas Market

For the Reporting Year, revenue in overseas markets accounted for HK$9,542 million (2015: HK$8,594 million), equivalent to 22.3% of overall revenue (2015: 21.4%), soared by HK$948 million or 11.0%. The gross profit margin was 13.2% (2015: 13.5%), representing a decrease of 0.3 percentage points when compared with the Previous Year.

TV products

For the Reporting Year, the revenue of overseas TV products was HK$5,983 million (2015: HK$5,762 million), equivalent to 62.7% (2015: 67.0%) of the total overseas revenue and grew by 3.8%. The sales volume of LCD LED TV in overseas reached to 4 million sets, grew by 18.7% when compared with the Previous Year. The gross profit of TV products has showed a remarkable growth of 2.5 percentage point to 10.1% (2015: 7.6%).

The Group successfully acquired the TV segment of METZ in the first half of the Reporting Year and implemented a dual-brand marketing strategy to promote the Group's brand products in European markets. The Group focused on expanding the market share of middle to high-end TV products which led to LED LCD TV comprised 99.9% to the total sales volume. Over the years, the Group through OEM, ODM and set up overseas branches to promote our own brand, which already gained increasing popularity and visibility in the overseas markets. During the Reporting Year, the proportion of our own branded sales increased to 13.3%. In addition, the Group would adjust its product mix by differentiating market preferences, as well as actively explore diversified sales channels. All these measures resulted in an outstanding revenue growth in overseas market.

Digital set-top boxes and LCD modules

The revenue of overseas digital set-top boxes and LCD modules for the Reporting Year has increased by 25.8% to HK$2,695 million (2015: HK$2,143 million).

The Group continued to execute its international strategy and achieved volume sales in 95 nations and regions around the world. In addition, the Group has engaged a number of senior management and executives who possessed extensive international experience, in order to establish an international sales team that equipped with local knowledge, and to create a diversified sales channels and service platforms. Meanwhile, the Group has actively developed European and South American market, and also set-up South Africa and India subsidiaries to establish local manufacturing, supply chain and service mechanism. During the Reporting Year, the Group has acquired Strong Media in Europe, with its distribution channels and branding, the Group can accelerate its penetration to high-end market in Europe. On the other hand, the Group will extend its sales model from B2B to B2C, in order to deploy its strategy of internet retail channel brand for OTT smart terminal as well as value added after-sales service operation. All of these have contributed to a favourable growth in overseas sales.

Geographical distribution in overseas markets

During the Reporting Year, the Group's major overseas markets are in Asia, America, Europe and Middle East, which contributed 92.0% (2015: 76.0%) of the total overseas revenue. The geographical distribution of the revenue in percentage for overseas markets is illustrated as follows:

	Twelve months ended 31 March	
	2016	2015
	(%)	(%)
Asia	**45**	25
America	**20**	35
Europe	**14**	11
Middle East	**13**	5
Africa	**8**	24
	100	100

Gross Profit Margin

For the Reporting Year, the overall gross profit margin of the Group increased by 1.9 percentage points from 20.0% to 21.9% year-on-year.

For the Reporting Year, although the average selling price of TV in mainland China market was declining, the procurement cost for TV panel ended up dropping even more. In addition, the Group has also imposed a series of cost control policy such as automation and upgrading in product technology and quality, strengthened new products promotion, speeded up the switching cycle of middle to high-end products, and kept adjusting the product mix to meet the market demand. The Group focused in marketing products with higher profit margin and larger panel size, which improved its gross profit margin when compared with the Previous Year.

Expenses

The Group's selling and distribution expenses mainly comprised of promotion and marketing, management fees, salaries and wages for sales teams, repair and maintenance, and transportation. For the Reporting Year, selling and distribution expenses decreased by HK$79 million or 1.6% from HK$4,835 million in Previous Year to HK$4,756 million. The selling and distribution expenses to revenue ratio decreased by 0.9 percentage points from 12.0% to 11.1%.

The Group's general and administrative expenses for the Reporting Year rose by HK$845 million or 48.7% from HK$1,736 million in Previous Year to HK$2,581 million. The general and administrative expenses to revenue ratio increased by 1.7 percentage points from 4.3% to 6.0%, mainly attributable to developing more resources in research and development expenses to develop smart, energy saving, healthy and high quality products with multi-features such as the 4K OLED HDR, which is the highest standard in display technology in the world.

LIQUIDITY, FINANCIAL RESOURCES AND CASH FLOW MANAGEMENT

The Group adopted a prudent financial policy to maintain a stable financial growth. At the end of the Reporting Year, the Group's net current assets amounted to HK$10,675 million (2015: HK$8,992 million), increased by HK$1,683 million or 18.7% from 31 March 2015. Bank balances and cash amounted to HK$5,023 million (2015: HK$3,317 million), representing an increase of HK$1,706 million, compared with that as at 31 March 2015. Pledged bank deposits amounted to HK$493 million (2015: HK$423 million) increased by HK$70 million.

At the end of the Reporting Year, secured assets included HK$493 million pledged bank deposits (2015: HK$423 million), finance lease receivables of HK$158 million (2015: nil), trade receivables of HK$88 million (2015: nil) as well as certain prepaid lease payments on land use rights, leasehold land and properties in the mainland China and Hong Kong with net book value of HK$286 million (2015: HK$206 million).

The Group adheres to its principle of prudence and committed to maintain a healthy financial position. At the end of the Reporting Year, total bank loans amounted to HK$8,105 million (2015: HK$2,586 million). The debt to equity ratio revealed as 48.5% (2015: 17.0%). Other key financial ratios are included in Financial Highlights of the annual report.

TREASURY POLICY

Most of the Group's major investments and revenue streams are from mainland China. The Group's assets and liabilities are mainly denominated in RMB; others are denominated in HK$, USD and EUR. The Group uses general trade financing to fulfill the needs in operating cash flow. In order to reduce finance costs, the Group exploits the currency-based and income-based financial management tools introduced by banks to offset such costs. During the Reporting Year, the Group recognised HK$7 million net foreign exchange gains (2015: HK$8 million) associated with general operation.

The management of the Group regularly reviews the foreign currency and interest rate exposures, in order to determine the need on hedging of foreign exchange. It is expected that RMB will remain depreciation with a steady pace. However, since RMB is the Group's major transaction currency, it is anticipated that the Group will not expose to a significant exchange rate risk due to the fluctuation of RMB. In addition, the Group's actively reduce loans and payables which are denominated in USD, so as to minimise losses triggered by its appreciation.

SIGNIFICANT INVESTMENTS AND ACQUISITION

During the Reporting Year, in order to cope with the expanding production scale and improving production capacity, an addition of HK$909 million in construction projects located in Guangzhou, Nanjing, Yichun and Shenzhen were underway. The Group had also spent approximately HK$375 million on ancillary machinery in production lines and other equipment and improvement of facilities in production plants. The Group planned to further invest approximately HK$669 million on property, plant and equipment, factory buildings and office premises under development, in order to cater for future business needs in intelligent, diversified and internationalised products.

During the Reporting Year, the Group executed its internationalisation strategy by acquiring TV related assets from METZ at approximately EUR 5.43 million, and acquiring 80% equity interests in Strong Media at EUR 24 million. With METZ's research and development technology, reputable brand and existing distribution channels, the Group is able to benefit from these advantages to develop our brand products and to shorten the time needed to develop a supply chain system in the European market. Meanwhile, the Group has acquired Europe's leading set-top box brands – Strong Media, fusing together our ability in research, development, design, supply chain and manufacturing to the international branding, distribution channels and capabilities of Strong Media. This will bring complementary resources and synergy for both companies and provide a greater impetus to the expansion of overseas market. This will enhance the Group's market share in Europe, Central Asia and North African markets.

CONTINGENT LIABILITIES

There are individual patent disputes which arise from time to time in the ordinary course of business of the Group. The Group is in the course of processing these matters. The Directors are of the view that these patent disputes will not have a material adverse impact on the consolidated financial statements of the Group.

HUMAN RESOURCES CAPITAL

As at 31 March 2016, the Group had approximately 38,000 (2015: 34,000) employees in China and overseas, including sales personnel situated throughout 41 branches and 217 sales offices in China. The Group gives high emphasis on fundamental employee benefits, appraisal systems, long-term and short-term incentive scheme, in motivation and recognition of staff with outstanding contributions and performance. The Group values and allocates substantial resources for staff development, focusing on pre-employment and on-the-job trainings, providing punctual commentaries on latest industry trends, policies and guidelines to improve the quality of human capital.

The Group's remuneration policy is based on individual competence and performance, as well as overall human resources market set. Such details, along with information on the duties and services performed by the Remuneration Committee and Nomination Committee are disclosed in the Corporate Governance Report.

OUTLOOK

The management of the Group expected that the operating environment of TV market in 2016 will be challenging. This is mainly because (1) TV market in mainland China will reach a bottleneck; (2) new entrance will create fierce competition with existing brands on market and product reform; (3) the oversupply of LCD panel will be eased soon. Going forward, the TV market is full of uncertainties, however, management believe that we will be able to manage all these challenges. In addition, the Group will speed up their development pace in overseas markets and will direct its effort in "Internationalisation, diversification, and intellectualisation" strategies. With our strength in products innovation, technological enhancement and instant response to markets, the Group is confident to maintain its leading position. Hence, the Group project an aggregated annual target of 17 million sets TV sales volume for the Financial Year 2016/17, 11 million sets (including 4.85 million sets 4K Smart TV and 3.85 million sets Non-4K Smart TV) in mainland China market and 6 million sets in the overseas market respectively.

In Year 2016, The Group will implement two approaches to sustain our business strategies. Firstly, to extend our core business from mainland China to overseas market through internationalizing our brand products, in order to seize the international market shares. Secondly, to achieve products diversification and focus on smart home and appliance products. In addition, the management of the Group believes that OLED TV will gradually replace LED TV, as the highest standard in display technology in the future. The Group believes it is now the timing to launch OLED TV and it is anticipated that production cost of OLED can be reduced with the increase in scale. In Year 2016, the Group will vigorously promote OLED products and we expect that OLED penetration can reach a satisfactory level in 2020.

DIRECTORS AND SENIOR MANAGEMENT PROFILES

EXECUTIVE DIRECTORS

Ms. Lin Wei Ping, aged 58, is an executive Director, a member of remuneration committee of the Company and a director of certain subsidiaries of the Company. She was appointed as the executive chairperson of the Company since 1 April 2013.

Ms. Lin joined the Group in 1993. Ms. Lin was the deputy manager of purchasing department and administration manager in Hong Kong and subsequently, the head of human resources department of the Group, primarily responsible for material purchasing from overseas market and administration and human capital management for certain companies within the Group.

Ms. Lin graduated from South China University of Technology in the PRC with a bachelor degree in electronic engineering. Before joining the Group, Ms. Lin had worked in the Ministry of Information Industry in the PRC as a research engineer.

Ms. Lin is the spouse of Mr. Wong Wang Sang, Stephen, who is a former non-executive Director and a controlling shareholder of the Company. Save and except for the relationship mentioned above, Ms. Lin does not have any relationship with any Director, senior management, substantial shareholder or controlling shareholder of the Company.

As at 31 March 2016, Ms. Lin has interests in the Shares within the meaning of Part XV of the SFO. Please refer to the details of her interests set out on pages 31 to 40 of this annual report.

Mr. Yang Dongwen, aged 51, is an executive Director as well as a director of certain subsidiaries of the Company and the president of the Group. Mr. Yang was appointed as the chief executive officer of the Company on 15 February 2012. He mainly focuses on the business operations of the Group, assists the Board to formulate strategies for the Group and ensures they are implemented successfully.

Mr. Yang joined the Group in May 1998 as the financial controller of the finance headquarters in the PRC and from August 2000 to August 2003, he was the general manager of the sales headquarters of the Group in the PRC. Mr. Yang left the Group in August 2003 for 2 years working for Oriental Yeyang Textile Co., Ltd. as president. He rejoined the Group in September 2005 as the president of the China TV business unit of the Group, responsible for managing the research, manufacture and sales of the Group's television products. Mr. Yang graduated from Zhongnan University of Economics and Laws in the PRC with a bachelor degree in economics and law and graduated from Nankai University in the PRC with a master degree in Law. He served as the director of the accountancy department and an associate professor of the School of Economics in Hainan University in the PRC in his early years. He was later the chairman of the Hainan Zhongda Certified Public Accountants firm.

Save and except for the relationship with the Group mentioned above, Mr. Yang does not have any relationship with any Director, senior management, substantial shareholder or controlling shareholder of the Company.

As at 31 March 2016, Mr. Yang has interests in the Shares within the meaning of Part XV of the SFO. Please refer to the details of his interests set out on pages 31 to 40 of this annual report.

Mr. Shi Chi, aged 45, is an executive Director. He joined the Group in 2000 and is a director and the President of Skyworth Digital Co. Ltd., a subsidiary of the Company, in which Mr. Shi holds 4.18% of the shareholding and is listed on the Shenzhen Stock Exchange (Stock code: Shenzhen 000810). He is also a director of certain subsidiaries of the Company.

Mr. Shi graduated from Huazhong University of Science & Technology with a Doctorate degree in Communication and Electronic System. Mr. Shi has been participating in numerous national and provincial projects on technological researches, in charge of designing several high-end digital television products and publishing over 20 articles in various professional and science journals. He is the vice president of China Radio and TV Equipment Industry Association.

Save and except for the relationship with the Group mentioned above, Mr. Shi does not have any relationship with any Director, senior management, substantial shareholder or controlling shareholder of the Company.

As at 31 March 2016, Mr. Shi has interests in the Shares within the meaning of Part XV of the SFO. Please refer to the details of his interests set out on pages 31 to 40 of this annual report.

Ms. Chan Wai Kay Katherine, aged 57, is an executive Director and a director of certain subsidiaries of the Company. Ms. Chan was appointed as an INED in July 2010 and on 9 September 2013, was re-designated as an executive Director. Ms. Chan is also a member of the nomination committee of the Company.

Ms. Chan holds a Bachelor degree of Business Administration from the University of Southern California, USA. Ms. Chan has around 20 years of experience in financial services industry and has extensive experience in supervising initial public offerings and other fund raising exercises conducted by companies in Asia. With various key positions previously held in listed companies, Ms. Chan has profound practicing knowledge in company's strategic planning and corporate management of listed companies.

At present, Ms. Chan is also the deputy chairman and an executive director of China Ground Source Energy Industry Group Limited (Stock code: Hong Kong 8128) which is listed on the Growth Enterprise Market of the Stock Exchange.

Save and except for the relationship with the Group mentioned above, Ms. Chan does not have any relationship with any Director, senior management, substantial shareholder or controlling shareholder of the Company.

As at 31 March 2016, Ms. Chan has interests in the Shares within the meaning of Part XV of the SFO. Please refer to the details of her interests set out on pages 31 to 40 of this annual report.

Mr. Liu Tangzhi, aged 53, joined the Group in 1998. He is an executive Director, the vice president of Skyworth Group Co., Ltd., the president of Shenzhen Chuangwei-RGB Electronics Co., Ltd. and also a director of certain subsidiaries of the Company.

Mr. Liu graduated from the Zhongnan University of Economics and Law in Wuhan with a bachelor degree in economics, and graduated from Macao University of Science and Technology with a master degree in business administration.

Save and except for the relationship with the Group mentioned above, Mr. Liu does not have any relationship with any Director, senior management, substantial shareholder or controlling shareholder of the Company.

As at 31 March 2016, Mr. Liu has interests in the Shares within the meaning of Part XV of the SFO. Please refer to the details of his interests set out on pages 31 to 40 of this annual report.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cheong Ying Chew, Henry, aged 68, is an INED, the chairperson of audit committee, a member of remuneration committee and nomination committee of the Company.

Mr. Cheong holds a Bachelor of Science (Mathematics) degree from Chelsea College, University of London and a Master of Science (Operational Research and Management) degree from Imperial College, University of London. Mr. Cheong has over 35 years of experience in the securities industry.

He is also an independent non-executive director of Cheung Kong Property Holdings Limited, Cheung Kong Infrastructure Holdings Limited, TOM Group Limited, CNNC International Limited, Greenland Hong Kong Holdings Limited, Hutchison Telecommunications Hong Kong Holdings Limited and New World Department Store China Limited, all being listed in Hong Kong. He is also an independent director of BTS Group Holdings Public Company Limited, a company listed in Thailand, and an executive director and the deputy chairman of Worldsec Limited, a company listed in London. He was previously an independent non-executive director of Creative Energy Solutions Holdings Limited, Cheung Kong (Holdings) Limited and CK Hutchison Holdings Limited. He was also a member of the Securities and Futures Appeals Tribunal and a member of the Advisory Committee of the Securities and Futures Commission.

Save and except for the relationship with the Group mentioned above, Mr. Cheong does not have any relationship with any Director, senior management, substantial shareholder or controlling shareholder of the Company.

As at 31 March 2016, Mr. Cheong does not have interests in the Shares of the Company within the meaning of Part XV of the SFO.

Mr. Li Weibin, aged 55, is an INED, the chairperson of remuneration committee, a member of audit committee and nomination committee of the Company.

Mr. Li is a practicing solicitor in Hong Kong and is the founder and senior partner of Li & Partners, a firm of solicitors in Hong Kong. He graduated from the China University of Political Science and Law in Beijing, the postgraduate school of the Chinese Academy of Social Sciences in Beijing and the University of Hong Kong with a bachelor degree in law, a master degree in law and a bachelor degree in common law, respectively. Mr. Li is also admitted to practice law in the PRC, England and Wales and New York, USA. Mr. Li is a China-appointed attesting officer, a visiting professor in the China University of Political Science and Law and has worked in the legal field for 30 years.

Save and except for the relationship with the Group mentioned above, Mr. Li does not have any relationship with any Director, senior management, substantial shareholder or controlling shareholder of the Company.

As at 31 March 2016, Mr. Li has interests in the Shares within the meaning of Part XV of the SFO. Please refer to the details of his interests set out on pages 31 to 40 of this annual report.

Mr. Wei Wei, aged 50, is an INED, the chairperson of nomination committee, a member of audit committee and remuneration committee of the Company.

Mr. Wei holds a bachelor degree of business administration from Huazhong University of Science & Technology. He also holds a master degree in business administration from Tsinghua University and a doctorate of philosophy degree in management science from Huazhong University of Science & Technology. Mr. Wei has more than 20 years of working experience in the field of education and research, mainly in strategic management, business model design and organisation economics. He is an associate professor in Peking University HSBC Business School. He was also director and associate professor of Department of Management Engineering in Xinjiang Institute of Technology, deputy dean of Department of Economics and Management in Xinjiang University and post-doctorate in China Centre for Economics Research, Peking University. Mr. Wei has been participating and in charge of in numerous enterprise management consultancy projects and publishing about 100 articles or case studies related to business model.

Mr. Wei is currently an independent non-executive director of AVIC International Holdings Limited (Stock Code: Hong Kong 00161) listed on the Main Board of Stock Exchange; he is also an independent director of Telling Telecommunication Holding Co., Ltd. (Stock code: Shenzhen 000829) and Zhangzidao Group Co., Ltd. (Stock code: Shenzhen 002069) both are listed on the Shenzhen Stock Exchange. Mr. Wei was an independent director of Changyuan Group Ltd. (Stock code: Shanghai 600525) listed on the Shanghai Stock Exchange and was an independent non-executive director of ZTE Corporation (Stock codes: Shenzhen 000063 and Hong Kong 00763).

Save and except for the relationship with the Group mentioned above, Mr. Wei does not have any relationship with any Director, senior management, substantial shareholder or controlling shareholder of the Company.

As at 31 March 2016, Mr. Wei does not have interests in the Shares within the meaning of Part XV of the Securities and Future Ordinance.

SENIOR MANAGEMENT

Mr. Sun Ruikun, aged 52, joined the Group in September 2013. He is the vice president of the Group, head of human resources department and also a director of certain subsidiaries of the Company.

Mr. Sun graduated from the Nankai University of Economics with a bachelor degree in history, and graduated from the China Europe International Business School with a master degree in executive business administration.

Mr. Sun has more than 30 years of management experience in the field of government authorities, large government-owned businesses and investments. He was an investment partner of Qiming Venture Partners, a vice president of ShangHai HuaHong Group, a vice president and deputy president of Shanghai HuaHong NEC Electronics Company Limited, a chairperson and chief executive officer of Shanghai HuaHong Integrated Circuit Company Limited, a chairperson of Beijing HuaHong IC Design Company Limited, a deputy secretary-general of Chinese Institute of Electronics, a deputy chairperson and chairperson of presidium of China Semiconductor Industry Association, and a deputy chairperson of Shanghai Semiconductor Association. Prior to this, Mr. Sun worked in the former PRC Economic and Trade Committee, PRC State Planning Committee, PRC Ministry of Electronic Industry, General Office of the CPPCC National Committee.

Save and except for the relationship with the Company as mentioned above, Mr. Sun does not have any relationship with any Director, senior management, substantial shareholder or controlling shareholder of the Company.

Mr. Lam Shing Choi, Eric, aged 44, is the Company Secretary and the group financial controller of the Company.

Mr. Lam joined the Group in March 1998 as the finance manager, was responsible for setting up computerised accounting system of the sales head office in Dongguan, coordinating with the auditors and the preparation of monthly financial statements. In January 2001, he was transferred to Skyworth Multimedia International Limited (a wholly-owned subsidiary of the Company) as the financial controller, in charge of the finance department. From 2006 to 2007, he worked as the financial controller of Skyworth Overseas Development Limited (a wholly-owned subsidiary of the Company), oversaw the finance department, internal control, financial statements and banking facilities. Mr. Lam then served as the financial controller of Skyworth TV Holdings Limited, a wholly owned subsidiary of the Company, from 2007 to 2011 and was responsible for banking facility arrangement and financial reporting of the Company. He was the financial controller of the TV business unit of the Group in December 2011 and the LCD business unit of the Group since December 2012, respectively. He is also a director of certain subsidiaries of the Company.

Mr. Lam graduated from Monash University in Australia with a bachelor degree of business in accounting and a bachelor degree of computing in information systems. Mr. Lam is a fellow member of the HKICPA and a member of the Certified Practising Accountants in Australia. Mr. Lam has over 20 years of working experience in corporate finance, banking and accounting.

Save and except for the relationship with the Company as mentioned above, Mr. Lam does not have any relationship with any Director, senior management, substantial shareholder or controlling shareholder of the Company.

Mr. Wang Dehui, aged 60, joined the Group in 2007. He is the vice president of China TV business unit of the Group, and also the general manager of headquarters of manufacture in Shenzhen Chuangwei-RGB Electronics Co., Ltd. and a director of certain subsidiaries of the Company.

Mr. Wang graduated from the Jiangxi Institute of Technologies (now is called Nanchang University) with a bachelor degree in mechanical engineering in 1982, and graduated from Renmin University of China in master of business administration in 2003. He has dedicated to research moulds, injection moulding, spraying and machinery manufacturing industry for over 28 years. In 1996, he was awarded the title of senior engineer. He owns a number of national patent and national scientific and technological achievements.

Save and except for the relationship with the Company as mentioned above, Mr. Wang does not have any relationship with any Director, senior management, substantial shareholder or controlling shareholder of the Company.

Mr. Sun Weizhong, aged 40, is the vice president of China TV business unit of the Group and the general manager of overseas sales, as well as a director of certain subsidiaries of the Company.

Mr. Sun joined the Group in 1999 after he graduated from the Northwestern Polytechnic University with a Bachelor degree. In these years, he has worked as sales representative, manager of sales office, general manager of regional office, director of brand department, marketing director and sales director of China sales of the Group.

Save and except for the relationship with the Company as mentioned above, Mr. Sun does not have any relationship with any Director, senior management, substantial shareholder or controlling shareholder of the Company.

Mr. Peng Jin, aged 48, joined the Group in 1999. He is the vice president of China TV business unit of the Group and the general manager of China sales unit of the Group, as well as a director of certain subsidiaries of the Company.

Mr. Peng graduated from the Huazhong University of Science and Technology. In these years, he has worked as manager of service center, manager of regional office and general manager of regional office of the Group. Mr. Peng has over 10 years of working experience in brand promotion, marketing and sales operations.

Save and except for the relationship with the Company, Mr. Peng does not have any relationship with any Director, senior management, substantial shareholder or controlling shareholder of the Company.

Directors and Senior Management Profiles

Mr. Wu Qinan, aged 41, joined the Group in 2010. He is the general manager of Nanjing Skyworth Household Electronic Appliance Co., Ltd., and Shenzhen Skyworth Electronic Appliance TECH Co. Ltd. And also directors of the above companies and their subsidiaries.

Mr. Wu graduated from University of Electronic Science and Technology of China with a bachelor degree in electronic science and technology in 1995 and graduated from China Europe International Business School with master degree in business administration in 2009. Mr. Wu works in the field of consumer electronics for 20 years, and has extensive working experience in manufacturing management, product planning, marketing and business operations.

Save and except for the relationship with the Company as mentioned above, Mr. Wu does not have any relationship with any Director, senior management, substantial shareholder or controlling shareholder of the Company.

Mr. Li Xiaofang, aged 52, joined the Group in 2000. He is the general manager of Skyworth LCD Modules (Shenzhen) Co., Ltd. and also a director of certain subsidiaries of the Company.

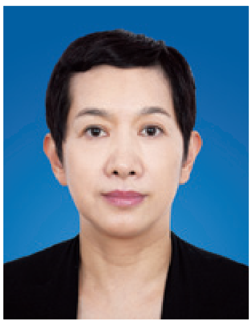
Mr. Li graduated from Shaanxi University of Technology with a bachelor degree in mechanical engineering in 1984 and graduated from Xi'an Jiaotong University with a master degree of management engineering in 1986. He graduated from Tianjin University with PhD degree, and was also an associate professor in economics and management. He has dedicated to business management teaching, research and practice for over 20 years. He also owns a number of national monographs and national scientific and technological achievements.

Save and except for the relationship with the Company as mentioned above, Mr. Li does not have any relationship with any Director, senior management, substantial shareholder or controlling shareholder of the Company.

Mr. Guo Limin, aged 58, joined the Group in July 1999, and is the assistant to the chairperson, the head of the legal affairs department of the Company, the chairman of the supervisory committee of Skyworth Digital Co., Ltd. and also a director of certain subsidiaries of the Company. Prior to that, he was the head of the administration department of the Group.

Mr. Guo graduated from the Southwest University of Political Science & Law in Chongqing with a bachelor degree in law, and is admitted to practice law in the PRC. Before joining the Group, he worked in the Southwest University of Political Science & Law and has extensive experience in the field of legal affairs and administration.

Save and except for the relationship with the Company as mentioned above, Mr. Guo does not have any relationship with any Director, senior management, substantial shareholder or controlling shareholder of the Company.



Ms. Shao Meifang, aged 60, joined the Group in 2002. She is the general manager of the construction business unit of the Group, and also a director of certain subsidiaries of the Company.

Ms. Shao graduated from Suzhou Vocational University major in economic management. In the year of 2006, she completed the course of real estate business administration from the Research Institute of Tsinghua University. She holds the qualification of China senior commerce operator. Before joining the Group, Ms. Shao had over 20 years of working experience in star-rated hotels and investing development companies acting as deputy general manager, general manager and other management positions.

Save and except for the relationship with the Company as mentioned above, Ms. Shao does not have any relationship with any Director, senior management, substantial shareholder or controlling shareholder of the Company.

DIRECTORS' REPORT

The Directors are pleased to present the annual report and the audited consolidated financial statements of the Group for the Reporting Year.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is an investment holdings company. The Group is principally engaged in the manufacture and sales of consumer electronic products and upstream accessories, property development and property holding. Details of the principal activities of the principal subsidiaries, associates and joint ventures are set out in notes 57, 24 and 25 of the consolidated financial statements, respectively.

Further discussion and analysis of these activities, including a fair review of the business and a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's businesses, can be found in the "Letter from Executive Chairperson" and "Management Discussion and Analysis" sections of this annual report. A description on the Company's environmental policies and performance; the Company's compliance with the relevant laws and regulations; and key relationships with its employees, customers and suppliers can be viewed on the "Corporate Social Responsibility Report" and "Corporate Governance Report" sections of this annual report. The aforementioned sections form part of this directors' report.

RESULTS AND APPROPRIATIONS

The results of the Group for the Reporting Year are set out in the consolidated statement of profit or loss and other comprehensive income on page 72 of the annual report.

An interim dividend for the six months ended 30 September 2015 of HK9.6 cents (for the six months ended 30 September 2014: HK9.5 cents) per Share amounting to approximately HK$280 million was paid to the Shareholders during the Reporting Year. The Board has proposed a final dividend for the Reporting Year of HK14.4 cents per Share (Previous Year: HK11.0 cents), totaling approximately HK$423 million (Previous Year: HK$314 million) as at the date of this report to the Shareholders whose names appear on the register of members of the Company at the close of business on 10 August 2016, and the retention of the remaining profit for the Reporting Year in reserves. Shareholders may elect to receive final dividend in the form of cash or new Shares or partly in Shares and partly in cash.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past 5 financial years is set out on page 185 of the annual report.

MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Year, the aggregate revenue attributable to the Group's 5 largest customers was less than 16.7% of the Group's total revenue. The aggregate purchase attributable to the Group's 5 largest suppliers accounted for 21.2% of the Group's total purchase and the purchase attributable to the Group's largest supplier was 10.9% of the total purchases.

None of the Directors, their associates or any Shareholders (who to the knowledge of the Directors owns more than 5% shareholding of the Company's share capital) has any interest in any of the Group's 5 largest customers or suppliers.

PROPERTY, PLANT AND EQUIPMENT

During the Reporting Year, the Group further incurred approximately HK$1,016 million in production plants construction at various locations within the PRC.

The Group set up production plants and acquired additional plant and machinery at a cost of approximately HK$268 million for the expansion of existing and setting up new production facilities. Details of these and other movements in the property, plant and equipment of the Group during the Reporting Year are set out in note 19 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the Reporting Year are set out in note 46 to the consolidated financial statements.

SHARE PREMIUM AND RESERVES

Details of movements in the share premium and reserves of the Group during the Reporting Year are set out in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to Shareholders as at 31 March 2016 amounted to approximately HK$1,850 million (2015: HK$1,769 million).

DONATIONS

During the Reporting Year, the Group made charitable donations approximately amounting to HK$4 million.

DIRECTORS

The Directors for the Reporting Year and up to the date of this report were:

Executive Directors:

Ms. Lin Wei Ping	*(Executive Chairperson)*
Mr. Yang Dongwen	*(Chief Executive Officer)*
Mr. Shi Chi	
Ms. Chan Wai Kay, Katherine	
Mr. Liu Tangzhi	*(Appointed with effect from 15 December 2015)*
Mr. Lu Rongchang	*(Resigned with effect from 1 January 2016)*

Independent non-executive Directors:

Mr. Li Weibin
Mr. Wei Wei
Mr. Cheong Ying Chew, Henry

In accordance with Clauses 86 and 87 of the Company's bye-laws, Ms. Lin Wei Ping, Ms. Chan Wai Kay, Katherine and Mr. Liu Tangzhi will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company. All other Directors continue in office.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of Directors and senior management of the Company are set out on pages 18 to 27 of the annual report.

DIRECTORS' SERVICE CONTRACTS

Each of the Directors has entered into a service contract with the Company for a term of not more than three years. These service contracts remain valid unless terminated for causes or by either party giving at least three months' written notice.

None of the Directors being 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.

EMOLUMENT POLICY

The emoluments of the Directors are reviewed by the Remuneration Committee from time to time, with reference to the qualifications, responsibilities, experience and performance of the individual Directors, and the operating results of the Group. Details of the policy are set out in the "Corporate Governance Report" on pages 43 to 57 of the annual report.

RETIREMENT BENEFITS SCHEMES

Details of the retirement benefits schemes of the Group are set out in note 55 to the consolidated financial statements.

DIRECTORS' INTERESTS IN SHARES, SHARE OPTIONS AND AWARDED SHARES

As at 31 March 2016, the interests of the Directors and of their associates in the Shares, share options, awarded shares and underlying shares of the Company and its associated corporations (within the meaning of the SFO), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and Stock Exchange pursuant to the Model Code, were as follows:

(a) Shares

As at 31 March 2016, Directors had long positions in the Shares as follows:

Name of Director	Capacity		Number of issued Shares held	Approximate percentage of the total number of issued Shares
Lin Wei Ping	Beneficial owner		8,633,970	0.30%
	Held by spouse	*(Notes a and b)*	1,113,468,379	37.87%
		(Notes a and c)	1,122,102,349	38.17%
Yang Dongwen	Beneficial owner		21,717,927	0.74%
Shi Chi	Beneficial owner		860,265	0.03%
	Held by spouse		882,738	0.03%
			1,743,003	0.06%
Chan Wai Kay, Katherine	Beneficial owner		3,900,000	0.13%
Liu Tangzhi *(Appointed with effect from 15 December 2015)*	Beneficial owner		3,831,153	0.13%
	Held by spouse		500,000	0.02%
			4,331,153	0.15%
Li Weibin	Beneficial owner		1,000,000	0.03%
Lu Rongchang *(Resigned with effect from 1 January 2016)*	Beneficial owner		2,684,871	0.09%

DIRECTORS' INTERESTS IN SHARES, SHARE OPTIONS AND AWARDED SHARES (Continued)

(a) Shares (Continued)

Notes:

(a) *1,113,468,379 Shares are held by Target Success in its capacity as trustee of the Skysource Unit Trust in which all of the units and issued shares of Target Success are held by Mr. Wong Wang Sang, Stephen. As such, Mr. Wong Wang Sang, Stephen is deemed to be interested in 1,113,468,379 Shares.*

(b) *Ms. Lin Wei Ping is interested in 1,122,102,349 Shares, which comprise 8,633,970 Shares held by herself, the deemed interests in 1,113,468,379 Shares held by her spouse Mr. Wong Wang Sang, Stephen.*

(c) *Mr. Wong Wang Sang, Stephen is interested in 1,122,102,349 Shares, which comprise the deemed interests in 1,113,468,379 Shares held by Target Success and the deemed interests in 8,633,970 Shares held by his spouse Ms. Lin Wei Ping.*

(b) Share options of the Company

(i) Particulars of the share option schemes of the Company are set out in note 48 to the consolidated financial statements.

