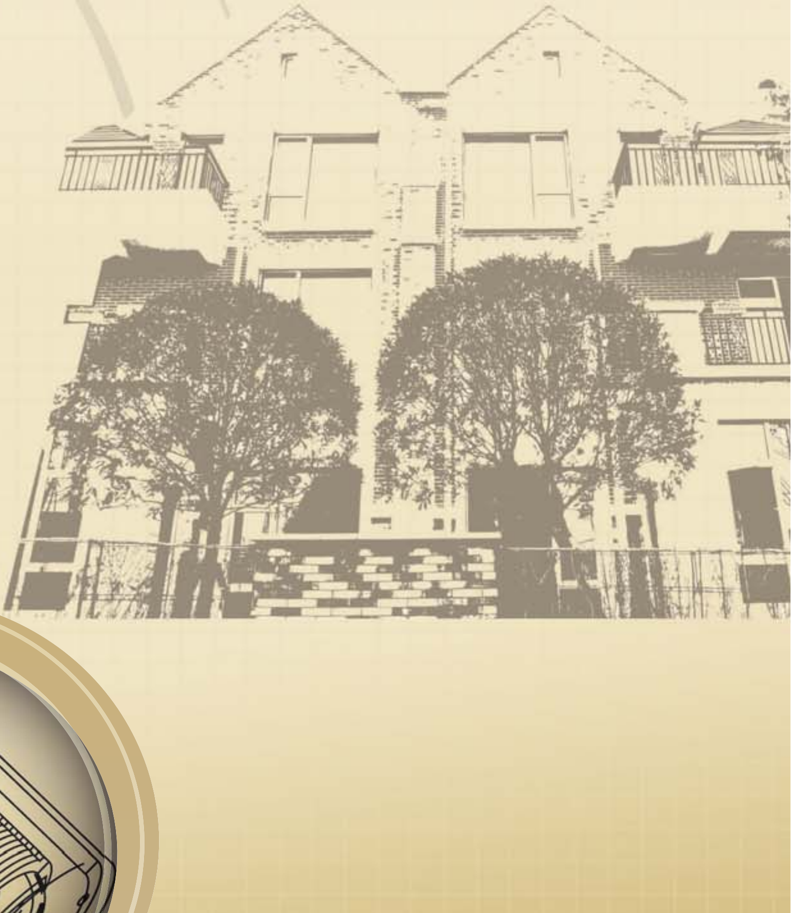
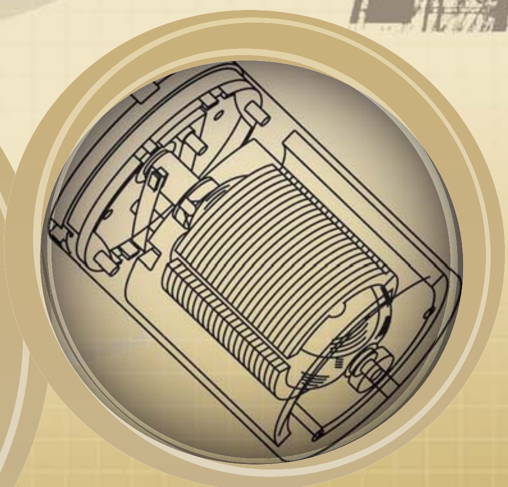
KIN YAT HOLDINGS LIMITED
建溢集團有限公司

website: http://www.kinyat.com.hk

(Incorporated in Bermuda with limited liability)

(Stock Code: 638)





ANNUAL REPORT
for the year ended 31 March 2015

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. CHENG Chor Kit
(Chairman and Chief Executive Officer)
Mr. FUNG Wah Cheong, Vincent
Mr. LIU Tat Luen
Mr. CHENG Tsz To *

Independent Non-executive Directors

Prof. CHUNG Chi Ping, Roy *BBS JP* #
Mr. WONG Chi Wai
Dr. SUN Kwai Yu, Vivian
Mr. CHENG Kwok Kin, Paul *
Mr. CHEUNG Wang Ip **

COMPANY SECRETARY

Mr. CHAN Ho Man

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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Galaxy Factory Building
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San Po Kong, Kowloon
Hong Kong

REGISTERED OFFICE

Clarendon House
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Hamilton HM 11
Bermuda

BERMUDA PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM08
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

AUDITORS

Ernst & Young
Certified Public Accountants

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
China Construction Bank (Asia) Corporation Limited

CORPORATE WEBSITE

www.kinyat.com.hk

* *Appointed on 23 June 2014*
** *Appointed on 21 July 2014*
\# *Retired on 25 August 2014*

I would like to present herewith the annual report of Kin Yat Holdings Limited (the "Company" and, together with its subsidiaries, collectively the "Group") for the financial year ended 31 March 2015 ("FY2015") and highlight the performance as below:

- Consolidated turnover increased 17.1% year on year to HK$2,169,285,000 (year ended 31 March 2014 ("FY2014"): HK$1,852,238,000);
- Loss attributable to owners of the Company was HK$121,583,000 (FY2014: profit of HK$19,818,000);
- Before inclusion of impairment losses/provisions of HK$205,291,000 (FY2014: HK$25,504,000), profit for the year (before non-controlling interests) was HK$56,325,000 (FY2014: HK$40,625,000); and
- Basic loss per share for the year was HK29.03 cents (FY2014: earnings per share of HK4.73 cents).

Performance of our operations has been improved as evidenced by the increase in profit before the total impairment losses/provisions (before non-controlling interests) amounting to HK$15,700,000 in FY2015, mainly owing to the improvement in our manufacturing business segments and the results of controlling our money-losing resources development business operations.

PROPOSED DIVIDEND

The board of directors of the Company (the "Board") is pleased to recommend the payment of a final dividend of HK4.0 cents (FY2014: HK3.0 cents) per share for FY2015, expected to be paid on Tuesday, 15 September 2015 to those shareholders whose names appear on the Company's register of members on Wednesday, 2 September 2015, subject to approval in the annual general meeting of the Company to be held on Tuesday, 25 August 2015. Based on the aforesaid recommended final dividend, the total yearly dividend distributed by the Company during the FY2015 was HK4.0 cents (FY2014: HK3.0 cents).

STRATEGIES AND OUTLOOK

With an emphasis on resources reallocation and control, we will continue to make the necessary changes to various business segments to streamline and manage our operations in the year ending 31 March 2016 ("FY2016") and beyond. To this end, the Company will strategise to reduce the impact of underperforming operations on the financial position of the Group by consolidation, disposal of or termination of the subject operations or businesses.

At the same time, we will also continue our prudent cost management and proactive investment plans and resources allocation, especially in terms of automated manufacturing systems, to further the development of our core manufacturing businesses with in effort to create sustainable value for our shareholders.

Manufacturing Businesses

We operate a range of niche electrical and mechanical manufacturing businesses, producing toys, artificial intelligence (AI) robotic products, smart-home-appliances, as well as micro-electric motors on our strong research-and-development and production platforms mainly in Shenzhen, Shixing and Shaoguan, the People's Republic of China (the "PRC").

In the manufacturing sphere, the impact of macroeconomic volatility and operational challenges will continue to be felt. To cope with an overall competitive pricing environment, we will focus on driving high-value-adding manufacturing and furthering the implementation of LEAN and automated manufacturing systems. The LEAN assembly-line methodology enables the Group to further reduce waste and inventory, while empowering workers and enhancing productivity. With continuing investments in automated manufacturing, we are able to open our options to face multiple challenges regarding workforce quality and quantity in the PRC.

Building on the competitive strengths developed over the years, our AI products production has grown in terms of business volume, while the product portfolio has broadened and the level of production sophistication deepened. Consistent product development efforts and refinement of the production process have earned us general recognition of the Group in the high-end AI product category. We will keep track of demand trends and market developments to make timely investment plans to capture business opportunities.

Management will stay alert to the potential threats amidst a modestly improving outlook in the advanced economies, which is being partly offset by weakness in emerging markets.

As commodity prices and the Renminbi are set to become more stabilised, we maintain an optimistic outlook for our manufacturing operations in FY2016. This core business line will continue to be our main revenue and profit generator, and will provide the necessary support for the Group to pursue other business opportunities to sustain long-term development.

Non-Manufacturing Businesses

The non-manufacturing businesses include the real estate development business segment and resources development segment operations.

In view of the slow property market in general in the PRC and specific local factors, sales of our property units have recorded less-than-satisfactory results. We will continue to liaise with the local government on the timing of building and developing the infrastructure surrounding the project so as to enhance its appeal. On the other hand, we are adjusting our marketing strategy and extending our marketing campaigns to nearby cities to attract valuable buyers in an effort to avoid price cutting. This is because we are confident in the quality of our property projects. We believe that the long-term demand for quality housing in Mainland China is higher than supply and the mainland property market will recover in the long run.

We will also apply strict financial control to guide our activities in our resources development business. As a result of our control on the operations in the resources development business segment, the scale of operation of various projects under this unit has been reduced and tightly regulated. Based on the continuous assessment of the valuation of our investments in the resources development business segment, impairment losses (non-cash items which have no impact on the cash flow of the Group) representing the substantial amount of our investments so far in this business were recorded after taking into account the prevailing material/metal prices, market sentiments, our operating conditions and latest regulation and development of mining business in Mainland China. We also stand prepared to terminate the development of projects as soon as practicable where no clear timetable is apparent for generating revenue and returns.

Financial Management

With total interest-bearing bank borrowings at HK$146,176,000 as at 31 March 2015 (31 March 2014: HK$248,380,000), the Group has maintained a gearing ratio (total interest-bearing bank borrowings divided by total equity) of approximately 15.3% (31 March 2014: 22.3%), mainly attributable to the partial repayment of bank borrowings during the year.

Going forward, the Group will allocate resources from internal resources and bank borrowings to provide adequate support for our necessary capital expenditures for the development of our core businesses in an effort to maintain a strong finance position.

ACKNOWLEDGEMENTS

On behalf of the Board, I thank all our shareholders, customers, suppliers and business partners for their support over the past year. My appreciation also goes to the Board members and senior management for their guidance to the Group, as well as to our valued staff members for their dedication and hard work.

CHENG Chor Kit
Chairman and Chief Executive Officer

Hong Kong, 29 June 2015

The Group is principally engaged in the research-and-development-based production of electrical and electronic products, and motors. The non-manufacturing category currently comprises real estate development and resources development operations.

This year we have seen improvements in the operating results of our core manufacturing businesses of the electrical and electronic products business and the motors business as a whole. As the said improvements were offset by the impairment losses incurred on the assets of our non-manufacturing businesses including the real estate development business and the resources development business, the Group has recorded a loss in FY2015, but these impairment losses are non-cash expense items and would not impose an adverse impact on the cash flow of the Group.

CONSOLIDATED RESULTS

The Group reported a consolidated turnover of HK$2,169,285,000, a 17.1% increase over that of HK$1,852,238,000 recorded for the FY2014, primarily attributable to the growth in business turnover in the electrical and electronic products business and motors business segments. Total turnover of the Group was accounted for by segmental external turnover of:

- HK$1,506,466,000 from the electrical and electronic products business, representing 69.4% of the consolidated turnover of the Group for the year (FY2014: HK$1,289,886,000, 69.6%);

- HK$626,988,000 from the motors business, contributing 28.9% of the total (FY2014: HK$524,248,000, 28.3%);

- HK$17,148,000 from other manufacturing activities, or 0.8% of the total (FY2014: HK$19,354,000, 1.1%); and

- HK$18,683,000 from the resources development business, accounting for 0.9% of the total (FY2014: HK$18,750,000, 1.0%).

- The real estate development business has commenced property pre-sales during the year and hence no turnover was generated for the year (FY2014: 0%).

The Group reported a loss of HK$121,583,000 attributable to owners of the Company during FY2015, compared to a net profit of HK$19,818,000 attributable to owners of the Company for the corresponding period last year. The loss attributable to owners of the Company for the year was attributable to impairment losses/provisions recognised during the year.

Basic loss per share for the year were HK29.03 cents (FY2014: earnings per share HK4.73 cents).

Before inclusion of impairment losses/provisions of HK$205,291,000 (FY2014: HK$25,504,000), profit for the year (before non-controlling interests) of HK$56,325,000 (FY2014: HK$40,625,000) was recorded.

The profit growth trend of the electrical and electronic products segment, as reported in the first six months of FY2015, was sustained well into the second half, while the loss incurred by the motors segment narrowed compared with last year. The resources development segment recorded a loss on unsatisfactory operating results and impairment losses. The real estate development business recorded a loss on operating expenses incurred during the start-up phase together with the impairment loss based on the prevailing estimate of the recoverable value of the assets thereof.

The table below sets out the results of the Group by business segment for FY2015, together with the comparative figures of the previous year:

Results by business segment	**FY2015** *HK$'000*	FY2014 *HK$'000*	Year-on-year change %
Electrical and electronic products *(Note 1)*	**168,370**	151,660	+11.0
Motors *(Note 2)*	**(32,934)**	(50,156)	NA
Resources development *(Note 3)*	**(181,353)**	(37,926)	NA
Real estate development *(Note 4)*	**(55,779)**	(6,923)	NA
Other manufacturing activities	**3,353**	2,915	+15.0
Total segment results	**(98,343)**	59,570	NA

Note 1: including impairment losses/provisions of nil for FY2015 (FY2014: HK$3,661,000)

Note 2: including impairment losses/provisions of nil for FY2015 (FY2014: HK$8,447,000)

Note 3: including impairment losses/provisions of HK$157,098,000 for FY2015 (FY2014: HK$13,396,000)

Note 4: including impairment losses/provisions of HK$48,193,000 for FY2015 (FY2014: nil)

OPERATIONAL REVIEW

Manufacturing Businesses

The manufacturing business category remains the Group's core income and earnings contributor. In this arena, we continue to expand our high-value-adding manufacturing activities where we have comparative advantages.

Electrical and Electronic Products Business Segment

The segment is engaged in the development, design and manufacture of (i) electronic and electrical toys; (ii) electrical appliances, with a niche in artificial intelligence (AI) products; and (iii) small electrical home appliances.

Growth remained robust in this business segment and its profit margin has stayed steady on the back of softer commodity prices. Segment external turnover in FY2015 increased by 16.8% to a record high of HK$1,506,466,000 (FY2014: HK$1,289,886,000), driven mainly by sales of our AI robotic products. Segment profit went up by 11.0% to HK$168,370,000 (FY2014: HK$151,660,000), with no impairment losses/provisions this year (FY2014: HK$3,661,000).

The segment continued to expand its product portfolio further towards a higher-value-adding range. Such manufacturing processes require a higher level of skill but the output commands higher price points.

Working in two core directions, the segment has developed new business by securing orders for new models of existing product items under our production, as well as for new product lines. The robotic line was expanded in both ways. Following years of dedicated research-and-development (R&D) efforts put into the robotic vacuum cleaner product series, the segment has succeeded in gaining the position as the major supplier of the customer. A new-generation robotic cleaner was put into production during the year. The segment has also diversified into the production of a range of consumer electronic products in the area of baby care.

One more production line for robotic products was added to the Shenzhen premises with test runs completed smoothly. The expanded facilities are expected to meet production capacity requirements from anticipated order growth in the next few years.

A majority of the raw material costs have stabilised, with some commodities showing signs of a slight drop from their peak prices. This has given the segment leeway to offset the continued surge in labour costs in the PRC. In view of the stabilising Renminbi, the segment has relocated a lot more procurement activities from overseas suppliers to the PRC. These trends, together with ongoing efforts to advance the LEAN manufacturing systems, will continue to provide cost benefits for the segment.

With a strong order book and successful forays into higher-end products, the segment looks forward to a promising outlook of further growth and profitability.

Motors Business Segment

The motors segment is engaged in the development, design, manufacture and sale of a wide range of micro-electric motors and related products, ranging from direct-current (DC) and alternating-current (AC) to brushless motors.

The segment recorded an operating loss of HK$32,934,000 (FY2014: loss HK$50,156,000) with no impairment losses/provisions this year (FY2014: HK$8,447,000), while the segment external turnover increased 19.6% year on year to HK$626,988,000 (FY2014: HK$524,248,000). The improvement in operating performance on the one hand revalidated the strategies of enlarging operating scale and business volume by enhancing automated manufacturing systems of our major product — micro-electric DC motors — amidst the operating environment with rising wages in the PRC, while on the other hand it reflected the beneficial effect of the relatively stabilising Renminbi and raw material prices.

With the commission of the new production facility mainly for production assembly in Guizhou Province, the PRC, as well as the production engineering efforts to increase production efficiency having paid off, the production capacity for our major product has been increasing, which helped answer the market needs with an increase in operating scale. The segment will continue the research-and-development efforts with a special focus on high-value products and production engineering. The segment is expected to invest substantially in automated manufacturing systems and invest to increase the production capacity as well as to expand the sales and marketing network and efforts with an effort to the increase business turnover of our DC and AC motors businesses. The Group is cautiously optimistic that as a growth trend in the operating scale of our major product continues, the operating loss on the segment will continue to improve.

Non-manufacturing Businesses

Real Estate Development Business Segment

The Group is currently engaged in real estate development activities in the PRC, with a focus on the development of a residential and commercial property project located at Dushan Economic Development Zone, Dushan County, Guizhou Province, the PRC.

Subsequent to the full payment of the consideration for the acquisition of relevant land, the land use right certificates of the entire project were last obtained during the year. The first stage of development, a top-end low-density residential property, *The Royale Cambridge Residences*, has been developed in phases.

The pre-sale permit for 36 units under Phase I of *The Royale Cambridge Residences* was granted during the year. We were proud of offering officially our unequalled top-end residential property to the market in year 2015 and receiving positive feedback on the premium quality and design of the subject property. The PRC's GDP growth has been slowing down for various reasons since we commenced our real estate development business. This adverse factor, together with the sluggish property market in general in the PRC and the yet to be developed local infrastructure surrounding the project and the slower-than-expected economic development in Dushan County locally, had adverse impacts on our property sales results. Despite the scarcity value of our property, sales of our property units have recorded less-than-satisfactory results with low selling prices. A few units were contracted to sell generating only a moderate sum in deposit receipts up to now.

In response to the prevailing market sentiment and the current strategies adopted by the Group towards this segment in view of the lack of sales proceeds available for re-investment, total saleable floor area of the residential property of *The Royale Cambridge Residences* will be adjusted from approximately 75,000 square metres to approximately 38,500 square metres, divided into two phases.

As at the date of the report, construction of superstructure for the adjusted saleable floor area of 38,500 square metres, comprising 116 residential units, has been substantially completed. Further investment is expected to be put into the project mainly to complete the landscaping in phases. The construction and interior decoration for approximately 5,600 square metres of the auxiliary retail property (out of the total planned gross floor area of approximately 12,000 square metres) was also completed. Such retail property was temporarily used as the sales office.

Given the current lacklustre property market sentiment and our sales condition, the prevailing expected recoverable amount (based on the current market prices) is currently lower than the carrying value (based on the auction price of the land together with the relevant construction costs and other direct costs) of the project and as a result an impairment loss was incurred in FY2015 under the Company's accounting policies. As pre-sales revenue has yet to be booked in FY2015, the segment incurred a loss of HK$55,779,000 (FY2014: loss of HK$6,923,000) which primarily reflected the administrative expenses of the operations, and an impairment loss of HK$48,193,000 (FY2014: Nil).