(ii) As at 31 March 2016, certain Directors had personal interests in the share options granted under the Company's share option schemes as follows:

Name of Director	Capacity	Number of share options held/ underlying shares of the Company
Yang Dongwen	Beneficial owner	10,000,000
Chan Wai Kay, Katherine	Beneficial owner	7,500,000
Shi Chi	Beneficial owner	8,000,000
Liu Tangzhi *(Appointed with effect from 15 December 2015)*	Beneficial owner	16,000,000
Lu Rongchang *(Resigned with effect from 1 January 2016)*	Beneficial owner	8,000,000
Total		49,500,000

DIRECTORS' INTERESTS IN SHARES, SHARE OPTIONS AND AWARDED SHARES (Continued)

(b) Share options of the Company (Continued)

(iii) The particulars of share options granted to the Directors and the movement during the Reporting Year were as follows:

Under 2008 Share Option Scheme

				Number of share options				
Date of grant	Exercise price HK$	Vesting period	Exercisable period	Outstanding as at 1 April 2015	Granted during the year	Exercised during the year *(Note)*	Cancelled during the year	Outstanding as at 31 March 2016
Directors:								
Yang Dongwen								
24 March 2011	4.440	24 March 2011 to 31 August 2012	1 September 2012 to 30 September 2018	1,000,000	–	(1,000,000)	–	–
		24 March 2011 to 31 August 2013	1 September 2013 to 30 September 2018	1,000,000	–	(1,000,000)	–	–
		24 March 2011 to 31 August 2014	1 September 2014 to 30 September 2018	1,000,000	–	(1,000,000)	–	–
		24 March 2011 to 31 August 2015	1 September 2015 to 30 September 2018	1,000,000	–	–	–	1,000,000
		24 March 2011 to 31 August 2016	1 September 2016 to 30 September 2018	1,000,000	–	–	–	1,000,000
28 June 2013	3.982	28 June 2013 to 31 August 2014	1 September 2014 to 30 September 2018	2,000,000	–	(2,000,000)	–	–
		28 June 2013 to 31 August 2015	1 September 2015 to 30 September 2018	2,000,000	–	–	–	2,000,000
		28 June 2013 to 31 August 2016	1 September 2016 to 30 September 2018	2,000,000	–	–	–	2,000,000
		28 June 2013 to 31 August 2017	1 September 2017 to 30 September 2018	2,000,000	–	–	–	2,000,000
		28 June 2013 to 31 August 2018	1 September 2018 to 30 September 2018	2,000,000	–	–	–	2,000,000

DIRECTORS' INTERESTS IN SHARES, SHARE OPTIONS AND AWARDED SHARES (Continued)

(b) Share options of the Company (Continued)

Under 2008 Share Option Scheme (Continued)

Date of grant	Exercise price HK$	Vesting period	Exercisable period	Number of share options: Outstanding as at 1 April 2015	Granted during the year	Exercised during the year *(Note)*	Cancelled during the year	Outstanding as at 31 March 2016
Directors: *(Continued)*								
Shi Chi								
24 March 2011	4.440	24 March 2011 to 31 August 2012	1 September 2012 to 30 September 2018	600,000	–	–	–	600,000
		24 March 2011 to 31 August 2013	1 September 2013 to 30 September 2018	600,000	–	–	–	600,000
		24 March 2011 to 31 August 2014	1 September 2014 to 30 September 2018	600,000	–	–	–	600,000
		24 March 2011 to 31 August 2015	1 September 2015 to 30 September 2018	600,000	–	–	–	600,000
		24 March 2011 to 31 August 2016	1 September 2016 to 30 September 2018	600,000	–	–	–	600,000
16 September 2011	4.080	16 September 2011 to 31 August 2012	1 September 2012 to 30 September 2018	1,000,000	–	–	–	1,000,000
		16 September 2011 to 31 August 2013	1 September 2013 to 30 September 2018	1,000,000	–	–	–	1,000,000
		16 September 2011 to 31 August 2014	1 September 2014 to 30 September 2018	1,000,000	–	–	–	1,000,000
		16 September 2011 to 31 August 2015	1 September 2015 to 30 September 2018	1,000,000	–	–	–	1,000,000
		16 September 2011 to 31 August 2016	1 September 2016 to 30 September 2018	1,000,000	–	–	–	1,000,000

DIRECTORS' INTERESTS IN SHARES, SHARE OPTIONS AND AWARDED SHARES (Continued)

(b) Share options of the Company (Continued)

Under 2008 Share Option Scheme (Continued)

Date of grant	Exercise price HK$	Vesting period	Exercisable period	Number of share options: Outstanding as at 1 April 2015	Granted during the year	Exercised during the year (Note)	Cancelled during the year	Outstanding as at 31 March 2016
Directors: *(Continued)*								
Chan Wai Kay, Katherine								
9 September 2013	4.368	9 September 2013 to 31 August 2014	1 September 2014 to 30 September 2018	2,500,000	–	(2,500,000)	–	–
		9 September 2013 to 31 August 2015	1 September 2015 to 30 September 2018	2,500,000	–	–	–	2,500,000
		9 September 2013 to 31 August 2016	1 September 2016 to 30 September 2018	2,500,000	–	–	–	2,500,000
		9 September 2013 to 31 August 2017	1 September 2017 to 30 September 2018	2,500,000	–	–	–	2,500,000
Liu Tangzhi *(Appointed with effect from 15 December 2015)*								
24 March 2011	4.440	24 March 2011 to 31 August 2012	1 September 2012 to 30 September 2018	600,000	–	–	–	600,000
		24 March 2011 to 31 August 2013	1 September 2013 to 30 September 2018	600,000	–	–	–	600,000
		24 March 2011 to 31 August 2014	1 September 2014 to 30 September 2018	600,000	–	–	–	600,000
		24 March 2011 to 31 August 2015	1 September 2015 to 30 September 2018	600,000	–	–	–	600,000
		24 March 2011 to 31 August 2016	1 September 2016 to 30 September 2018	600,000	–	–	–	600,000
9 July 2014	3.870	9 July 2014 to 31 August 2015	1 September 2015 to 30 September 2018	750,000	–	–	–	750,000
		9 July 2014 to 31 August 2016	1 September 2016 to 30 September 2018	750,000	–	–	–	750,000
		9 July 2014 to 31 August 2017	1 September 2017 to 30 September 2018	750,000	–	–	–	750,000
		9 July 2014 to 31 July 2018	1 August 2018 to 30 September 2018	750,000	–	–	–	750,000

DIRECTORS' INTERESTS IN SHARES, SHARE OPTIONS AND AWARDED SHARES (Continued)

(b) Share options of the Company (Continued)

Under 2008 Share Option Scheme (Continued)

				Number of share options				
Date of grant	Exercise price HK$	Vesting period	Exercisable period	Outstanding as at 1 April 2015	Granted during the year	Exercised during the year *(Note)*	Cancelled during the year	Outstanding as at 31 March 2016
Directors: *(Continued)*								
Lu Rongchang *(Resigned with effect from 1 January 2016)*								
21 June 2010	6.580	21 June 2010 to 20 June 2011	21 June 2011 to 30 September 2018	1,500,000	–	–	–	1,500,000
		21 June 2010 to 20 June 2012	21 June 2012 to 30 September 2018	1,500,000	–	–	–	1,500,000
		21 June 2010 to 20 June 2013	21 June 2013 to 30 September 2018	1,500,000	–	–	–	1,500,000
		21 June 2010 to 20 June 2014	21 June 2014 to 30 September 2018	1,500,000	–	–	–	1,500,000
14 February 2012	3.810	14 February 2012 to 31 August 2012	1 September 2012 to 30 September 2018	400,000	–	–	–	400,000
		14 February 2012 to 31 August 2013	1 September 2013 to 30 September 2018	400,000	–	–	–	400,000
		14 February 2012 to 31 August 2014	1 September 2014 to 30 September 2018	400,000	–	–	–	400,000
		14 February 2012 to 31 August 2015	1 September 2015 to 30 September 2018	400,000	–	–	–	400,000
		14 February 2012 to 31 August 2016	1 September 2016 to 30 September 2018	400,000	–	–	–	400,000
Total				47,000,000	–	(7,500,000)	–	39,500,000

DIRECTORS' INTERESTS IN SHARES, SHARE OPTIONS AND AWARDED SHARES (Continued)

(b) Share options of the Company (Continued)

Under 2014 Share Option Scheme

Date of grant	Exercise price HK$	Vesting period	Exercisable period	Number of share options: Outstanding as at 1 April 2015	Granted during the year	Exercised during the year (Note)	Cancelled during the year	Outstanding as at 31 March 2016
Director:								
Liu Tangzhi *(Appointed with effect from 15 December 2015)*								
15 December 2015	4.830	15 December 2015 to 14 December 2016	15 December 2016 to 30 September 2018	–	3,300,000	–	–	3,300,000
		15 December 2015 to 14 December 2017	15 December 2017 to 30 September 2018	–	3,300,000	–	–	3,300,000
		15 December 2015 to 30 March 2018	31 March 2018 to 30 September 2018	–	3,400,000	–	–	3,400,000
Total				–	10,000,000	–	–	10,000,000

Note: The weighted average closing prices of the Shares immediately before the date on which the share options were exercised during the Reporting Year was HK$6.467.

(c) Awarded shares of the Company

(i) Share Award Scheme

The Share Award Scheme was approved by the Board on 24 June 2014. The maximum number of Shares can be awarded or held under the Share Award Scheme is limited to 2% of the issued share capital of the Company from time to time. The maximum number of Shares (including vested and non-vested) which may be awarded to a selected employee under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company from time to time. During the Reporting Year, 38,646,000 Shares were purchased by the Company in the market through an independent trustee. As at 31 March 2016, 46,647,739 Shares were held by the independent trustee, for the purpose of the Share Award Scheme.

Particulars of the Share Award Scheme are set out in note 49 to the consolidated financial statements.

DIRECTORS' INTERESTS IN SHARES, SHARE OPTIONS AND AWARDED SHARES (Continued)

(c) Awarded shares of the Company (Continued)

(i) Share Award Scheme (Continued)

First batch: Awarded Shares granted on 25 July 2014

On 25 July 2014, a total of 27,836,000 Shares were granted by the Board pursuant to the Share Award Scheme. 8,694,000 awarded shares were vested on 31 August 2015 and the remaining awarded shares will be vested on 31 August 2016 and 2017, respectively.

Second batch: Awarded Shares granted on 20 July 2015

On 20 July 2015, a total of 10,312,000 Shares were granted by the Board pursuant to the Share Award Scheme, 2,978,000 awarded shares were vested on 31 December 2015 and the remaining awarded shares will be vested on 31 December 2016 and 2017, respectively.

During the Reporting Year, scrip shares amounting to 708,954 Shares had been received in respect of the Shares held upon the trust for the Share Award Scheme and shall form part of the trust fund of such trust. The trustee may, after having taken into consideration the advice of the Company, apply the cash deposited by the Company to purchase Shares in the market, or apply such cash to defray the fees, costs and expenses in relation to the establishment and administration of the Share Award Scheme, or return such cash or Shares to the Company.

(ii) As at 31 March 2016, certain Directors had personal interests in the awarded shares granted under the Company's Share Award Scheme as follows:

Name of Director	Capacity	Number of awarded Shares held/underlying shares of the Company
Yang Dongwen	Beneficial owner	668,000
Liu Tangzhi *(Appointed with effect from 15 December 2015)*	Beneficial owner	1,204,000
Lu Rongchang *(Resigned with effect from 1 January 2016)*	Beneficial owner	468,000
Total		2,340,000

DIRECTORS' INTERESTS IN SHARES, SHARE OPTIONS AND AWARDED SHARES (Continued)

(c) Awarded shares of the Company (Continued)

(iii) The particulars of awarded shares granted to the Directors and the movement during the Reporting Year were as follows:

		Number of awarded shares			
Directors/ Date of grant	Vesting date	Outstanding as at 1 April 2015	Granted during the Reporting Year	Vested during the Reporting Year	Outstanding as at 31 March 2016
Yang Dongwen					
25 July 2014	31 August 2015	332,000	–	(332,000)	–
	31 August 2016	332,000	–	–	332,000
	31 August 2017	336,000	–	–	336,000
		1,000,000	–	(332,000)	668,000
Liu Tangzhi *(Appointed with effect from 15 December 2015)*					
25 July 2014	31 August 2015	266,000	–	(266,000)	–
	31 August 2016	266,000	–	–	266,000
	31 August 2017	268,000	–	–	268,000
20 July 2015	31 December 2015	–	330,000	(330,000)	–
	31 December 2016	–	330,000	–	330,000
	31 December 2017	–	340,000	–	340,000
		800,000	1,000,000	(596,000)	1,204,000
Lu Rongchang *(Resigned with effect from 1 January 2016)*					
25 July 2014	31 August 2015	166,000	–	(166,000)	–
	31 August 2016	166,000	–	–	166,000
	31 August 2017	168,000	–	–	168,000
20 July 2015	31 December 2015	–	66,000	(66,000)	–
	31 December 2016	–	66,000	–	66,000
	31 December 2017	–	68,000	–	68,000
		500,000	200,000	(232,000)	468,000
Total		2,300,000	1,200,000	(1,160,000)	2,340,000

DIRECTORS' INTERESTS IN SHARES, SHARE OPTIONS AND AWARDED SHARES (Continued)

(c) Awarded shares of the Company (Continued)

(iii) The particulars of awarded shares granted to the Directors and the movement during the Reporting Year were as follows: (Continued)

Save as disclosed above and the nominee shares in certain subsidiaries held in trust for the Group, none of the Directors or chief executives, nor 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 the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and Stock Exchange pursuant to the Model Code as at 31 March 2016.

DIRECTORS' RIGHTS TO SUBSCRIBE SHARES OR DEBENTURES

Other than the interests in share options and awarded shares of the Company as disclosed above, and in the share option schemes and the Share Award Scheme disclosed in note 48 and note 49 to the consolidated financial statements respectively, at no time during the Reporting Year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or chief executives, or their spouses or children under the age of 18 to acquire benefits by means of the acquisition of Shares in or debenture of the Company or any other body corporate, and none of them had any right to subscribe for the securities of the Company or its associated corporations, or had exercised any such right during the Reporting Year.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transaction, arrangement or contract of significance to which the Company, its subsidiaries or fellow subsidiaries was a party, and in which a Director had a material interest, subsisted at the end of the Reporting Year or at any time during the Reporting Year.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the Reporting Year.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2016, the register of substantial Shareholders maintained by the Company pursuant to Section 336 of the SFO showed that, other than the interests disclosed above in respect of certain Directors, the following substantial Shareholders had notified the Company of the relevant interests in the issued Shares of the Company.

Name of Shareholder	Capacity	Number of issued Shares held	Approximate percentage of the total number of issued Shares
Long positions			
Target Success Group (PTC) Limited	Trustee *(Note a)*	1,113,468,379	37.87%
Wong Wang Sang, Stephen	Held by spouse *(Note b)*	8,633,970	0.30%
	Interest of controlled corporation *(Note a)*	1,113,468,379	37.87%
		1,122,102,349	38.17%
Lin Wei Ping	Beneficial owner	8,633,970	0.30%
	Held by spouse *(Note c)*	1,113,468,379	37.87%
		1,122,102,349	38.17%
Value Partners Group Limited	Interest of controlled corporation	147,590,944	5.02%

Notes:

(a) *1,113,468,379 Shares are held by Target Success in its capacity as trustee of the Skysource Unit Trust in which all of the units and issued shares of Target Success are held by Mr. Wong Wang Sang, Stephen. As such, Mr. Wong Wang Sang, Stephen is deemed to be interested in 1,113,468,379 Shares.*

(b) *Ms. Lin Wei Ping is interested in 1,122,102,349 Shares, which comprise 8,633,970 Shares held by herself, the deemed interests in 1,113,468,379 Shares held by her spouse Mr. Wong Wang Sang, Stephen.*

(c) *Mr. Wong Wang Sang, Stephen is interested in 1,122,102,349 Shares, which comprise the deemed interests in 1,113,468,379 Shares held by Target Success and the deemed interests in 8,633,970 Shares held by his spouse Ms. Lin Wei Ping.*

Save as disclosed above, as at 31 March 2016, the Company had not been notified of any other interests or short positions representing 5% or more of the number of Shares in issue as recorded in the register required to be kept by the Company under Section 336 of the SFO.

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

During the Reporting Year, as disclosed in paragraph (c) under the section of "Directors' Interests in Shares, Share Options and Awarded Shares" above, the Company has purchased 38,646,000 Shares of the Company in the market for the purpose of the Share Award Scheme through an independent trustee. Save as disclosed above, during the Reporting Year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws, or the laws of Bermuda, which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

PUBLIC FLOAT

On the basis of information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has complied with the public float requirement of the Listing Rules throughout the Reporting Year.

INDEMNITY OF DIRECTORS

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the Directors is currently in force and was in force throughout the Reporting Year.

AUDITOR

The consolidated financial statements of the Group for the Reporting Year have been audited by Messrs. Deloitte Touche Tohmatsu. A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

By order of the Board

Lin Wei Ping
Executive Chairperson
14 June 2016

CORPORATE GOVERNANCE REPORT

The Company recognises the importance of a publicly listed company's responsibilities to enhance its transparency and accountability, and is continually committed to maintain a high standard of corporate governance in the interests of its Shareholders. The Company devotes to best practice on corporate governance, and to comply to the extent practicable, with the CG Code.

COMPLIANCE WITH THE CG CODE

During the Reporting Year and up to the date of this report, the Company has complied with the code provisions in the CG Code. Save and except for the code provision A.6.7 of the CG Code as one of the INED was unable to attend the annual general meeting of the Company held on 20 August 2015 as he had other engagement.

KEY CORPORATE GOVERNANCE PRINCIPLES

Board of Directors

The Board is responsible for the leadership and control of, and promoting the success of the Group. This is achieved by the setting up of corporate strategic objectives and policies, and the monitoring and evaluating of the operating activities and financial performance of the Group.

The Board delegates the authority and responsibility for implementing day-to-day operations, business strategies and management of the Group's businesses to the EDs, senior management and certain responsibilities to the specific Board committees.

Board composition

As at the date of this report, the Board consists of 8 members. Among them, 5 are EDs and 3 are INEDs. The list of Directors are set out on page 188 of this annual report. Their biographical details including their respective interests in the Company and their respective relationships with other Directors and senior management of the Group, are set out on pages 18 to 27 of this annual report.

Executive Directors

All of the EDs possess the qualification and experiences in their respective areas of responsibility and have been working for the Group for many years. Under the leadership of the executive chairperson, the EDs are able to maintain the success of the Group's business.

Independent non-executive Directors

Currently, the 3 INEDs are experienced professionals with different expertise in accounting, legal and strategic management. Their mix of skills and experience, and their independent view would definitely provide constructive comments and suggestions to the Board, contributing to the proper functioning of the Board and safeguarding the interests of the Shareholders in general and the Company as a whole. The Board confirms that the Company has received from each of the INED a confirmation of independence for Reporting Year pursuant to Rule 3.13 of the Listing Rules and considers such INEDs to be independent.

Executive chairperson of the Board and chief executive officer of the Company

The executive chairperson of the Board is Ms. Lin Wei Ping and the chief executive officer of the Company is Mr. Yang Dongwen. The roles of the executive chairperson of the Board and the chief executive officer of the Company are segregated to ensure their respective independence, accountability and responsibility. The major duties of the executive chairperson of the Board are to provide leadership to the Board; to ensure the Directors receive, in a timely manner, adequate information which must be accurate, clear, complete and reliable; to ensure the Company established good corporate practice and procedures; and to provide appropriate briefing on the issues arising from Board meetings.

The chief executive officer of the Company is responsible for implementing the decisions and strategy approved by the Board and managing day-to-day operations of the Group with the support of the EDs and senior management.

Appointment, re-election and removal of Directors

A person may be appointed as a member of the Board at any time either by the Shareholders in a general meeting or by the Board upon recommendation of the Nomination Committee. Each of the Directors has entered into a service contract with the Company for a term of not more than 3 years. Directors who are appointed by the Board must retire at their first attend annual general meeting after their appointment.

According to the bye-laws of the Company as amended from time to time and the CG Code, all Directors are subject to retirement by rotation once every 3 years and one-third of the Directors for the time being (or, if their number is not a multiple of 3, the number nearest to, but not less than one-third) shall retire from office by rotation and shall be eligible for re-election at each annual general meeting.

Access for supporting

The Directors may have access to the advice and services of the Company Secretary with a view to ensuring that Board procedures, and all applicable rules and regulations, are followed. In addition, the Directors may, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expenses. The Board shall resolve to provide appropriate independent professional advice to the Directors to assist the relevant Directors to discharge their duties.

Appropriate insurance cover has been arranged by the Company in respect of legal action arising from the business of the Group against the Directors.

Continuous Professional Development

On appointment to the Board, each newly appointed Director will attend an introduction covering the general, statutory and regulatory obligations of being a director to ensure sufficient awareness of responsibilities under the Listing Rules and other relevant regulatory requirements. Thereafter, the Company provides the Directors with regular updates relating to the Group's business.

All Directors have complied with the code provision in the CG Code in relation to continuous professional development. This has involved various forms of activities including attending presentation given by external professional advisors and reading materials relevant to the regulatory updates, Company's business, directors' duties and responsibilities. The Company continues to provide the Directors with updates relating to the relevant Listing Rules and regulations, ensuring the Directors to comply and enhance the understanding of good corporate governance.

The Directors are required to provide the Company with details of professional training undertaken by them during the Reporting Year. Based on the details so provided, the professional training undertaken by the Directors during the Reporting Year is summarised as follows:

Name of Director	Training Areas: Legal and Regulatory	Training Areas: Corporate Governance	Training Areas: Group's Business/Directors' Duties
Executive Directors:			
Ms. Lin Wei Ping	✓	✓	✓
Mr. Yang Dongwen	✓	✓	✓
Mr. Shi Chi	✓	✓	✓
Ms. Chan Wai Kay, Katherine	✓	✓	✓
Mr. Liu Tangzhi *(Appointed with effect from 15 December 2015)*	✓	✓	✓
Mr. Lu Rongchang *(Resigned with effect from 1 January 2016)*	✓	✓	✓
Independent non-executive Directors:			
Mr. Li Weibin	✓	✓	✓
Mr. Wei Wei	✓	✓	✓
Mr. Cheong Ying Chew, Henry	✓	✓	✓

General meetings

The annual general meeting and other general meeting of the Company are the primary communication with the Shareholders and for Shareholders' participation. All Shareholders are welcomed to attend the general meetings or to appoint proxies to attend and vote at meetings on their behalf. Other than shareholders' participation, independent non-executive directors should attend general meetings and develop a balanced understanding of the views of Shareholders. During the Reporting Year, other than annual general meeting, no special general meeting was held.

The attendance of individual members at general meetings held during the Reporting Year is set out as follows:

Name of Director	Number of meetings attended/held	Attendance rate
Executive Directors:		
Ms. Lin Wei Ping	1/1	100%
Mr. Yang Dongwen	1/1	100%
Mr. Shi Chi	1/1	100%
Ms. Chan Wai Kay, Katherine	1/1	100%
Mr. Liu Tangzhi *(Appointed with effect from 15 December 2015)*	N/A	N/A
Mr. Lu Rongchang *(Resigned with effect from 1 January 2016)*	0/1	0%
Independent non-executive Directors:		
Mr. Li Weibin	1/1	100%
Mr. Wei Wei	0/1	0%
Mr. Cheong Ying Chew, Henry	1/1	100%

Board meetings and corporate governance function

The Board held a total of 7 meetings during the Reporting Year. Of these, 2 meetings were held mainly for approving the 2014/15 final results and the 2015/16 interim results of the Group; the other meetings were held to consider important issues of the Group and review policies related to corporate governance.

Sufficient notices to Board meetings are given to all Directors prior to the meetings for the purpose of providing all Directors with sufficient time to reschedule their business for the meetings, if necessary, and to propose matters to be included in the agenda for the meetings. An agenda and related documents are despatched to all Directors at least 3 days before each of the meetings to ensure that the Directors have sufficient time to review the related documents and be adequately prepared for the meeting. When Directors are unable to attend a meeting, they are advised of the matters to be discussed and given an opportunity to make their views known to the executive chairperson prior to the meeting.

Management of the Company has, from time to time, supplied to the Board relevant information, as well as reports relating to operational and financial performance of the Group, enabling the Directors to make informed decisions. Members of the management who are responsible for the preparation of the documents for discussion at the Board meetings are usually invited to present the relevant documents and to take any questions or address queries that the Directors may have on the documents. This enables the Board to perform a comprehensive and informed evaluation as part of the Board's decision making processes.

The proceedings of the Board at its meetings are conducted by the executive chairperson who is responsible to ensure that sufficient time is allocated for discussion and consideration of each item on the agenda and that equal opportunities are given to the Directors to speak and express their views and share their concerns. Minutes of the Board meetings are recorded in sufficient detail about the matters considered by the Board and the decisions reached, including any concerns raised by the Directors. The minutes are kept by the Company Secretary or another personnel appointed by the Board at the meetings. Subsequently, the minutes are circulated to the Directors and are opened for inspection by the Directors.

During the Reporting Year, the Board was responsible for performing the corporate governance functions such as to develop and review the Company's policies and practices on corporate governance; to review and monitor the training and continuous professional development of Directors and senior management; to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and to review the Company's compliance with the CG Code and disclose in the Corporate Governance Report.

The attendance of individual members at Board meetings held during the Reporting Year is set out as follows:

Name of Director	Number of meetings attended/held	Attendance rate
Executive Directors:		
Ms. Lin Wei Ping	7/7	100%
Mr. Yang Dongwen	7/7	100%
Mr. Shi Chi	7/7	100%
Ms. Chan Wai Kay, Katherine	7/7	100%
Mr. Liu Tangzhi *(Appointed with effect from 15 December 2015)*	1/1	100%
Mr. Lu Rongchang *(Resigned with effect from 1 January 2016)*	5/6	83%
Independent non-executive Directors:		
Mr. Li Weibin	7/7	100%
Mr. Wei Wei	7/7	100%
Mr. Cheong Ying Chew, Henry	7/7	100%

Securities transactions of Directors

The Company has adopted the Code of Conduct on terms no less exacting than the required standard set out in the Model Code. Having made specific enquiry of all Directors, the Company received confirmation from all of the Directors that they had complied with the Code of Conduct throughout the Reporting Year.

Board Committees

As an integral part of good corporate governance and to assist the Board in execution of its duties, the Board is supported by 4 board committees, including Executive Committee, Nomination Committee, Remuneration Committee and Audit Committee. Each of these committees oversees particular aspects of the Group's affairs under its defined scope of duties and terms of reference approved by the Board. The terms of reference of the Nomination Committee, Remuneration Committee and Audit Committee can be found on the Company's website through the link http://investor.skyworth.com/html/index.php and the website of Hong Kong Exchanges and Clearing Limited. All of these committees are provided with sufficient resources to discharge their duties.

(1) Executive Committee

The Executive Committee was established by the Board on 5 February 2005 with written terms of reference adopted on the same date. The Executive Committee currently comprises 14 members, including several EDs and senior management personnel of the Company.

The Executive Committee has been delegated with powers from the Board to deal with matters of the Group. The authority and major duties of the Executive Committee are summarised as follows:

- to establish strategic planning and financial budgets for Board approval;
- to monitor daily business operations, including sales, productions, brand and product promotion and human resources capital, within the Group;
- to review and approve management reports;
- to evaluate investments opportunities for Board approval; and
- to monitor fund flows and evaluate cash management policies within the Group.

The Executive Committee held monthly meetings during the Reporting Year to review, discuss and evaluate the monthly business performance and other business and operational matters of each major subsidiary within the Group.

(2) Nomination Committee

The Nomination Committee was set up under the auspices of the Board on 5 February 2005 with written terms of reference adopted on 19 August 2005, which was further updated and approved on 30 March 2012. The Nomination Committee currently comprises 4 members. The chairperson of the Nomination Committee is Mr. Wei Wei and the other members are Mr. Li Weibin, Ms. Chan Wai Kay, Katherine and Mr. Cheong Ying Chew, Henry. Except for Ms. Chan Wai Kay, Katherine is an ED, the remaining 3 members are all INEDs.

The major duties of the Nomination Committee set out in its terms of reference are summarised as follows:

- to review the structure, size and composition of the Board at least annually and to make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- to be responsible for identifying and nominating for approval of the Board suitably qualified candidates as additional Directors or to fill Board vacancies as they arise;
- to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors in particular the chairman and the chief executive officer;
- in the case of appointment and re-appointment of INEDs, to assess the independence of the appointees having regard to relevant guidelines or requirements of the Listing Rules in place from time to time; and
- to assess the independence of INEDs on an annual basis having regard to relevant guidelines or requirements of the Listing Rules in place from time to time.

The Company recognises the importance of board diversity to corporate governance and the board effectiveness. The Board adopted a board diversity policy ("Policy") which setting out the basic principles to ensure the Board has the appropriate balance of skills, experience and diversity of perspectives necessary to enhance the effectiveness of the Board and to maintain high standard of corporate governance. Under the Policy, the selection of Board candidates shall be based on a range of diversity perspectives with reference to the Company's business model and specific needs, including but not limited to gender, age, cultural background, educational background, skills, knowledge and professional experience.

In considering the new appointment of Directors, the Nomination Committee had considered the Policy and with reference to certain criteria such as integrity, independent mindedness, experience, skill and the ability to commit time and effort to carry out his duties and responsibilities effectively, etc.

During the Reporting Year, the Nomination Committee conducted an annual review of the Board's composition taking into account the Policy and formed the view that the Board has maintained an appropriate mix and balance of skills, knowledge, experience and diversity of perspectives necessary to the business requirements of the Group. The Nomination Committee will review the Policy from time to time to ensure the effectiveness of the Policy and discuss any revisions that may be required, and recommended such revisions to the Board for consideration and approval.

The Nomination Committee held 3 meetings during the Reporting Year for the purposes, including but not limited to the followings:

- reviewed the structure, size and composition of the Board;
- assessed the independence of the INEDs;
- reviewed the Policy and recommended the Board to adopt the Policy; and
- made recommendation to the Board on the appointment of an ED.

The attendance of individual members at the meetings of the Nomination Committee held during the Reporting Year is set out as follows:

Name of Director	Number of meetings attended/held	Attendance rate
Independent non-executive Directors:		
Mr. Wei Wei *(Chairperson)*	3/3	100%
Mr. Li Weibin	3/3	100%
Mr. Cheong Ying Chew, Henry	3/3	100%
Executive Director:		
Ms. Chan Wai Kay, Katherine	3/3	100%

(3) Remuneration Committee

The Remuneration Committee was set up under the auspices of the Board on 5 February 2005 with written terms of reference adopted on 19 August 2005, which was updated and approved on 30 March 2012. The Remuneration Committee currently comprises 4 members. The chairperson of the Remuneration Committee is Mr. Li Weibin and the other members are Mr. Wei Wei, Ms. Lin Wei Ping and Mr. Cheong Ying Chew, Henry. Except for Ms. Lin Wei Ping is an ED, the remaining 3 members of the Remuneration Committee are INEDs.

The major duties of the Remuneration Committee set out in its terms of reference are summarised as follows:

- to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of formal and transparent procedures for developing remuneration policy;

- to review and approve the management's remuneration proposals with reference to Board's corporate goals and objectives;

- to make recommendations to the Board on the remuneration packages of individual EDs and senior management, and to make recommendations to the Board on the remuneration of non-executive Directors;

- to review and approve compensation payable to EDs and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

- to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and

- to ensure that no Director or any of his associates is involved in deciding his own remuneration.

The Remuneration Committee held 6 meetings during the Reporting Year for the purposes, including but not limited to the followings:

- reviewed and made recommendation to the Board on the remuneration packages of individual Directors and senior management of the Group;
- reviewed and made recommendation to the Board on the remuneration package for the appointment of new ED;
- reviewed and made recommendation to the Board for approving the grant of awarded shares under the Share Award Scheme to Directors and selected employees of the Group; and
- reviewed and made recommendation to the Board for approving the grant of share options under 2014 Share Option Scheme to a Director and selected employees of the Group.

The attendance of individual members at the meetings of the Remuneration Committee held during the Reporting Year is set out as follows:

Name of Director	Number of meetings attended/held	Attendance rate
Independent non-executive Directors:		
Mr. Li Weibin *(Chairperson)*	6/6	100%
Mr. Wei Wei	6/6	100%
Mr. Cheong Ying Chew, Henry	6/6	100%
Executive Director:		
Ms. Lin Wei Ping	6/6	100%

Remuneration policy of the Group

The remuneration policy of the Group is designed to ensure remuneration offered to the Directors or employees is appropriate for the corresponding duties performed, sufficiently compensated for the effort and time dedicated to the affairs of the Group, and competitive and effective in attracting, retaining and motivating employees. The key components of the Company's remuneration package include basic salary, and where appropriate, other allowances, incentive bonus, mandatory provident funds, state-managed retirement benefits scheme, share options granted under the share option schemes of the Company and awarded shares granted under the Share Award Scheme. Details of the share option schemes of the Company and Share Award Scheme are set out in notes 48 and 49 to the consolidated financial statements.

The emoluments payable to Directors are determined with reference to the responsibilities, qualifications, experience and performance of the Directors. They include incentive bonus primarily based on the results of the Group, share options granted under the share option schemes of the Company and awarded shares granted under the Share Award Scheme. The Remuneration Committee performs review on the emoluments of the Directors from time to time. No Director, nor any of his associates and executive, is involved in deciding his/her own emoluments.