We will continue to liaise with the local government on the timing of building and developing the infrastructure surrounding the project so as to enhance its appeal. On the other hand, we are adjusting our marketing strategy and extending our marketing campaigns to nearby cities to attract valuable buyers in order to achieve higher selling prices in an effort to shorten the time to realise the investments in the project.

Depending on the property market in the general in the PRC and the particular demand of real estate property in Dushan County locally. Going forward, as a result of the slow sales results of the first stage development of the project, the development of the next stage, including the commercial property development, will be reassessed and adjusted accordingly. The Group will work closely with government authorities to develop alternative plans.

Resources Development Business Segment

During the year, the segment was engaged in (i) natural resources development and related processing business with respect to mainly copper, zinc, gold, silver, antimony and iron metals; and (ii) materials development business with respect to the development, manufacture and sale of ITO targets.

In view of the current operating environment and challenges, including weak metal prices and difficulty in obtaining government approval for exploitation, facing this segment, we have to strategically allocate the Group's resources to its other business segments, and have therefore been scaling down this segment's capital expenditures and natural resources exploration activities in general in order to reduce the financial exposure of the Group. During the year, we have stringently allocated limited internal funding to the projects which in general only maintained a basic level of operations mainly for the purposes of up-keeping of the relevant licences. Efforts have also been made to devise measures to reduce the loss incurred by this business, including but not limited to consolidation and disposal in future.

Segment turnover decreased slightly by 0.4% to HK$18,683,000 (FY2014: HK$18,750,000), attributable mainly to the increase in turnover of our materials development business which off-set the decrease in turnover from our natural resources development business. Segment loss increased to HK$181,353,000 (FY2014: HK$37,926,000), mainly due to the inclusion of an expense of HK$157,098,000 (FY2014: HK$13,396,000) for the impairment of property, plant and equipment, prepayments and write-off of intangible assets relating to the materials development and natural resources development business owing mainly to the reduced development activities and operating scale.

Materials Development Business

Facing the dual challenge of high material costs coupled with restrained prices for the major products, the related profit margin continued to be under pressure. The current weak end-customer industries have also caused us to be increasingly selective in the selling of products to avoid potential accounts receivable problems. As a result, the turnover and scale of operations of the business has been substantially restrained since the second half of FY2015 and beyond.

In view of the challenges mentioned above, a provision for impairment of property, plant and equipment of HK$29,653,000 (FY2014: HK$11,869,000) was recorded during the year, representing substantially the entire carrying value of the plant and equipment in this business. The Group may consider appropriate means, such as disposing of the business/assets, to realise as much value as possible in future.

Natural Resources Development Business

Exploration work of our exploration projects in the PRC was largely suspended for various reasons, including administrative instructions from local government authorities to crack down on illegal exploitation and limited internal resources allocated for exploration. With the less-than-satisfactory exploration results in the green field exploration project — the Saiyabouly copper mine project in the Lao People's Democratic Republic, we have decided not to proceed to its next stage of exploration programme and the project has been terminated and there would not be any material impact on the accounts in future.

Given the increasingly stringent environmental concerns about mining activities in the PRC, where two of our exploration projects reached a more advanced stage of development are located, the management expects the chance of obtaining the relevant exploitation licence is slim. Without a clear prospect of obtaining exploitation licence, the operations of these two projects have been maintained at a basic level of operations mainly for the purposes of up-keeping of the relevant exploration licences. The operations of these projects will continue to be stalled, pending the development of the government policies in the PRC towards the situation.

The ore processing plant, which is currently the major operating asset in our Guizhou antimony processing project, has been substantially under-utilised due to the lack of antimony ores supplies. This was in turn caused by the slower-than-planned rate of supply of antimony ores by our strategic alliance who has control over an antimony mine in Dushan County, owing to its less than satisfactory exploration and exploitation results. In addition, the acquisition of a smelting plant in Dushan County has not been completed as the relevant precedent condition was not fulfilled. The operations of this project were and would be stagnant given the expected lack of antimony ores supplies. We are endeavour to devise measures to recoup some value from the ore processing plant and the rights to acquire the smelting plant, through possible avenues including disposal of the entire project.

In view of the above operating conditions and given that the recoverable amount of our natural resources development assets (including exclusive rights of supplying antimony ores, property, plant and equipment of the ore processing plant, deposit for acquisition of the smelting plant) is currently expected to be lower than their carrying value, impairment provisions of HK$157,098,000 (FY2014: Nil) in total (representing substantially the entire carrying value of the investments in this project) was provided for in the Company's financial statements for FY2015 under the Company's accounting policies.

PROPOSED DIVIDEND

The Board is pleased to recommend the payment of a final dividend of HK4.0 cents (FY2014: HK3.0 cents) per share for the FY2015, representing HK$16,750,000 (FY2014: HK$12,562,000). The final dividend is expected to be paid on Tuesday, 15 September 2015 to those shareholders whose names appear on the Company's register of members on Wednesday, 2 September 2015, subject to the approval in the annual general meeting of the Company to be held on Tuesday, 25 August 2015. Based on the aforesaid recommended final dividend, the yearly dividend distributed by the Company during the FY2015 was HK4.0 cents (FY2014: HK3.0 cents).

FINANCIAL CONDITIONS, LIQUIDITY AND FINANCIAL RESOURCES

The Group primarily used its internally generated cash flow and banking facilities to finance its operations and business development. The Group has always been executing a prudent and conservative strategy in its financial management. As at 31 March 2015, the Group had time deposits of HK$18,953,000 (31 March 2014: HK$84,615,000), cash and bank balances of HK$151,762,000 (31 March 2014: HK$173,797,000), and net current assets of HK$106,757,000 (31 March 2014: HK$173,968,000). As at 31 March 2015, shareholders' equity was HK$955,761,000 (31 March 2014: HK$1,114,663,000). Total consolidated banking facilities (including trade finance facilities) of the Group from all banks as at 31 March 2015 amounted to approximately HK$417,220,000 (31 March 2014: HK$440,350,000), of which HK$146,176,000 (31 March 2014: HK$248,380,000) was utilised.

During the year ended 31 March 2015, the Group was technically in breach of a covenant under a loan agreement with a bank, as the ratio of the consolidated loss before interest, taxes, depreciation and amortisation to the consolidated finance charges (the "Financial Ratio") was less than the required ratio by the bank. Subsequent to the year ended 31 March 2015, the Group has successfully obtained a written consent from the bank, to waive the rights entitling them to declare the relevant outstanding loan balance immediately due and payable due to the breach of the loan covenant on the Financial Ratio. Accordingly, the Group's bank loan in the amount of HK$32,500,000 has been reclassified as current liabilities as at 31 March 2015.

As at 31 March 2015, the interest-bearing bank borrowings of the Group were in the sum of HK$146,176,000 (31 March 2014: HK$248,380,000) of which HK$146,176,000 (31 March 2014: HK$188,380,000) was repayable within one year and the remaining balance of nil (31 March 2014: HK$60,000,000) was repayable within second to fifth years.

As at 31 March 2015, the current ratio of the Group (current assets divided by current liabilities) was maintained at a healthy position at 1.1 times (31 March 2014: 1.2 times) and the gearing ratio of the Group (total interest-bearing bank borrowings divided by total equity) was 15.3% (31 March 2014: 22.3%). Based on the above, the Group continued to enjoy a healthy financial position with sufficient financial resources to support its future development.

CAPITAL STRUCTURE

As at 31 March 2015, the total issued share capital of the Company was HK$41,874,800 (31 March 2014: HK$41,874,800), comprising 418,748,000 (31 March 2014: 418,748,000) ordinary shares of HK$0.1 each. There was no change in the share capital of the Company during the year.

CHARGE ON THE GROUP'S ASSETS

There was no charge on the Group's assets as at 31 March 2015 (31 March 2014: Nil).

FOREIGN CURRENCY EXPOSURE

The Group's monetary assets, liabilities and transactions are principally denominated in Hong Kong dollars and Renminbi or United States dollars. The exchange rates between these currencies with Hong Kong dollars were relatively stable during the reporting period, the Group does not have a foreign currency hedging policy on it. In order to manage and minimise the foreign exchange risk, the management shall from time to time review and monitor the foreign exchange exposure and will consider hedging the significant foreign currency exposure when appropriate and necessary.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2015, the Group employed over 9,700 full-time employees, of which less than 90 of them were stationed in Hong Kong headquarters with the remaining working in the PRC and Malaysia.

The remuneration committee of the Company reviewed and determined the remuneration package of individual executive Director and senior management of the Company with reference to the Board's corporate goals and objectives, responsibilities and employment conditions elsewhere within the Group and in the market.

The Group remunerates its employees largely in accordance with prevailing industry standards. In Hong Kong, the Group's employee benefits include staff retirement scheme, medical scheme and performance bonus. In the PRC and Malaysia, the Group provides its employee's staff welfare and allowances in accordance with the prevailing labour laws. The Group has also put in place a share option scheme to motivate and reward staff with outstanding performance. At the discretion of the Board, the Group's employees will be granted the options, of which the number of options granted is determined by individual performance and level of responsibilities.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 21 August 2015 to Tuesday, 25 August 2015, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the annual general meeting of the Company to be held on Tuesday, 25 August 2015, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 20 August 2015.