Employees' remuneration packages are determined with reference to the responsibilities, qualifications and experience of individuals. The packages are reviewed annually and as required from time to time. The Group also continuously spends resources in training, retention and recruitment programs, and encouraging staff for self-development and improvements. The Group uses the "key performance indicators", a methodical system, to monitor and evaluate the performance of managerial staff, aiming to achieve continuous improvements and correction of deficiencies by establishing a measurable benchmark.

The Board recognises that the future success of the Group depends on its ability to build up a team of high calibre professional managers as its human resource capital. The Group is fully committed to build up such human resource capital to enhance its assets for ensuring future growth.

The remuneration of the individual Directors and the 5 highest paid individuals are set out in notes 15 and 16 to the consolidated financial statements.

(4) Audit Committee

The Audit Committee was established by the Board since the listing of the Shares on the Stock Exchange on 7 April 2000. The Audit Committee currently comprises of 3 INEDs. The chairperson of the Audit Committee is Mr. Cheong Ying Chew, Henry and the other members are Mr. Li Weibin and Mr. Wei Wei.

The Audit Committee has its written terms of reference adopted since its establishment. The terms of reference were subsequently revised on 30 March 2012 in order to comply with the then adopted amendments to the CG Code. In light of the latest amendments made to the CG Code (which effective from 1 January 2016), the Board has further adopted the revised terms of reference of the Audit Committee on 15 December 2015 in accordance with such CG Code amendments.

The major duties of the Audit Committee set out in its terms of reference are summarised as follows:

- to ensure and coordinate the relationship with the Company's external auditors and make recommendations to the Board on the appointment, reappointment and removal of the external auditors, and to approve the remuneration and terms of engagement of the external auditors;
- to review the Company's financial information; and
- to oversee the Company's financial reporting system, risk management and internal control systems.

The Audit Committee held 2 meetings during the Reporting Year for the purposes, including but not limited to the followings:

- reviewed the Group's annual and interim financial results and provide comments;
- oversaw the Group's financial reporting system, risk management and internal control systems on an ongoing basis;
- reviewed the financial reporting system to ensure the adequacy of resources, qualifications and experience of staff of accounting and financial reporting functions of the Group;

- formulated and discussed on the Group's internal audit plan with the Risk Management Department;
- met and communicated with the external auditors for audit works of the Group; and
- reviewed and made recommendation to the Board for the adoption of the revised term of reference of the Audit Committee in light of the amendments made to CG Code.

The attendance of individual members at the meetings of the Audit Committee held during the Reporting Year is set out as follows:

Name of Director	Number of meetings attended/held	Attendance rate
Independent non-executive Directors:		
Mr. Cheong Ying Chew, Henry *(Chairperson)*	2/2	100%
Mr. Li Weibin	2/2	100%
Mr. Wei Wei	2/2	100%

Accountability and Audit

The Board is accountable to the Shareholders through proper financial reporting, regular internal control reviews, interim reviews and annual audits. These are the most efficient way in assessing the effectiveness of the Board in managing the business and affairs of the Group.

Financial reporting

The Directors are responsible for overseeing the preparation of the annual consolidated financial statements which give a true and fair view of the state of business affairs and of the results and cash flow of the Group for the Reporting Year. In preparing the consolidated financial statements for the Reporting Year, the Directors have:

- approved the adoption of the applicable HKFRSs;
- selected suitable accounting policies and applied them consistently throughout the period covered by the consolidated financial statements;
- made judgments and estimates that were prudent and reasonable, and ensured the consolidated financial statements were prepared on a going concern basis; and
- ensured that the consolidated financial statements were prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance, the Listing Rules and the applicable accounting standards.

The Board recognises that high quality corporate reporting is important in enhancing the relationship between the Company and its stakeholders. The Board aims at presenting a balanced, clear and comprehensible vision of the performance, position and prospects of the Group in all corporate communications. The Company's management provides all members of the Board with monthly updates giving a balanced and understandable assessment of the Group's business and financial performance in sufficient detail to enable the Board to discharge their duties.

Internal controls

The Board acknowledges its responsibility to ensure that a sound and effective internal control system is maintained. The system includes a defined management structure with specified limits of authority, to:

- achieve business objectives and safeguard assets against unauthorised use or disposition;
- ensure maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication; and
- ensure compliance with the relevant legislation and regulations.

The internal control system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss, and manage, rather than eliminate, risks of failure in operational systems, and to ensure achievement of the Group's objectives.

Internal control framework

The internal control framework that the Board established in maintaining effective internal controls within the Group is as follows:

(1) *Distinct organisational structure*

To allow delegation of authority as well as to enhance accountability, a distinct organisational structure exists which details lines of authority and control responsibilities in each business unit of the Group. Division/Department heads are involved in preparing the strategic plan and the operation plan based on the corporate strategies and annual operational and financial targets determined by the Board. Both of the strategic plan and the annual operating plan laid down the foundation for the preparation of the annual budgets, which identify and prioritise business opportunities with reference to the resources allocation.

During the Reporting Year, the Group continued to implement a series of corporate reorganisation programmes in order to achieve a unit chain of command and improve the operation flow. With the continuous focus on the unit chain of command, the Group anticipates to attain better controls and effectively monitor the management, operational and financial processes.

(2) *Comprehensive management reporting*

A comprehensive management reporting system is in place providing financial and operational performance measurement indicators to the management and relevant financial information for reporting and disclosure purposes. Variances between actual performances and targets are prepared, analysed and explained, and appropriate actions are taken, if necessary, to rectify the deficiencies noted. This helps the management of the Company to monitor the business operations and enables the Board to formulate a strategic plan in a timely and prudent manner.

(3) *Regular risk assessment*

Systems and procedures are set up to identify, measure, manage and control risks including but not limited to operational risk, accounting risk, interest rate risk and compliance risk that may have an impact on the business of the Group. The Risk Management Department evaluates whether the Group's risk management is in line with the established strategies, policies and procedures of the Company.

(4) *Regulated cash/treasury management*

The Group maintains a sound system and a clear authority limit to ensure daily cash/treasury operations meet the relevant policies and rules established by the Group.

(5) *Regular reviews by Risk Management Department and Internal Audit Department*

The Risk Management Department was established by the Company in December 2005. The key function of the Risk Management Department is to provide an independent appraisal function to examine and evaluate operations, the systems of internal control and risk management as a service to the Company and its subsidiaries. The Risk Management Department assists all levels of administrations in the achievement of the organisational goals and objectives by striving to provide a positive impact on:

- efficiency and effectiveness of operating functions;
- reliability of financial reporting;
- status of implementation and effectiveness of the internal control policies and procedures; and
- compliance with applicable laws and regulations.

The Risk Management Department also has a role to assist the Board and the Audit Committee to ensure that the Company maintains a sound system of internal controls by:

- reviewing all aspects of the Group's activities and internal controls with unrestricted right of access;
- conducting comprehensive audits of the practices and procedures of the Group;
- conducting comprehensive audits of income and expenditure, internal controls of all business units of the Group;
- conducting comprehensive audits of cash and operational management for various sales offices on a regular basis with the support by the Internal Audit Department; and
- conducting special reviews and investigations of areas of concern identified by the Board or the management.

The Head of Risk Management has unrestricted direct access to the Audit Committee and reports directly to the Board and the Audit Committee. The Head of Risk Management is invited to attend the Audit Committee meetings and has the right to bring appropriate matters identified during the course of the risk assessment and the internal audits to the attention of the Audit Committee. This reporting structure allows the Risk Management Department to maintain its independence and to have free access to all members of the Board.

During the Reporting Year and up to the date of this report, the work performed by the Risk Management Department includes:

- reviewed and evaluated major business cycles of several business units; and
- reviewed the effectiveness of all material aspects of the risk management and internal control systems of the Group.

The Internal Audit Department was established since 1996 mainly for examining and evaluating the operations and compliance status of the sales offices and branches in the mainland China TV business unit, which is the largest cash flow and revenue contributor of the Group. Besides, it also carries out special audits when senior staff leaving their positions either due to resignations or job rotations within the Group. During the Reporting Year, the Internal Audit Department also carried out the audit of certain major business units, in order to enhance the management and operational efficiency. Currently, the Internal Audit Department has over 40 staff members, most of them continuously travel all over mainland China and overseas to perform their internal audit work.

During the Reporting Year, the Internal Audit Department issued over 180 reports to the Board and senior management on its regular reviews of operations and compliance audits of certain business units, sales offices and branches as well as reports on senior staff leaving their positions.

Internal audit plan

The Risk Management Department, by considering current status and future development of the Group, would submit an IA Annual Plan to the Audit Committee and the Board for review and approval, in order to match with the business strategy of the Group.

Internal control review

During the Reporting Year, the Board, through the work performed by the Risk Management Department, conducted a review on the system of internal controls in accordance with the IA Annual Plan, which covers material controls, including financial, operational and compliance controls and risk management functions. The results of the review indicated that the system of internal controls of the Group is effective notwithstanding that there were some improvement opportunities identified. The Board would consider and evaluate those improvement opportunities identified by the Risk Management Department and make corresponding changes to the current system as and when appropriate. The Board would continue to review and improve the internal control system in fulfilment of Group's business objective.

External auditor

The Group's external auditor is Deloitte Touche Tohmatsu. The Audit Committee is mandated to ensure continuing auditors' objectivity and safeguarding independence of the auditor. Up to the date of this report, the Audit Committee has considered and approved the engagement of Deloitte Touche Tohmatsu as auditor of the Group for the Reporting Year and the corresponding audit fee estimation.

The remuneration paid or payable by the Group to Deloitte Touche Tohmatsu in respect of their audit and other non-audit services for the Reporting Year were as follows:

	For the year ended 31 March	
Nature of services	**2016 Amounts HK$ million**	2015 Amounts HK$ million
Audit service (including review of interim financial statements)	**9**	9
Non-audit and tax related service	**3**	4
Total	**12**	13

Company Secretary

Mr. Lam Shing Choi, Eric ("Mr. Lam") was appointed as the Company Secretary since 1 December 2013. The biographical details of Mr. Lam are set out under the section headed "Directors and Senior Management Profiles".

In accordance with Rule 3.29 of the Listing Rules, Mr. Lam has taken no less than 15 hours of relevant professional training during the Reporting Year.

Corporate Communication with Stakeholders

The Company has in place an effective corporate communication system which provides transparent, regular and timely public disclosures to its stakeholders, including, inter alia, the general public, analysts, and the institutional and individual Shareholders. The main features of the system are that:

- the Company maintains a website on which comprehensive information about the Group, including corporate structure, management profile, products and services provided, financial reports, announcements and news of the Group, are disclosed;
- the Company establishes and maintains different communication channels with its stakeholders through the publication of annual and interim reports, announcements and press releases. To promote effective communication, the Shareholders can obtain corporate communication electronically via the Company's corporate website http://investor.skyworth.com/html/index.php;
- annual general meeting of the Company provide a good forum for the Shareholders to exchange views with the Board. The executive chairperson of the Board as well as chairpersons of the Audit Committee, Nomination Committee and Remuneration Committee, or in their absence, members of the committees will be available to answer questions which may be raised by the Shareholders;
- separate resolutions are proposed at general meetings for each substantial issue, including the election of individual Directors;
- details of the poll voting procedures and the rights of Shareholders to demand a poll are included in a circular to the Shareholders despatched prior to the date of the relevant general meeting. The circular also includes relevant details of proposed resolutions;
- the poll results are published on the website of Hong Kong Exchanges and Clearing Limited and on the Company's website http://investor.skyworth.com/html/index.php; and
- the Company publishes its own newspapers and magazines, which report up-to-date corporate strategy and business development of the Group, on a regular basis for internal circulation.

Shareholders' Right

The procedures for Shareholders to convene a special general meeting, put forward proposals at Shareholders' meetings and propose a person for election as a Director are available on the website of the Company.

Shareholders may send their enquiries and concerns to the Board by addressing them to the Company Secretary at the Company's head office at Rooms 1601-04, Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong. Shareholders can also make enquiries to the Board directly at the general meetings.

Constitutional Documents

During the Reporting Year, there were no changes in the Company's constitutional documents.

CORPORATE SOCIAL RESPONSIBILITY REPORT

OVERVIEW

Scope of the CSR Report

Skyworth has published its CSR Report since financial year 2014/15. The purpose of the CSR report is not only to communicate our sustainability strategies, management approaches and performances with our stakeholders, but also to comprehensively introduce our ongoing activities for our sustainable development towards the local communities, environment and the wider society in which we operate. The report covers the Group's core activities (including Skyworth and its key subsidiaries) in Hong Kong and the PRC, across our main business sectors: audio-visual and electronic home appliances businesses. In connection with the environmental protection and operating practices aspects, the contents mainly focus on the Group's TV business in the PRC, which contributes the largest cash flow and revenue.

The reporting framework adopted is in accordance with the disclosures requirements set forth in Appendix 27 of the Listing Rules issued by the Stock Exchange (the "ESG Guide"). In order to comply with the ESG Guide and the CG Code, the Board has overall responsibility for the Group's ESG strategy and reporting. The Board is also responsible for evaluating and determining the Group's ESG-related risks, as well as ensuring that appropriate and effective ESG risk management and internal control systems are in place.

This report presents an overview of the Group's key environmental and social issues and performance. For other aspects including corporate governance, regulatory issues and Directors' information, please refer to other sections in the Company's Annual Report 2015/16.

Becoming a constituent member of Hang Seng Corporate Sustainability Benchmark Index

Skyworth was selected as a constituent member of the Hang Seng Corporate Sustainability Benchmark Index in September 2015, acknowledging the Group's performance with regard to its corporate responsibility, environmental, social and corporate governance aspects.

Our Business

Skyworth was established in 1988 with headquarters at Shenzhen High-tech Industrial Park which is known as the "Silicon Valley" of PRC. Skyworth is a large-scale high-tech group principally engaged in research, development and manufacturing of products such as TV, display device, digital set-top-box, security monitor, home appliances and LED illumination, with principal businesses located in China and the aim to expand its businesses globally. We have been listed on the Main Board of the Stock Exchange since 2000.

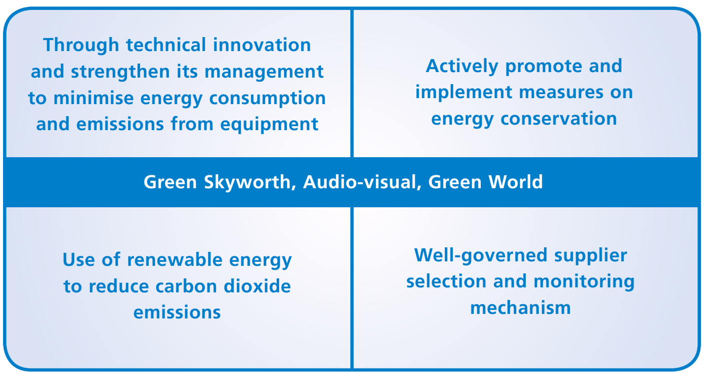
Since product quality is always the Group's first priority, Skyworth advocates the principle of "full dedication to finer products", and upholds the idea of development through technological innovation. It leads and promotes the industrial transformation and upgrading in the field of colour TV, and implements independent research and development in the field of OLED TV, thus ensuring that Skyworth may continue to create history in colour TV industry, and further lay the foundation for its status as a leading brand in the industry. Skyworth expands its businesses with an international vision, the colour TV, digital set-top-boxes and other products are sold far to the Europe, Russia and other regions such as Asia, south America and the Middle East.

Skyworth's Corporate Responsibility Philosophy

The Group places strong emphasis not only on its financial performance, but also on our non-financial achievements. We are committed to maintaining high standards of corporate governance in the meantime minimising the impact of our business activities on the environment and stakeholders. The Group strives to lower the environmental pollution level in daily operation in order to achieve the vision of "Green Skyworth, Green Audio-visual, Green World".

The Group introduces the core values of "Integrity, win-win cooperation" and "Growth and Development" so as to attract and cultivate talents. We treat all the staff with fairness and respect, and facilitate them to realise their full potential. The Group aims to maintain the highest ethical standards in conducting of our business and also encourages suppliers and contractors to embrace corporate responsibility philosophy similar to ours.

Skyworth embraces social responsibility and dedicates love and care to the society, and was recognised as one of the top ten "Enterprises with Most Compassion" in Shenzhen. During the Reporting Year, the Group consistently contributes to our community and received a number of awards and recognitions. For details of the CSR activities, please read the "Community Contributions" section of this report.



WORKPLACE QUALITY

Our Values

Skyworth advocates the core values of "Integrity, win-win cooperation" and "Growth and Development", so as to attract and cultivate talents. This core value leads our way for creating values for customers, Shareholders, employees and the society.

Our People

Employees are the Group's valuable assets and the primary force in driving our business growth on a sustainable basis. We promote team spirit and facilitate our employees to develop their full potential. Various training programmes have been offered to develop their potential and professional knowledge. To create a healthy, diversified and inclusive working environment, we are committed to provide equal opportunity by eliminating discrimination. Employment, promotion, salary review and redeployment are made strictly based on individual performance.

Since incorporation, the Group has placed emphasis on talent management and development. As at 31 March 2016, we had approximately 38,000 full-time employees, including our head office management team, innovation development team, research and development team, administration team and frontline manufacturing staff. Our staff members are mainly located in the PRC and Hong Kong while some of them are located in the overseas. As at 31 March 2016, about 90% of the full-time employees of the Group were located in the PRC.

Training and Development

The Group had dedicated considerable efforts on training and development during the Reporting Year, covering our Directors, senior management as well as frontline operations and technical staff. Education allowance and tuition reimbursement were granted to employees who pursued continuous learning and education programmes that were relevant to their jobs. We provided on-the-job training and various training courses and seminars, either conducted in-house or by external experts, to different grades of staff.

The College of Skyworth was established in 2004 and directly managed by the Group's head office. The college provides comprehensive training curriculum for Skyworth staff across levels in order to enhance their expertise in different areas, especially the technical skills, customer service standards, leadership and management skills. The Group is guided by the "Training Management Policy of The College of Skyworth" promulgated in 2015, all the training courses and programmes continued to focus on key specialists and critical roles. Depending on their respective roles, staff members will receive relevant training courses in areas such as products and operational knowledge, quality management, corporate evolution and management innovation, technology innovation, cost control management, leadership and management skills, and sales and relationship management, etc. Reinforcement and refresher training programmes to ensure employees have the latest information and skills to carry out their duties to the highest standards.

The Group is committed to nurturing employees at all levels. During the Reporting Year, the College of Skyworth organised 7 key training programmes for over 3,000 staff members, including middle and senior management and other selected employees.

All Directors are encouraged to attend training courses to enrich their knowledge in discharging their duties as Directors. The Group invited professional speakers to deliver seminars and presentations to Directors on relevant topics with emphasis on the roles, functions and duties of directors as well as regulatory requirements and corporate governance issues.

Health and Safety

Workplace safety is our highest priority. We are dedicated to providing a safe and healthy working environment and offering occupational safety trainings to employees of different business divisions. In addition, we also provide comprehensive operational manuals and guidelines in accordance with applicable laws and regulations. All manufacturing facilities are in compliance with national health and safety standards. During the Reporting Year, the Group did not have any work related fatality case and we were not aware of any violations of laws and regulations relating to occupational health and safety.

Human Resources Policies and Activities

The Group has a set of comprehensive human resources policies and a well-structured human resources mechanism which has been established in compliance with relevant rules and regulations under the applicable laws in China, Hong Kong and other applicable jurisdictions. The Group issued the "Social Employment and Staffing Policy" covering the areas of recruitment, staff movement, salary adjustment and promotion, resignation and equal employment opportunities for employees to refer and comply.

Social Employment and Staffing Policy

The Group strictly complies with the requirements of the labour law in the PRC, Hong Kong and other applicable jurisdictions. The Group's human resources policies including but not limited to the following areas:–

1. Promotes equal opportunity, employment, remuneration and promotion will not be affected by their social identities such as race, age, nationality, gender, religion, sexual orientation and marital status.

2. Workers' wages, overtime payments and related benefits are made in accordance with local minimum wage (or above) of applicable locations.

3. Holidays and statutory paid leaves are compliant with the legal requirements of applicable locations.

During the Reporting Year, the Group was not aware of any violations of labour laws and regulations.

Labour Standard

The Group has strictly complied with the relevant rules and regulations of the PRC, Hong Kong and other relevant jurisdictions relating to the avoidance of child and forced labour during the Reporting Year. If there are irregularities, the respective employees will be required to make corrections and have proper trainings in accordance with the Group's policies to prevent subsequent similar incidents. The Group will regularly evaluate workflow instances for eliminating the management loopholes and will consider establishing new policies according to different circumstances. The Group was not aware of any violations of laws and regulations relating to the labour standard in the Reporting Year.

Communication Channels

In addition to the aforementioned human resources policies, the Group believes that open communication, within offices and across departments in different workplaces, helps employees work well together and foster a harmonious working environment in the Group. Collaboration is at the heart of the Group's corporate culture. The Group has created an open, clear and constructive dialogue between management team and staff for better communication on the Group's affairs. Any issues or enquiries raised by our employees through different communications channels will be handled and investigated by the Group with care and in a confidential manner.

Improving employees' social life

The Group cares about employees' wellness and quality of life. The majority of employees in our China manufacturing facilities are from different provinces of the country. We recognise that providing a sense of belonging and making them feel like home are very important. As part of our continuous improvement programme for the living environment, we continuously upgrade the dormitories, canteens and recreational facilities.

The Group has encouraged and ensured that all departments undertake social and team-building activities in order to enhance employees' motivation, happiness and team spirit. During the Reporting Year, we provided a wide range of sports events such as basketball, football, table tennis and badminton contests. Also, activities that are of educational significance and served to enhance the work performance of our employees were provided, including the "Business English Training", "Strategic Sales Planning", "Time Management Training", and "Fire drill and training".

Reward and Recognition to Employees

The Group rewards its employees based on their performance and contributions. We have in place a structured performance appraisal system, in which we link the corporate values and beliefs with our employees' daily assignments and achievements. During the Reporting Year, we further strengthened the alignment between our employees' compensation and performance to drive the sustainable development and long-term success of the Group.

ENVIRONMENT PROTECTION

Emissions

Through persistent effort on technical innovation and the internal guidelines, the Group is committed to reduce the greenhouse gas and wastes generated in daily operations in order to minimise our impact to the environment. Shenzhen Chuangwei – RGB Electronics Co., Ltd., our principal subsidiary, has become a member of the China Emission Exchange since 2013 for carbon trading. In 2016, Shenzhen Chuangwei – RGB Electronics Co., Ltd. was awarded as one of the five "Low Carbon Pilot Enterprises", in recognition for the Group's efforts in carbon emission management.

The total amount of greenhouse gas emissions for the TV business in 2015 was equal to 54,644 tonnes of carbon dioxide equivalent during the Reporting year according to the results of the independent carbon audit we performed. The Group implemented the following measures to reduce the amount of greenhouse gas emissions, hazardous and non-hazardous waste:

Measures on reducing greenhouse gas:

- Half of the conventional diesel forklift trucks had been replaced by electric forklift trucks in the Group's factories to reduce carbon emissions. In the future, all conventional diesel forklift trucks will be replaced by electric forklift trucks to achieve zero emissions.

- The Group continues to enhance production equipment by adopting new Expanded Polystyrene (EPS) moulding machines to reduce the consumption of natural gas and thus reducing 20% carbon emissions.

Measures on reducing hazardous and non-hazardous waste:

- The hazardous waste which indirectly generated in the production is separately collected, stored and disposed properly by qualified companies. For non-hazardous waste, the waste will be recycled if possible. Those non-recyclable will be disposed by professional companies.

- Hazardous waste can be reduced effectively through optimising the printed circuit board (PCB) edge technology. The waste generated in tin slag, waste PCB board and waste lamp has been correspondingly reduced by 20%, 30% and 50% after the implementation.

During the Reporting Year, the Group did not have any non-compliance cases related to the environmental laws and regulations.

Resources utilisation

The Group always cherishes natural resources and believes that business expansion and minimisation of the consumption of natural resources can co-exist. The following energy efficiency programmes have been actively implemented by the Group:

- Implementation of energy-saving moulding machines helps to save more than 40% of electricity.

- The use of new energy-saving LED lamps instead of traditional fluorescent tubes could save more than 60% of the electricity.

- The Group has been enhancing the central air conditioning system and related air conditioning equipment by using a new environmental friendly refrigerant HR427 instead of the original R22 refrigerant. In addition, the use of high efficiency catalyst in conventional refrigerant could help to improve cooling efficiency and reduce power consumption.

OPERATING PRACTICES

Supply Chain Management

The Group believes that a well-governed supplier selection and monitoring mechanism could help further protect the environment and avoid the risk of non-compliance of environmental as well as quality standards. The Group prefers to selecting suppliers with large production scale, strong technical expertise and high quality standard.

Before engaging our suppliers, the Group will collect the product specifications and laboratory testing reports and then perform factory visits to ensure each production process meet the required standard. After being selected as the Group's qualified suppliers, they are required to submit an environmental inspection report for our review each year. We will set out specific requirements in our procurement contract regarding the prohibited materials as well as the substance of raw materials we purchased on request. In addition, the suppliers have to provide the list of components of the products upon the Group's request. On top of our stringent procurement process and controls, the Group has regularly held a monthly supply chain management meeting to review and monitor whether the entire procurement process complies with the internal guideline "Supply Chain Management Procedure" on a monthly basis.

During the Reporting Year, the total numbers of suppliers in China and Hong Kong which had transactions with the TV business of the Group were 710 and 93 respectively.

Product Responsibility

The Group has established strict quality control on its products. All of our products are required to meet the Group's rigorous standards for safety and electromagnetic compatibility (EMC), as well as some other international safety regulations before shipment.

In respect of our production process (including chips, power, modules and packaging), quality testing has to be performed on every material, as well as on our plugged in productions programme and welding parts, so as to ensure each component in each production stage and the finished goods are at high quality. For the quality assurance on TV finished goods, functional test and appearance inspection have to be performed to ensure every set of TV complies with the Group's quality standards and prevent the substandard goods to be delivered. There was no material case of non-compliance with the law and regulations on product safety noted during the Reporting Year.

During the Reporting Year, the Group sold 14 million units of TV, and the scrap rate was less than 0.003%. Owing to the high quality of our products, the Group received the "National Outstanding Brand for High Quality and Integrity" award issued by the China Association for Quality Promotion.

Our rate of customer complaints is less than 0.16% of the total unit of TV sold during the Reporting Year. For every complaint we received, the Group would classify the complaints and revert to the quality control department or corresponding business units to take follow-up actions timely. On the other hand, the Group has developed an evaluation mechanism for our departments to strive for improvement on service quality. During the Reporting Year, the Group was recognised as the "Top Ten Company for After-sales Services" by the China General Chamber of Commerce and the China Foundation of Consumer Protection.

In additional, the Group puts a strong emphasis on protecting personal information and privacy of every customer and feedback provider. Confidential information is encrypted in accordance with the internal guidelines. If any department needs to extract information related to customers or feedback providers, approvals from the IT department managers and directors are needed. On the other hand, in order to reduce the chance of data leakage, computers in the complaint centre are restricted to the internet connection and prohibited of data storage or transfer to external hard disk or other data transmission devices.

Respect for Intellectual Properties

The Group has spent every effort in protecting the interest of intellectual property owners. In addition to the establishment of a dedicated intellectual property department for managing and coordinating all affairs related to intellectual property rights on Group's products, the Group particularly performs researches for patents related to its products in order to avoid infringement on others' intellectual property rights.

For safeguarding of the Group's intellectual properties, the Group issued "Skyworth Intellectual Property Handbook" covering patents management, patent transfer and licensing, patent awards and patents trainings for employees' reference and compliance. By incorporating confidentiality terms into the contracts between third parties and the Group, the Group's patents and core technology can be further secured. During the Reporting Year, the Group was not aware of any violations of the rules and regulations relating to the intellectual properties.

Anti-corruption

The Group has stringent internal guidelines and code of conduct that allow employees to understand explicitly the provisions of anti-corruption, anti-bribery and conflict of interest, as well as gift and entertainment, data confidentiality and security, and fund management policy. All business units of the Group are requested to ensure that they strictly comply with the above policies. During the Reporting Year, the Group was not aware of any violations of the anti-corruption rules and regulations.

BUILDING AND ENVIRONMENT

Architectural Design and Environmental Protection

In the planning stage of the construction project, the Group aims to minimise the consumption of natural resources and protect our environmental by integrating energy friendly design and measures into the construction. Prior to the construction of the two main buildings of the Group, Skyworth Semiconductor Design Building (the "Building") and Skyworth Shi Yan Industrial Park ("Industrial Park"), the Group obtained the environmental assessment of the PRC Government. Besides, the Group had also required the designers and contractors of projects to have relevant qualifications and adopt appropriate measures to ensure the whole construction process meets the corresponding local government construction standards. The measures on green architecture, energy saving and environmental protection are as follows:

Green Architecture and Energy Saving

- The glass walls of the Building are made of Low Emissivity glasses (Low-E glasses), which can effectively block the transmission of heat from the sun and the penetration of ultraviolet. In addition, the roof, floors and other structures are made of thermal insulation material. All these measures could indirectly reduce the indoor temperature of the building and minimise the loading of air conditioning in order to save power.

- The solar panels and solar hot water supply system are installed on the roof of the Building and the staff quarters of the Industrial Park to generate electricity and heat. All electricity, gas, water supply systems are engineered to minimise transmission losses.

- All the lamps in the underground garage of the building and the basement of the Industrial Park are 8W LED lamps which are equivalent to 20W fluorescent lamp illumination, which could save about 73,000KWh of electricity annually.

- The water-cooled and heat recovery design of the air conditioning in the Building can save 10% to 20% electricity than regular model. By using environmental-friendly refrigerant named R134a for the air-conditioning with ozone-depleting potential (ODP) of 0 and global warming coefficient (GWP) of 0.29, it helps to reduce the adverse impact to the environment.

Environmental Protection

- Domestic sewage in the Industrial Park will be discharged into sewage treatment station which is monitored online by the Ministry of Environmental Protection of the PRC to ensure the sewage emission is up to the A-grade national standard after treatments. The purified sewage would then be further processed to reuse (flushing, greening and washing) in order to reduce water consumption.

- The Group's factories, office buildings, staff quarters and other buildings are surrounded by green areas. The green areas comprise of about 120,000 square meters, which are about 30% of the total.

COMMUNITY CONTRIBUTIONS

The Group has been using its resources to contribute to the community by supporting the people in need and actively participating in different CSR activities in order to strengthen the awareness of sustainability and fulfil social responsibility. Over the years, the Group has actively involved in disaster relief, supporting poverty areas, school donations, promoting Chinese culture and other public services, contributing to our community through various means. During the Reporting Year, the Group's CSR activities included educational support, establishment of community health centre, technology sharing, volunteering initiatives and charitable donations.

Educational Support

Education has always been one of the key focus areas for the CSR of our Group. The Group has actively contributed in building educational infrastructure, engaging in school construction projects and providing financial aids to the underserved students. Meanwhile, the Group always promotes the development of education in mainland China, through sponsorships and various social activities.

- Construction Projects of Red Army Primary School

  Since 2012, the Group has organised "Skyworth National Red Army Primary School Project" for 3 consecutive years to improve the educational infrastructure in China's poverty areas. The project includes construction of Red Army Primary Schools in the mainland China and building multimedia classrooms in these schools for providing students with advanced educational equipments. This charitable activity has provided every Red Army Primary School with a set of Skyworth electronic educational products, a Skyworth refrigerator and around 2,000 books, which expressed our care and love to the children.

  Skyworth was granted the China CSR Contribution Award by "The Economic Observer" in 2015. This award demonstrated the Group's commitment to social responsibility and recognised Skyworth as one of the outstanding enterprises being willing to fulfil its own social roles in the PRC.

  As at 31 March 2016, the Group has sponsored the building of 80 Red Army Primary Schools in China.

- Campus Recruitment Scheme

  The Group has established a long-term partnership with high schools and universities across China so as to promote and explore the integration of technology and education. Currently, we collaborate with 10 high schools in China to set up the "Skyworth Campus Club" for students to understand the development of the Group, fostering Skyworth campus recruitment scheme and attracting potential students to become a new member of Skyworth. During the Reporting Year, the Group organised campus recruitment in various universities in the PRC, including Tsinghua University, Southeast University, Wuhan University, Tianjin University, Huazhong University of Science and Technology, South China University of Technology, Chengdu University of Electronic Science and Technology and Harbin University. In 2016, Skyworth plans to have campus recruitment in Hong Kong.

  Apart from campus recruitment scheme, the Group has also created a "school-enterprise cooperation" model, with the Institute of Industrial Science and Technology in Henan, Chongqing Yunyang Vocational Education Centre and other educational institutions to provide internship opportunities for vocational and technical schools and employment platform, aiming to help students have better understanding of advanced technology and products as well as enhance their knowledge of business operation and management.

Establishment of Community Health Centre

Skyworth places high concerns on employees' wellness and quality of life. In 2015, the Group established "Skyworth Community Health Centre" located in Shenzhen Shiyan Industrial Park, China. This centre has organised regular medical and healthcare seminars and provided services to approximately 10,000 of Skyworth staff and their families who live near the Industrial Park.

"Skyworth Community Health Centre" is a non-profit healthcare and social health insurance organisation approved by the Shenzhen Municipal Health Bureau in China. This is a primary healthcare point providing a range of services such as general practice, preventive healthcare, rehabilitation therapy and health education. The healthcare centre has been divided into 6 functional areas which include general medical area, children protection zone, injection and infusion area, emergency rescue zone, and regular inspection area and rehabilitation therapy.

Technology Sharing

Conducting technology sharing exhibition is also one of the social events of the Group. Since 2012, the Group has organised the annual "Skyworth Aerospace Caravan Tour", in which the caravan travels around the country to enhance the aerospace knowledge of general public. Participants can understand the life of astronauts, review the aerospace development history of China and appreciate the advancement of the space technology of our own country. The Group was awarded the "China Space Contribution" prize. In 2016, Skyworth continued to engage in China space development, contributing the China space industry, and was accredited with being a "China Space Affiliate" by the China Space Foundation.

During the roadshow and exhibition, with the support of mobile communication and Skyworth's advanced technology products, the aerospace knowledge of the participants was enhanced through product experience, technology sharing and interactive games.

Volunteering Initiatives and Charitable Donations

The Group strives to engage local social organisations and closely collaborate with voluntary services associations to organise or participate in various community services. These include environmental protection activities, visiting the underserved, and serving at large scale social events.

Volunteering Works

Skyworth set up a service team with 488 volunteers, which actively promote volunteering spirit of "dedication, friendship, mutual aid and advancement". Since 2013, it has participated in various social services and organised different volunteering works to serve the community with love and kindness. During the Spring Festival, the Skyworth's voluntary team organised services to help the migrant workers returning home at Luohu bus station and Silver Lake bus station. This service expressed our love to people in need in the cold winter. The Skyworth's voluntary team provide guidelines and promote manner in taking public transport in Skyworth Shiyan Industrial Area, which effectively made the local areas safer and resolve the problem of private car occupying the public buses platform.

The Skyworth's voluntary team has also carried out environmental protection activities promoting green actions and organised garbage clean-up activities frequently. These volunteering works allow our staff to contribute their valuable time and effort to the community and environmental.

Charitable Donation

As disclosed above, the Group engaged in various charitable activities during the Reporting Year, and made charitable donations of about HK$4 million to different charities and non-profit organisations, such as the donation of approximately HK$1 million to Red Army Primary School and donation of approximately HK$1 million to China Space Industry development. We wish to contribute to our community and create better life for different people through charitable donations as we believe that these social supports will have a positive and long-term impact to the Group and the society.

Skyworth is a keen supporter for developing a healthy and green community. Moving forward, the Group will continue to strive for more progress in our sustainability journey and will take active steps to implement various CSR initiatives.

INDEPENDENT AUDITOR'S REPORT

Deloitte.
德勤

TO THE MEMBERS OF SKYWORTH DIGITAL HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Skyworth Digital Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 72 to 184, which comprise the consolidated statement of financial position as at 31 March 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2016, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the applicable disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
14 June 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2016

Amounts expressed in millions of Hong Kong dollars except for earnings per Share data

	NOTES	**2016**	2015
Revenue	7	**42,695**	40,135
Cost of sales		**(33,332)**	(32,112)
Gross profit		**9,363**	8,023
Other income	9	**1,411**	1,103
Other gains and losses	10	**(55)**	25
Gain on disposal of land and other associated assets	11	**–**	1,755
Selling and distribution expenses		**(4,756)**	(4,835)
General and administrative expenses		**(2,581)**	(1,736)
Finance costs	12	**(239)**	(161)
Share of results of associates		**3**	4
Share of results of joint ventures		**4**	(2)
Profit before taxation		**3,150**	4,176
Income tax expense	13	**(623)**	(826)
Profit for the year	14	**2,527**	3,350
Other comprehensive (expense) income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation		**(695)**	(32)
Fair value loss on available-for-sale financial assets		**(20)**	(27)
Reclassification adjustment upon impairment of available-for-sale financial assets	27	**20**	27
Other comprehensive expense for the year		**(695)**	(32)
Total comprehensive income for the year		**1,832**	3,318
Profit for the year attributable to:			
Owners of the Company		**2,170**	3,128
Non-controlling interests		**357**	222
		2,527	3,350
Total comprehensive income for the year attributable to:			
Owners of the Company		**1,577**	3,098
Non-controlling interests		**255**	220
		1,832	3,318
Earnings per share (expressed in Hong Kong cents)			
Basic	18	**75.89**	110.71
Diluted	18	**74.88**	110.43

Consolidated Statement of Financial Position

At 31 March 2016

Amounts expressed in millions of Hong Kong dollars

	NOTES	2016	2015
Non-current Assets			
Property, plant and equipment	19	**5,818**	5,223
Deposits for purchase of property, plant and equipment		**213**	56
Investment properties	20	**5**	5
Prepaid lease payments on land use rights	21	**718**	550
Goodwill	22	**506**	411
Intangible assets	23	**113**	–
Interests in associates	24	**11**	18
Interests in joint ventures	25	**49**	54
Held-to-maturity investments	26	**702**	325
Available-for-sale investments	27	**1,254**	1,424
Loan receivables	28	**245**	–
Finance lease receivables	29	**146**	–
Deferred tax assets	30	**304**	195
		10,084	8,261
Current Assets			
Inventories	31	**5,494**	4,342
Stock of properties	32	**763**	830
Prepaid lease payments on land use rights	21	**19**	14
Derivative financial instruments	33	**–**	1
Held-to-maturity investments	26	**2,864**	653
Available-for-sale investments	27	**1,042**	821
Held-for-trading investments	34	**15**	–
Trade and other receivables, deposits and prepayments	35	**7,447**	7,204
Bills receivable	36	**7,245**	7,297
Loan receivables	28	**1,089**	96
Finance lease receivables	29	**482**	–
Loan to a joint venture	37	**–**	25
Amounts due from associates	38	**–**	38
Pledged bank deposits	39	**493**	423
Bank balances and cash	39	**5,023**	3,317
		31,976	25,061
Current Liabilities			
Trade and other payables	40	**10,419**	9,154
Bills payable	41	**5,195**	4,835
Derivative financial instruments	33	**–**	2
Provision for warranty	42	**143**	166
Amounts due to associates	43	**35**	5
Tax liabilities		**312**	448
Bank borrowings	44	**4,950**	1,274
Deferred income	45	**247**	185
		21,301	16,069
Net Current Assets		**10,675**	8,992
Total Assets less Current Liabilities		**20,759**	17,253

Consolidated Statement of Financial Position

At 31 March 2016

Amounts expressed in millions of Hong Kong dollars

	NOTES	2016	2015
Non-current Liabilities			
Other payable	40	**54**	–
Provision for warranty	42	**90**	65
Bank borrowings	44	**3,155**	1,312
Deferred income	45	**626**	522
Deferred tax liabilities	30	**134**	151
		4,059	2,050
NET ASSETS		**16,700**	15,203
Capital and Reserves			
Share capital	46	**295**	285
Share premium		**2,995**	2,567
Share option reserve		**221**	221
Share award reserve		**55**	37
Shares held for Share Award Scheme		**(206)**	(76)
Investment revaluation reserve		**–**	–
Surplus account		**38**	38
Capital reserve		**1,238**	1,165
Exchange reserve		**489**	1,082
Accumulated profits		**9,967**	8,420
Equity attributable to owners of the Company		**15,092**	13,739
Non-controlling interests		**1,608**	1,464
		16,700	15,203

The consolidated financial statements on pages 72 to 184 were approved and authorised for issue by the Board of Directors on 14 June 2016 and are signed on its behalf by:

LIN WEIPING
DIRECTOR

YANG DONGWEN
DIRECTOR

For the year ended 31 March 2016

Amounts expressed in millions of Hong Kong dollars

	Attributable to owners of the Company												
	Share capital	Share premium	Share option reserve	Share award reserve	Shares held Share Award Scheme	Investment revaluation reserve	Surplus account *(Note (a))*	Capital reserve *(Note (b))*	Exchange reserve	Accumulated profits	Total	Non-controlling interests	Total
Balance at 1 April 2014	283	2,501	193	–	–	–	38	749	1,112	5,946	10,822	526	11,348
Profit for the year	–	–	–	–	–	–	–	–	–	3,128	3,128	222	3,350
Exchange differences arising on translation	–	–	–	–	–	–	–	–	(30)	–	(30)	(2)	(32)
Fair value loss on available-for-sale financial assets	–	–	–	–	–	(27)	–	–	–	–	(27)	–	(27)
Reclassification adjustment upon impairment of available-for-sale financial assets	–	–	–	–	–	27	–	–	–	–	27	–	27
Total comprehensive (expense) income for the year	–	–	–	–	–	–	–	–	(30)	3,128	3,098	220	3,318
Purchase of Shares for unvested Shares under the Share Award Scheme of the Company	–	–	–	–	(76)	–	–	–	–	–	(76)	–	(76)
Recognition of equity-settled share-based payments	–	–	29	37	–	–	–	–	–	–	66	–	66
Transfer to capital reserve	–	–	–	–	–	–	–	416	–	(416)	–	–	–
Issue of Shares under share option scheme	–	3	(1)	–	–	–	–	–	–	–	2	–	2
Issue of Shares under scrip dividend scheme	2	63	–	–	–	–	–	–	–	–	65	–	65
Dividends recognised as distribution *(note 17)*	–	–	–	–	–	–	–	–	–	(564)	(564)	–	(564)
Adjustment arising from obligations from put options written to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(33)	(33)
Release of obligations arising from put options written to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	538	538
Lapse of put options written to non-controlling interests	–	–	–	–	–	–	–	–	–	66	66	(66)	–
Non-controlling interests arising on disposal of partial interests in subsidiaries that does not result in losing control of subsidiaries *(Note (c))*	–	–	–	–	–	–	–	–	–	267	267	281	548
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(4)	(4)
Acquisition of additional interests in subsidiaries *(Note (d))*	–	–	–	–	–	–	–	–	–	(7)	(7)	2	(5)
Balance at 31 March 2015	285	2,567	221	37	(76)	–	38	1,165	1,082	8,420	13,739	1,464	15,203
Profit for the year	–	–	–	–	–	–	–	–	–	2,170	2,170	357	2,527
Exchange differences arising on translation	–	–	–	–	–	–	–	–	(593)	–	(593)	(102)	(695)
Fair value loss on available-for-sale financial assets	–	–	–	–	–	(20)	–	–	–	–	(20)	–	(20)
Reclassification adjustment upon impairment of available-for-sale financial assets	–	–	–	–	–	20	–	–	–	–	20	–	20
Total comprehensive (expense) income for the year	–	–	–	–	–	–	–	–	(593)	2,170	1,577	255	1,832
Purchase of Shares for unvested Shares under the Share Award Scheme of the Company	–	–	–	–	(184)	–	–	–	–	–	(184)	–	(184)
Recognition of equity-settled share-based payments	–	–	34	70	–	–	–	–	–	–	104	–	104
Transfer to capital reserve	–	–	–	–	–	–	–	73	–	(73)	–	–	–
Issue of Shares under share option scheme	2	102	(34)	–	–	–	–	–	–	–	70	–	70
Issue of Shares under scrip dividend scheme	8	326	–	–	–	–	–	–	–	–	334	–	334
Shares vested under the Share Award Scheme	–	–	–	(50)	54	–	–	–	–	(4)	–	–	–
Lapse of share award	–	–	–	(2)	–	–	–	–	–	2	–	–	–
Dividends recognised as distribution *(note 17)*	–	–	–	–	–	–	–	–	–	(590)	(590)	–	(590)
Contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	8	8
Non-controlling interests arising on disposal of partial interests in subsidiaries that does not result in losing control of subsidiaries *(Note (c))*	–	–	–	–	–	–	–	–	–	42	42	2	44
Non-controlling interest arising from acquisition of subsidiaries *(note 59(a))*	–	–	–	–	–	–	–	–	–	–	–	30	30
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(134)	(134)
Acquisition of additional interests in subsidiaries *(Note (d))*	–	–	–	–	–	–	–	–	–	–	–	(17)	(17)
Balance at 31 March 2016	295	2,995	221	55	(206)	–	38	1,238	489	9,967	15,092	1,608	16,700

Notes:

(a) *Surplus account represented the difference between the nominal amount of the share capital issued by the Company and the aggregate of the nominal amount of the issued share capital and other reserves accounts of Skyworth Investment (Holdings) Limited, a subsidiary which was acquired by the Company pursuant to the group reorganisation carried out in 2000.*

(b) *Capital reserve represented the PRC statutory reserves. Pursuant to the relevant PRC regulations and the Articles of Association of the PRC subsidiaries of the Company, the PRC subsidiaries are required to transfer not less than 10% of their post-tax profit to statutory reserves (i.e. capital reserve) as reserve funds until the aggregated amounts have reached 50% of their registered capitals. These reserves should only be used for making up losses, capitalisation into capital, and expansion of production and operation.*

(c) *During the Reporting Year, the Company disposed of partial interests in certain subsidiaries. This mainly includes a disposal of 24% and 4.506% interest of 北京新七天電子商務技術有限公司 and 深圳市酷開網絡科技有限公司 for a consideration of HK$38 million and HK$6 million respectively. The difference between the consideration of HK$44 million and the net assets attributable to the interest disposed to the non-controlling shareholders of HK$2 million, amounting to HK$42 million, is credited to accumulated profits.*

During the Previous Year, the Company disposed of partial interests in certain subsidiaries. This includes a disposal of 11.46% interest of SSDT for a deemed consideration of HK$541 million. The difference between the deemed consideration of HK$541 million and the net assets attributable to the interest disposed to the non-controlling shareholders of HK$270 million, amounting to HK$271 million, is credited to accumulated profits. Details of the partial disposal of SSDT are disclosed in note 59(c).

(d) *During the Reporting Year, the Company acquired 30% interest in 北京新七天科技有限公司 from a non-controlling shareholder for a consideration of HK$17 million, which approximates the carrying amount of the net assets attributable to the additional interest acquired from the non-controlling shareholder.*

During the Previous Year, the Company acquired 20% interest in 創維光電科技（深圳）有限公司 from a non-controlling shareholder for a consideration of HK$5 million. The difference between the cash consideration paid and the carrying amount of the net liabilities attributable to the additional interest acquired from the non-controlling shareholder of HK$7 million is debited to accumulated profits.

For the year ended 31 March 2016

Amounts expressed in millions of Hong Kong dollars

	2016	2015
OPERATING ACTIVITIES		
Profit before taxation	**3,150**	4,176
Adjustments for:		
Amortisation of intangible assets	**3**	–
Depreciation of property, plant and equipment	**639**	443
Dividend income	**(28)**	(6)
Finance costs	**239**	161
Gain on disposal of land and other associated assets	**–**	(1,755)
Government grants related to assets recognised	**(254)**	(179)
Impairment loss on trade receivables	**2**	28
Impairment loss recognised in respect of amount due from and loan to a joint venture	**31**	–
Impairment loss recognised in respect of available-for-sale investments	**20**	27
Interest income from available-for-sales investments	**(73)**	(44)
Interest income from bank deposits	**(92)**	(108)
Interest income from held-to-maturity investments	**(224)**	(63)
Interest income from loan receivables	**(11)**	–
Loss (gain) from changes in fair value of derivative financial instruments	**1**	(10)
Loss (gain) on disposal of property, plant and equipment and prepaid lease payment on land use right	**8**	(62)
Provision for warranty	**230**	219
Release of prepaid lease payments on land use rights	**19**	17
Share-based payment expenses	**104**	66
Share of results of associates	**(3)**	(4)
Share of results of joint ventures	**(4)**	2
Write-down of inventories	**5**	63
Operating cash flows before movements in working capital	**3,762**	2,971
Cash paid on settlement of foreign currency contracts	**(3)**	–
Cash received on settlement of performance swap contract	**1**	8
Increase in inventories	**(1,219)**	(135)
Decrease (increase) in stock of properties	**27**	(252)
Increase in held-for-trading investments	**(15)**	–
Increase in trade and other receivables, deposits and prepayments	**(526)**	(1,231)
(Increase) decrease in bills receivable	**(228)**	2,795
Increase in loan receivables	**(1,267)**	(96)
Decrease in amounts due from associates	**38**	85
Increase in amount due from a joint venture	**(6)**	–
Increase in finance lease receivables	**(646)**	–
Increase (decrease) in trade and other payables	**1,420**	(408)
Increase in bills payable	**540**	720
Decrease in provision for warranty	**(218)**	(186)
Decrease in amounts due to joint ventures	**–**	(4)
Increase (decrease) in amounts due to associates	**30**	(12)
Increase (decrease) in deferred income	**41**	(3)
Cash generated from operations	**1,731**	4,252
Hong Kong income tax paid	**(14)**	–
PRC income tax paid	**(523)**	(453)
LAT paid	**(7)**	–
NET CASH FROM OPERATING ACTIVITIES	**1,187**	3,799

Consolidated Statement of Cash Flows

For the year ended 31 March 2016

Amounts expressed in millions of Hong Kong dollars

	NOTES	2016	2015
INVESTING ACTIVITIES			
Dividend received		**39**	10
Interest received		**444**	199
Purchase of property, plant and equipment		**(1,483)**	(1,116)
Proceeds on disposal of property, plant and equipment and prepaid lease payment on land use right		**142**	54
Addition to prepaid lease payments on land use rights		**(172)**	(45)
Net proceeds received on disposal of land and other associated assets	11	**–**	1,859
PRC income tax paid related to Shenzhen Gongming Town Cooperation		**(354)**	–
Net cash (outflow) inflow from acquisition of subsidiaries	59	**(320)**	14
Purchase of intangible assets		**(7)**	–
Return on capital upon deregistration of an associate		**6**	–
Investments in held-to-maturity investments		**(3,909)**	(1,333)
Proceeds on disposal of held-to-maturity investments		**1,293**	688
Investments in available-for-sale investments		**(1,152)**	(1,660)
Proceeds on disposal of available-for-sale investments		**1,004**	375
Advances to staffs		**(63)**	(57)
Repayments from staffs		**57**	51
Loan to a joint venture		**–**	(25)
Repayment from a joint venture		**–**	25
Government grants received related to assets		**379**	148
Placement of pledged bank deposits		**(505)**	(423)
Withdrawal of pledged bank deposits		**423**	1,572
Placement of restricted bank deposits		**(158)**	(492)
Withdrawal of restricted bank deposits		**100**	230
NET CASH (USED IN) FROM INVESTING ACTIVITIES		**(4,236)**	74
FINANCING ACTIVITIES			
Dividends paid		**(390)**	(503)
Interest paid		**(239)**	(148)
Issue of Shares through exercise of share options		**70**	2
Purchases of Shares for unvested shares under Share Award Scheme		**(184)**	(76)
Contributions from non-controlling interests		**8**	–
Acquisition of additional interests in subsidiaries		**(17)**	(5)
Proceeds from partial disposals of subsidiaries		**44**	7
New bank borrowings raised		**9,546**	3,951
Repayments of bank borrowings		**(3,961)**	(5,591)
Repayments of borrowings arising from discounted bills with recourse		**–**	(1,472)
NET CASH FROM (USED IN) FINANCING ACTIVITIES		**4,877**	(3,835)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**1,828**	38
CASH AND CASH EQUIVALENTS AT 1 APRIL		**2,950**	2,918
Effect of foreign exchange rate changes		**(157)**	(6)
CASH AND CASH EQUIVALENTS AT 31 MARCH		**4,621**	2,950
Bank balances and cash represented:			
Cash and cash equivalents		**4,621**	2,950
Restricted bank deposits		**402**	367
		5,023	3,317

1. GENERAL

The Company is an exempted company incorporated in Bermuda with limited liability and its shares are listed on Stock Exchange. The addresses of the registered office and the principal place of business of the Company are disclosed in the corporate information of the annual report.

The Company's functional currency is RMB. The consolidated financial statements are presented in HK$ as the directors consider that HK$ is the appropriate presentation currency as the management of the Company controls and monitors the performance and financial position of the Group using HK$.

The Group, comprising the Company and its subsidiaries, is principally engaged in the manufacture and sales of consumer electronic products and upstream accessories, property development and property holding. Details of the principal activities of the principal subsidiaries, associates and joint ventures are set out in notes 57, 24 and 25 respectively.

2. APPLICATION OF NEW AND REVISED HKFRSs

Application of amendments to HKFRSs

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the Reporting Year:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions

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

2. APPLICATION OF NEW AND REVISED HKFRSs (Continued)

New and revised HKFRSs in issue but not yet effective

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle[1]
HKFRS 9	Financial Instruments[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Leases[3]
Amendments to HKAS 1	Disclosure Initiative[1]
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 27	Equity Method in Separate Financial Statements[1]

[1] *Effective for annual periods beginning on or after 1 January 2016*
[2] *Effective for annual periods beginning on or after 1 January 2018*
[3] *Effective for annual periods beginning on or after 1 January 2019*
[4] *Effective for annual periods beginning on or after a date to be determined*

2. APPLICATION OF NEW AND REVISED HKFRSs (Continued)

New and revised HKFRSs in issue but not yet effective (Continued)

HKFRS 9 *Financial Instruments*

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 that are relevant to the Group are described as follows:

- all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss; and

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The Directors anticipate that the application of HKFRS 9 in the future may have a material impact on amounts reported in respect of the Group's financial instruments. For the moment, it is not practicable to provide a reasonable estimate of that effect of the application of HKFRS 9 until the Group performs a detailed review.

2. APPLICATION OF NEW AND REVISED HKFRSs (Continued)

New and revised HKFRSs in issue but not yet effective (Continued)

HKFRS 15 *Revenue from Contracts with Customers*

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

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

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

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

The Directors anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. In the moment, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Other than disclosed above, the Directors anticipate that the application of the other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by Listing Rules and by the Hong Kong Companies Ordinance.

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

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

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

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.

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The principal accounting policies are set out below.

Basis of consolidation

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

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

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

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

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

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

Changes in the Group's ownership interests in existing subsidiaries

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

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 *Financial Instruments: Recognition and Measurement*, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations (Continued)

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

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

Goodwill

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

For the purposes of impairment testing, goodwill is allocated to each of the Group's CGU (or groups of CGU) that is expected to benefit from the synergies of the combination.

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

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets (Continued)

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with indefinite lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interests in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting from the date on which the investee becomes an associate or a joint venture. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interests in associates and joint ventures (Continued)

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment (or a portion thereof) is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with HKAS 39 *Financial Instruments: Recognition and Measurement*. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Property, plant and equipment

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

Properties which comprise a portion that is held to earn rentals and another significant portion that is held for use in the production or supply of goods or for administration purposes, and the portion of properties rent out under operating lease cannot be sold out separately (or cannot be leased out separately under a finance lease), are accounted for as property, plant and equipment.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment (Continued)

Depreciation is recognised so as to write off the cost of assets other than construction in progress, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

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

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

A transfer of an item from investment properties to property, plant and equipment is made where there is a change in use as, evidenced by commencement of owner occupation.

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

Impairment losses on tangible assets and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment losses on tangible assets and intangible assets other than goodwill (Continued)

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

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

Prepaid lease payments on land use rights

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

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Stock of properties

Completed properties and properties under development for sale are stated at the lower of cost and net realisable value. Cost of stock of properties includes cost of land, development expenditure and other directly attributable expenses. Net realisable value represents the estimated selling price for stock of properties less all estimated costs necessary to make the sale, determined by management based on prevailing market conditions.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

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

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

Financial assets

Financial assets are classified into the following specified categories: financial assets at FVTPL, held-to-maturity investments, available-for-sale financial assets, and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

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

Financial assets at FVTPL

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

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or

- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at FVTPL (Continued)

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in the "other gains and losses" line item. Fair value is determined in the manner described in note 6(c).

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment of financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables (b) held-to-maturity investments or (c) financial assets at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Available-for-sale financial assets (Continued)

Equity securities held by the Group that are classified as available-for-sale financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of available-for-sale monetary financial assets relating to dividends on available-for-sale equity investments are recognised in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment of financial assets below).

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period (see accounting policy in respect of impairment of financial assets below).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including loan receivable, trade and other receivables, bills receivable, loan to a joint venture, amounts due from associates, pledged bank deposits, and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment of financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of that security below its cost is considered to be objective evidence of impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

For all other financial assets, objective evidence of impairment could include:

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

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

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

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods (see the accounting policy below).

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

When an available-for-sale financial asset is considered to be impaired, cumulative losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

In respect of available-for-sale equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. In respect of available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss of an increase in the fair value of the investment can be objectively related to an event arising after the recognition of the impairment loss.

Financial liabilities and equity instruments

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

Equity instruments

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

Financial liabilities at FVTPL

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

A financial liability is classified as held for trading if:

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities at FVTPL (Continued)

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any interest paid on the financial liabilities and is included in the "other gains and losses" line item. Fair value is determined in the manner described in note 6(c).

Other financial liabilities

Other financial liabilities (including trade and other payables, bills payable, amounts due to associates and bank borrowings) are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Derivative financial instruments

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

Derecognition

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

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

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

Provision for warranty

Provision for warranty is recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of obligation. Provision for warranty is measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation, and are discounted to present value (where the effect of the time value of money is material).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets. Other government grants are recognised as revenue over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Leasing

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

The Group as lessor

Amounts due from lessees under finance leases are recognised as finance lease receivables on the consolidated statement of financial position at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

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

The Group as lessee

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Foreign currencies

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

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

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

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

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Taxation

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interest in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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

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

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Retirement benefit costs

Payments to defined contribution retirement benefit plans, including state-managed retirement benefit schemes, the ORSO and the MPF Scheme, are recognised as an expense when employees have rendered service entitling them to the contributions.

Equity-settled share-based payment transactions

Share options scheme

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 49 to the Group's consolidated financial statements.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share option reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulated expense reflects the revised estimate, with a corresponding adjustment to the share option reserve.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity-settled share-based payment transactions (Continued)

Share award scheme

For Share Award Schemes, the fair value of services received, determined by reference to the fair value of awarded shares granted at the grant date, is expensed on a straight-line basis over the vesting period, with a corresponding increase in share award reserve. The cost of acquisition of the Company's share held for the Share Award Scheme is recorded as treasury shares (shares held for Share Award Scheme). At the time when the awarded shares are vested, the amount previously recognised in share award reserve and the amount of the relevant treasury shares will be transferred to accumulated profits.

At the end of each reporting period, the Group revises its estimates of the number of awarded shares that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss, with a corresponding adjustment to the share award reserve.

Revenue recognition

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

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

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

Revenue from sale of properties in the ordinary course of business is recognised when the respective properties have been completed and delivered to the purchasers. Deposits received from purchasers prior to the date of revenue recognition are included in the consolidated statement of financial position under "trade and other payables".

Processing income, and repairs and maintenance income are recognised when services are provided.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

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

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

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In connection with the preparation of the Group's consolidated financial statements in accordance with the Group's accounting policies as described in note 3, the management has made judgements, estimates and assumptions about future events, and applied judgements that affect the reported amounts of assets, liabilities, revenue and expenses and the related disclosures.

Based on historical experience, current trends and other factors, the management makes assumptions and best estimates which are relevant at the time when the consolidated financial statements are prepared. Management believes that the following assumptions and accounting estimates are the most critical to aid in fully understanding and evaluating the results of the Group.

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

Critical judgements in applying accounting policies

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

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

Critical judgements in applying accounting policies (Continued)

Transfer of financial assets

As disclosed in note 47, the Group has derecognised bills receivable issued by banks, the payables to suppliers and the financial liabilities on bills discounted with recourse in their entirety prior to the maturity of those bills if in the opinion of the Directors, the Group has transferred substantially all the risks and rewards of ownership of these bills and has discharged its obligations under the relevant practice, rule and regulations in the PRC. The determination of derecognising such bills receivable and payables requires the management to apply judgement as to whenever substantially all the risks and rewards of ownership of these bills have been transferred, taking into account the credit risk of banks that issue the bills and the past settlement history of the Group's bills receivable.

Held-to-maturity investments

The Directors have reviewed the Group's held-to-maturity investments in the light of its capital maintenance and liquidity requirements and have confirmed the Group's positive intention and ability to hold those assets to maturity. At the end of the Reporting Year, the carrying amount of the held-to-maturity investments is HK$3,566 million (2015: HK$978 million). Details of these assets are set out in note 26.

Key sources of estimation uncertainty

The following are 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.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the CGU to which goodwill have been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. At the end of the Reporting Year, the carrying amount of goodwill is HK$506 million (2015: HK$411 million). Details of the recoverable amount calculations are disclosed in note 22.

Impairment of intangible assets with indefinite useful life

Determining whether intangible assets with indefinite useful life are impaired requires an estimation of the recoverable amount of these intangible assets. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the intangible assets and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impaired loss may arise. At the end of the Reporting Year, the carrying amount of the Group's intangible assets with indefinite useful life is HK$109 million (2015: nil). Details of the recoverable amount calculations are disclosed in note 23.

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

Key sources of estimation uncertainty (Continued)

Allowance for inventories

Inventories are stated at the lower of cost and net realisable value. For the Reporting Year, allowance of HK$5 million (2015: HK$63 million) is made to write down the cost of inventories to their net realisable values.

The determination of the amount of allowance requires judgement because the assessment of net realisable values of inventories requires management to make assumptions and to apply judgement regarding forecast consumer demand, the effectiveness of the promotion activities, inventory ageing, subsequent sales information and technological obsolescence. The Directors believe that there will not be a material change in the estimates or assumptions which are used in the assessment of net realisable values of inventories.

However, if estimates regarding consumer demand are inaccurate and changes in technology affect demand for certain products in an unforeseen manner, allowance for inventories may increase or decrease accordingly.

Impairment of trade receivables

Impairment loss of trade receivables is made when there is objective evidence that the recoverability of trade receivables due from customers becomes doubtful. During the Reporting Year, impairment loss of HK$2 million (2015: HK$28 million) is made on trade receivables. The impairment loss calculation requires judgement because management is required to make assumptions and to apply judgement regarding historical settlement experience, debt ageing, financial status of customers and general economic conditions. The Directors believe that there will not be a material change in the estimates or assumptions which are used in the calculations of impairment loss of trade receivables. However, when the actual outcome or expectation in future is different from the original estimates, an additional impairment loss may have to be recognised.

Provision for warranty

Being an industry practice, the Group provides one to five years product warranty to its customers depending on product type, under which faulty products are repaired or replaced. At the end of the Reporting Year, provision for warranty of HK$233 million (2015: HK$231 million) is recognised for the products sold and processed. The amount of the provision for the warranty requires judgement because it requires management to estimate defective rate of products sold. As the Group continues to develop new technologies and upgrade its product quality, it is possible that the past defective rate of products is not a good indicator of future claims by customers in respect of past sales. Any increase or decrease in the actual claims will affect profit or loss in future years.

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

Key sources of estimation uncertainty (Continued)

Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The Directors have appointed accounting officers to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation or obtain mark-to-market data from banks. The accounting officers work closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model, and communicate with banks to understand the valuation methodology adopted in deriving the mark-to-market data. The accounting officers report to the Board to explain the cause of fluctuations in the fair value of the assets and liabilities.

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. Notes 6(c) and 20 provide detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various assets and liabilities.

5. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debt which includes bank borrowings disclosed in note 44, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising issued share capital and reserves.

The Directors review the capital structure periodically. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. The Group will also balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt, if necessary.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2016 HK$ million	2015 HK$ million
Financial assets		
Loans and receivables at amortised cost (including cash and cash equivalents)	**19,787**	17,142
Held-to-maturity investments	**3,566**	978
Available-for-sale financial assets	**2,296**	2,245
Held-for-trading investments	**15**	–
Derivative financial instruments	**–**	1
Financial liabilities		
Liabilities at amortised cost	**21,489**	14,734
Derivative financial instruments	**–**	2

(b) Financial risk management objectives and policies

The Group's major financial instruments include held-to-maturity investments, available-for-sale investments, loan receivables, derivative financial instruments, held-for-trading investments, trade and other receivables, bills receivable, loan to a joint venture, amounts due from associates, pledged bank deposits, bank balances and cash, trade and other payables, bills payable, amounts due to associates, and bank borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (i.e. currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign exchange rate, interest rate and other price.

Currency risk

The Group's sales in the PRC represent 78% (2015: 78%) of the Group's total turnover. All of these sales transactions are conducted and denominated in RMB. The Group needs to convert revenue in RMB into foreign currencies from time to time in order to meet its ongoing obligations and payment of dividends. Although RMB is not a freely convertible currency, the Group did not experience any difficulties in such conversion to meet operational requirements.

6. FINANCIAL INSTRUMENTS (Continued)

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

Market risk (Continued)

Currency risk (Continued)

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the Reporting Year are as follows:

	Assets		Liabilities	
	2016	2015	**2016**	2015
	HK$ million	HK$ million	**HK$ million**	HK$ million
US$ against RMB	**1,256**	844	**612**	1,211
HK$ against RMB	**8**	31	**94**	85
RMB against HK$	**31**	10	**–**	–
EUR against HK$	**10**	–	**2,660**	–

Currency risk sensitivity analysis

The Directors considered that the Group's exposure to HK$ against RMB is limited. Accordingly, no sensitivity to fluctuation in HK$ against RMB is presented.

The Group therefore exposes to fluctuations in US$ against RMB and EUR against HK$. The following table only details the Group's sensitivity to a 5% increase and decrease in US$ against RMB and EUR against HK$. 5% is the sensitivity rate used when it represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. The sensitivity analysis mainly includes trade and other receivables, pledged bank deposits, bank balances and cash, trade and other payables, as well as bank borrowings. A positive number below indicates an increase in profit for the year where US$ weaken 5% against RMB or EUR weaken 5% against HK$. For a 5% strengthening of US$ against RMB or EUR against HK$, there would be an equal and opposite impact on the profit for the year.

	2016	2015
	HK$ million	HK$ million
Profit for the year		
US$ against RMB	**(27)**	16
EUR against HK$	**111**	–

In management's opinion, the sensitivity analysis is unrepresentative of the foreign exchange risk inherent in the financial assets and liabilities, as the exposure at the end of the Reporting Year does not represent the exposure during the Reporting Year.