The proposed final dividend is subject to the passing of an ordinary resolution by the shareholders at the annual general meeting of the Company to be held on Tuesday, 25 August 2015. The record date for entitlement to the proposed final dividend is Wednesday, 2 September 2015. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Monday, 31 August 2015 to Wednesday, 2 September 2015, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrar in Hong Kong, Tricor Tengis Limited, for registration not later than 4:30 p.m. on Friday, 28 August 2015. The payment of final dividend is expected to be made on Tuesday, 15 September 2015.

Cheng Chor Kit
Chairman and Chief Executive Officer

Hong Kong, 29 June 2015

The directors of the Company (the "Director(s)") present their report and the audited financial statements of the Company and of the Group for the year ended 31 March 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the Company's principal subsidiaries are set out in note 17 to the financial statements. The principal activities of the subsidiaries consisted of the design, manufacture and sale of electrical and electronic products, motors and materials primarily for use in panel display, the exploration, processing and sale of mineral products and real estate development.

RESULTS AND DIVIDENDS

The Group's loss for the year ended 31 March 2015 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 37 to 123.

The Directors recommend the payment of a final dividend of HK4.0 cents per ordinary share in respect of the year to shareholders on the register of members on 2 September 2015. Details are set out in note 11 to the financial statements.

SUMMARY FINANCIAL INFORMATION

The following is a summary of the consolidated results, assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements of the Group. This summary does not form part of the audited financial statements.

	Year ended 31 March				
RESULTS	**2015**	2014	2013	2012	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE	**2,169,285**	1,852,238	1,763,427	1,620,460	1,722,788
PROFIT/(LOSS) BEFORE TAX	**(115,118)**	43,640	61,852	(19,144)	138,529
Income tax expense	**(33,848)**	(28,519)	(33,429)	(15,519)	(28,072)
PROFIT/(LOSS) FOR THE YEAR	**(148,966)**	15,121	28,423	(34,663)	110,457
ATTRIBUTABLE TO:					
Owners of the Company	**(121,583)**	19,818	39,076	(28,351)	114,381
Non-controlling interests	**(27,383)**	(4,697)	(10,653)	(6,312)	(3,924)
	(148,966)	15,121	28,423	(34,663)	110,457

SUMMARY FINANCIAL INFORMATION *(continued)*

	As at 31 March				
ASSETS AND LIABILITIES	**2015** **HK$'000**	2014 *HK$'000*	2013 *HK$'000*	2012 *HK$'000*	2011 *HK$'000*
NON-CURRENT ASSETS	**1,008,900**	1,072,336	857,858	768,663	717,342
CURRENT ASSETS	**833,658**	885,399	872,721	934,940	859,877
TOTAL ASSETS	**1,842,558**	1,957,735	1,730,579	1,703,603	1,577,219
CURRENT LIABILITIES	**(726,901)**	(711,431)	(549,783)	(528,787)	(527,118)
NON-CURRENT LIABILITIES	**(159,896)**	(131,641)	(131,523)	(173,573)	(14,334)
TOTAL LIABILITIES	**(886,797)**	(843,072)	(681,306)	(702,360)	(541,452)
NET ASSETS	**955,761**	1,114,663	1,049,273	1,001,243	1,035,767

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment, and the investment properties of the Group are set out in notes 13 and 14 to the financial statements, respectively.

PROPERTIES UNDER DEVELOPMENT

Details of the Group's properties under development are set out in note 20 to the financial statements and on page 124 of the annual report.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the share capital and the share options of the Company during the year, together with the reasons therefor, are set out in notes 29 and 30 to the financial statements, respectively.

RESERVES

Details of movements in the reserves of the Company and of the Group during the year are set out in note 31(b) to the financial statements and in the consolidated statement of changes in equity, respectively.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the bye-laws of the Company (the "Bye-Laws") or the laws of Bermuda, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

DISTRIBUTABLE RESERVES

At 31 March 2015, the Company's reserves available for cash distribution and/or distribution in specie, comprising the contributed surplus and the retained profits, amounted to HK$175,298,000 of which HK$16,750,000 has been proposed as final dividend for the year after the reporting period. Under the Companies Act 1981 of Bermuda, the Company's contributed surplus of HK$104,750,000 may be distributed under certain circumstances. In addition, the Company's share premium account with a balance of HK$124,530,000 may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

During the year under review, sales to the Group's five largest customers accounted for 67% of the total sales for the year and sales to the largest customer included therein amounted to 48%.

Purchases attributable to the Group's five largest suppliers accounted for (less than) 30% of the total purchases of the Group for the year.

As far as the Directors are aware, neither the Directors, their associates (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")), nor those shareholders which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital, had any beneficial interest in the Group's five largest customers and suppliers.

DIRECTORS

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

Executive Directors

Mr. Cheng Chor Kit *(Chairman and Chief Executive Officer)*
Mr. Fung Wah Cheong, Vincent
Mr. Liu Tat Luen
Mr. Cheng Tsz To *

Independent non-executive Directors

Prof. Chung Chi Ping, Roy *BBS JP* #
Mr. Wong Chi Wai
Dr. Sun Kwai Yu, Vivian
Mr. Cheng Kwok Kin, Paul *
Mr. Cheung Wang Ip **

* *Appointed on 23 June 2014*
** *Appointed on 21 July 2014*
# *Retired on 25 August 2014*

In accordance with the Bye-Laws, Mr. Cheng Chor Kit, Mr. Fung Wah Cheong, Vincent and Mr. Wong Chi Wai, being Directors who should retire by rotation, will retire at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election at the annual general meeting.

The Directors confirm that the Company has received from each of its independent non-executive Directors an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules, and the Company considers the independent non-executive Directors to be independent.

DIRECTORS' SERVICE CONTRACTS

Mr. Cheng Chor Kit entered into a service contract with the Company commencing from 1 August 2005 without a fixed term but subject to termination by either party giving not less than six months' notice in writing to the other party. Each of Mr. Fung Wah Cheong, Vincent, Mr. Liu Tat Luen and Mr. Cheng Tsz To entered into a service contract with the Company for a term of three years commencing from 1 August 2014, 28 December 2012 and 23 June 2014, respectively, subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-Laws unless terminated by either party giving not less than six months' notice in writing to the other party, the termination of which should not be later than the end of the three years.

Apart from the foregoing, no Director proposed for re-election at the forthcoming annual general meeting of the Company has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

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

As at 31 March 2015, the interests of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which are required (a) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he/she is taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code of Securities Transactions by directors of Listed Issuers (the "Model Code") to be notified to the Company and the Stock Exchange, were as follows:

(a) Interests in the Shares of the Company

Name of Director	Long position/ short position	Capacity	Number of ordinary shares held	Approximate percentage of the Company's issued shares
Mr. Cheng Chor Kit	Long position	Founder of a trust	282,920,000 *(Note 1)*	67.56
		Beneficial owner	5,606,000	1.34
		Interests held by spouse	1,200,000	0.29
Mr. Fung Wah Cheong, Vincent	Long position	Beneficial owner	6,900,000	1.65
Mr. Cheng Tsz To *(Note 2)*	Long position	Beneficial owner	1,000,000	0.24

Note 1: These shares are held by Resplendent Global Limited ("Resplendent"), a company incorporated in the British Virgin Islands (the "BVI"). Padora Global Inc. ("Padora") is the beneficial owner of all the issued capital of Resplendent. Padora is a company incorporated in the BVI and is wholly-owned by Polo Asset Holdings Limited, which is ultimately owned by the trustee of a discretionary trust established by Mr. Cheng Chor Kit for his family.

Note 2: Mr. Cheng Tsz To was appointed as an executive Director on 23 June 2014.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(continued)*

(b) Interests in the Underlying shares of the Company

Name of Director	Long position/ short position	Capacity	Number of underlying shares in respect of share options held and approximate percentage of shareholding	Date of share options granted	Exercise period	Exercise price per share *HK$*
Mr. Fung Wah Cheong, Vincent	Long position	Beneficial owner	500,000 (0.12%)	23/7/2009	1/8/2010 – 22/7/2019	1.426
Mr. Liu Tat Luen	Long position	Beneficial owner	2,000,000 (0.48%)	4/1/2010	4/1/2013 – 3/1/2020	2.102
Mr. Wong Chi Wai	Long position	Beneficial owner	300,000 (0.07%)	29/3/2011	29/3/2011 – 28/3/2021	2.792
		Beneficial owner	500,000 (0.12%)	19/3/2013	19/3/2013 – 18/3/2023	0.974
Dr. Sun Kwai Yu, Vivian	Long position	Beneficial owner	300,000 (0.07%)	29/3/2011	29/3/2011 – 28/3/2021	2.792
		Beneficial owner	500,000 (0.12%)	19/3/2013	19/3/2013 – 18/3/2023	0.974

The Directors' interests in the Company's share options are disclosed in note 30 to the financial statements.

Save as disclosed above, as at 31 March 2015, none of the Directors nor chief executive of the Company had interests or short positions in any securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he/she is taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed under the section headed "Directors' and Chief Executive's interests and short positions in shares, underlying shares and debentures" and in the share option scheme disclosures in note 30 to the financial statements, at no time during the year were there any rights to acquire benefits by means of the acquisition of shares in the Company granted to any Directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, or any of its holding companies, subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

Details of the Company's share option scheme are disclosed in note 30 to the financial statements.

DIRECTORS' INTERESTS IN CONTRACTS

None of the Directors nor their respective associates had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its holding companies or subsidiaries and fellow subsidiaries was a party during the year.

BIOGRAPHICAL DETAILS IN RESPECT OF THE DIRECTORS

Executive Directors

Mr. Cheng Chor Kit, aged 63, is the chairman and chief executive officer of the Company. He is the founder of the Group and is responsible for the Group's overall operation and strategic planning. He is also a member of the Board's remuneration committee and nomination committee. Mr. Cheng is a member of the Guangdong Provincial Committee of the Chinese People's Political Consultative Congress and a member of the Shaoguan, Guangdong Provincial Committee of the Chinese People's Political Consultative Congress. He has over 40 years of experience in the toy industry.