6. FINANCIAL INSTRUMENTS (Continued)

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

Market risk (Continued)

Interest rate risk

The Group is exposed to cash flow interest rate risk as certain of its pledged bank deposits, bank balances and bank borrowings are subject to floating interest rates (see note 44 for details of the borrowings). It is the Group's policy to keep majority of its borrowings at floating rate of interests so as to minimise the fair value interest rate risk. Management will also consider hedging significant interest rate exposure should the need arise.

The Group is exposed to fair value interest rate risk in relation to its fixed-rate bank borrowings (see note 44 for details of bank borrowings).

The management considered that the exposure to cash flow interest rate risk in relation to pledged bank deposits and bank balances is minimal, accordingly, no sensitivity analysis is presented for both years.

The Group's cash flow interest rate risk is mainly related to the fluctuation of EURIBOR, PBOC lending rate and LIBOR against the Group's borrowings.

Interest rate risk sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to floating interest rates for bank borrowings at the end of the reporting period and assumed the amounts outstanding at the end of the reporting period were outstanding for the whole year and held constant throughout the financial year. If interest rates on interest bearing bank borrowings had been 50 basis points higher/lower and all other variables were held constant, the profit for the year would decrease/increase by approximately HK$32 million (2015: HK$9 million).

Other price risk

The Group is exposed to other price risk through its investments in listed equity securities and unlisted investment fund (as disclosed in notes 27 and 34). In addition, the Group has appointed the management to monitor the price risk and will consider hedging the risk exposure should the need arise.

6. FINANCIAL INSTRUMENTS (Continued)

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

Market risk (Continued)

Other price risk (Continued)

Price risk sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period.

If the prices of the respective equity instruments had been 10% (2015: 10%) higher/lower:

- post-tax profit for the Reporting Year would increase/decrease by HK$2 million/HK$6 million (2015: nil/HK$6 million) as a result of the changes in fair value of held-for-trading investments and available-for-sale investments which have been impaired; and

- investment valuation reserve would increase/decrease by HK$4 million/nil (2015: HK$6 million/nil) for the Group as a result of the changes in fair value of available-for-sale investments.

The Group's sensitivity to available-for-sale investments and held-for-trading investments has not changed significantly from the prior year.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations at the end of the reporting period in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the consolidated statement of financial position. In order to minimise the credit risk, the management of the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts, including to secure a third party guarantee and to enter into export credit insurance contracts. In addition, the Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regards, the Directors consider that the Group's credit risk is significantly reduced.

In order to minimise the credit risk on bills received from customers, the Group will only accept bills issued by certain licensed banks with high credit ratings. Before accepting any bills from customers, the Group will verify the validity of each bill. In this regard, the Directors consider that the Group's credit risk associated with its bills receivable is limited.

6. FINANCIAL INSTRUMENTS (Continued)

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

Credit risk (Continued)

The Group has endorsed and then derecognised certain bills receivable issued by banks, the payables to suppliers and the financial liabilities on bills discounted with recourse in their entirety prior to the maturity of those bills if in the opinion of the Directors, the Group has transferred substantially all the risks and rewards of ownership of these bills and has discharged its obligations under the relevant PRC practice, rule and regulations. In the opinion of the Directors, the Group has limited exposure in respect of the settlement obligation of these bills receivable under relevant PRC rules and regulations should the issuing banks fail to settle the bills on maturity date. The Group considered the issuing banks of the bills being derecognised are of good credit quality and the non-settlement of these bills by the issuing banks on maturity is remote.

The pledged bank deposits and bank balances are placed in a number of counterparties, most of which are licensed banks with high credit ratings. As such, the credit risk on liquid funds is limited.

The Group's concentration of credit risk by geographical locations is mainly in PRC, which accounted for 86% (2015: 88%) and 100% (2015: 100%) of the total trade receivables and loan receivable respectively at the end of the Reporting Year.

The Group has no other significant concentration of credit risk with exposure spread over a number of counterparties and customers, and industries.

Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. At the end of the Reporting Year, the Group has available unutilised bank borrowing facilities of approximately HK$26,547 million (2015: HK$25,753 million).

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other non-derivatives financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from prevailing market interest rate at the end of the reporting period.

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash outflows (inflows) on derivative financial instruments that settle on a net basis. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual maturities as the management consider that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

6. FINANCIAL INSTRUMENTS (Continued)

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

Liquidity risk (Continued)

Liquidity and interest risk tables

	Weighted average effective interest rate %	Repayable on demand or less than 1 month HK$ million	1 to 3 months HK$ million	Over 3 months but not more than 1 year HK$ million	1 to 5 years HK$ million	Over 5 years HK$ million	Total undiscounted cash flows HK$ million	Carrying amount at 31.3.2016 HK$ million
2016								
Non-derivative financial liabilities								
Trade and other payables	–	4,866	2,722	512	54	–	8,154	8,154
Bills payable	–	877	1,931	2,387	–	–	5,195	5,195
Amounts due to associates	–	35	–	–	–	–	35	35
Bank borrowings – variable rate	3.80	184	944	2,295	3,217	100	6,740	6,426
Bank borrowings – fixed rate	1.65	731	243	592	130	–	1,696	1,679
		6,693	5,840	5,786	3,401	100	21,820	21,489

	Weighted average effective interest rate %	Repayable on demand or less than 1 month HK$ million	1 to 3 months HK$ million	Over 3 months but not more than 1 year HK$ million	1 to 5 years HK$ million	Over 5 years HK$ million	Total undiscounted cash flows HK$ million	Carrying amount at 31.3.2015 HK$ million
2015								
Non-derivative financial liabilities								
Trade and other payables	–	5,084	1,671	553	–	–	7,308	7,308
Bills payable	–	1,181	1,853	1,801	–	–	4,835	4,835
Amounts due to associates	–	5	–	–	–	–	5	5
Bank borrowings – variable rate	4.07	586	44	239	1,333	–	2,202	2,019
Bank borrowings – fixed rate	3.32	266	197	106	–	–	569	567
		7,122	3,765	2,699	1,333	–	14,919	14,734
Derivatives settled, net								
Foreign currency forward contracts		–	–	2	–	–	2	2
Performance swap contracts		–	(1)	–	–	–	(1)	(1)

The amounts included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the Reporting Year.

6. FINANCIAL INSTRUMENTS (Continued)

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

Liquidity risk (Continued)

Liquidity and interest risk tables (Continued)

Bank borrowings with a repayment on demand clause are included in the "Repayable on demand or less than 1 month" time band in the above maturity analysis. At the end of the Reporting Year, the aggregate undiscounted principal amounts of these bank borrowings amounted to HK$83 million (2015: HK$578 million). Taking into account the Group's financial position, the Directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The Directors believe that such bank borrowings will be repaid within one year after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to HK$87 million (2015: HK$584 million).

		Maturity Analysis – borrowings subject to a repayment on demand clause based on scheduled repayments					
	Weighted average effective interest rate %	Less than 1 month HK$ million	1 to 3 months HK$ million	Over 3 months but not more than 1 year HK$ million	1 to 5 years HK$ million	Total undiscounted cash flows HK$ million	Carrying amount HK$ million
31 March 2016	**3.00**	**–**	**–**	**2**	**85**	**87**	**83**
31 March 2015	2.38	15	51	518	–	584	578

6. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurements of financial instruments

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

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

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

Financial assets/ financial liabilities	Fair value as at 2016 HK$ million	2015 HK$ million	Fair value hierarchy	Valuation technique(s) and key input(s)
Available-for-sale financial assets:				
Listed equity securities	**41**	61	Level 1	Quoted bid prices in an active market
Held-for-trading financial assets:				
Unlisted investment fund	**15**	–	Level 2	Quoted bid prices for identical assets in market that are not active
Derivative financial instruments:				
Foreign currency forward contracts	**–**	(2)	Level 2	Discounted cash flow Future cash flows are estimated based on forward exchange (from observable forward exchange at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Performance swap contracts	**–**	1	Level 2	Discounted cash flow Future cash flows are estimated based on forward exchange and interest rates (from observable forward exchange and interest rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.
	–	(1)		

There were no transfers between Level 1 and 2 during the year.

6. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurements of financial instruments (Continued)

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

The Directors consider that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the consolidated financial statements approximate their fair values.

The fair values of the above financial assets and financial liabilities (categorised with Level 3 hierarchy) have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

7. REVENUE

Revenue represents the aggregate value of goods and properties sold reduced for goods returns, rebates, trade discounts and sales related taxes, rental income from leasing of properties, and revenue from provision of processing services provided for the year. An analysis of the Group's revenue for the Reporting Year is as follows:

	2016 **HK$ million**	2015 HK$ million
Manufacture and sales of TV products	**30,112**	30,141
Manufacture and sales of digital set-top boxes	**5,913**	4,376
Processing income and sales of LCD modules	**772**	643
Manufacture and sales of white appliances	**2,366**	2,358
Property rental income	**259**	249
Sales of properties	**366**	175
Others	**2,907**	2,193
	42,695	40,135

8. SEGMENT INFORMATION

The Group is organised into operating business units according to the nature of the goods sold or services provided. The Group determines its operating segments based on these business units by reference to the goods sold or services provided, for the purpose of reporting to the chief operating decision maker (i.e. EDs). In addition, for "TV products", the information reported to the chief operating decision maker is further broken down into PRC market and overseas market.

8. SEGMENT INFORMATION (Continued)

The Group's reportable and operating segments under HKFRS 8 *Operating Segments* are as follows:

1.	TV products (PRC market)	–	design, manufacture and sale of TV for the PRC market (excluding Hong Kong and Macau)
2.	TV products (overseas market)	–	design, manufacture and sale of TV for the overseas market (including Hong Kong and Macau)
3.	Digital set-top boxes and LCD modules	–	design, manufacture and sale of digital set-top boxes and design, manufacturing, sales and processing of LCD modules
4.	White appliances	–	design, manufacture and sale of white appliances, including refrigerators, washing machines, etc.
5.	Property holding	–	leasing of property

Although "White appliances" segment and "Property holding" segment do not meet any of the quantitative thresholds for determining reportable segments, they are separately disclosed as the management believes that information regarding these two segments would be useful to the users of the consolidated financial statements.

In addition to the above reportable segments, the Group has other operating segments mainly include (i) design, manufacture and sale of other electronic products, and (ii) sales of properties. These two operating segments do not meet any of the quantitative thresholds for determining reportable segments. Accordingly, these two operating segments are grouped as "Others" segment.

The segment information of "LCD modules" as disclosed in the comparative figures have been combined with "Digital set-top boxes" to conform with the presentation of the Reporting Year, for the purpose of reporting to the chief operating decision maker after the acquisition of LCD modules business by Skyworth Digital.

Segment information about these businesses is presented below.

8. SEGMENT INFORMATION (Continued)

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segments:

For the year ended 31 March 2016

	TV products (PRC market) HK$ million	TV products (overseas market) HK$ million	Digital set-top boxes and LCD modules HK$ million	White appliances HK$ million	Property holding HK$ million	Others HK$ million	Eliminations HK$ million	Total HK$ million
Revenue								
Segment revenue from external customers	24,129	5,983	6,685	2,366	259	3,273	–	42,695
Inter-segment revenue	795	–	905	–	36	620	(2,356)	–
Total segment revenue	24,924	5,983	7,590	2,366	295	3,893	(2,356)	42,695
Results								
Segment results	2,028	154	765	190	174	(96)	–	3,215
Interest income								400
Unallocated corporate expenses less income								(233)
Finance costs								(239)
Share of results of associates								3
Share of results of joint ventures								4
Consolidated profit before taxation of the Group								3,150

For the year ended 31 March 2015

	TV products (PRC market) HK$ million	TV products (overseas market) HK$ million	Digital set-top boxes and LCD modules HK$ million	White appliances HK$ million	Property holding HK$ million	Others HK$ million	Eliminations HK$ million	Total HK$ million
Revenue								
Segment revenue from external customers	24,379	5,762	5,019	2,358	249	2,368	–	40,135
Inter-segment revenue	945	–	1,009	–	26	227	(2,207)	–
Total segment revenue	25,324	5,762	6,028	2,358	275	2,595	(2,207)	40,135
Results								
Segment results	1,691	120	641	83	161	(94)	–	2,602
Interest income								215
Unallocated corporate expenses less income								(237)
Gain on disposal of land and other associated assets								1,755
Finance costs								(161)
Share of results of associates								4
Share of results of joint ventures								(2)
Consolidated profit before taxation of the Group								4,176

8. SEGMENT INFORMATION (Continued)

Segment revenues and results (Continued)

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment results represent the profit earned by (loss from) each segment without allocation of interest income, corporate expenses less income, gain on disposal of land and other associated assets, finance costs, and share of results of associates and joint ventures. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments:

As at 31 March 2016

	TV products (PRC market) HK$ million	TV products (overseas market) HK$ million	Digital set-top boxes and LCD modules HK$ million	White appliances HK$ million	Property holding HK$ million	Others HK$ million	Eliminations HK$ million	Total HK$ million
Assets								
Segment assets	12,989	1,367	5,475	1,162	1,399	7,405	–	29,797
Goodwill								506
Interests in associates								11
Interests in joint ventures								49
Unallocated corporate assets								11,697
Total consolidated assets								42,060
Liabilities								
Segment liabilities	6,878	806	3,406	703	510	3,633	–	15,936
Unallocated corporate liabilities								9,424
Total consolidated liabilities								25,360

8. SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

As at 31 March 2015

	TV products (PRC market) HK$ million	TV products (overseas market) HK$ million	Digital set-top boxes and LCD modules HK$ million	White appliances HK$ million	Property holding HK$ million	Others HK$ million	Eliminations HK$ million	Total HK$ million
Assets								
Segment assets	14,292	1,067	4,480	1,452	1,080	3,284	–	25,655
Goodwill								411
Interests in associates								18
Interests in joint ventures								54
Unallocated corporate assets								7,184
Total consolidated assets								33,322
Liabilities								
Segment liabilities	9,770	346	2,514	1,192	121	282	–	14,225
Unallocated corporate liabilities								3,894
Total consolidated liabilities								18,119

For the purposes of monitoring segment performances and allocating resources among segments:

- all assets are allocated to reportable segments other than goodwill, interests in associates and joint ventures, derivative financial instruments, held-to-maturity investments, available-for-sale investments, deferred tax assets, held-for-trading investments, loan to a joint venture, pledged bank deposits and bank balances and cash; and

- all liabilities are allocated to reportable segments other than derivative financial instruments, tax liabilities, bank borrowings, deferred income and deferred tax liabilities.

8. SEGMENT INFORMATION (Continued)

Other segment information

For the year ended 31 March 2016

	TV products (PRC market) HK$ million	TV products (overseas market) HK$ million	Digital set-top boxes and LCD modules HK$ million	White appliances HK$ million	Property holding HK$ million	Others HK$ million	Eliminations HK$ million	Total HK$ million
Included in measure of segment results or segment assets:								
Amortisation of intangible assets	–	1	1	–	–	1	–	3
Capital expenditure on								
– Intangible assets	–	5	1	–	–	1	–	7
– Property, plant and equipment	239	12	300	67	417	249	–	1,284
– Prepaid lease payments for land use rights	–	–	–	21	–	151	–	172
Depreciation of property, plant and equipment	192	4	102	93	42	206	–	639
Loss (gain) on disposal of property, plant and equipment	5	–	6	1	–	(4)	–	8
Impairment loss (reversal of impairment loss) on trade receivables	4	–	6	(4)	–	(4)	–	2
Release of prepaid lease payments on land use rights	4	–	1	1	2	11	–	19
Write-down (write-back) of inventories	31	11	(22)	3	–	(18)	–	5

For the year ended 31 March 2015

	TV products (PRC market) HK$ million	TV products (overseas market) HK$ million	Digital set-top boxes and LCD modules HK$ million	White appliances HK$ million	Property holding HK$ million	Others HK$ million	Eliminations HK$ million	Total HK$ million
Included in measure of segment results or segment assets:								
Capital expenditure on								
– Property, plant and equipment	302	5	245	369	24	307	–	1,252
– Prepaid lease payments for land use rights	–	–	–	40	2	3	–	45
Depreciation of property, plant and equipment	232	1	78	62	39	31	–	443
(Gain) loss on disposal of property, plant and equipment	(55)	–	4	(9)	–	(2)	–	(62)
Impairment loss on trade receivables	6	–	12	2	–	8	–	28
Release of prepaid lease payments on land use rights	5	–	1	1	3	7	–	17
Write-down (write-back) of inventories	26	9	7	(2)	–	23	–	63

8. SEGMENT INFORMATION (Continued)

Geographical information

The Group's operations are located in the PRC, Asia region (other than the PRC), America, Europe and other regions.

For segments other than property holding, the Group's geographical analysis of revenue from external customers is determined based on the location of customers. For the property holding segment, the Group's revenue from external customers is determined based on the location of assets. Information about its non-current assets by geographical location of the assets are also detailed below.

	Revenue from external customers		Non-current assets *(Note)*	
	2016	2015	**2016**	2015
	HK$ million	HK$ million	**HK$ million**	HK$ million
PRC	**33,153**	31,541	**7,274**	6,275
Asia region (other than PRC)	**4,321**	2,125	**35**	39
America	**1,949**	2,982	**–**	–
Europe	**1,300**	947	**119**	–
Other regions	**1,972**	2,540	**5**	3
	42,695	40,135	**7,433**	6,317

Note: Non-current assets excluded held-to-maturity investments, available-for-sale investments, loan receivables, finance lease receivables and deferred tax assets.

9. OTHER INCOME

	2016	2015
	HK$ million	HK$ million
Dividend income from unlisted investments	**28**	6
Government grants *(note 45)*		
– related to assets	**254**	179
– related to expense items	**165**	143
	419	322
Interest income from		
– available-for-sales investments	**73**	44
– bank deposits	**92**	108
– held-to-maturity investments	**224**	63
– loan receivables	**11**	–
	400	215
Repairs and maintenance income	**50**	126
VAT refund	**305**	275
Others	**209**	159
	1,411	1,103

10. OTHER GAINS AND LOSSES

	2016 HK$ million	2015 HK$ million
Exchange gain, net	**7**	8
Impairment loss recognised in respect of amount due from and loan to a joint venture	**(31)**	–
Impairment loss recognised in respect of available-for-sale investments *(note 27)*	**(20)**	(27)
Impairment loss recognised in respect of trade receivables *(note 35)*	**(2)**	(28)
(Loss) gain from changes in fair value of derivative financial instruments *(note 33)*	**(1)**	10
(Loss) gain on disposal of property, plant and equipment and prepaid lease payments on land use rights	**(8)**	62
	(55)	25

11. GAIN ON DISPOSAL OF LAND AND OTHER ASSOCIATED ASSETS

On 21 October 2013, 新創維電器(深圳)有限公司 ("新創維電器") and 深圳創維置業有限公司 ("創維置業"), indirect wholly-owned subsidiaries of the Company, entered into an agreement with COFCO Properties Group Shenzhen Real Estate Development Co., Ltd. ("COFCO Properties") in relation to the land situated in Shenzhen Gongming Town in the PRC at an agreed consideration of RMB1.65 billion (equivalent to HK$2.07 billion) for the disposal of the land. Under the cooperation agreement, 新創維電器 and 創維置業 have agreed, to (1) relocate all of their existing production facilities and machineries currently situated on the land to another location in the PRC; (2) vacate all of the existing properties and buildings situated on the land; and (3) work together with COFCO Properties to facilitate a specific project company nominated by COFCO Properties to apply to become the named developer of the land and to obtain the land planning permit. The approvals from the relevant PRC government authorities and the fulfilment of the conditions by 新創維電器 and 創維置業 had been completed during the Previous Year, a net gain before profit tax of approximately HK$1,755 million was recognised in the profit or loss for the Previous Year.

11. GAIN ON DISPOSAL OF LAND AND OTHER ASSOCIATED ASSETS (Continued)

The gain on disposal of land and other associated assets was determined as follows:

	HK$ million
Consideration received	2,070
Less: Transaction costs directly attributable to the disposal	(211)
	1,859
Less: Carrying amount of prepaid lease payments on land use rights disposed	(18)
Carrying amount of property, plant and equipment disposed	(8)
Carrying amount of stock of properties disposed	(78)
Gain on disposal of land and other associated assets	1,755

12. FINANCE COSTS

	2016 HK$ million	2015 HK$ million
Interest on bank borrowings	**239**	148
Imputed interest expenses on obligations arising from put options written to non-controlling interests	**–**	13
	239	161

13. INCOME TAX EXPENSE

	2016 HK$ million	2015 HK$ million
PRC income tax		
Current year	**668**	500
Tax in related to gain on disposal of land and other associated assets	**–**	393
Under(over)provision in prior years	**21**	(29)
	689	864
Hong Kong Profits Tax		
Current year	**1**	–
Underprovision in prior years	**37**	–
	38	–
Taxation arising in other jurisdictions		
Current year	**25**	–
LAT	**7**	–
Deferred taxation *(note 30)*	**(136)**	(38)
	623	826

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

13. INCOME TAX EXPENSE (Continued)

PRC income tax is calculated at the prevailing PRC tax rates on the estimated assessable profits for both years. For those PRC subsidiaries approved as High and New Technology Enterprise by the relevant government authorities, they are subject to a preferential rate of 15%.

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use right and all property development expenditures.

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

Deferred tax is recognised based on the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Details of deferred taxation are set out in note 30.

According to a joint circular of Ministry of Finance and State Administration of Taxation, Cai Shui [2008] No. 1, dividend distributed out of the profits generated since 1 January 2008 by the PRC entity shall be subject to EIT pursuant to Articles 3 and 27 of the EIT Law of the PRC and Article 91 of the Implementation Rules of EIT Law of the PRC.

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

	2016 HK$ million	2015 HK$ million
Profit before taxation	**3,150**	4,176
Tax at applicable tax rate at 15% *(Note)*	**473**	627
Tax effect of expenses not deductible for tax purpose	**39**	38
Tax effect of income not taxable for tax purpose	**(69)**	(51)
Under(over)provision in prior years	**58**	(29)
Tax effect of tax losses not recognised	**65**	64
Utilisation of tax losses previously not recognised	**(11)**	(19)
Tax effect of share of results of associates	**(1)**	(1)
Tax effect of share of results of joint ventures	**(1)**	–
PRC LAT	**7**	–
Tax effect of PRC LAT	**(1)**	–
Effect of different tax rates applicable to subsidiaries operating in Hong Kong and regions in the PRC other than Hong Kong	**67**	194
Others	**(3)**	3
Income tax expense for the year	**623**	826

Note: The applicable tax rate is with reference to the statutory tax rate of the Company's principal subsidiaries which are approved as High and New Technology Enterprise by relevant government authority and are enjoying preferential tax rate of 15%.

13. INCOME TAX EXPENSE (Continued)

In 2011, the IRD initiated a tax audit on certain subsidiaries of the Company in Hong Kong and Macau for the years of assessments from 2002/2003 onwards. Assessments/estimated assessments for the years of assessment 2002/2003 to 2008/2009 were issued to the relevant subsidiaries. As at 31 March 2016, tax reserve certificates in an aggregate amount of approximately HK$24 million were purchased.

After conducting internal assessment and seeking external tax advice, it was the opinion of the Directors that no additional profits tax should be payable as the profits/loss reported by the relevant subsidiaries in Hong Kong to IRD were commercially justifiable and the relevant subsidiary in Macau did not carry on any business or derive any profits in Hong Kong. However, having considered the opinion of the IRD on various controversial issues and in order to avoid a further protracted exchange of correspondences which may not be the best interest from the commercial perspective, the Directors decided to resolve the case with the IRD by a compromise settlement approach.

Subsequent to the Reporting Year, against this background and following subsequent negotiations with the IRD, the relevant subsidiaries have reached a compromise settlement with the IRD for the whole tax audit for the years of assessment from 2002/2003 to 2013/2014 and the additional tax liability on the agreed additional/revised assessable profits and the additional other payments imposed on the relevant subsidiaries have been recognised in the consolidated financial statements of the Reporting Year. The additional tax liability was partially settled by the tax reserve certificates previously purchased by the relevant subsidiaries.

14. PROFIT FOR THE YEAR

	2016 **HK$ million**	2015 HK$ million
Profit for the year has been arrived at after charging (crediting):		
Amortisation of intangible assets	**3**	–
Auditors' remunerations	**8**	8
Cost of inventories recognised as an expense including write-down of inventories of HK$5 million (2015: HK$63 million)	**33,014**	31,912
Cost of stock of properties recognised as an expense	**236**	102
Depreciation of property, plant and equipment	**639**	443
Impairment loss on trade receivables	**2**	28
Operating lease rentals in respect of land and buildings	**204**	135
Release of prepaid lease payments on land use rights	**19**	17
Rental income from leasing of properties less related outgoings of HK$82 million (2015: HK$37 million)	**(177)**	(151)
Research costs recognised as an expense (including staff costs of HK$641 million (2015: HK$370 million))	**1,222**	614
Staff costs:		
– Directors' and chief executive's emoluments *(note 15)*	**113**	82
– Related staff costs for research activities	**641**	370
– Other staffs salaries, bonus, retirement benefits and others	**3,389**	3,217
	4,143	3,669

15. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

	2016 HK$'000	2015 HK$'000
Directors' fees	**3,978**	3,879
Other emoluments:		
Basic salaries and allowances	**6,958**	7,117
Performance related incentive payments *(Note)*	**86,531**	52,676
Retirement benefits scheme contributions	**249**	243
Share-based payments	**14,917**	18,485
	112,633	82,400

Note: The performance related incentive payments are determined based on the results of the Group and/or the performance of the Directors.

No Directors waived any emoluments in the Reporting Year and the Previous Year.

The emoluments paid or payable to each of the Directors and the chief executive of the Company are set out below:

	Directors' fees HK$'000	Basic salaries and allowances HK$'000	Retirement benefits scheme contributions HK$'000	Performance related incentive payments HK$'000	Share-based payments HK$'000	Total HK$'000
2016						
Executive Directors *(Note (i))*:						
Lin Wei Ping	700	1,400	90	8,160	–	10,350
Yang Dongwen *(Note (ii))*	600	1,941	81	55,402	6,133	64,157
Shi Chi	–	1,267	55	5,388	986	7,696
Chan Wai Kay, Katherine	550	1,450	18	4,000	3,166	9,184
Liu Tangzhi (appointed with effect from 15 December 2015) *(Note (iii))*	169	444	5	8,028	2,881	11,527
Lu Rongchang (resigned with effect from 1 January 2016)	375	456	–	5,553	1,751	8,135
	2,394	6,958	249	86,531	14,917	111,049
Independent non-executive Directors *(Note (iv))*:						
Li Weibin	528	–	–	–	–	528
Wei Wei	528	–	–	–	–	528
Cheong Ying Chew	528	–	–	–	–	528
	1,584	–	–	–	–	1,584
Total Directors' emoluments	3,978	6,958	249	86,531	14,917	112,633

15. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

	Directors' fees	Basic salaries and allowances	Retirement benefits scheme contributions	Performance related incentive payments	Share-based payments	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2015						
Executive Directors *(Note (i))*:						
Lin Wei Ping	614	1,459	89	–	–	2,162
Yang Dongwen *(Note (ii))*	631	1,904	87	39,247	8,587	50,456
Lu Rongchang	500	1,251	–	7,397	1,963	11,111
Shi Chi	–	1,053	50	1,032	1,906	4,041
Chan Wai Kay, Katherine	550	1,450	17	5,000	6,029	13,046
	2,295	7,117	243	52,676	18,485	80,816
Independent non-executive Directors *(Note (iv))*:						
So Hon Cheung, Stephen (resigned with effect from 1 January 2015)	396	–	–	–	–	396
Li Weibin	528	–	–	–	–	528
Wei Wei	528	–	–	–	–	528
Cheong Ying Chew (appointed with effect from 1 January 2015)	132	–	–	–	–	132
	1,584	–	–	–	–	1,584
Total Directors' emoluments	3,879	7,117	243	52,676	18,485	82,400

Notes:

(i) The EDs' emoluments shown above were mainly for their services in connection with the management of the Company of the Group.

(ii) Yang Dongwen is the chief executive officer of the Group, and his emoluments disclosed above include those for services rendered by him as the chief executive.

(iii) The emoluments paid to Liu Tangzhi before his appointment as Director include basic salaries and allowances, retirement benefits scheme contributions, performance related incentive payments and share-based payments of HK$565,000, HK$13,000, HK$12,210,000 and HK$6,998,000 respectively for the Reporting Year.

(iv) INEDs' emoluments shown above were mainly for their services as Directors.

16. EMPLOYEES' EMOLUMENTS

The five highest paid employees of the Group during the Reporting Year included three (2015: three) existing Directors, details of whose emoluments are set out in note 15 above. Details of the emoluments for the Reporting Year of the remaining two (2015: two) highest paid employees who are neither an existing Director nor chief executive of the Company are as follows:

	2016 HK$ million	2015 HK$ million
Basic salaries, allowances and benefits in kind	**3**	4
Performance related incentive payments *(Note)*	**15**	20
Share-based payments	**2**	5
	20	29

Note: The performance related incentive payments are determined based on the results of the Group and/or the performance of the individual.

No emoluments were paid by the Group to the Directors or the five highest paid individuals (including Directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office during the Reporting Year and the Previous Year.

17. DIVIDENDS

	2016 HK$ million	2015 HK$ million
Dividends recognised as distribution during the year:		
2015 Final – HK11.0 cents (2015: 2014 final dividend HK6.5 cents) per Share	**314**	184
2016 Interim – HK9.6 cents (2015: 2015 interim dividend HK9.5 cents) per Share	**280**	269
Special dividend upon the completion of acquisition of subsidiaries and partial disposal of a subsidiary – HK4.0 cents per Share *(note 59(c))*	**–**	113
Less: Dividends for Shares held by employee's Share Award Scheme *(note 49(ii))*	**(4)**	(2)
	590	564

The final dividend of HK14.4 cents per Share, totalling approximately HK$423 million, for the Reporting Year is proposed by the Directors on 14 June 2016. Such final dividend will be satisfied by way of cash or Shareholders may elect to receive scrip dividend wholly or partly in lieu of the cash dividend. The scrip dividend will be satisfied by an allotment of new Shares of the Company to be credited as fully paid. As the final dividend is declared after the end of the Reporting Year, such dividend is not recognised as a liability as at the end of the Reporting Year.

17. DIVIDENDS (Continued)

During the Reporting Year, Share dividends alternatives were offered as follows:

	2016 HK$ million	2015 HK$ million
2015 Final dividend (2015: 2014 Final dividend)		
Cash	**88**	160
Scrip dividends	**226**	24
	314	184
2016 Interim dividend (2015: 2015 interim dividend)		
Cash	**172**	228
Scrip dividends	**108**	41
	280	269

18. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per Share attributable to the owners of the Company is based on the following data:

	2016 HK$ million	2015 HK$ million
Earnings		
Earnings for the purposes of basic and diluted earnings per Share:		
Profit for the year attributable to owners of the Company	**2,170**	3,128

	2016	2015
Number of Shares		
Weighted average number of ordinary shares for the purpose of basic earnings per Share	**2,859,251,392**	2,825,285,119
Effect of dilutive potential ordinary shares in respect of outstanding share options	**17,829,462**	3,317,995
Effect of dilutive potential ordinary shares in respect of outstanding share awards	**20,971,427**	3,931,408
Weighted average number of ordinary Shares for the purpose of diluted earnings per Share	**2,898,052,281**	2,832,534,522

The computation of diluted earnings per Share does not assume the exercise of certain of the Company's outstanding share options as the exercise prices are higher than the average market price per Share for both years ended 31 March 2016 and 2015.

The weighted average number of ordinary Shares shown above has been arrived at after deducting Shares held by Share Award Scheme trust as set out in note 49(ii).

19. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK$ million	Construction in progress HK$ million	Plant and machinery HK$ million	Furniture, equipment and motor vehicles HK$ million	Total HK$ million
COST					
At 1 April 2014	3,063	782	1,463	777	6,085
Additions	118	516	421	197	1,252
Disposals	(186)	–	(63)	(127)	(376)
Reclassification	451	(820)	367	2	–
Acquisition of a subsidiary *(note 59(c))*	42	–	114	15	171
Transfer from investment properties *(note 20)*	6	–	–	–	6
Exchange realignment	(13)	1	1	(2)	(13)
At 31 March 2015	3,481	479	2,303	862	7,125
Additions	107	909	71	197	1,284
Disposals	(12)	–	(172)	(74)	(258)
Reclassification	372	(384)	12	–	–
Acquisition of subsidiaries *(notes 59(a) and (b))*	245	2	3	2	252
Exchange realignment	(99)	(24)	(80)	(22)	(225)
At 31 March 2016	4,094	982	2,137	965	8,178
DEPRECIATION					
At 1 April 2014	522	–	747	380	1,649
Provided for the year	177	–	118	148	443
Eliminated on disposals	(49)	–	(34)	(101)	(184)
Transfer from investment properties *(note 20)*	1	–	–	–	1
Exchange realignment	(7)	–	1	(1)	(7)
At 31 March 2015	644	–	832	426	1,902
Provided for the year	254	–	214	171	639
Eliminated on disposals	(7)	–	(54)	(47)	(108)
Exchange realignment	(25)	–	(31)	(17)	(73)
At 31 March 2016	866	–	961	533	2,360
CARRYING VALUES					
At 31 March 2016	3,228	982	1,176	432	5,818
At 31 March 2015	2,837	479	1,471	436	5,223

19. PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold land and buildings	Over the shorter of the terms of the leases or 50 years
Plant and machinery	10% to 50%
Furniture, equipment and motor vehicles	20% to 50%

Included in leasehold land and buildings of the Group are certain properties with carrying value of approximately HK$403 million (2015: HK$517 million) held under operating leases to earn rentals during the Reporting Year. These properties do not qualify as investment properties, as more than insignificant portions of the entire properties are held for use by the Group in the production or supply of goods or services or for administrative purposes and these portions could not be sold separately.

The carrying values of leasehold land and buildings, and construction in progress shown above comprise:

	2016 HK$ million	2015 HK$ million
Leasehold land and buildings:		
In the PRC	**1,174**	1,038
In Hong Kong	**21**	21
Overseas	**7**	–
	1,202	1,059
Buildings:		
In the PRC	**2,026**	1,778
	3,228	2,837
Construction in progress:		
In the PRC	**982**	479
	4,210	3,316

20. INVESTMENT PROPERTIES

	HK$ million
COST	
At 1 April 2014	13
Transfer to property, plant and equipment *(Note)*	(6)
At 31 March 2015 and 31 March 2016	7
DEPRECIATION	
At 1 April 2014	3
Transfer to property, plant and equipment *(Note)*	(1)
At 31 March 2015 and 31 March 2016	2
CARRYING VALUES	
At 31 March 2016 and 31 March 2015	5

The above investment properties are depreciated on a straight-line basis over the shorter of the term of the lease or 50 years.

The investment properties shown above represent leasehold land and buildings in Hong Kong.

Note: During the Previous Year, certain properties with an aggregate carrying amount of approximately HK$5 million were transferred to property, plant and equipment upon commencement of owner-occupation by the Group after the end of operating leases to outsiders.

The fair value of the Group's investment properties at 31 March 2016 was approximately HK$38 million (2015: HK$38 million). The fair values at 31 March 2016 and 31 March 2015 have been arrived at based on valuations carried out by Asset Appraisal Limited, independent valuer not connected with the Group.

At 31 March 2015 and 31 March 2016, the fair value was determined based on comparison method whereby comparison based on prices information of comparable properties is made. Comparable properties of similar size, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of capital values and was classified as Level 3 of the fair value hierarchy.

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

20. INVESTMENT PROPERTIES (Continued)

Details of the Group's investment properties and information about the fair value hierarchy as at 31 March 2016 and 31 March 2015 are as follows:

	2016		2015	
	Level 3 HK$ million	**Fair value HK$ million**	Level 3 HK$ million	Fair value HK$ million
Completed investment properties located in Hong Kong	**5**	**38**	5	38

21. PREPAID LEASE PAYMENTS ON LAND USE RIGHTS

	2016 HK$ million	2015 HK$ million
Balance at 1 April	**564**	468
Additions	**172**	45
Acquisition of subsidiaries *(notes 59(b) and (c))*	**46**	104
Disposals	**–**	(36)
Released during the year	**(19)**	(17)
Exchange realignment	**(26)**	–
Balance at 31 March	**737**	564
Analysed for reporting purposes as:		
Non-current assets	**718**	550
Current assets	**19**	14
	737	564

The Group's prepaid lease payments on land use rights represent the land situated in the PRC.

22. GOODWILL

	HK$ million
At 1 April 2014	–
Arising on acquisition of subsidiaries *(Note (a))*	411
At 1 March 2015	411
Arising on acquisition of subsidiaries *(Note (b))*	95
At 31 March 2016	506

22. GOODWILL (Continued)

Notes:

For the purposes of impairment testing, goodwill have been allocated to two individual CGUs.

During the Reporting Year, management of the Group determines that there are no impairments of any of its CGUs containing goodwill.

The basis of the recoverable amounts of the above CGUs and their major underlying assumptions are summarised below:

(a) For the goodwill arising from acquisition of subsidiaries as set out in note 59(c) with the carrying amount of HK$411 million, the recoverable amount of the CGU has been determined by a value-in-use calculation. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes in gross margin. Management estimates discount rates that reflect current market assessments of the time value of money and the risks specific to the CGU. The growth rates are based on industry growth forecasts. Changes in gross margin are based on past practices and expectations of future changes in the market.

The Group performed impairment review for the goodwill, based on the cash flow forecast derived from the most recent financial budgets and estimated future cash flows for the following five years as approved by management and using a discount rate of 14% (2015: 14%). The cash flows beyond the five-year period are extrapolated using a 3% (2015: 3%) growth rate. The management considered that there is no indication that the goodwill has suffered an impairment loss.

(b) For the goodwill arising from acquisition of subsidiaries as set out in note 59(a) with the carrying amount of HK$95 million, the recoverable amounts of the CGU has been determined on the basis of value in use calculations. That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period, and a discount rate of 11.37%. Cash flows beyond the five-year period are extrapolated with zero growth. Cash flow projections during the budget period are based on the most recent financial budget that cover a five-year period approved by the management. Expected cash inflows/outflows, which include budgeted sales, gross margin and raw material price inflation have been determined based on past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of the goodwill to exceed the aggregate recoverable amount of goodwill.

23. INTANGIBLE ASSETS

	Patent HK$ million *(Note (a))*	Trademarks HK$ million *(Note (b))*	Total HK$ million
COST			
At 1 April 2014 and 31 March 2015	–	–	–
Additions	7	–	7
Acquired on acquisition of subsidiaries *(note 59(a))*	–	109	109
At 31 March 2016	7	109	116
AMORTISATION			
At 1 April 2014 and 31 March 2015	–	–	–
Charge for the year	3	–	3
At 31 March 2016	3	–	3
CARRYING VALUES			
At 31 March 2016	4	109	113
At 31 March 2015	–	–	–

Notes:

(a) *The patent have finite useful lives and are amortised at 10% to 20% on a straight-line basis.*

(b) *The above trademarks were purchased as part of a business combination in the Reporting Year (see note 59(a) for details).*

The trademarks have a legal life ranging from 10 to 21 years but are renewable every upon expiration at minimal cost. The Directors are of the opinion that the Group has the intention and ability to renew the trademarks continuously. As a result, the trademarks are considered by the management of the Group as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. The trademarks will not be amortised until their useful lives are determined to be finite. Instead they will be tested for impairment annually and whenever there is an indication that they may be impaired.

During the Reporting Year, the Directors determine that there is no impairment indication on the trademarks with indefinite useful lives.

The recoverable amounts of the trademarks with indefinite useful lives has been determined on the basis of value in use calculations. That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period, and a discount rate of 11.37%. Cash flows beyond the five-year period are extrapolated with no growth. Cash flow projections during the budget period are based on the most recent financial budget that cover a five-year period approved by the management. Expected cash inflows/outflows, which include budgeted sales, gross margin and raw material price inflation have been determined based on past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of trademarks to exceed the aggregate recoverable amount of trademarks.

24. INTERESTS IN ASSOCIATES

	2016 HK$ million	2015 HK$ million
Capital contributions	**4**	10
Share of post-acquisition profits	**7**	8
	11	18

The following set out the particulars of the associates of the Group as at the end of the Reporting Year and the Previous Year which, in the opinion of the Directors, principally affected the results or net assets of the Group.

Name of associates	Form of business structure	Place of registration and operation	Paid up registered capital	Effective interest held by the Group 2016	Effective interest held by the Group 2015	Principal business
深圳市錦富光電有限公司 *(Note)*	Equity joint venture	PRC	RMB15,000,000	**–**	35%	Deregistered
江蘇達創電器有限公司	Equity joint venture	PRC	RMB10,000,000	**34%**	34%	Manufacturing and sales of consumer electronic products

Note: During the Reporting Year, 深圳市錦富光電有限公司 deregistered and the capital of HK$6 million was returned to the Group.

All of these associates are accounted for using the equity method in these consolidated financial statements.

Aggregate information of associates that are not individually material

	2016 HK$ million	2015 HK$ million
The Group's share of profit and total comprehensive income for the year	**3**	4
Aggregate carrying amount of the Group's interests in these associates	**11**	18

25. INTERESTS IN JOINT VENTURES

Details of the Group's investments in joint ventures are as follows:

	2016 **HK$ million**	2015 HK$ million
Cost of unlisted investments	**80**	146
Share of post-acquisition profits, net of dividends received	**(31)**	(108)
Exchange realignment	**–**	16
	49	54

The joint ventures are accounted for using the equity method in these consolidated financial statements.

Aggregate information of joint ventures that are not individually material

	2016 **HK$ million**	2015 HK$ million
The Group's share of profit (loss) and total comprehensive income (expense) for the year	**4**	(2)
Dividend received from a joint venture by the Group	**7**	–

The Group has discontinued recognition of its share of losses of certain joint ventures. The amount of unrecognised share of these joint ventures, both for the year and cumulatively, are as follows:

	2016 **HK$ million**	2015 HK$ million
The unrecognised share of losses of joint ventures for the year	**–**	13
Cumulative unrecognised share of losses of joint ventures	**–**	59

26. HELD-TO-MATURITY INVESTMENTS

	2016 **HK$ million**	2015 HK$ million
Unlisted debt securities		
– in the PRC	**3,566**	978

26. HELD-TO-MATURITY INVESTMENTS (Continued)

The Group's held-to-maturity investments represent debt securities that carry fixed interest at 4.50% to 12.00% per annum (2015: 8.30% to 10.00% per annum). None of these assets has been past due or impaired at the end of the Reporting Year. The maturity profile of the above held-to-maturity debt securities categorised by the remaining period from the end of the Reporting Year to the contractual maturity date is as follows:

	2016 HK$ million	2015 HK$ million
Remaining maturity:		
Less than 3 months	**380**	125
3 months to 1 year	**2,484**	528
1 to 2 years	**702**	325
	3,566	978
Analysed for reporting purposes as:		
Non-current assets	**702**	325
Current assets	**2,864**	653
	3,566	978

27. AVAILABLE-FOR-SALE INVESTMENTS

	2016 HK$ million	2015 HK$ million
Unlisted equity securities, at cost		
– in Hong Kong	**1**	1
– in the PRC	**1,260**	1,114
– in overseas	**27**	72
Less: Impairment loss recognised	**(75)**	(35)
	1,213	1,152
Listed equity securities		
– in Hong Kong, at fair values	**41**	61
Other financial instruments, at cost		
– in the PRC	**1,042**	1,032
	2,296	2,245
Analysed for reporting purposes as:		
Non-current assets	**1,254**	1,424
Current assets	**1,042**	821
	2,296	2,245

27. AVAILABLE-FOR-SALE INVESTMENTS (Continued)

The unlisted equity securities and other financial instruments are stated at cost less any impairment loss because the range of reasonable fair value estimates is so significant that the Directors are of the opinion that their fair values cannot be measured reliably.

During the Reporting Year, the Directors conducted a review of the recoverable amounts of the Group's available-for-sale investments at the end of the Reporting Year and determined that an impairment loss of HK$20 million (2015: HK$27 million) is required to be made. The recoverable amounts of these available-for-sales investments are determined with reference to the net assets of the investments as at that date.

28. LOAN RECEIVABLES

	2016 HK$ million	2015 HK$ million
Fixed-rate loan receivables, unsecured	**1,334**	96
Analysed for reporting purpose as:		
Non-current assets	**245**	–
Current assets	**1,089**	96
	1,334	96

The exposure of the Group's fixed-rate loan receivables to interest rate risks and their contractual maturity dates are as follows:

	2016 HK$ million	2015 HK$ million
Fixed-rate loan receivables:		
Within one year	**1,089**	96
In more than one year but not more than two years	**240**	–
In more than two years but not more than five years	**5**	–
	1,334	96

The ranges of effective interest rates (which are equal to contractual interest rates) on the Group's loan receivables are as follows:

	2016	2015
Effective interest rate:		
Fixed-rate loan receivables	**5.0% to 13.0%**	6.4% to 8.0%

29. FINANCE LEASE RECEIVABLES

During the Reporting Year, the Group entered finance lease contacts with principal amount of approximately RMB630 million (2015: nil) (equivalent to approximately HK$755 million (2015: nil) to lease out certain plant and machinery of the Group. All interest rate inherent in the lease are fixed at the contract date over the lease terms.

29. FINANCE LEASE RECEIVABLES (Continued)

The carrying amounts of the Group's finance lease receivables at the end of the Reporting Year are as follows:

	2016 HK$ million	2015 HK$ million
Analysed for reporting purpose as:		
Non-current assets	**146**	–
Current assets	**482**	–
	628	–

	Minimum lease payments		**Present value of minimum lease payments**	
	2016 HK$ million	2015 HK$ million	**2016 HK$ million**	2015 HK$ million
Finance lease receivables comprise:				
Within one year	**505**	–	**482**	–
In more than one year but not more than two years	**171**	–	**146**	–
	676	–	**628**	–
Less: Unearned finance income	**(48)**	–	**N/A**	–
Present value of minimum lease payment receivables	**628**	–	**628**	–

Effective interest rate of the above finance lease is 10.33% (2015: N/A) per annum.

Finance lease receivables are secured over the plant and machinery leased. The Group is not permitted to sell or repledge the collateral in the absence of default by the lessee.

30. DEFERRED TAXATION

The following are the major deferred tax assets and liabilities recognised by the Group and movements thereon during the current and prior reporting periods.

	Accelerated tax depreciation HK$ million	Accrued sales rebate HK$ million	Tax losses HK$ million *(Note (a))*	Provision HK$ million	Undistributed earnings of PRC subsidiaries HK$ million *(Note (b))*	Others HK$ million *(Note (c))*	Total HK$ million
At 1 April 2014	(14)	–	(4)	(34)	75	(29)	(6)
(Credit) charge to profit or loss	13	–	(1)	(20)	–	(30)	(38)
At 31 March 2015	(1)	–	(5)	(54)	75	(59)	(44)
(Credit) charge to profit or loss	(1)	(111)	5	17	–	(46)	(136)
Exchange realignment	–	1	–	3	–	6	10
At 31 March 2016	(2)	(110)	–	(34)	75	(99)	(170)

30. DEFERRED TAXATION (Continued)

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

	2016 HK$ million	2015 HK$ million
Deferred tax assets	**(304)**	(195)
Deferred tax liabilities	**134**	151
	(170)	(44)

Notes:

(a) At the end of the Reporting Year, the Group has unutilised tax losses of HK$1,214 million (2015: HK$1,309 million) available for offset against future profits. As at 31 March 2015, deferred tax asset has been recognised in respect of such tax losses HK$29 million. No deferred tax asset has been recognised in respect of the remaining unutilised tax losses of HK$1,214 million (2015: HK$1,280 million) due to the unpredictability of future profit streams.

Unutilised tax losses for which no deferred tax assets is recognised will expire as follows:

	2016 HK$ million	*2015 HK$ million*
2016	**–**	*28*
2017	***95***	*99*
2018	***90***	*92*
2019	***106***	*113*
2020	***258***	*286*
2021	***283***	*–*
Carried forward indefinitely	***382***	*662*
	1,214	*1,280*

(b) Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to certain accumulated profits of the PRC subsidiaries as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

(c) Amounts mainly represent taxable temporary difference from the exchange gain arising on the translation of Group's net investments in foreign operations, and deductible temporary difference arising from government grants not yet recognised in profit or loss whilst the relevant tax charge had already been paid upon receipt of the government grants.

31. INVENTORIES

	2016 HK$ million	2015 HK$ million
Raw materials	**1,587**	1,283
Work in progress	**398**	325
Finished goods	**3,509**	2,734
	5,494	4,342

32. STOCK OF PROPERTIES

	2016 HK$ million	2015 HK$ million
Properties for sales under development	**763**	830

Included in the properties for sales under development are amounts of HK$738 million (2015: HK$622 million) which are not expected to be substantially realised within one year from the end of the Reporting Year. Sales deposits of HK$132 million (2015: HK$308 million) received from purchasers at the end of the Reporting Year are included in trade and other payables as disclosed in note 40.

33. DERIVATIVE FINANCIAL INSTRUMENTS

	2016 HK$ million	2015 HK$ million
Derivative financial instruments are analysed as:		
Foreign currency forward contracts *(Note (a))*	**–**	(2)
Performance swap contracts *(Note (b))*	**–**	1

	2016 HK$ million	2015 HK$ million
(Loss) gain from changes in fair value of derivative financial instruments:		
Foreign currency forward contracts *(Note (a))*	**(1)**	–
Performance swap contracts *(Note (b))*	**–**	10
	(1)	10

33. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Note (a): Foreign currency forward contracts

During the Previous Year, the Group entered into foreign currency forward contracts with an established commercial bank in the Hong Kong to purchase RMB in US$ at predetermined forward rates.

Major terms of foreign currency forward contracts, each with single maturity date, were as follows:

Aggregate principal amount	Maturity	Forward exchange rate (net settlement)
As at 31 March 2015		
RMB63,735,922	From August 2014 to August 2015	Buy RMB/sell US$ at 6.2593
RMB63,965,447	From September 2014 to September 2015	Buy RMB/sell US$ at 6.2819
RMB63,428,414	From October 2014 to October 2015	Buy RMB/sell US$ at 6.2304

As at 31 March 2015, the fair value of the Group's foreign currency forward contracts was estimated to be a liability of HK$2 million. These amounts were determined based on market rates quoted by the counterparty financial institutions. During the Reporting Year, loss of HK$1 million (2015: nil) in fair value of the foreign currency forward contracts has been recognised in profit or loss upon maturity of foreign currency forward contracts.

Note (b): Performance swap contracts

During the Previous Year, the Group entered into three performance swap contracts with a bank, of which the purpose is to manage the Group's cash flow interest rate risk in relation to the floating interest rates and foreign currency exposure in relation to its payables arising from time to time denominated in US$. Details of the three performance swap contracts have been disclosed in the annual report of the Group for the Previous Year. During the Reporting Year, no material changes in fair value of these performance swap contracts has been recognised in profit or loss. Such contracts were knocked-out and terminated in the Reporting Year.

During the Previous Year, gain from change in fair value of HK$10 million in respect of another performance swap contract had been recognised in profit or loss. Such contract was knocked-out and terminated in the Previous Year.

34. HELD-FOR-TRADING INVESTMENTS

Held for trading investments include:

	2016 HK$ million	2015 HK$ million
Unlisted securities, at fair value:		
– Investment fund	**15**	–

35. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Sales of TV products, LCD modules and white appliances in the PRC are generally settled by payment on delivery or bills issued by banks with maturity dates ranging from 90 to 180 days. Sales to certain retailers in the PRC are made with credit terms of one to two months after sales. Certain district sales managers in the PRC are authorised to make credit sales for payment at 30 to 60 days up to a limited amount which is determined on the basis of the sales volume of the respective offices.

For sales of digital set-top boxes, the credit terms are normally ranging from 90 to 270 days. Sales to certain customers in the PRC are on instalment basis for a period ranging from 2 to 4.5 years.

Export sales of the Group are mainly by letters of credit with credit term ranging from 30 to 90 days.

The following is an aged analysis of trade receivables, net of allowance, presented based on the invoice date at the end of the Reporting Year, and other receivables, deposits and prepayments:

	2016 HK$ million	2015 HK$ million
Within 30 days	**2,160**	2,083
31 to 60 days	**698**	701
61 to 90 days	**554**	565
91 to 365 days	**1,503**	1,403
Over 365 days	**375**	506
Trade receivables	**5,290**	5,258
Prepayment on acquisition of land for property development	**459**	–
Purchase deposits paid for materials	**183**	367
Receivables from disposals of property, plant and equipment and prepaid lease payments on land use rights	**–**	207
VAT receivables	**641**	483
Other deposits paid, prepayments and other receivables	**874**	889
	7,447	7,204

Trade receivables which are neither past due nor impaired are considered recoverable as the balances related to a number of independent customers that have a good track record with the Group.

35. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of HK$1,781 million (2015: HK$2,508 million) which are past due at the end of the Reporting Year for which the Group has not provided for impairment loss. The trade receivables that were past due but not impaired were related to amounts due from certain independent retailers and television stations in the PRC that have a good repayment history. Based on past experience, the management of the Group is of the opinion that no further provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

The following is the ageing of trade receivables which are past due but not impaired:

	2016 **HK$ million**	2015 HK$ million
Overdue:		
Within 30 days	**762**	1,257
31 to 60 days	**259**	305
61 to 90 days	**186**	200
91 days or over	**574**	746
	1,781	2,508

Before accepting any new customer, the Group has assessed the potential customer's credit quality and defines credit limits by customer.

Allowances on trade receivables are made based on estimated irrecoverable amounts by reference to past default experience and objective evidence of impairment determined by the difference between the carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

In determining the recoverability of the trade receivables, the Group monitors any change in the credit quality of the trade receivables since the credit was granted and up to the end of the Reporting Year. The Directors considered that the Group has no significant concentration of credit risk of trade receivables, with exposure spread over a number of counterparties and customers.

Included in the allowance for doubtful debts are individually impaired trade receivables with aggregate balance of HK$178 million (2015: HK$185 million) which have either been placed under liquidation or in severe financial difficulties. The Group does not hold any collateral over these balances.

35. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

Movements in the allowance for doubtful debts is as follows:

	2016 HK$ million	2015 HK$ million
Balance at 1 April	**185**	175
Impairment loss recognised on trade receivables	**2**	28
Amounts uncollectible written off	**(4)**	(16)
Exchange realignment	**(5)**	(2)
Balance at 31 March	**178**	185

36. BILLS RECEIVABLE

The maturity dates of bills receivable at the end of the Reporting Year are analysed as follows:

	2016 HK$ million	2015 HK$ million
Within 30 days	**1,147**	601
31 to 60 days	**1,074**	1,168
61 to 90 days	**1,713**	1,511
91 days or over	**3,011**	3,711
Bills endorsed to suppliers with recourse	**–**	5
Bills discounted to banks with recourse	**300**	301
	7,245	7,297

The carrying values of the above bills endorsed to suppliers and bills discounted to banks with recourse continue to be recognised as assets in the consolidated financial statements as the Group has not transferred substantially the risks and rewards of ownership of the bills receivable taking into account the credit rating of the issuers of the bills. Accordingly, the liabilities associated with such bills, mainly borrowings and payables as disclosed in notes 44 and 40 respectively, are not derecognised in the consolidated financial statements as well.

The maturity dates of bills endorsed to suppliers and bills discounted to banks with recourse are less than six months within the end of the Reporting Year.

All bills receivable at the end of the Reporting Year are not yet due.

37. LOAN TO A JOINT VENTURE

At the end of the Previous Year, the loan to a joint venture was unsecured, carried interest at 7.0% per annum.

During the Reporting Year, the balance was fully impaired as the management considered the balance was uncollectible.

38. AMOUNTS DUE FROM ASSOCIATES

The amounts due from associates are trade balances, unsecured, interest-free and fully repaid during the Reporting Year.

The following are aged analysis of the trade receivables with associates presented based on the invoice date at the end of the Reporting Year:

	2016 **HK$ million**	2015 HK$ million
Within 30 days	–	31
31 to 60 days	–	7
	–	38

At the end of the Reporting Year, all the trade receivables with associates are not yet due. The Group does not hold any collateral over these balances.

39. PLEDGED BANK DEPOSITS AND BANK BALANCES AND CASH

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less, which carry interest at variable market rates ranging from 0.01% to 2.30% per annum (2015: 0.01% to 3.25% per annum).

Pledged bank deposits are pledged to secure the short term bank borrowings, which carry interest at market rates ranging from 0.35% to 2.30% per annum (2015: 0.35% to 4.00% per annum).

Included in bank balances and cash as at 31 March 2016 are restricted bank deposits of HK$402 million (2015: HK$267 million) which are reserve deposits a finance company of the Group placed with PBOC. The balances of the reserve deposits were calculated at certain percentage of qualified deposits made from customers to the finance company of the Group as determined by the PBOC against unexpected events such as unusually large net withdrawal by customers. These reserve deposits are required by local regulation and not available for the Group's daily operations. The movements in these restricted bank deposits have been adjusted in the consolidated statement of cash flows under investing activities for both current and comparative figures.

Included in bank balances and cash as at 31 March 2015 are restricted bank deposits of HK$100 million which can only be applied to designated property projects of the Group. Such deposits are released to the Group upon completion of development of the properties during the Reporting Year.

40. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables based on invoice date at the end of the Reporting Year, and other payables:

	2016 **HK$ million**	2015 HK$ million
Within 30 days	**2,671**	2,325
31 to 60 days	**1,015**	897
61 to 90 days	**829**	546
91 days or over	**512**	323
Trade payables under endorsed bills	**–**	5
Trade payables	**5,027**	4,096
Accruals and other payables	**1,030**	1,046
Accrued staff costs	**974**	803
Accrued selling and distribution expenses	**91**	400
Deposits received for sales of goods	**1,321**	979
Deposits received for sales of properties	**132**	308
Membership fee received	**220**	237
Other deposits received	**731**	407
Payables for acquisition of subsidiaries (note 59(a))	**123**	–
Payables for purchase of property, plant and equipment	**49**	91
Sales rebate payable	**731**	766
VAT payable	**44**	21
	10,473	9,154
Less: Amount due after one year under non-current liabilities *(note 59(a))*	**(54)**	–
	10,419	9,154

The maturity dates of trade payables under endorsed bills are less than six months from the end of the Reporting Year.

41. BILLS PAYABLE

The maturity dates of bills payable at the end of the Reporting Year are analysed as follows:

	2016 HK$ million	2015 HK$ million
Within 30 days	**877**	1,180
31 to 60 days	**1,036**	952
61 to 90 days	**895**	901
91 days or over	**2,387**	1,802
	5,195	4,835

All bills payable at the end of the Reporting Year are not yet due.

42. PROVISION FOR WARRANTY

	2016 HK$ million	2015 HK$ million
Balance at 1 April	**231**	199
Additional provision in respect of current year's sales	**261**	225
Unused amount reversed	**(31)**	(6)
Utilised	**(218)**	(186)
Exchange realignments	**(10)**	(1)
Balance at 31 March	**233**	231
Analysed for reporting purposes as:		
Current liabilities	**143**	166
Non-current liabilities	**90**	65
	233	231

The Group provides one to five year product warranty to its customers depending on the product type, under which faulty products are repaired or replaced. The estimate of the provision for the warranty is based on sales volumes and past experience of the level of repairs and returns. The estimation is reviewed on an ongoing basis and revised by reference to the current defective rate of products sold.

43. AMOUNTS DUE TO ASSOCIATES

The amounts due to associates are trade balances which are unsecured, interest-free and with credit terms of 30 days.

The following are aged analysis of the trade payables with associates presented based on the invoice date at the end of the Reporting Year:

	2016 HK$ million	2015 HK$ million
Within 30 days	**35**	3
31 to 60 days	**–**	2
	35	5

44. BANK BORROWINGS

	2016 HK$ million	2015 HK$ million
Bank borrowings comprise the following:		
Financial liabilities on bills discounted with recourse	**300**	301
Other bank borrowings	**7,805**	2,285
	8,105	2,586
Secured	**1,445**	1,316
Unsecured	**6,660**	1,270
	8,105	2,586
Carrying amount of bank borrowings that contain a repayment on demand clause (shown under current liabilities) but are repayable based on scheduled repayment dates set out in the loan agreements:		
Within one year	**2**	578
More than one year but not more than two years	**2**	–
More than two years but not more than five years	**79**	–
	83	578
Carrying amount of other bank borrowings repayable based on scheduled repayment dates set out in the loan agreements:		
Within one year	**4,867**	696
More than one year but not more than two years	**613**	328
More than two years but not exceeding five years	**2,461**	984
Over five years	**81**	–
	8,022	2,008
	8,105	2,586
Less: Amounts due within one year shown under current liabilities	**(4,950)**	(1,274)
Amounts shown under non-current liabilities	**3,155**	1,312

Included in the balance as at 31 March 2016 are fixed-rate bank borrowings of HK$1,679 million (2015: HK$567 million) which carry interest at rates ranging from 0.50% to 5.23% per annum (2015: 2.50% to 4.41% per annum).

All other bank borrowings are carried interest at variable market interest rates, which are based on EURIBOR, LIBOR or PBOC lending rate plus a specific margin, ranging from 0.78% to 6.46% per annum (2015: 2.17% to 6.77% per annum).

As at the end of the Reporting Year, the Group had foreign currencies denominated bank borrowings of US$42 million (equivalent to HK$322 million) (2015: US$168 million (equivalent to HK$1,306 million)) and EUR302 million (equivalent to HK$2,653 million) (2015: EUR78 million (equivalent to HK$829 million)). All other bank borrowings are denominated in the respective functional currencies of the group entities.

45. DEFERRED INCOME

	2016 **HK$ million**	2015 HK$ million
Deferred income	**873**	707
Less: Amount to be recognised as income within one year included in current liabilities	**(247)**	(185)
Amount to be recognised as income after one year	**626**	522

Deferred income consist of government grants provided by the relevant PRC government authorities for the purposes of financing the purchase of plant and machinery and the related expenses to be incurred for the development of new products or technology. The amounts are recognised as income to match with related expenses or on systematic basis over the useful lives of the relevant assets upon completing inspection by the related government authorities. The policy has resulted in a credit to profit or loss in the current year of HK$419 million (2015: HK$322 million).

46. SHARE CAPITAL

	Number of shares	**Share capital** HK$ million
Ordinary Shares of HK$0.1 each		
Authorised:		
At 1 April 2014, 31 March 2015 and 31 March 2016	10,000,000,000	1,000
Issued and fully paid:		
At 1 April 2014	2,830,601,395	283
Issue of Shares upon exercise of share options	1,139,000	–
Issue of Shares under scrip dividend scheme	15,814,137	2
At 31 March 2015	2,847,554,532	285
Issue of Shares upon exercise of share options	16,440,000	2
Issue of Shares under scrip dividend scheme	76,038,856	8
At 31 March 2016	2,940,033,388	295

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

Details of the exercise of share options during the years ended 31 March 2016 and 31 March 2015 are set out in note 48.

47. TRANSFERRED FINANCIAL ASSETS

The following were the Group's bills receivable that were transferred to suppliers or banks by endorsing or discounting those receivables on a full recourse basis. For certain bills receivable that were endorsed to the Group's suppliers or discounted to banks on a full recourse basis but the substantial risks and rewards of the ownership of the bills receivable have not been transferred taking into account the credit quality of the issuing counterparties, the Group continues to recognise the full carrying amount of those receivables and has recognised the associated liabilities as trade payables and bank borrowings as disclosed in notes 40 and 44, respectively.

These bills receivable and associated liabilities are carried at amortised cost in the Group's consolidated statement of financial position. The Directors consider that the carrying amounts of such bills receivable and associated liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

	2016		2015	
	Bills endorsed to suppliers with recourse HK$ million	**Bills discounted to banks with recourse HK$ million**	Bills endorsed to suppliers with recourse HK$ million	Bills discounted to banks with recourse HK$ million
Carrying amount of transferred assets	**–**	**300**	5	301
Carrying amount of associated liabilities	**–**	**(300)**	(5)	(301)
Net position	**–**	**–**	–	–

In addition to the above, as at 31 March 2015, the gross amount of bills receivable endorsed to suppliers was HK$11 million, in which the Group has derecognised HK$6 million of these bills receivable endorsed to suppliers before their maturity dates in their entirety, which approximate their fair value as at the end of reporting period. In the opinion of the Directors, the Group has transferred substantially all the risks and rewards of ownership of these bills and has discharged its obligations, taking into account the high credit quality of the issuing counterparties and the past settlement history of those issuing counterparties.

As at 31 March 2015, the Group's maximum exposure to loss and cash outflow, which is same as the amount payable by the Group to the suppliers and the financial liabilities associated with discounted bills in respect of the endorsed bills, should the issuing counterparties fail to settle the bills upon maturity, amounted to HK$6 million.

All the bills receivable endorsed to suppliers or discounted to banks have maturity dates of less than six months from the end of the respective reporting period.

No gain or loss was recognised at the date of transfer of the assets.

48. SHARE OPTIONS

The Company adopted certain share option schemes mainly for the purpose of providing incentives to Directors, eligible employees and selected eligible persons. Particulars of the share option schemes are detailed below.

Pursuant to a special resolution passed on 28 August 2002, the Company adopted a share option scheme under which the Directors may grant options to eligible person, including any Directors, whether executive or non-executive (including any INEDs), and any employee, whether full time or part time, of any member of the Group (the "2002 Share Option Scheme").

The Company terminated 2002 Share Option Scheme and adopted 2008 Share Option Scheme at its 2008 Annual General Meeting held on 30 September 2008. The principal terms of 2002 Share Option Scheme and 2008 Share Option Scheme are basically the same.

The Company terminated 2008 Share Option Scheme and adopted 2014 Share Option Scheme at its 2014 Annual General Meeting held on 20 August 2014. The principal terms of 2008 Share Option Scheme and 2014 Share Option Scheme are basically the same.

Under each of 2002 Share Option Scheme, 2008 Share Option Scheme and 2014 Share Option Scheme, options granted must be taken up within a period of 30 days from the date of grant, upon payment of HK$1 per grant. Options may be exercised in portions and in the exercisable period determined by the Directors at the date of grant. All of the options, if not otherwise exercised, amended or cancelled, lapsed on 28 August 2012 under 2002 Share Option Scheme, on 30 September 2018 under 2008 Share Option Scheme and on 20 August 2024 under 2014 Share Option Scheme.

Each grant of an option to a Director, chief executive or substantial shareholder of the Company (or any of their respective associates) must be approved by the INED(s), excluding any INED(s) who is the grantee of the option.

Under each of 2002 Share Option Scheme, 2008 Share Option Scheme and 2014 Share Option Scheme, the maximum number of Shares issuable upon exercise of all options to be granted under the aforesaid schemes and any other share option scheme of the Company as from the commencement of the scheme period, excluding those options which have lapsed in accordance with the terms of 2002 Share Option Scheme, 2008 Share Option Scheme or 2014 Share Option Scheme or any other share option schemes of the Company, must not in aggregate exceeds 10% of the Company's Shares in issue as at the date of adoption of the respective share option scheme or exceed any of the refreshed limit.

No option shall be granted to an eligible person which would cause the aggregate number of Shares already issued and to be issued upon exercise of options granted to such eligible person under 2002 Share Option Scheme, 2008 Share Option Scheme and 2014 Share Option Scheme and any other share option scheme of the Company (including cancelled, exercised and outstanding options) in any 12-month period up to the date of grant exceeding 1% of the Shares in issue. Any further grant of options in excess of this limit may be made only with the separate approval of the Shareholders in general meeting with that eligible person and his associates abstaining from voting.