Mr. Fung Wah Cheong, Vincent, aged 59, is an executive Director of the Company and is responsible for the corporate and business management of the Group. He is also a member of the Board's remuneration committee and nomination committee. Mr. Fung holds a Master of Science Degree in engineering business management and has over 30 years of experience in the toy industry. Before he joined the Group in April 2005, he worked as an engineering director in a sizeable toys manufacturing and distribution company.

Mr. Liu Tat Luen, aged 50, is an executive Director of the Company. He joined the Company in December 2009. Mr. Liu holds a Bachelor Degree in Science (Quantity Surveying) from the University of Hong Kong and a Master Degree in Business Administration from the Chinese University of Hong Kong. Prior to joining the Company, Mr. Liu served as a director and a responsible officer in a corporate finance advisory firm (type 6 regulated activities under the SFO) in Hong Kong and has over 20 years of working experience in the financial industry in Asia as a whole.

Mr. Cheng Tsz To, aged 28, is an executive Director of the Company since June 2014. After graduating with a Master's degree of Engineering in Mechatronics with honors from the University of Sheffield, the United Kingdom, Mr. Cheng joined the Group in 2010. Mr. Cheng is a son of Mr. Cheng Chor Kit, the executive Director and the controlling shareholder (as defined under the Listing Rules) of the Company and is the younger brother of the chief executive officer of the motors business segment of the Company.

BIOGRAPHICAL DETAILS IN RESPECT OF THE DIRECTORS *(continued)*

Independent non-executive Directors

Mr. Wong Chi Wai *ACA, CPA (Practising), Barrister-at-law (non-practising)*, aged 49, has been an independent non-executive Director of the Company since September 2004. He is also the chairman of the Board's nomination committee and a member of the Board's audit committee and remuneration committee. Mr. Wong is a certified public accountant (practising) in Hong Kong and an associate member of The Institute of Chartered Accountants in England and Wales ("ICAEW"). He has also been admitted as a barrister of the High Court of Hong Kong since 1998. He has over 25 years of experience in the accountancy professional and is currently the owner and managing director of Albert Wong & Co. and AWC (CPA) Limited respectively, both are certified public accountants firms. Currently, Mr. Wong is an independent non-executive director and audit committee chairman of Bonjour Holdings Limited (stock code: 0653), Arts Optical International Holdings Limited (stock code: 1120) and South West Eco Development Limited (stock code: 1908). He is also an independent non-executive director and the chairman of the audit committee and remuneration committee of China Ludao Technology Company Limited (stock code: 2023).

Dr. Sun Kwai Yu, Vivian *DBA Macq., FCPA (Aust.), FCPA*, aged 53, has been an independent non-executive Director of the Company since September 2004. She is also the chairperson of the Board's audit committee and a member of the Board's remuneration committee and nomination committee. Dr. Sun is a fellow member of the Hong Kong Institute of Certified Public Accountants ("HKICPA") and CPA Australia. She has 19 years' experience in working in a renowned international accounting firm and she is currently the founder and chief consultant of a consultancy firm.

Mr. Cheng Kwok Kin, Paul *FCA, FCPA*, aged 63, has been an independent non-executive Director of the Company since June 2014. He is also the chairman of the Board's remuneration committee and a member of the Board's audit committee and nomination committee. Mr. Cheng qualified as a Chartered Accountant in 1976 and he is a fellow member of the ICAEW and of the HKICPA since 1982 and 1990 respectively. He was a member of the Council of HKICPA in 2006 and 2007 and a member of the Corporate Finance Committee of HKICPA from 2006 to 2012. Currently, Mr. Cheng is a member of the Audit Profession Reform Working Group of HKICPA and a member of the Membership Committee of the Hong Kong Securities and Investment Institute. Mr. Cheng is an independent non-executive director of RM Group Holdings Limited (stock code: 8185), Xinyi Solar Holdings Limited (stock code: 0968) and Forterra Real Estate Pte. Limited ("Forterra"). Forterra is a trustee-manager of Forterra Trust (the "Trust", a registered business trust and formerly listed on the Singapore Exchange Securities Trading Limited ("Singapore Stock Exchange")). Follow the completion of compulsory acquisition on 11 February 2015 from the largest unitholder of the Trust (the "Unitholder"), an indirect wholly-owned subsidiary of Nan Fung Group, the Unitholder became the sole unitholder of the Trust and the Trust was delisted from the Singapore Stock Exchange on 13 February 2015.

Mr. Cheung Wang Ip, aged 54, has been an independent non-executive Director of the Company since 21 July 2014. He is also a member of the Board's audit committee, remuneration committee and nomination committee. Mr. Cheung is a Chartered General Practice Surveyor by profession and has over 30 years of professional work experience in the property industry and related fields, including valuation and feasibility study. Mr. Cheung is a corporate member of both the Royal Institute of Chartered Surveyors and the Hong Kong Institute of Surveyors (General Practice) as well as a member of Associacao da Avaliacao da Propriedade de Macau. He is a member of the China Real Estate Chamber of Commerce Hong Kong Chapter and a member of China Real Estate Appraiser in the PRC. In addition, Mr. Cheung is serving as a member of the 11th Shanxi Provincial Committee of the Chinese People's Political Consultative Conference. Currently, Mr. Cheung is the Operation Head of Hong Kong and Macau and an executive director of Vigers Appraisal and Consulting Limited ("Vigers"), he is also an executive director of Vigers Macao Company Limited (Vigers is an indirectly wholly-owned subsidiary of a listed company whose shares listed on the Singapore Exchange Securities Trading Limited). Prior to joining Vigers in 2006, Mr. Cheung was a senior director of the Valuation and Consultancy Department in Savills Hong Kong Limited, where he held the position of the Head of Hong Kong and Macau valuation team. He had held various positions in companies including the Mass Transit Railway Corporation, Guangzhou Investment Company Limited and Jones Lang Wootton.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2015, so far as is known to any Director or chief executive of the Company, the following persons had an interest or short position in the shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register to be kept by the Company under Section 336 of the SFO, were as follows:

Name	Capacity of interest and nature	Number of ordinary shares held	Approximate percentage of the Company's issued shares	Number of share options held
Mr. Cheng Chor Kit	Through a controlled corporation, beneficial owner and interests held by spouse	289,726,000 *(Notes 1, 2 and 3)*	69.19	–
Hallgain Management Limited ("Hallgain")	Through its controlled corporation	29,384,000 *(Note 4)*	7.02	–

Note 1: Among these shares, 282,920,000 shares were held through Resplendent and 1,200,000 shares were held by the spouse of Mr. Cheng Chor Kit.

Note 2: The spouse of Mr. Cheng Chor Kit is deemed to be interested in these ordinary shares in which Mr. Cheng Chor Kit is deemed or taken to be interested for the purpose of the SFO.

Note 3: This refers to the same block of shareholding of Mr. Cheng Chor Kit mentioned in the section headed "Directors' and Chief Executive's interests and short positions in shares, underlying shares and debentures" above.

Note 4: Kingboard Investments Limited ("KIL") and Kingboard Chemical Holdings Limited ("KCHL") are beneficially interested in 25,128,000 shares and 4,256,000 shares in the Company respectively. Jamplan (BVI) Limited ("Jamplan") is the beneficial owner of all the issued share capital of KIL while Jamplan is wholly-owned by KCHL, which is owned as to approximately 36.26% of the entire issued share capital of KCHL by Hallgain.

Save as disclosed above, as at 31 March 2015, other than Mr. Cheng Chor Kit, whose interests are set out in the section headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" above, the Directors were not aware of any person who had an interest or short position in the shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register to be kept by the Company under Section 336 of the SFO.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

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

DISCLOSURES PURSUANT TO RULE 13.21 OF THE RULES GOVERNING THE LISTING OF SECURITIES ("LISTING RULES") ON THE STOCK EXCHANGE OF HONG KONG LIMITED

In May 2011, the Company, as a borrower, entered into two different term loan facility agreements of HK$100 million each with 2 different banks (the "Lender(s)") for a term of 60 months (the "60-months Term Loan") and a term of 42 months (the "42-months Term Loan"), respectively.

Each of the term loan facility agreement imposes, inter alia, a condition that Mr. Cheng Chor Kit ("Mr. Cheng"), a director and the controlling shareholder (as defined under the Listing Rules) of the Company, and the discretionary trust set up by him for the benefit of his family; collectively shall beneficially or directly maintain a shareholding of not less than 50% of the issued share capital of the Company (the "Specific Performance Obligations"). A breach of the Specific Performance Obligations will constitute an event of default under the relevant facility letter. Upon the occurrence of such event, each of the loan shall become immediately due and repayable on demand.

The 42-months Term Loan together with all interests accrued thereon has been fully repaid within the review period and the Specific Performance Obligations on Mr. Cheng and the discretionary trust set up by him for the benefit of his family have been satisfied.

Subsequent to the end of the reporting period, on 15 May 2015, the Company and the Lender of the 60-months Term Loan entered into a renewed term loan facility agreement (the "Renewed Agreement"). The Renewed Agreement included a renewed term loan facility of HK$100 million for a term of 60-months (the "Renewed 60-months Term Loan") offered to the Company. Pursuant to the Renewed Agreement, the Renewed 60-months Term Loan has to be used to refinance the outstanding balance of the 60-months Term Loan, and finance the general corporate fund requirements of the Company and the Group. The Renewed Agreement imposes the same Specific Performance Obligations, as the requirements in the term loan facility agreement of the 60-months Term Loan, to Mr. Cheng and his discretionary trust set up by him for the benefit of his family collectively. If any breach of the Specific Performance Obligations will constitute an event of default under the Renewed Agreement, the Renewed 60-months Term Loan shall become immediately due and repayable on demand.

MATERIAL ACQUISITION, DISPOSAL AND SIGNIFICANT INVESTMENT

During the year, the Group was neither involved in any significant investment, nor any material acquisitions or disposals of any subsidiaries.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules during the year under review and up to the latest practicable date prior to the issue of this annual report.

AUDITORS

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting of the Company.

On behalf of the Board
Cheng Chor Kit
Chairman and Chief Executive Officer

Hong Kong, 29 June 2015

The Company strives to attain high standards of corporate governance at all time and in all areas of its operations for maximising long-term shareholder value while balancing broader stakeholders' interests. The corporate governance principles of the Company emphasise quality board of directors, effective internal control, stringent disclosure practices, an ethical corporate culture and accountability to all stakeholders.

CORPORATE GOVERNANCE PRACTICES

The Board regularly reviews the guidelines and latest development in corporate governance. In the opinion of the Board, the Company has complied with the code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Listing Rules throughout the year ended 31 March 2015 except for the deviation from provision A.2.1 of the CG Code as described in the section "Chairman and Chief Executive Officer" in this Corporate Governance Report (the "CG Report"). The Board has also reviewed the CG Report and is satisfied that it has been in full compliance with all the requirements stipulated in the CG Report in Appendix 14 of the Listing Rules.

DIRECTORS' AND RELEVANT EMPLOYEES' SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as its own code on terms no less exacting than the required standard set out in the Model Code regarding securities transactions by the Directors. Having made specific enquiry of the Directors, all the Directors confirmed that they have complied with the required standard set out in the Model Code throughout the year. The relevant employees who, because of their office in the Group, are likely to be in possession of unpublished price sensitive information have been requested to comply with the provisions of the Model Code.

BOARD OF DIRECTORS

Composition of the Board

The composition of the Board shall comprise of a balanced mix of Directors and shall have a sufficient number of Directors to provide a breadth of knowledge as well as the ability to make insightful discussions on key issues.

As of the date of this report, the Board comprises eight members, the Board is confident that the balance between the number of executive and independent non-executive Directors has been reasonably and adequately established in order to protect the interests of the shareholders and the Company as a whole.

BOARD OF DIRECTORS *(continued)*

Composition of the Board *(continued)*

During the financial year ended 31 March 2015 and up to the date of this report, the Directors were:

Executive Directors

Mr. Cheng Chor Kit *(Chairman and Chief Executive Officer)*
Mr. Fung Wah Cheong, Vincent
Mr. Liu Tat Luen
Mr. Cheng Tsz To *

Independent non-executive Directors

Prof. Chung Chi Ping, Roy *BBS JP* #
Mr. Wong Chi Wai
Dr. Sun Kwai Yu, Vivian
Mr. Cheng Kwok Kin, Paul *
Mr. Cheung Wang Ip **

* *Appointed on 23 June 2014*
** *Appointed on 21 July 2014*
\# *Retired on 25 August 2014*

All Directors come from diverse businesses and professional backgrounds and expertise as shown in detailed biographies on pages 18 to 19 in this annual report.

Mr. Cheng Tsz To is a son of Mr. Cheng Chor Kit, the executive Director and the controlling shareholder (as defined under the Listing Rules) of the Company and the younger brother of the chief executive officer of our motors business segment. Saved as disclosed above, none of the Directors has any financial, business, family or other material or relevant relationships among the Directors.

All Directors disclosed to the Company the number and natures of offices held in other public companies or organisations as well as other significant commitments annually which ensure that all Board members are capable and willing to input enough time and devote enough attention to the Company's affairs.

Functions of the Board

The Company's overall management is vested in its Board which accepts that it is ultimately accountable and responsible for the performance and affairs of the Group. The Board's role is to provide entrepreneurial leadership, set the Company's strategic aims and the Company's values and standards, and to ensure that its obligations to its stakeholders and others are understood and met. To facilitate the operations, the Board has established a schedule of matters reserved for its approval. The specific responsibilities reserved for the Board include (1) setting the Group's strategies and dividend policy, (2) approving budgets, reviewing operational and financial performance, (3) approving major investments and divestments, (4) reviewing internal control system and risk management procedures of the Group, (5) ensuring appropriate management development and succession plans in place, (6) approving appointments of Directors and other senior executives, (7) approving corporate social responsibility policies, (8) ensuring effective communication with shareholders and (9) other significant operational and financial matters.

The Board has delegated the authorities and day-to-day responsibilities to the management and requires the management to execute the objectives and strategies established by the Board. The Board also exercises a separate and independent assessment to the performance of the management on a periodical basis.

BOARD OF DIRECTORS *(continued)*

Functions of the Board *(continued)*

The management is accountable to the Board and responsible for running the Company's business and for proposing the development of the Group's strategies and overall commercial objectives in consultation with the Board. The management is also responsible for implementing decisions of the Board and the Board committees, developing main policies and reviewing the business organisational structure and operational performance. Furthermore, the management is obligated to supply relevant, adequate, clear and timely information and report to the Board and the Board committees in a consistent format. The Board, where necessary, can make further enquiries to the management on any matters they are concerned.

Board Meeting

For the Board discharges their responsibilities, the Directors meet in person regularly. The schedule of the Board meetings for the coming year were determined and informed all Directors in the fourth quarter annually. Prior to each meeting for the Board, as delegated by the chairman of the Company, the company secretary or the designated person of the Company prepares and despatches the notice of meeting to every Director.

The Board met 4 times during the year ended 31 March 2015 and meeting attendance records are set out on page 34 of this annual report. For a regular Board meeting, the agenda and relevant document and information will be sent to the members of the Board in a timely manner to ensure that all the participants are given the opportunity to review and be prepared for the matters stated in the agenda.

The minutes of the Board meetings are prepared by the company secretary or any relevant staff who are delegated by the Board. The draft minutes are circulated to all members of the Board for their commentary. The final minutes are open for inspection by all members of the Board at the Company's registered office and the principal place of business in Hong Kong.

Chairman and Chief Executive Officer

Pursuant to provision A.2.1 of the CG Code, the role of chairman and chief executive officer shall be separated and should not be performed by the same individual and the division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

The roles of the chairman and the chief executive officer of the Company are not separated and are performed by the same individual, Mr. Cheng Chor Kit. The balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals, with a high independent element in the Board, where the Board members meet regularly to discuss issue affecting operations of the Company. The Board believes that this structure is conducive to strong and consistent leadership, enabling the Company to make and implement decisions promptly and efficiently.

Independent non-executive Directors

The corporate governance stresses the importance of independent non-executive directors. The independent non-executive Directors bring in a wide range of skills and business experience to the Company, and also bring in independent and sound judgement on issues relating to strategy, performance and risk through their contribution to Board meetings and to the Board committee meetings.

BOARD OF DIRECTORS *(continued)*

Independent non-executive Directors *(continued)*

In compliance with Rule 3.10 of the Listing Rules, there are no less than three independent non-executive directors and at least one of them has appropriate professional qualifications or accounting or related financial management expertise. Excluding the chairman of the Board, the four independent non-executive Directors in the Board exceeds half of the total members of Board, the percentage is higher than that required under the Rule 3.10A of the Listing Rules whereby the independent non-executive directors of a listed issuer must represent at least one-third of the members of the board. The Board believes that a strong independent element on the Board can provide a higher level of "checks and balances" on the Company's key decision-making mechanism as well as monitor the Company's affairs effectively.

The Company has received, from each of the independent non-executive Directors, the written confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. Evaluated the independence of all independent non-executive Directors on an annual basis and based on their confirmation, the Board considers the independence of the independent non-executive Directors have been adequately maintained.

The independent non-executive Directors are identified as such in all corporate communications containing the names of the Directors.

Directors' Appointment, Re-election and Removal

Each of the executive Directors has entered into a service contract with the Company for different terms and subject to a termination by giving not less than six months' prior written notice.

Under provision A.4.1 of CG Code, non-executive directors should be appointed for a specific term, subject to re-election. Each of the independent non-executive Directors has entered into a service contract with the Company for a term of three years and subject to a termination by giving not less than three months' prior written notice.

All Directors are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-Laws.

To further enhance accountability to shareholders of the Company, any further re-appointment of an independent non-executive Director who has served the Board for more than nine years will be subject to separate resolution to be approved by shareholders in the annual general meeting of the Company.

Mr. Wong Chi Wai ("Mr.Wong") has served as independent non-executive Director more than 9 years and his re-election will be subject to a separate resolution to be approved by the shareholders. Mr. Wong has not involved in any executive management of the Company and expressed objective and independent views to the Company over the years. As an independent non-executive Director with in-depth understanding of the Company's operation and with professional qualifications. The Board, taking into consideration of his independent scope of works during his tenure of office, concurs that the long service of Mr. Wong would not affect his exercise of independent judgement and is satisfied that Mr. Wong has the required character, integrity and experience to continue fulfilling the role of the independent non-executive Director. The Directors consider the re-election of Mr. Wong as independent non-executive Director is in the best interest of the Company and shareholders as a whole.

BOARD OF DIRECTORS *(continued)*

Board Diversity

The Board has adopted a board diversity policy (the "Policy") which sets out the approach to achieve diversity on the Board. The Company recognises the benefits of a Board that possesses a balance of skills, experience, expertise and diversity of perspectives appropriate to the requirements of the businesses of the Company.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The nomination committee of the Board will review the Policy, as appropriate, to ensure the effectiveness of the Policy and also discusses any revisions that may be required and recommend any such revisions to the Board for consideration and approval.