The total number of Shares available for grant under the share option schemes of the Company is 149,630,500 (2015: 96,070,500) representing approximately 5.09% (2015: 3.37%) of the issued share capital of the Company as at the end of the Reporting Year.

48. SHARE OPTIONS (Continued)

For the year ended 31 March 2016

The following tables show the movements in the Company's share options granted under 2008 Share Option Scheme and 2014 Share Option Scheme during the Reporting Year:

Under 2008 Share Option Scheme

Date of grant	Exercise price HK$	Vesting period	Exercisable period	Outstanding as at 1 April 2015	Granted during the year *(Note (a))*	Exercised during the year *(Note (b))*	Cancelled during the year	Outstanding as at 31 March 2016
6 November 2008	0.374	6 November 2008 to 5 November 2009	6 November 2009 to 30 September 2018	365,000	–	(50,000)	–	**315,000**
		6 November 2008 to 5 November 2010	6 November 2010 to 30 September 2018	526,000	–	(51,000)	–	**475,000**
		6 November 2008 to 5 November 2011	6 November 2011 to 30 September 2018	668,500	–	(90,500)	–	**578,000**
		6 November 2008 to 5 November 2012	6 November 2012 to 30 September 2018	1,709,000	–	(162,500)	–	**1,546,500**
26 November 2008	0.415	26 November 2008 to 25 November 2012	26 November 2012 to 30 September 2018	24,000	–	–	–	**24,000**
21 June 2010	6.580	21 June 2010 to 20 June 2011	21 June 2011 to 30 September 2018	1,500,000	–	–	–	**1,500,000**
		21 June 2010 to 20 June 2012	21 June 2012 to 30 September 2018	1,500,000	–	–	–	**1,500,000**
		21 June 2010 to 20 June 2013	21 June 2013 to 30 September 2018	1,500,000	–	–	–	**1,500,000**
		21 June 2010 to 20 June 2014	21 June 2014 to 30 September 2018	1,500,000	–	–	–	**1,500,000**
24 March 2011	4.440	24 March 2011 to 31 August 2012	1 September 2012 to 30 September 2018	9,842,000	–	(4,084,000)	–	**5,758,000**
		24 March 2011 to 31 August 2013	1 September 2013 to 30 September 2018	9,756,000	–	(3,968,000)	–	**5,788,000**
		24 March 2011 to 31 August 2014	1 September 2014 to 30 September 2018	10,000,000	–	(2,598,000)	–	**7,402,000**
		24 March 2011 to 31 August 2015	1 September 2015 to 30 September 2018	10,000,000	–	(436,000)	–	**9,564,000**
		24 March 2011 to 31 August 2016	1 September 2016 to 30 September 2018	10,000,000	–	–	–	**10,000,000**

48. SHARE OPTIONS (Continued)

For the year ended 31 March 2016 (Continued)

Under 2008 Share Option Scheme (Continued)

Date of grant	Exercise price HK$	Vesting period	Exercisable period	Outstanding as at 1 April 2015	Granted during the year *(Note (a))*	Exercised during the year *(Note (b))*	Cancelled during the year	Outstanding as at 31 March 2016
16 September 2011	4.080	16 September 2011 to 31 August 2012	1 September 2012 to 30 September 2018	1,000,000	–	–	–	**1,000,000**
		16 September 2011 to 31 August 2013	1 September 2013 to 30 September 2018	1,000,000	–	–	–	**1,000,000**
		16 September 2011 to 31 August 2014	1 September 2014 to 30 September 2018	1,000,000	–	–	–	**1,000,000**
		16 September 2011 to 31 August 2015	1 September 2015 to 30 September 2018	1,000,000	–	–	–	**1,000,000**
		16 September 2011 to 31 August 2016	1 September 2016 to 30 September 2018	1,000,000	–	–	–	**1,000,000**
26 September 2011	3.310	26 September 2011 to 31 August 2012	1 September 2012 to 30 September 2018	120,000	–	–	–	**120,000**
		26 September 2011 31 August 2014	1 September 2014 to 30 September 2018	120,000	–	–	–	**120,000**
		26 September 2011 31 August 2015	1 September 2015 to 30 September 2018	120,000	–	–	–	**120,000**
		26 September 2011 31 August 2016	1 September 2016 to 30 September 2018	120,000	–	–	–	**120,000**
31 October 2011	4.190	31 October 2011 to 31 August 2012	1 September 2012 to 30 September 2018	60,000	–	–	–	**60,000**
		31 October 2011 to 31 August 2013	1 September 2013 to 30 September 2018	60,000	–	–	–	**60,000**
		31 October 2011 to 31 August 2014	1 September 2014 to 30 September 2018	60,000	–	–	–	**60,000**
		31 October 2011 to 31 August 2015	1 September 2015 to 30 September 2018	60,000	–	–	–	**60,000**
		31 October 2011 to 31 August 2016	1 September 2016 to 30 September 2018	60,000	–	–	–	**60,000**

48. SHARE OPTIONS (Continued)

For the year ended 31 March 2016 (Continued)

Under 2008 Share Option Scheme (Continued)

Date of grant	Exercise price HK$	Vesting period	Exercisable period	Outstanding as at 1 April 2015	Granted during the year *(Note (a))*	Exercised during the year *(Note (b))*	Cancelled during the year	Outstanding as at 31 March 2016
14 February 2012	3.810	14 February 2012 to 31 August 2012	1 September 2012 to 30 September 2018	400,000	–	–	–	**400,000**
		14 February 2012 to 31 August 2013	1 September 2013 to 30 September 2018	400,000	–	–	–	**400,000**
		14 February 2012 to 31 August 2014	1 September 2014 to 30 September 2018	400,000	–	–	–	**400,000**
		14 February 2012 to 31 August 2015	1 September 2015 to 30 September 2018	400,000	–	–	–	**400,000**
		14 February 2012 to 31 August 2016	1 September 2016 to 30 September 2018	400,000	–	–	–	**400,000**
29 November 2012	4.582	29 November 2012 to 31 August 2013	1 September 2013 to 30 September 2018	220,000	–	(100,000)	–	**120,000**
		29 November 2012 to 31 August 2014	1 September 2014 to 30 September 2018	220,000	–	(100,000)	–	**120,000**
		29 November 2012 to 31 August 2015	1 September 2015 to 30 September 2018	220,000	–	–	–	**220,000**
		29 November 2012 to 31 August 2016	1 September 2016 to 30 September 2018	220,000	–	–	–	**220,000**
		29 November 2012 to 31 August 2017	1 September 2017 to 30 September 2018	220,000	–	–	–	**220,000**
28 June 2013	3.982	28 June 2013 to 31 August 2014	1 September 2014 to 30 September 2018	2,000,000	–	(2,000,000)	–	**–**
		28 June 2013 to 31 August 2015	1 September 2015 to 30 September 2018	2,000,000	–	–	–	**2,000,000**
		28 June 2013 to 31 August 2016	1 September 2016 to 30 September 2018	2,000,000	–	–	–	**2,000,000**
		28 June 2013 to 31 August 2017	1 September 2017 to 30 September 2018	2,000,000	–	–	–	**2,000,000**
		28 June 2013 to 31 August 2018	1 September 2018 to 30 September 2018	2,000,000	–	–	–	**2,000,000**

48. SHARE OPTIONS (Continued)

For the year ended 31 March 2016 (Continued)

Under 2008 Share Option Scheme (Continued)

Date of grant	Exercise price HK$	Vesting period	Exercisable period	Outstanding as at 1 April 2015	Granted during the year *(Note (a))*	Exercised during the year *(Note (b))*	Cancelled during the year	Outstanding as at 31 March 2016
29 July 2013	3.990	29 July 2013 to 31 August 2014	1 September 2014 to 30 September 2018	260,000	–	(100,000)	–	**160,000**
		29 July 2013 to 31 August 2015	1 September 2015 to 30 September 2018	260,000	–	–	–	**260,000**
		29 July 2013 to 31 August 2016	1 September 2016 to 30 September 2018	260,000	–	–	–	**260,000**
		29 July 2013 to 31 August 2017	1 September 2017 to 30 September 2018	260,000	–	–	–	**260,000**
		29 July 2013 to 31 August 2018	1 September 2018 to 30 September 2018	260,000	–	–	–	**260,000**
9 September 2013	4.368	9 September 2013 to 31 August 2014	1 September 2014 to 30 September 2018	240,000	–	(200,000)	–	**40,000**
		9 September 2013 to 31 August 2015	1 September 2015 to 30 September 2018	240,000	–	–	–	**240,000**
		9 September 2013 to 31 August 2016	1 September 2016 to 30 September 2018	240,000	–	–	–	**240,000**
		9 September 2013 to 31 August 2017	1 September 2017 to 30 September 2018	240,000	–	–	–	**240,000**
		9 September 2013 to 31 August 2018	1 September 2018 to 30 September 2018	240,000	–	–	–	**240,000**
9 September 2013	4.368	9 September 2013 to 31 August 2014	1 September 2014 to 30 September 2018	2,500,000	–	(2,500,000)	–	**–**
		9 September 2013 to 31 August 2015	1 September 2015 to 30 September 2018	2,500,000	–	–	–	**2,500,000**
		9 September 2013 to 31 August 2016	1 September 2016 to 30 September 2018	2,500,000	–	–	–	**2,500,000**
		9 September 2013 to 31 August 2017	1 September 2017 to 30 September 2018	2,500,000	–	–	–	**2,500,000**

48. SHARE OPTIONS (Continued)

For the year ended 31 March 2016 (Continued)

Under 2008 Share Option Scheme (Continued)

Date of grant	Exercise price HK$	Vesting period	Exercisable period	Outstanding as at 1 April 2015	Granted during the year (Note (a))	Exercised during the year (Note (b))	Cancelled during the year	Outstanding as at 31 March 2016
19 September 2013	4.212	19 September 2013 to 31 August 2014	1 September 2014 to 30 September 2018	400,000	–	–	–	**400,000**
		19 September 2013 to 31 August 2015	1 September 2015 to 30 September 2018	400,000	–	–	–	**400,000**
		19 September 2013 to 31 August 2016	1 September 2016 to 30 September 2018	400,000	–	–	–	**400,000**
		19 September 2013 to 31 August 2017	1 September 2017 to 30 September 2018	400,000	–	–	–	**400,000**
		19 September 2013 to 31 August 2018	1 September 2018 to 30 September 2018	400,000	–	–	–	**400,000**
24 April 2014	4.022	24 April 2014 to 31 August 2015	1 September 2015 to 30 September 2018	266,400	–	–	–	**266,400**
		24 April 2014 to 31 August 2016	1 September 2016 to 30 September 2018	266,400	–	–	–	**266,400**
		24 April 2014 to 31 August 2017	1 September 2017 to 30 September 2018	267,200	–	–	–	**267,200**
9 July 2014	3.870	9 July 2014 to 31 August 2015	1 September 2015 to 30 September 2018	750,000	–	–	–	**750,000**
		9 July 2014 to 31 August 2016	1 September 2016 to 30 September 2018	750,000	–	–	–	**750,000**
		9 July 2014 to 31 August 2017	1 September 2017 to 30 September 2018	750,000	–	–	–	**750,000**
		9 July 2014 to 31 July 2018	1 August 2018 to 30 September 2018	750,000	–	–	–	**750,000**
				96,070,500	–	(16,440,000)	–	**79,630,500**

48. SHARE OPTIONS (Continued)

For the year ended 31 March 2016 (Continued)

Under 2014 Share Option Scheme

Date of grant	Exercise price HK$	Vesting period	Exercisable period	Outstanding as at 1 April 2015	Granted during the year *(Note (a))*	Exercised during the year *(Note (b))*	Cancelled during the year	Outstanding as at 31 March 2016
15 December 2015	4.830	15 December 2015 to 14 December 2016	15 December 2016 to 30 September 2018	–	3,300,000	–	–	**3,300,000**
		15 December 2015 to 14 December 2017	15 December 2017 to 30 September 2018	–	3,300,000	–	–	**3,300,000**
		15 December 2015 to 30 March 2018	31 March 2018 to 30 September 2018	–	3,400,000	–	–	**3,400,000**
22 January 2016	4.226	22 January 2016 to 30 August 2016	1 September 2016 to 20 August 2024	–	17,154,000	–	–	**17,154,000**
		22 January 2016 to 30 August 2017	1 September 2017 to 20 August 2024	–	17,154,000	–	–	**17,154,000**
		22 January 2016 to 30 August 2018	1 September 2018 to 20 August 2024	–	25,692,000	–	–	**25,692,000**
				–	70,000,000	–	–	**70,000,000**
				96,070,500	70,000,000	(16,440,000)	–	**149,630,500**

Notes:

(a) 70,000,000 share options were granted under 2014 Share Option Scheme during the Reporting Year.

(b) The weighted average closing prices of the Company's Shares immediately before the dates on which the share options were exercised during the Reporting Year was HK$6.467.

48. SHARE OPTIONS (Continued)

For the year ended 31 March 2015

The following tables show the movements in the Company's share options granted under 2008 Share Option Scheme during the Previous Year:

Under 2008 Share Option Scheme

Date of grant	Exercise price	Vesting period	Exercisable period	Outstanding as at 1 April 2014	Granted during the year	Exercised during the year	Cancelled during the year	Outstanding as at 31 March 2015
	HK$				*(Note (c))*	*(Note (d))*		
6 November 2008	0.374	6 November 2008 to 5 November 2009	6 November 2009 to 30 September 2018	365,500	–	(500)	–	365,000
		6 November 2008 to 5 November 2010	6 November 2010 to 30 September 2018	638,500	–	(112,500)	–	526,000
		6 November 2008 to 5 November 2011	6 November 2011 to 30 September 2018	882,000	–	(213,500)	–	668,500
		6 November 2008 to 5 November 2012	6 November 2012 to 30 September 2018	2,021,500	–	(312,500)	–	1,709,000
26 November 2008	0.415	26 November 2008 to 25 November 2012	26 November 2012 to 30 September 2018	24,000	–	–	–	24,000
21 June 2010	6.580	21 June 2010 to 20 June 2011	21 June 2011 to 30 September 2018	1,500,000	–	–	–	1,500,000
		21 June 2010 to 20 June 2012	21 June 2012 to 30 September 2018	1,500,000	–	–	–	1,500,000
		21 June 2010 to 20 June 2013	21 June 2013 to 30 September 2018	1,500,000	–	–	–	1,500,000
		21 June 2010 to 20 June 2014	21 June 2014 to 30 September 2018	1,500,000	–	–	–	1,500,000
24 March 2011	4.440	24 March 2011 to 31 August 2012	1 September 2012 to 30 September 2018	9,978,000	–	(136,000)	–	9,842,000
		24 March 2011 to 31 August 2013	1 September 2013 to 30 September 2018	10,000,000	–	(244,000)	–	9,756,000
		24 March 2011 to 31 August 2014	1 September 2014 to 30 September 2018	10,000,000	–	–	–	10,000,000
		24 March 2011 to 31 August 2015	1 September 2015 to 30 September 2018	10,000,000	–	–	–	10,000,000
		24 March 2011 to 31 August 2016	1 September 2016 to 30 September 2018	10,000,000	–	–	–	10,000,000

48. SHARE OPTIONS (Continued)

For the year ended 31 March 2015 (Continued)

Under 2008 Share Option Scheme (Continued)

Date of grant	Exercise price HK$	Vesting period	Exercisable period	Outstanding as at 1 April 2014	Granted during the year *(Note (c))*	Exercised during the year *(Note (d))*	Cancelled during the year	Outstanding as at 31 March 2015
16 September 2011	4.080	16 September 2011 to 31 August 2012	1 September 2012 to 30 September 2018	1,000,000	–	–	–	1,000,000
		16 September 2011 to 31 August 2013	1 September 2013 to 30 September 2018	1,000,000	–	–	–	1,000,000
		16 September 2011 to 31 August 2014	1 September 2014 to 30 September 2018	1,000,000	–	–	–	1,000,000
		16 September 2011 to 31 August 2015	1 September 2015 to 30 September 2018	1,000,000	–	–	–	1,000,000
		16 September 2011 to 31 August 2016	1 September 2016 to 30 September 2018	1,000,000	–	–	–	1,000,000
26 September 2011	3.310	26 September 2011 to 31 August 2012	1 September 2012 to 30 September 2018	120,000	–	–	–	120,000
		26 September 2011 31 August 2013	1 September 2013 to 30 September 2018	120,000	–	(120,000)	–	–
		26 September 2011 31 August 2014	1 September 2014 to 30 September 2018	120,000	–	–	–	120,000
		26 September 2011 31 August 2015	1 September 2015 to 30 September 2018	120,000	–	–	–	120,000
		26 September 2011 31 August 2016	1 September 2016 to 30 September 2018	120,000	–	–	–	120,000
31 October 2011	4.190	31 October 2011 to 31 August 2012	1 September 2012 to 30 September 2018	60,000	–	–	–	60,000
		31 October 2011 to 31 August 2013	1 September 2013 to 30 September 2018	60,000	–	–	–	60,000
		31 October 2011 to 31 August 2014	1 September 2014 to 30 September 2018	60,000	–	–	–	60,000
		31 October 2011 to 31 August 2015	1 September 2015 to 30 September 2018	60,000	–	–	–	60,000
		31 October 2011 to 31 August 2016	1 September 2016 to 30 September 2018	60,000	–	–	–	60,000

48. SHARE OPTIONS (Continued)

For the year ended 31 March 2015 (Continued)

Under 2008 Share Option Scheme (Continued)

Date of grant	Exercise price HK$	Vesting period	Exercisable period	Outstanding as at 1 April 2014	Granted during the year *(Note (c))*	Exercised during the year *(Note (d))*	Cancelled during the year	Outstanding as at 31 March 2015
14 February 2012	3.810	14 February 2012 to 31 August 2012	1 September 2012 to 30 September 2018	400,000	–	–	–	400,000
		14 February 2012 to 31 August 2013	1 September 2013 to 30 September 2018	400,000	–	–	–	400,000
		14 February 2012 to 31 August 2014	1 September 2014 to 30 September 2018	400,000	–	–	–	400,000
		14 February 2012 to 31 August 2015	1 September 2015 to 30 September 2018	400,000	–	–	–	400,000
		14 February 2012 to 31 August 2016	1 September 2016 to 30 September 2018	400,000	–	–	–	400,000
29 November 2012	4.582	29 November 2012 to 31 August 2013	1 September 2013 to 30 September 2018	220,000	–	–	–	220,000
		29 November 2012 to 31 August 2014	1 September 2014 to 30 September 2018	220,000	–	–	–	220,000
		29 November 2012 to 31 August 2015	1 September 2015 to 30 September 2018	220,000	–	–	–	220,000
		29 November 2012 to 31 August 2016	1 September 2016 to 30 September 2018	220,000	–	–	–	220,000
		29 November 2012 to 31 August 2017	1 September 2017 to 30 September 2018	220,000	–	–	–	220,000
28 June 2013	3.982	28 June 2013 to 31 August 2014	1 September 2014 to 30 September 2018	2,000,000	–	–	–	2,000,000
		28 June 2013 to 31 August 2015	1 September 2015 to 30 September 2018	2,000,000	–	–	–	2,000,000
		28 June 2013 to 31 August 2016	1 September 2016 to 30 September 2018	2,000,000	–	–	–	2,000,000
		28 June 2013 to 31 August 2017	1 September 2017 to 30 September 2018	2,000,000	–	–	–	2,000,000
		28 June 2013 to 31 August 2018	1 September 2018 to 30 September 2018	2,000,000	–	–	–	2,000,000

48. SHARE OPTIONS (Continued)

For the year ended 31 March 2015 (Continued)

Under 2008 Share Option Scheme (Continued)

Date of grant	Exercise price HK$	Vesting period	Exercisable period	Outstanding as at 1 April 2014	Granted during the year *(Note (c))*	Exercised during the year *(Note (d))*	Cancelled during the year	Outstanding as at 31 March 2015
29 July 2013	3.990	29 July 2013 to 31 August 2014	1 September 2014 to 30 September 2018	260,000	–	–	–	260,000
		29 July 2013 to 31 August 2015	1 September 2015 to 30 September 2018	260,000	–	–	–	260,000
		29 July 2013 to 31 August 2016	1 September 2016 to 30 September 2018	260,000	–	–	–	260,000
		29 July 2013 to 31 August 2017	1 September 2017 to 30 September 2018	260,000	–	–	–	260,000
		29 July 2013 to 31 August 2018	1 September 2018 to 30 September 2018	260,000	–	–	–	260,000
9 September 2013	4.368	9 September 2013 to 31 August 2014	1 September 2014 to 30 September 2018	240,000	–	–	–	240,000
		9 September 2013 to 31 August 2015	1 September 2015 to 30 September 2018	240,000	–	–	–	240,000
		9 September 2013 to 31 August 2016	1 September 2016 to 30 September 2018	240,000	–	–	–	240,000
		9 September 2013 to 31 August 2017	1 September 2017 to 30 September 2018	240,000	–	–	–	240,000
		9 September 2013 to 31 August 2018	1 September 2018 to 30 September 2018	240,000	–	–	–	240,000
9 September 2013	4.368	9 September 2013 to 31 August 2014	1 September 2014 to 30 September 2018	2,500,000	–	–	–	2,500,000
		9 September 2013 to 31 August 2015	1 September 2015 to 30 September 2018	2,500,000	–	–	–	2,500,000
		9 September 2013 to 31 August 2016	1 September 2016 to 30 September 2018	2,500,000	–	–	–	2,500,000
		9 September 2013 to 31 August 2017	1 September 2017 to 30 September 2018	2,500,000	–	–	–	2,500,000

48. SHARE OPTIONS (Continued)

For the year ended 31 March 2015 (Continued)

Under 2008 Share Option Scheme (Continued)

Date of grant	Exercise price HK$	Vesting period	Exercisable period	Outstanding as at 1 April 2014	Granted during the year *(Note (c))*	Exercised during the year *(Note (d))*	Cancelled during the year	Outstanding as at 31 March 2015
19 September 2013	4.212	19 September 2013 to 31 August 2014	1 September 2014 to 30 September 2018	400,000	–	–	–	400,000
		19 September 2013 to 31 August 2015	1 September 2015 to 30 September 2018	400,000	–	–	–	400,000
		19 September 2013 to 31 August 2016	1 September 2016 to 30 September 2018	400,000	–	–	–	400,000
		19 September 2013 to 31 August 2017	1 September 2017 to 30 September 2018	400,000	–	–	–	400,000
		19 September 2013 to 31 August 2018	1 September 2018 to 30 September 2018	400,000	–	–	–	400,000
24 April 2014	4.022	24 April 2014 to 31 August 2015	1 September 2015 to 30 September 2018	–	266,400	–	–	266,400
		24 April 2014 to 31 August 2016	1 September 2016 to 30 September 2018	–	266,400	–	–	266,400
		24 April 2014 to 31 August 2017	1 September 2017 to 30 September 2018	–	267,200	–	–	267,200
9 July 2014	3.870	9 July 2014 to 31 August 2015	1 September 2015 to 30 September 2018	–	750,000	–	–	750,000
		9 July 2014 to 31 August 2016	1 September 2016 to 30 September 2018	–	750,000	–	–	750,000
		9 July 2014 to 31 August 2017	1 September 2017 to 30 September 2018	–	750,000	–	–	750,000
		9 July 2014 to 31 July 2018	1 August 2018 to 30 September 2018	–	750,000	–	–	750,000
				93,409,500	3,800,000	(1,139,000)	–	96,070,500

Notes:

(c) 3,800,000 share options were granted under 2008 Share Option Scheme during the Previous Year.

(d) The weighted average closing prices of the Company's shares immediately before the dates on which the share options were exercised during the Previous Year was HK$4.903.

49. SHARE-BASED PAYMENTS

The Company has applied HKFRS 2 *Share-based Payment* to account for its share options (Note (i)) and share awards (Note (ii)). An amount of share-based payment expenses of HK$34 million (2015: HK$29 million) for share options and HK$70 million (2015: 37 million) for share awards has been recognised in the profit or loss in the Reporting Year.

Note (i): Share options

The particulars of the share option schemes of the Company, and the details of and the movements in share options during the two years ended 31 March 2016 are disclosed in note 48. A summary of which is presented below:

	2016		2015	
	Number of share options	**Weighted average exercise price**	Number of share options	Weighted average exercise price
		HK$		HK$
Outstanding at the beginning of the year	**96,070,500**	**4.308**	93,409,500	4.298
Granted during the year	**70,000,000**	**4.312**	3,800,000	3.868
Exercised during the year	**(16,440,000)**	**4.284**	(1,139,000)	2.040
Outstanding at the end of the year	**149,630,500**	**4.313**	96,070,500	4.308
Exercisable at the end of the year	**51,126,900**		49,350,500	

The weighted average share price at the date of exercise for share options exercised during the Reporting Year was HK$6.467 (2015: HK$4.903). The share options outstanding as at 31 March 2016 have a weighted average remaining contractual life of 3.16 years (2015: 4 years) and the exercise prices of which range from HK$0.374 to HK$6.580 (2015: HK$0.374 to HK$6.580).

Share options expenses charge to profit or loss are based on valuation determined using the Black-Scholes Model. Share options granted in current year were valued based on the following assumptions:

Date of grant	Number of share options granted	Vesting period	Exercisable period	Fair value per option	Total fair value of options granted	Closing share price at date of grant	Exercise price	Expected volatility	Dividend yield	Expected interest rate	Risk free rate
					HK$	HK$	HK$	%	%	%	
15 December 2015	3,300,000	15 December 2015 to 14 December 2016	15 December 2016 to 30 September 2016	1.2916	4,262,440	4.830	4.830	50.01	3.78	1.5	0.63
15 December 2015	3,300,000	15 December 2015 to 14 December 2017	15 December 2017 to 30 September 2018	1.3140	4,336,267	4.830	4.830	50.01	3.78	1.5	0.63
15 December 2015	3,400,000	15 December 2015 to 30 March 2018	31 March 2018 to 30 September 2018	1.3062	4,441,100	4.830	4.830	50.01	3.78	1.5	0.63
	10,000,000				13,039,807						
22 January 2016	17,154,000	22 January 2016 to 30 August 2016	1 September 2016 to 20 August 2024	1.5709	26,946,392	4.226	4.226	58.40	4.33	1.48	1.62
22 January 2016	17,154,000	22 January 2016 to 30 August 2017	1 September 2017 to 20 August 2024	1.6754	28,739,049	4.226	4.226	58.40	4.33	1.48	1.62
22 January 2016	25,692,000	22 January 2016 to 30 August 2018	1 September 2018 to 20 August 2024	1.7391	44,681,177	4.226	4.226	58.40	4.33	1.48	1.62
	60,000,000				100,366,618						
	70,000,000				113,406,425						

49. SHARE-BASED PAYMENTS (Continued)

Note (i): Share options (Continued)

Expected volatility was determined by using the historical volatility of the Company's share price over previous years. The effects of time to vest, non-transferability, exercise restrictions and behavioural considerations have been taken into account in the model. The variables and assumptions used in computing the fair value of the share options are based on management's best estimate. The value of share options varies with different variables of certain subjective assumptions.

The Group recognised in the total expense of HK$34 million (2015: HK$29 million) for the Reporting Year in relation to share options granted by the Company.

Note (ii): Share awards

On 24 June 2014, an employees' Share Award Scheme was adopted by the Company. The Share Award Scheme is valid and effective for a period of 10 years commencing from 24 June 2014. Pursuant to the rules of the scheme, the Group has set up a trust for the purpose of administering the share award scheme and holding the awarded shares before they vest.

During the Reporting Year, a total of 10,312,000 (2015: 27,836,000) Shares in the Company have been awarded to certain Directors and employees of the Company at no consideration.

Besides, a total of 11,672,000 (2015: nil) awarded shares were vested and allotted.

Vesting dates	Outstanding as at 1 April 2014	Movement during the year Awarded	Outstanding as at 31 March 2015	Movement during the year Awarded	Movement during the year Allotted	Movement during the year Lapsed	Outstanding as at 31 March 2016
31 August 2015	–	9,266,000	9,266,000	–	(8,694,000)	(572,000)	–
31 December 2015	–	–	–	3,036,000	(2,978,000)	(58,000)	–
31 August 2016	–	9,266,000	9,266,000	–	–	(572,000)	8,694,000
31 December 2016	–	–	–	3,036,000	–	(58,000)	2,978,000
31 August 2017	–	9,304,000	9,304,000	–	–	(574,000)	8,730,000
31 December 2017	–	–	–	4,240,000	–	(110,000)	4,130,000
	–	27,836,000	27,836,000	10,312,000	(11,672,000)	(1,944,000)	24,532,000
Weighted average fair value	–	HK$3.43	HK$3.43	HK$6.22	HK$4.59	HK$3.52	HK$4.19

During the Reporting Year, 38,646,000 (2015: 18,416,000) Shares of the Company were acquired at a total cost of HK$184 million (2015: HK$76 million) for this scheme which recognised and accumulated in equity under the heading of "shares held for share award scheme".

The total fair value of the awarded shares determined at the date of grant was HK$64 million (2015: HK$96 million). The fair value of the awarded shares granted on 20 July 2015 (2015: 24 June 2014) was determined by reference to the closing share price of the Company at date of grant, which was HK$6.22 (2015: HK$3.81) per Share.

The Group recognised in the total expense of HK$70 million (2015: HK$37 million) for the Reporting Year in relation to share awards granted by the Company.

50. PLEDGE OF ASSETS

At 31 March 2016, the Group's bank borrowings were secured by the following:

(a) legal charges over prepaid lease payments on land use rights, and leasehold land and buildings with carrying value of HK$190 million (2015: HK$71 million) and HK$96 million (2015: HK$135 million) respectively;

(b) pledged bank deposits of HK$493 million (2015: HK$423 million);

(c) finance lease receivables of HK$158 million (2015: nil); and

(d) trade receivables of HK$88 million (2015: nil).

51. OPERATING LEASE ARRANGEMENTS

The Group as lessee

At the end of the Reporting Year, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases in respect of rented land and buildings which fall due as follows:

	2016 HK$ million	2015 HK$ million
Within one year	**54**	77
In the second to fifth year inclusive	**101**	66
Over five years	**17**	15
	172	158

Operating lease payments represent rentals payable by the Group for certain of its offices and factory premises. Leases are negotiated for terms ranging from one to six years and rentals are fixed over the term of the relevant leases.

The Group as lessor

During the Reporting Year, the Group earned rental income of HK$259 million (2015: HK$249 million) from the lease of the Group's properties. The leased properties have committed tenants for terms ranging from one to five years.

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

	2016 HK$ million	2015 HK$ million
Within one year	**219**	198
In the second to fifth year inclusive	**300**	411
Over five years	**40**	67
	559	676

52. CAPITAL COMMITMENTS

At the end of the Reporting Year, the Group had the following capital commitments:

	2016 HK$ million	2015 HK$ million
Contracted but not provided for, in respect of:		
Purchase of property, plant and equipment	**33**	13
Factory buildings and office premises under development	**636**	842
	669	855

53. MAJOR NON-CASH TRANSACTIONS

During the Reporting Year, certain Shareholders elected to receive scrip dividends for 2015 final dividend and 2016 interim dividend of HK$226 million (2015: 2014 final dividend of HK$24 million) and HK$108 million (2015: 2015 interim dividend of HK$41 million) respectively. Details are set out in note 17.

54. CONTINGENT LIABILITIES

There are individual patent disputes which arise from time to time in the ordinary course of the business of the Group. The Group is in the course of processing these matters. The Directors are of the view that these patent disputes will not have a material adverse impact on the consolidated financial statements of the Group.

55. RETIREMENT BENEFITS SCHEMES

The employees of the Company's Hong Kong subsidiaries participate in the ORSO scheme which is registered under the Occupational Retirement Scheme Ordinance or MPF Scheme established under the Mandatory Provident Fund Ordinance in December 2000. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. Certain employees who were members of the ORSO Scheme prior to the establishment of the MPF Scheme remained with the ORSO Scheme, whereas all new employees joining the Group on or after 1 December 2000 are required to join the MPF Scheme.

Under the rule of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income capped at $1,250 per month before June 2014 or $1,500 per month on or after June 2014. The ORSO Scheme is funded by monthly contributions from both employees and the Group at 5% of the employees' basic salary. The pension costs charged to profit or loss represent contributions payable to these funds by the Group at rates specified in the rules of these schemes.

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

55. RETIREMENT BENEFITS SCHEMES (Continued)

The aggregate retirement benefits scheme contributions and pension costs for the Group's employees, net of forfeited contributions, which have been dealt with in profit or loss, are as follows:

	2016 HK$ million	2015 HK$ million
Retirement benefit scheme contributions in Hong Kong	**1**	1
Pension costs in the PRC	**326**	285
Total retirement benefit scheme contributions	**327**	286

At both 31 March 2016 and 31 March 2015, there were no forfeited contributions available to offset future employers' contributions to the schemes.

56. RELATED PARTY TRANSACTIONS

Trading transactions

During the Reporting Year, the Group has the following transactions with related parties:

Joint ventures

	2016 HK$ million	2015 HK$ million
Advertising and promotional expenses paid	**18**	16
Purchases of finished goods	**27**	–
Purchases of raw materials	**–**	21

Associates

	2016 HK$ million	2015 HK$ million
Sales of finished goods	**459**	460
Purchases of raw materials	**–**	71

Compensation of key management personnel

The remuneration of Directors and other members of key management including chief executive of the Company during the Reporting Year was as follows:

	2016 HK$ million	2015 HK$ million
Short-term benefits	**155**	105
Post-employment benefits	**1**	1
Share-based payments	**32**	31
	188	137

The remuneration of Directors and key management is reviewed by the Remuneration Committee having regard to the responsibilities and performance of the relevant individuals and market trends.