Directors' Training

Every Director should keep himself or herself abreast of the responsibilities as a Director and of the conduct, business activities and development of the Company. Each new incoming Director receives an induction package covering the introduction of Group's businesses and real-life overview of the Company, induction of their roles and responsibilities, the practical procedure duties and the compliance of laws and regulations.

All Directors are encouraged to pursue an ongoing development and refreshment of their knowledge and skills, to ensure that their contribution to the Board remains relevant and productive.

On 25 November 2014, a tailor-made seminar was organised by external legal advisers to update the Directors on the new amendments to the CG Code and the connected transactions of the Listing Rules and all Directors participated in this seminar.

Name of director	Types of training
Executive Directors	
Mr. Cheng Chor Kit	A & B
Mr. Fung Wah Cheong, Vincent	A & B
Mr. Liu Tat Luen	A & B
Mr. Cheng Tsz To *	A & B
Independent non-executive Directors	
Prof. Chung Chi Ping, Roy *BBS JP* #	A & B
Mr. Wong Chi Wai	A & B
Dr. Sun Kwai Yu, Vivian	A & B
Mr. Cheng Kwok Kin, Paul *	A & B
Mr. Cheung Wang Ip **	A & B

A Attending briefings/seminars/conference/forums
B Reading/studying training or other materials
** Appointed on 23 June 2014*
*** Appointed on 21 July 2014*
 # Retired on 25 August 2014

Directors' and Officers' Liability Insurance

The Company has arranged appropriate insurance coverage on directors' and officers' liabilities in respect of any legal actions taken against the Directors and senior management of the Company arising out of corporate activities. The insurance coverage is reviewed on an annual basis.

BOARD COMMITTEES

The Board has established the following Board committees, all chaired by independent non-executive Directors, with clearly defined terms of reference, which are on no less exacting terms than those set out in the CG Code of the Listing Rules:

– Remuneration Committee (the "Remuneration Committee");
– Nomination Committee (the "Nomination Committee"); and
– Audit Committee (the "Audit Committee")

The roles and responsibilities of the each Board committee is set out by the Board with clearly defined written terms of reference and this document is available on the websites of the Stock Exchange and the Company.

Pursuant to the written terms of reference, each Board committee has authority to engage outside consultants or experts as it considers necessary to discharge the committee's responsibilities. Minutes of all Board committees meetings are circulated to all Board members. To further reinforce independence and effectiveness, all Audit Committee members being appointed are independent non-executive Directors, and the Remuneration Committee and Nomination Committee have been structured with a majority of independent non-executive Directors being the Board committees' members.

Remuneration Committee

During the financial year ended 31 March 2015 and up to the date of this report, the members of the Remuneration Committee of the Board were:

Mr. Cheng Chor Kit	Executive Director	Member
Mr. Fung Wah Cheong, Vincent	Executive Director	Member
Prof. Chung Chi Ping, Roy *BBS JP* #	Independent non-executive Director	Ex-chairman
Mr. Wong Chi Wai	Independent non-executive Director	Member
Dr. Sun Kwai Yu, Vivian	Independent non-executive Director	Member
Mr. Cheng Kwok Kin, Paul *	Independent non-executive Director	Chairman
Mr. Cheung Wang Ip **	Independent non-executive Director	Member

\# *Retired as the chairman of Remuneration Committee on 25 August 2014*

* *Appointed as a member of Remuneration Committee on 23 June 2014 and acted as the chairman of Remuneration Committee on 25 August 2014*

** *Appointed as a member of Remuneration Committee on 21 July 2014*

The remuneration packages offered by the Company will need to attract and motivate the Directors and senior management of the Company of sufficient quality, whilst at the same time taking into account the shareholders' interests as well. The main roles and responsibilities of the Remuneration Committee is aimed to assist the Board to develop and administer a fair and transparent procedure for setting policy on the remuneration of Directors and senior management of the Company.

The Remuneration Committee reviews and determines, with delegated responsibility, the remuneration packages of individual executive Directors and senior management of the Company with reference to the Board's corporate goals and objectives, responsibilities and employment conditions elsewhere within the Group and in the market. The Remuneration Committee also independently reviews and approves the compensation and related arrangements for executive Directors and senior management of the Company in respect of any loss or termination of office or appointment, and to ensure no individual Director or any of his/her associates can determine his/her own remuneration.

BOARD COMMITTEES *(continued)*

Remuneration Committee *(continued)*

The Remuneration Committee held one meeting during the year ended 31 March 2015 to review and approve the Directors' remuneration packages. Meeting attendance records of the Remuneration Committee are set out on page 34 of this annual report.

Information relating to remuneration of each Director for the year under review is set out in note 8 to the financial statements.

Nomination Committee

During the financial year ended 31 March 2015 and up to the date of this report, the members of the Nomination Committee of the Board were:

Mr. Cheng Chor Kit	Executive Director	Member
Mr. Fung Wah Cheong, Vincent	Executive Director	Member
Prof. Chung Chi Ping, Roy *BBS JP* #	Independent non-executive Director	Member
Mr. Wong Chi Wai	Independent non-executive Director	Chairman
Dr. Sun Kwai Yu, Vivian	Independent non-executive Director	Member
Mr. Cheng Kwok Kin, Paul *	Independent non-executive Director	Member
Mr. Cheung Wang Ip **	Independent non-executive Director	Member

\# *Retired as a member of Nomination Committee on 25 August 2014*

* *Appointed as a member of Nomination Committee on 23 June 2014*

** *Appointed as a member of Nomination Committee on 21 July 2014*

The primarily responsibility of the Nomination Committee reviews the composition of the Board from time to time and gives advice to the Board on the candidates, conditions, selection standards and procedures of the proposed appointment of Directors and senior management of the Company.

The Nomination Committee is also responsible for recommending to the Board all new appointments of Directors and senior management of the Company identify by referral or intermediary agencies. The Nomination Committee considers the past performance and qualification of the candidates for Directors and senior management of the Company, reviews general market conditions and the Bye-Laws in selecting and recommending candidates for directorship and management during the year under review.

The Nomination Committee, on an annual basis, reviews and considers the structure, size, composition, and diversity of the members of the Board, in terms of skills, experience, knowledge, expertise, culture, independence, age and gender, to attain optimum composition of the Board. The Nomination Committee also assesses the independence of the independent non-executive Directors, to ensure the Board is properly constituted with a balanced mix of skills, qualifications and experience to meet its fiduciary obligations to the Company and its shareholders. In addition, the Nomination Committee also requires to identifying individuals suitably qualified to become Directors and senior management of the Company and makes recommendations to the Board on the selection of individuals nominated for directorship and management to cope the Company's current and emerging operating and strategic challenges and opportunities.

During the year ended 31 March 2015, the Nomination Committee met once to review and discuss the composition of the Board, assess the independence of the independent non-executive Directors and to make recommendations to the Board on the re-election of Directors. Furthermore, the Nomination Committee also made recommendation to the Board for the appointment of management staff of the Group. Meeting attendance records of the Nomination Committee are set out on page 34 of this annual report.

BOARD COMMITTEES *(continued)*

Audit Committee

During the financial year ended 31 March 2015 and up to the date of this report, the members of the Audit Committee of the Board were:

Prof. Chung Chi Ping, Roy *BBS JP* #	Independent non-executive Director	Member
Mr. Wong Chi Wai	Independent non-executive Director	Member
Dr. Sun Kwai Yu, Vivian	Independent non-executive Director	Chairperson
Mr. Cheng Kwok Kin, Paul *	Independent non-executive Director	Member
Mr. Cheung Wang Ip **	Independent non-executive Director	Member

Retired as a member of Audit Committee on 25 August 2014

* *Appointed as a member of Audit Committee on 23 June 2014*

** *Appointed as a member of Audit Committee on 21 July 2014*

The main roles and responsibilities of the Audit Committee are to assist the Board in (1) maintaining an effective system of internal control and compliance with the Company's obligations (including external financial reporting obligations) under the Listing Rules as modified from time to time and applicable laws and regulations is in place; (2) overseeing the integrity of the financial statements of the Company; and (3), on behalf of the Board, (i) the selecting and overseeing the remuneration of the Company's external auditors, (ii) assessing the independence and qualifications of the external auditors, and (iii) the overseeing the performance of the Company's internal audit function.

During the year ended 31 March 2015, the Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and financial reporting matters including the review of the audited financial statements for the year ended 31 March 2014 as well as the interim report for the six months ended 30 September 2014. The Audit Committee also reviewed the Group's financial controls, internal control and risk management systems, discussed internal control matters, conducted discussions with the external auditors on financial reporting, compliance, the effectiveness of the audit process, and reported all relevant matters to the Board during the year ended 31 March 2015. In addition, the Audit Committee has met with the external auditors of the Company and reviewed the financial results of the Group for the year ended 31 March 2015, including the accounting principles and practices adopted by the Group.

The Audit Committee held 4 meetings during the year ended 31 March 2015. Meeting attendance records of the Audit Committee are set out on page 34 of this annual report.

BOARD COMMITTEES *(continued)*

Corporate Governance Function

The Company has not deliberately established a corporate governance committee and the Board delegated its responsibilities to the Audit Committee with clearly defined written terms of reference, for performing the corporate governance functions:

1. to develop and review the policies and practices of the Company on corporate governance and make recommendations to the Board;

2. to review and monitor the training and continuous professional development of the Directors and senior management of the Company;

3. to review and monitor the policies and practices of the Company on compliance with legal and regulatory requirements;

4. to develop, review and monitor the code of conduct and compliance manual applicable to the Directors and employees; and

5. to review the compliance by the Company with the CG Code and the disclosure requirements for the CG Report.