57. PARTICULARS OF PRINCIPAL SUBSIDIARIES

The following lists the subsidiaries of the Company as at 31 March 2016 and 31 March 2015 which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

Name of subsidiary	Place of incorporation/ establishment/ operation	Issued and fully paid share capital/paid up registered capital	Effective interest held by the Company *(Note (a))* 2016	2015	Principal activities
Skyworth Holdings Limited 創維控股有限公司	Samoa	Ordinary shares US$1	**100%**	100%	Investment holding
Skyworth Enterprises Limited 創維實業有限公司	Samoa	Ordinary shares US$1	**100%**	100%	Investment holding
Skyworth Investment (Holdings) Limited 創維投資(控股)有限公司	The British Virgin Islands	Ordinary shares HK$893 Preference shares HK$990	**100%**	100%	Investment holding
Skyworth TV Holdings Limited 創維電視控股有限公司	Hong Kong	Ordinary shares HK$30,600,000 Non-voting deferred shares HK$2,500,000 *(Note b)*	**100%**	100%	Procurement of raw materials and investment holding
深圳創維 – RGB電子有限公司 Shenzhen Chuangwei – RGB Electronics Co., Ltd.	PRC *(Note (c))*	Registered capital RMB700,000,000	**100%**	100%	Manufacture and sale of consumer electronic products
新創維電器(深圳)有限公司 Skyworth Electrical Appliances (Shenzhen) Co., Ltd.	PRC *(Note (d))*	Registered capital US$21,180,000	**100%**	100%	Manufacture of consumer electronic products and property holding
創維電子(內蒙古)有限公司	PRC *(Note (c))*	Registered capital US$10,000,000	**100%**	100%	Manufacture and sale of consumer electronic products
創維平面顯示科技(深圳)有限公司	PRC *(Note (c))*	Registered capital US$39,500,000	**100%**	100%	Manufacture of consumer electronic products and property holding

57. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Issued and fully paid share capital/paid up registered capital	Effective interest held by the Company (Note (a)) 2016	2015	Principal activities
創維集團有限公司	PRC *(Note (c))*	Registered capital HK$1,830,000,000	**100%**	100%	Investment holding
Skyworth Macao Commercial Offshore Company Limited 創維澳門離岸商業服務有限公司	Macau	Ordinary shares MOP$100,000	**100%**	100%	Research and development and trading of consumer electronic products
Skyworth Multimedia International Limited 創維多媒體國際有限公司	Hong Kong	Ordinary shares HK$10,000	**100%**	100%	Manufacture and sale of consumer electronic products
Skyworth Overseas Development Limited 創維海外發展有限公司	Hong Kong	Ordinary shares HK$10,000	**100%**	100%	Manufacture and sale of consumer electronic products
Skyworth Overseas Limited 創維海外有限公司	Hong Kong	Ordinary shares HK$2	**100%**	100%	Trading of consumer electronic products
創維數字股份有限公司 Skyworth Digital Co., Ltd.	PRC *(note (f))*	Registered capital RMB998,503,266	**58.54%**	58.54%	Investment holding
深圳創維數字技術股份有限公司 Shenzhen Skyworth Digital Technology Co., Ltd.	PRC *(Note (e))*	Registered capital RMB120,000,000	**58.54%**	58.54%	Manufacture and sale of consumer electronic products and research and products development
創維液晶器件(深圳)有限公司	PRC *(Note (d))*	Registered capital HK$25,000,000	**70.53%**	83%	Manufacture and sale of consumer electronic products and research and products development
Skyworth Intellectual Property Holdings Limited	The British Virgin Islands	Ordinary share US$1	**100%**	100%	Intellectual property holding
Winform Inc.	The British Virgin Islands/ Hong Kong	Ordinary share US$1	**100%**	100%	Property holding
Skyworth Moulds Industrial Company Limited	The British Virgin Islands	Ordinary shares US$10	**100%**	100%	Investment holding

57. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Issued and fully paid share capital/paid up registered capital	Effective interest held by the Company (Note (a)) 2016	2015	Principal activities
Skyworth Display Technology Holdings Limited 創維光顯科技控股有限公司	Bermuda	Ordinary shares HK$100,000	**83%**	83%	Investment holding
Skyworth Electronic Appliance Limited 創維電器有限公司	Hong Kong	Ordinary shares HK$116,392,500	**75%**	75%	Investment holding
南京創維家用電器有限公司	PRC *(Note (d))*	Registered capital US$15,000,000	**75%**	75%	Manufacture and sale of consumer electronic products and research and products development
創維集團財務有限公司	PRC *(Note (d))*	Registered capital RMB1,000,000,000	**100%**	100%	Financing
創維創業投資有限公司	PRC *(Note (d))*	Registered capital RMB100,000,000	**100%**	100%	Investment holding

Notes:

(a) *The Company directly holds the entire interest in Skyworth Holdings Limited, Skyworth Bond 2013 Co. Ltd. and Skyworth LCD Holdings Limited. The interests of all other companies are indirectly held by the Company.*

(b) *The non-voting deferred shares practically carry no rights to dividends nor receive notice of nor to attend or vote at any general meeting of the relevant company nor to participate in any distribution on winding up.*

(c) *The subsidiaries are sino-foreign equity joint ventures registered in the PRC.*

(d) *The subsidiaries are wholly foreign owned enterprises registered in the PRC.*

(e) *The subsidiary is a joint stock limited company registered in the PRC.*

(f) *The subsidiary is a joint stock limited company established under the law of the PRC whose shares are listed on the Shenzhen Stock Exchange.*

None of the subsidiaries had issued any debt securities outstanding at 31 March 2016 and 31 March 2015 or at any time during the Reporting Year.

57. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

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

The table below shows details of non-wholly-owned subsidiaries of the Company that have material non-controlling interests:

Name of subsidiary	Place of incorporation/ establishment operation	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2016	2015	**2016**	2015	**2016**	2015
				HK$ million	HK$ million	**HK$ million**	HK$ million
Skyworth Digital	PRC	**41.46%**	41.46%	**243**	100	**1,145**	1,064
Individually immaterial subsidiaries with non-controlling interest				**114**	122	**463**	400
				357	222	**1,608**	1,464

Summarised financial information in respect of the Group's subsidiary that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Skyworth Digital

	2016 **HK$ million**	2015 HK$ million
Current assets	**6,639**	4,470
Non-current assets	**1,093**	435
Current liabilities	**(4,365)**	(2,038)
Non-current liabilities	**(373)**	(272)
	2,994	2,595
Equity attributable to owners of Skyworth Digital	**2,761**	2,566
Non-controlling interests	**233**	29
	2,994	2,595

57. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Skyworth Digital (Continued)

	2016 HK$ million	2015 HK$ million
Revenue	**6,231**	2,174
Expenses	**(5,641)**	(1,934)
Profit for the year	**590**	240
Profit attributable to owners of Skyworth Digital	**585**	244
Profit (loss) attributable to the non-controlling interests	**5**	(4)
Profit for the year	**590**	240
Total comprehensive income attributable to Skyworth Digital	**17**	238
Total comprehensive income (expense) attributable to the non-controlling interests	**5**	(4)
Total comprehensive income for the year	**22**	234
Net cash inflow from operating activities	**552**	548
Net cash outflow from investing activities	**(1,142)**	(139)
Net cash inflow (outflow) from financing activities	**442**	(12)
Net cash (outflow) inflow	**(148)**	397

58. FINANCIAL INFORMATION OF THE COMPANY

The following are the statement of financial position of the Company:

	2016 HK$ million	2015 HK$ million
Non-current Asset		
Investment in subsidiaries	**1,392**	1,450
Current Assets		
Other receivables	**9**	34
Amounts due from subsidiaries	**4,686**	4,882
Bank balances and cash	**4**	4
	4,699	4,920
Current Liabilities		
Other payables	**10**	3
Amounts due to subsidiaries	**871**	1,563
	881	1,566
Net Current Assets	**3,818**	3,354
Total Assets less Current Liabilities	**5,210**	4,804
Capital and Reserves		
Share capital	**295**	285
Reserves	**4,915**	4,519
	5,210	4,804

LIN WEIPING
DIRECTOR

YANG DONGWEN
DIRECTOR

58. FINANCIAL INFORMATION OF THE COMPANY (Continued)

The followings are the movements in reserves of the Company for the current and prior years:

	Share premium HK$ million	Share option reserve HK$ million	Share award reserve HK$ million	Shares held for share award scheme HK$ million	Surplus account HK$ million	Exchange reserve HK$ million	Accumulated profits HK$ million	Total HK$ million
Balance at 1 April 2014	2,501	193	–	–	937	305	602	4,538
Profit and total comprehensive income for the year	–	–	–	–	–	–	490	490
Purchase of shares for unvested shares under the share award scheme of the Company	–	–	–	(76)	–	–	–	(76)
Recognition of equity-settled share-based payments	–	29	37	–	–	–	–	66
Issue of shares under share option scheme	3	(1)	–	–	–	–	–	2
Issue of shares under scrip dividend scheme	63	–	–	–	–	–	–	63
Dividends recognised as distribution *(note 17)*	–	–	–	–	–	–	(564)	(564)
Balance at 31 March 2015	2,567	221	37	(76)	937	305	528	4,519
Profit for the year	–	–	–	–	–	–	731	731
Exchange differences arising on translation	–	–	–	–	–	(59)	–	(59)
Total comprehensive (expense) income for the year	–	–	–	–	–	(59)	731	672
Purchase of Shares for unvested Shares under the Share Award Scheme of the Company	–	–	–	(184)	–	–	–	(184)
Recognition of equity-settled share-based payments	–	34	70	–	–	–	–	104
Issue of Shares under share option scheme	102	(34)	–	–	–	–	–	68
Issue of Shares under scrip dividend scheme	326	–	–	–	–	–	–	326
Dividends recognised as distribution *(note 17)*	–	–	–	–	–	–	(590)	(590)
Share vested under Share Award Scheme	–	–	(50)	54	–	–	(4)	–
Lapse of share awards	–	–	(2)	–	–	–	2	–
Balance at 31 March 2016	2,995	221	55	(206)	937	246	667	4,915

59. ACQUISITIONS OF SUBSIDIARIES AND PARTIAL DISPOSAL OF A SUBSIDIARY

(a) Acquisition of Strong Media

On 10 July 2015, a sales and purchase agreement was entered into between (i) Smart Choice, an indirect non-wholly owned subsidiary of the Company, and (ii) the shareholders of Strong Media, in relation to the acquisition of equity interest in Strong Media by Smart Choice from the shareholders of Strong Media (the "Acquisition").

Pursuant to the sales and purchase agreement, (i) Smart Choice acquired 80% equity interest in Strong Media in phase 1, and (ii) Smart Choice agreed to acquire remaining 20% equity interest in Strong Media in phase 2, upon satisfaction of certain conditions as set out in the agreement. For the moment, the Directors are uncertain for the fulfilment of conditions as set out in sales and purchase agreement for phase 2.

During the Reporting Year, all the conditions precedent under the sales and purchase agreement for phase 1 have been fulfilled. Strong Media becomes an indirect non-wholly owned subsidiary of the Company thereafter.

The total consideration for phase 1 and phase 2 of the Acquisition is EUR30 million (equivalent to HK$262 million), which is to be satisfied in cash. 80% of the total consideration (i.e. HK$209 million) is payable for the phase 1.

Strong Media and its subsidiaries are principally engaged in the business of sale and distribution of reception facilities of digital televisions.

Consideration to be transferred

	HK$ million
Cash consideration:	
Due within one year	69
Due after one year *(note 40)*	54
Total *(note 40)*	123

Acquisition-related costs relating the above acquisition are excluded from the cost of acquisition and have been recognised as an expense in the profit or loss.

59. ACQUISITIONS OF SUBSIDIARIES AND PARTIAL DISPOSAL OF A SUBSIDIARY (Continued)

(a) Acquisition of Strong Media (Continued)

The fair value of assets and liabilities recognised at the date of acquisition are as follow:

	HK$ million
Non-current Assets	
Property, plant and equipment	8
Intangible assets	109
Current Assets	
Inventories	127
Trade and other receivables	108
Pledged bank deposits	13
Bank balances and cash	55
Current Liabilities	
Trade and other payables	(170)
Bank borrowings	(100)
Tax liabilities	(3)
Non-current Liability	
Bank borrowings	(3)
	144

The trade and other receivables acquired with a fair value of HK$108 million at the date of acquisition had gross contractual amounts of HK$110 million. The best estimate at acquisition date of contractual cash flows not expected to be collected amounted to HK$2 million.

The initial accounting for the assets and liabilities acquired in the above business combination with fair value of HK$144 million have been determined professional valuations conducted by independent valuer not connected to the Group.

59. ACQUISITIONS OF SUBSIDIARIES AND PARTIAL DISPOSAL OF A SUBSIDIARY (Continued)

(a) Acquisition of Strong Media (Continued)

The goodwill arising on acquisition of the above business is as follows:

	HK$ million
Consideration	209
Less: Net assets acquired	(144)
Plus: Non-controlling interests	30
Goodwill arising on acquisition	95

Net cash inflows arising on acquisition is as follows:

	HK$ million
Cash consideration paid up to 31 March	(86)
Less: bank balances and cash acquired	55
Net cash outflow for the Reporting Year	(31)

During the Reporting Year, Strong Media and its subsidiaries contributed HK$961 million and HK$48 million to the revenue and profit of the Group respectively.

Had the acquisition been completion on 1 April 2015, total group revenue for the Reporting Year would have been HK$43,027 million, and profit for the Reporting Year would have been HK$2,525 million. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2015, nor is it intended to be a projection of future results.

For the moment, the Directors are uncertain for the fulfilment of conditions as set out in sales and purchase agreement for phase 2. The Directors considered there is no material change in the value of the remaining 20% equity interest in Strong Media up to the end of the of Reporting Year.

59. ACQUISITIONS OF SUBSIDIARIES AND PARTIAL DISPOSAL OF A SUBSIDIARY (Continued)

(b) Acquisition of Assets through Acquisition of a Subsidiary

On 20 June 2015, the Group acquired 100% registered capital of STLG at a cash consideration of RMB235 million (equivalent to HK$292 million). STLG is inactive prior to the acquisition and its principal assets held are land and factory in PRC. This transaction had been accounted for as an acquisition of assets as the acquisition did not meet the definition of a business combination.

The net assets acquired in the transaction were as follows:

	HK$ million
Prepaid lease payments on land use rights	46
Property, plant and equipment	244
Bank balances and cash	3
Other payables	(1)
	292
Satisfied by:	
Cash consideration paid	292
Net cash outflow arising on acquisition:	
Cash consideration paid	(292)
Bank balances and cash acquired	3
	(289)

(c) Acquisition of Suining and China Resources Jinhua and partial disposal of SSDT

On 19 April 2013, a conditional framework agreement ("Framework Agreement") was entered into between (i) RGB, an indirect wholly-owned subsidiary of the Company, (ii) China Resources Jinhua, a joint stock limited company established under the law of the PRC whose shares are listed on the Shenzhen Stock Exchange, (iii) the minority shareholders of SSDT and (iv) China Resources Textiles, the controlling shareholder of China Resources Jinhua before the transaction, in relation to the disposal of interest in SSDT by RGB to China Resources Jinhua in exchange for the controlling interests in (i) Suining from China Resources Jinhua and (ii) China Resources Jinhua from China Resources Textiles. China Resources Jinhua was engaged in spinning, weaving, manufacture and sales of textiles through Suining.

Pursuant to the Framework Agreement, (i) RGB acquired 100% equity interest in Suining, and (ii) RGB and the minority shareholders of SSDT agreed to transfer 70% and 30%, respectively, equity interests in SSDT to China Resources Jinhua while RGB acquired 58.54% equity interests in China Resources Jinhua.

59. ACQUISITIONS OF SUBSIDIARIES AND PARTIAL DISPOSAL OF A SUBSIDIARY (Continued)

(c) Acquisition of Suining and China Resources Jinhua and partial disposal of SSDT (Continued)

During the Previous Year, all the conditions precedent under the Framework Agreement have been fulfilled and the approval from the China Securities Regulatory Commission in respect of the transaction has been granted. After the completion, SSDT continues to be an indirect non-wholly owned subsidiary of the Company through its shareholding in China Resources Jinhua which acquired 100% equity interests in SSDT. RGB acquired 100% equity interest in Suining and 58.54% equity interest in China Resources Jinhua.

Acquisition of Suining and China Resources Jinhua

RGB disposed its 70% equity interests in SSDT to China Resources Jinhua in exchange for (i) 100% equity interest in Suining from China Resources Jinhua and (ii) 58.54% equity interest in China Resources Jinhua from China Resources Textiles. Upon completion of the acquisition, SSDT continues to be an indirect non-wholly owned subsidiary of the Company through its shareholding in China Resources Jinhua which acquired 100% equity interests in SSDT from RGB and the minority shareholders of SSDT for the operation of digital set-top boxes business. Suining becomes a wholly-owned subsidiary of the Group. The transactions have been accounted for as business combination using the acquisition method.

Acquisition-related costs relating to the above acquisition are excluded from the cost of acquisition and have been recognised as an expense in profit or loss.

The fair value of assets and liabilities recognised at the date of acquisition are as follows:

	HK$ million
Non-current Assets	
Property, plant and equipment	171
Prepaid lease payments on land use rights	100
Current Assets	
Inventories	85
Prepaid lease payments on land use rights	4
Trade and other receivables	18
Bills receivable	29
Bank balances and cash	14
Current Liabilities	
Trade and other payables	(273)
Deferred income	(18)
	130

59. ACQUISITIONS OF SUBSIDIARIES AND PARTIAL DISPOSAL OF A SUBSIDIARY (Continued)

(c) Acquisition of Suining and China Resources Jinhua and partial disposal of SSDT (Continued)

Acquisition of Suining and China Resources Jinhua (Continued)

The receivables acquired (which principally comprised trade and other receivables and bills receivable) with a fair value of HK$47 million at the date of acquisition had gross contractual amounts of HK$50 million. The best estimate at acquisition date of the contractual cash flows not expected to be collected amounted to HK$3 million.

The goodwill arising on acquisition of the above business is as follows:

	HK$ million
Deemed consideration transferred, represent fair value of the proportionate share (70% – 58.54%, i.e. 11.46%) of SSDT disposed (Note)	541
Less: Net assets acquired	(130)
Goodwill arising on acquisition	411

Note: The deemed consideration transferred recognised at the acquisition date of HK$541 million was measured by reference to the proportionated share (i.e. 11.46%) of the fair value of SSDT which was determined using discounted cash flow method based on estimated cash flows derived from the most recent financial budgets of the digital set-top boxes business for the following five years as approved by management and using a discount rate of 14%. The cash flows beyond the five-year period are extrapolated using a 3% growth rate.

The cash inflows arising on acquisition are the bank balances and cash acquired from Suining, i.e. HK$14 million.

During the Previous Year, Suining did not have material contribution to the revenue and profit of the Group.

On 7 November 2014, China Resources Jinhua is renamed as 創維數字股份有限公司, Skyworth Digital.

Disposal of partial interest in SSDT

An amount of HK$271 million represents the difference between (i) the fair value of 11.46% of SSDT of HK$541 million and (ii) the carrying amount of the non-controlling interests of SSDT of HK$270 million attributable to the disposed interest in SSDT measured by reference to the proportionate share (11.46%) of recognised amounts of net assets of SSDT to China Resources Textiles arisen from the transactions are recognised in accumulated profits.

60. COMPARATIVE FIGURES

Loan receivables of HK$96 million as contained in the comparative figures in the consolidated statement of financial position have been reclassified from "trade and other receivables, deposits and prepayments" to conform with current year's presentation. The corresponding effects in movements in "trade and other receivables, deposits and prepayments" as contained in the comparative figures under operating activities in the consolidated statement of cash flows have been adjusted accordingly.

61. EVENTS AFTER THE END OF THE REPORTING PERIOD

On 21 December 2015, the Group entered into a conditional agreement to acquire the entire equity interest in PT. Toshiba Consumer Products Indonesia for a consideration of US$25 million (equivalent to approximately HK$194 million (the "Base Consideration") (subject to adjustment, with a cap of 120% of the Base Consideration, being US$30 million (equivalent to approximately HK$233 million)) to enable the Group to accelerate the strategic layout and enhance the ability to protect the supply chain in the Southeast Asian market and increase brand synergy.

Upon completion of the subscription, PT. Toshiba Consumer Products will become a wholly-owned subsidiary of the Group.

Details of the transaction are set out in the announcement of the Company dated 21 December 2015.

The above acquisition has been completed subsequent to the end of the Reporting Year upon the fulfilment of the condition of the acquisition.

In the moment, it is not practicable to provide an estimate of financial effect of the above acquisition until the Group performs a detailed review.

RESULTS

	Year ended 31 March				
	2016	2015	2014	2013	2012
	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
Revenue	**42,695**	40,135	39,480	37,824	28,137
Cost of sales	**(33,332)**	(32,112)	(31,851)	(30,418)	(22,181)
Gross profit	**9,363**	8,023	7,629	7,406	5,956
Other income	**1,411**	1,103	973	651	485
Other gains and losses	**(55)**	25	(149)	(46)	(41)
Gain on disposal of land and other associated assets	**–**	1,755	–	–	–
Selling and distribution expenses	**(4,756)**	(4,835)	(4,925)	(4,554)	(3,771)
General and administrative expenses	**(2,581)**	(1,736)	(1,645)	(1,388)	(906)
Finance costs	**(239)**	(161)	(163)	(133)	(177)
Share of results of associates	**3**	4	1	3	–
Share of results of joint ventures	**4**	(2)	(21)	(13)	30
Profit before taxation	**3,150**	4,176	1,700	1,926	1,576
Income tax expense	**(623)**	(826)	(267)	(332)	(308)
Profit for the year	**2,527**	3,350	1,433	1,594	1,268
Attributable to:					
Owners of the Company	**2,170**	3,128	1,254	1,501	1,252
Non-controlling interests	**357**	222	179	93	16
	2,527	3,350	1,433	1,594	1,268

ASSETS AND LIABILITIES

	At 31 March				
	2016	2015	2014	2013	2012
	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
Total consolidated assets	**42,060**	33,322	32,144	29,063	22,224
Total consolidated liabilities	**(25,360)**	(18,119)	(20,796)	(18,827)	(13,556)
Net assets	**16,700**	15,203	11,348	10,236	8,668
Attributable to:					
Owners of the Company	**15,092**	13,739	10,822	9,969	8,469
Non-controlling interests	**1,608**	1,464	526	267	199
	16,700	15,203	11,348	10,236	8,668

Financial Review

For the year ended 31 March

Amounts expressed in HK$ millions (except for share data)

	2016	2015	2014	2013	2012
OPERATING RESULTS					
Revenue	**42,695**	40,135	39,480	37,824	28,137
EBIT	**3,389**	4,324	1,837	2,036	1,732
Profit attributable to owners of the Company	**2,170**	3,128	1,254	1,501	1,252
DATA PER SHARE (HK CENTS)					
Earnings per share – basic	**75.89**	110.71	44.64	54.88	47.52
Dividend per share	**24.0**	24.5	15	18	15.5
Dividend payout ratio	**32.4%**	39.2%#	33.60%	32.80%	32.60%
KEY STATISTICS					
Equity attributable to owners of the Company	**15,092**	13,739	10,822	9,969	8,469
Working capital	**10,675**	8,992	6,679	6,955	6,819
Cash position*	**5,516**	3,740	4,595	2,949	3,018
Bank borrowings	**8,105**	2,586	5,703	5,806	4,283
Bills receivable	**7,245**	7,297	10,061	9,773	9,118
Trade receivables	**5,290**	5,258	4,347	3,843	2,505
Inventories	**5,494**	4,342	4,188	5,109	3,151
Depreciation and amortisation	**661**	460	406	311	237
KEY RATIOS					
ROE (%)	**14.4**	22.8	11.6	15.1	14.8
ROA (%)	**5.2**	9.4	3.9	5.2	5.6
Debt to equity (%)	**48.5**	17	50.3	56.7	50.6
Net debt to equity**	**Net Cash**	Net Cash	Net Cash	Net Cash	Net Cash
Current ratio (times)	**1.5**	1.6	1.3	1.4	1.6
Trade receivable turnover period excluding portion arising from discounted bills receivable (days)***	**106**	120	128	120	129
Inventories turnover period (days)***	**55**	49	54	50	48
Gross profit margin (%)	**21.9**	20	19.3	19.6	21.2
EBITDA margin (%)	**9.5**	11.9	5.7	6.2	7
EBIT margin (%)	**7.9**	10.8	4.7	5.4	6.2
Profits margin (%)	**5.9**	8.3	3.6	4.2	4.5

* *Cash position refers to bank balances and cash and pledged bank deposits*

** *Calculation based on (cash position + bills receivable – bank loans)/total equity*

*** *Calculation based on average inventory; average sum of bills receivable and trade receivables (excluding portion arising from discounted bills receivable)*

\# *Excluding one off gain and including special dividend of HK4.0 cents*

CALENDAR OF MAJOR IR ACTIVITIES

April 2015 – March 2016

Time	Events
April 2015	• J.P. Morgan Asia Rising Dragons 1x1 Forum, Hong Kong
June 2015	2014/15 Annual Results Announcement • Analysts Presentation, webcasting and conference calls • Press Conference • Post-result Hong Kong roadshow arranged by JP Morgan and CICC • CICC Investment Conference, Shenzhen China • Nomura HK/China Consumer Corporate Day 2015, Hong Kong • Institutional investors group luncheon and retail investors group meeting arranged by BOCI, Hong Kong
July 2015	• Post Annual Results UK & EU roadshow arranged by Credit Suisse • BofAML Pan Asia Mid-Cap Corporate Day, Hong Kong
August 2015	• Post-results Beijing China roadshow arranged by CICC • 2014/15 Annual General Meeting – Press Briefing
September 2015	• Morgan Stanley China Tech Conference 2015, Shenzhen China • Nomura China Conference, Shanghai China • Post Annual Results Singapore roadshow arranged by Credit Suisse
October 2015	• Skyworth coocaa Data Center Visit arranged by CCBI, Shenzhen, China • Luncheon and Investor Meetings arranged by Goldman Sachs, Hong Kong
November 2015	2015/16 Interim Results Announcement • Analysts presentation, live webcasting • Press conference • Post Interim Results Hong Kong roadshow arranged by CICC and Credit Suisse
December 2015	• Nomura Investment Forum 2015, Tokyo Japan
January 2016	• Group Luncheon arranged by CCBI, Hong Kong • Group Luncheon arranged by BOCI, Shenzhen China
February 2016	• Post Interim Results Singapore Roadshow arranged by CICC
March 2016	• Asia Tech Tour arranged by UBS, Hong Kong • Morgan Stanley Hong Kong Investor Summit, Hong Kong

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Ms. Lin Wei Ping *(Executive Chairperson)*
Mr. Yang Dongwen *(Chief Executive Officer)*
Mr. Shi Chi
Ms. Chan Wai Kay, Katherine
Mr. Liu Tangzhi
(appointed with effect from 15 December 2015)
Mr. Lu Rongchang
(resigned with effect from 1 January 2016)

Independent Non-executive Directors

Mr. Li Weibin
Mr. Wei Wei
Mr. Cheong Ying Chew, Henry

MEMBERS OF COMMITTEES

Audit Committee

Mr. Cheong Ying Chew, Henry *(Chairperson)*
Mr. Li Weibin
Mr. Wei Wei

Executive Committee

Ms. Lin Wei Ping *(Chairperson)*
Mr. Yang Dongwen
Mr. Shi Chi
Ms. Chan Wai Kay, Katherine
Mr. Liu Tangzhi
Mr. Sun Ruikun
Mr. Lam Shing Choi, Eric
Mr. Wang Dehui
Mr. Sun Weizhong
Mr. Peng Jin
Mr. Wu Qinan
Mr. Li Xiaofang
Mr. Guo Limin
Ms. Shao Meifang

Nomination Committee

Mr. Wei Wei *(Chairperson)*
Mr. Li Weibin
Mr. Cheong Ying Chew, Henry
Ms. Chan Wai Kay, Katherine

Remuneration Committee

Mr. Li Weibin *(Chairperson)*
Mr. Wei Wei
Mr. Cheong Ying Chew, Henry
Ms. Lin Wei Ping

COMPANY SECRETARY

Mr. Lam Shing Choi, Eric

AUDITOR

Deloitte Touche Tohmatsu

LEGAL ADVISOR

Reed Smith Richards Butler
Michael Li & Co.

PRINCIPAL BANKERS

Agricultural Bank of China Limited
Bank of China Limited
China Construction Bank (Asia) Corporation Limited
China Development Bank Corporation
China Merchants Bank Co., Ltd.
China CITIC Bank International Limited
DBS Bank (Hong Kong) Limited
Industrial and Commercial Bank of China Limited
Standard Chartered Bank (Hong Kong) Limited

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS

Rooms 1601-04 Westlands Centre
20 Westlands Road
Quarry Bay
Hong Kong

BERMUDA PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Hong Kong Registrars Limited
Rooms 1712-16
Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong

SHARES LISTING

Shares are listed on the Stock Exchange
Stock Code: 00751

IMPORTANT INFORMATION FOR 2015/2016

Results Announcement Date

Annual Results: 14 June 2016 (Tuesday)

Important Details for Final Dividend

Dividend Per Share

HK14.4 cents, with scrip option

Closing Period of the Register of Members

From 8 August 2016 (Monday) to
10 August 2016 (Wednesday), both days inclusive

Scrip Price Fixing Period

From 4 August 2016 (Thursday) to
10 August 2016 (Wednesday), both days inclusive

Record Date

10 August 2016 (Wednesday)

Dividend Payment Date

Around 20 September 2016 (Tuesday)

COMPANY WEBSITE

http://www.skyworth.com

"Audit Committee"	the audit committee of the Company
"Board"	the board of the Company
"B2B"	business to business
"B2C"	business to customer
"CCFL"	cold cathode fluorescent lamp backlights
"CG Code"	Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Listing Rules
"CGU"	cash-generating units
"China Resources Jinhua"	China Resources Jinhua Co., Ltd, a company established in the PRC
"China Resources Textiles"	China Resources Jinhua Textiles Holdings Limited, a company established in the PRC
"Code of Conduct"	code of conduct regarding securities transactions by Directors
"Company" or "Skyworth"	Skyworth Digital Holdings Limited
"Company Secretary"	the company secretary of the Company
"Coocaa Company"	Shenzhen Coocaa Network Technology Company Limited
"CSR"	Corporate Social Responsibility
"Director(s)"	director(s) of the Company
"EBIT"	earnings before interest and taxation
"EBITDA"	earnings before interest, taxation, depreciation and amortisation
"ED(s)"	executive director(s) of the Company
"EIT"	Enterprise Income Tax
"ESG"	environmental, social and governance
"Executive Committee"	the executive committee of the Company
"EUR"	Europe dollars, the lawful currency of the Eurozone
"EURIBOR"	Euro Interbank Offered Rate

Glossary

"FVTPL"	fair value through profit or loss
"Group"	the Company together with its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKAS"	Hong Kong Accounting Standard
"HKFRSs"	Hong Kong Financial Reporting Standards
"HKICPA"	Hong Kong Institute of Certified Public Accountants
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IA Annual Plan"	internal audit annual plan
"IFA"	Internationale Funkausstellung, an electronics exhibition held in Berlin, Germany
"INED(s)"	independent non-executive director(s) of the Company
"IRD"	Hong Kong Inland Revenue Department
"LAT"	Land appreciation tax
"LCD"	liquid crystal display
"LED"	light emitting diode backlights
"LIBOR"	London Interbank Offered Rate
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Macau"	the Macau Special Administrative Region of the PRC
"METZ"	METZ-Werke GmbH & Co. KG, a company incorporated in Germany
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
"MPF Scheme"	Mandatory Provident Fund Scheme
"Nomination Committee"	the nomination committee of the Company
"ODM"	Original Design Manufacturer
"OEM"	Original Equipment Manufacturer
"OLED"	Organic Light Emitting Diode

"ORSO Scheme"	Occupational Retirement Scheme
"OTT"	over-the-top
"PBOC"	People's Bank of China
"PRC" or "China"	People's Republic of China
"Previous Year"	year ended 31 March 2015
"Reporting Year"	year ended 31 March 2016
"Remuneration Committee"	the remuneration committee of the Company
"RGB"	Shenzhen Chuangwei-RGB Electronics Co., Ltd, a company established in the PRC
"RMB"	Renminbi, the lawful currency of the PRC
"ROA"	return on total assets
"ROE"	return on equity
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"Smart Choice"	Smart Choice Store Company Limited, a company incorporated in Hong Kong
"Share Award Scheme"	Share award scheme approved and adopted by the Board on 24 June 2014
"Skyworth Digital"	Skyworth Digital Co., Ltd, a company established in the PRC
"SSDT"	Shenzhen Skyworth Digital Technology Co., Ltd, a company established in the PRC
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"STLG"	意法半導體製造(深圳)有限公司, a company established in the PRC
"Strong Media" or "Strong Group"	Strong Media Group Limited, a company incorporated in the British Virgin Islands
"Suining"	遂寧錦華紡織有限公司，a company established in the PRC

Glossary

"Target Success"	Target Success Group (PTC) Limited, a company incorporated in the British Virgin Islands
"TV"	television
"UHD"	ultra-high definition
"US$"	United States dollars, the lawful currency of USA
"USA"	United States of America
"VAT"	Value-added-tax
"2008 Share Option Scheme"	Share option scheme approved and adopted at the 2008 annual general meeting held on 30 September 2008
"2014 Share Option Scheme"	Share option scheme approved and adopted at the 2014 annual general meeting held on 20 August 2014
"4K Smart TV"	Smart TV with UHD (4K x 2K) panel
"%"	per cent

Skyworth Digital Holdings Limited
Stock Code : 00751

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