ACCOUNTABILITY AND AUDIT

Directors' and External Auditors' Financial Reporting Responsibility

The management has timely and frequently provided a balanced and understandable assessment of the Company's performance to the Board. The Board has an ultimate responsibility for preparing the financial statements which give a true and fair view of the Group's state of affairs and the results together with cash flows situation for the year. In preparing the financial statements, the generally accepted accounting standards in Hong Kong have been adopted; appropriate accounting policies have been used and applied consistently; and reasonable and prudent judgments and estimates have been made.

The Board is not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Board has continued to adopt the going concern basis in preparing the financial statements of the Group.

The Independent Auditors' Report on pages 35 and 36 of this annual report has set out the reporting responsibilities of the external auditors of the Company.

Auditors' Remuneration:

The auditors' remuneration and the fee for non-audit services for the year ended 31 March 2015 are as below:

Nature of services	**2014/2015** ***HK$'000***	2013/2014 *HK$'000*
Audit services	**3,050**	2,870
Non-audit services	**894**	552
Total	**3,944**	3,422

INTERNAL CONTROLS

The Board acknowledges that it is responsible for the Group's overall internal control, financial control and risk management systems and shall monitor their effectiveness from time to time.

The Group is committed to set up and maintain a sound and effective internal control system which is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operational system and achievement of the Group's objectives. Qualified management throughout the Group maintains and monitors the internal control system on an ongoing basis and in addition, procedures are set up for protecting the Group's assets, and to safeguard these assets against unauthorised use or disposition by ensuring that all such transactions shall be executed in accordance with management's authorisation. Other controls include controlling over capital expenditure, maintaining proper accounting records and ensuring the reliability of financial information used for business and publication.

During the year ended 31 March 2015, the Group had appointed an independent firm of certified public accountants to conduct a review on the effectiveness of the major cycles of the Group's internal control system. Such review covered material controls, including financial, operational and compliance controls and risk management functions and it did not reveal any significant defects.

The aforesaid is an ongoing process for identifying, evaluating and managing of significant business, financial, compliance and operational risks specific to the Group. Relevant recommendations made by the independent firm of certified public accountants who performed the review, where appropriate and practicable, would be implemented by the Group to further enhance its internal control policies, procedures and practices.

In respect of the year ended 31 March 2015, the Board, through Audit Committee, reviewed the effectiveness of the system of internal control of the Group and was satisfied that the Group had fully complied with the code provision on internal control as set forth in the CG Code. The Board also reviewed the resources, qualification and experience of staffing of accounting and financial reporting function and their training programmes and budget during the year ended 31 March 2015 and considered them to be adequate and comprehensive.

COMPANY SECRETARY

Mr. Chan Ho Man ("Mr. Chan") has been appointed as the company secretary of the Company since 1996 and is responsible for overseeing all the company secretarial matters of the Group. Mr. Chan is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants.

Mr. Chan confirmed that he has taken no less than 15 hours of relevant professional training during the year under review.

SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONS

Shareholders' Rights

1. Rights to convene Special General Meeting

Pursuant to the Bye-Laws, any one or more registered shareholders holding at the date of deposit of the requisition not less than 10% of the paid up capital of the Company carrying the right of voting at the general meetings of the Company shall at all times have the right, by a written requisition, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition.

The written requisition must state the purpose of the meeting, signed by the requisitionist(s) and be delivered to the Board or the company secretary of the Company at the Company's principal place of business at 7/F., Galaxy Factory Building, 25–27 Luk Hop Street, San Po Kong, Kowloon, Hong Kong, and such may consist of several documents in like form, each signed by one or more requisitionist(s).

If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionists themselves or any of them represented more than one half of the total voting rights of all of them, may convene a meeting in accordance with the provisions of Section 74(3) of the Companies Act of Bermuda.

2. Procedures for putting forward proposals at shareholders' meetings

Any one or more registered shareholders, at the date of submission of written requisition, represents either (a) not less than 5% of the total voting rights of all shareholders; or (b) not less than one hundred shareholders, entitled to submit a written requisition for putting forward proposals at the general meeting.

The written requisition duly signed by the registered shareholders, must state the purpose of the written requisition, together with a statement of not more than one thousand words with respect to the matter referred to in the proposed resolution must be deposited at the principal place of business in Hong Kong, not less than six weeks before the general meeting in case of a requisition requiring notice of a resolution; or not less than one week in case of other requisition.

3. Procedures for directing shareholders' enquiries to the Board

Shareholders may at any time send their enquiries to the Board in writing through the company secretary of the Company whose contact details are as follows:

7/F., Galaxy Factory Building, 25–27 Luk Hop Street, San Po Kong, Kowloon, Hong Kong
Fax: (852)-2351-1867
Email: webmaster@kinyat.com.hk

SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONS *(continued)*

Investor Relations

1. Shareholders' communication

The Board recognises the importance of maintaining clear, timely and effective communications with shareholders of the Company. Annual reports and interim reports are published to provide shareholders with comprehensive information of the Company's operational and financial performances. The Company practises timely dissemination of information and makes sure its website (www.kinyat.com.hk) contains the most current information, including annual reports, interim reports, announcements, monthly returns and press releases, and is updated in a timely manner to ensure transparency.

The Board is endeavour to maintain an ongoing and transparent communications with all shareholders of the Company and, in particular, use general meeting as a platform for shareholders to state and exchange views with the Board directly and encourage their participation. The Directors are available to answer questions from shareholders throughout an annual general meeting. External auditors are also available at an annual general meeting to address shareholders' queries in accordance to the requirements of applicable Listing Rules.

The 2014 Annual General Meeting (the "2014 AGM") was held on 25 August 2014 and all the members of the Board together with the external auditors presented in the 2014 AGM. Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders on all resolutions at general meetings must be taken by poll. The poll results in respect of the resolutions proposed at the 2014 AGM were published on the websites of the Stock Exchange and the Company on 25 August 2014.

The 2015 Annual General Meeting will be held on 25 August 2015, for details of the information on the 2015 Annual General Meeting, please refer to this annual report and its accompanying Explanatory Statement.

The Board continues to maintain regular dialogue with financial analysts and institutional investors as appropriate to keep them informed the Group's strategies, operations, management and plans. In order to strengthen the bi-directional communications between the Company, shareholders and investors, an email contact (webmaster@kinyat.com.hk) responded by senior management of the Company are available to shareholders and investors.

2. Sufficient and timely information

The Board recognises the significance of providing information to shareholders to enable each shareholder to make an informed assessment for the purposes of voting on each of the matter put before shareholders at the general meeting. Copies of the annual report, financial statements and related papers are despatched to shareholders in accordance with the statutory requirements.

3. Significant constitutional documents

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

DISCLOSURE OF INFORMATION OF DIRECTORS UNDER RULE 13.51(B)(1) OF THE LISTING RULES

Pursuant to Rule 13.51(B) of the Listing Rules, the changes in information of the Directors and supervisors of the Company subsequent to the date of the 2014 Annual Report of the Company is set out below:

Mr. Cheng Kwok Kin, Paul, the independent non-executive Director, served as an independent non-executive director of Forterra Real Estate Pte. Limited ("Forterra"). Forterra is a trustee-manager of Forterra Trust (the "Trust", a registered business trust and formerly listed on the Singapore Exchange Securities Trading Limited ("Singapore Stock Exchange")). Follow the completion of compulsory acquisition on 11 February 2015 from the largest unitholder of the Trust (the "Unitholder"), an indirect wholly-owned subsidiary of Nan Fung Group, the Unitholder became the sole unitholder of the Trust and the Trust was delisted from the Singapore Stock Exchange on 13 February 2015.

Other than disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

THE ATTENDANCE RECORD OF EACH MEMBER OF THE BOARD IN 2014/2015

The number of Annual General Meeting, Board and its Committees meetings attended by each Director for the year ended 31 March 2015.

	No. of meeting attended/held				
Name of director	**Annual General Meeting**	**Full Board**	**Audit Committee**	**Remuneration Committee**	**Nominated Committee**
Executive Directors					
Mr. Cheng Chor Kit *(Chairman and Chief Executive Officer)*	1/1	4/4	N/A	1/1	1/1
Mr. Fung Wah Cheong, Vincent	1/1	3/4	N/A	1/1	1/1
Mr. Liu Tat Luen	1/1	4/4	N/A	N/A	N/A
Mr. Cheng Tsz To *(Appointed on 23 June 2014)*	1/1	4/4	N/A	N/A	N/A
Independent non-executive Directors					
Prof. Chung Chi Ping, Roy *BBS JP* *(Ex-chairman of the Remuneration Committee and retired on 25 August 2014)*	1/1	1/4	1/4	1/1	1/1
Mr. Wong Chi Wai *(Chairman of the Nomination Committee)*	1/1	4/4	4/4	1/1	1/1
Dr. Sun Kwai Yu, Vivian *(Chairperson of the Audit Committee)*	1/1	4/4	4/4	1/1	1/1
Mr. Cheng Kwok Kin, Paul *(Appointed on 23 June 2014 and acted as Chairman of the Remuneration Committee on 25 August 2014)*	1/1	4/4	4/4	1/1	1/1
Mr. Cheung Wang Ip *(Appointed on 21 July 2014)*	1/1	3/4	3/4	N/A	N/A

EY 安永

To the shareholders of Kin Yat Holdings Limited
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Kin Yat Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 37 to 123, which comprise the consolidated and company statements of financial position as at 31 March 2015, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by 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 auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

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

Ernst & Young
Certified Public Accountants
22nd Floor
CITIC Tower
1 Tim Mei Avenue, Central
Hong Kong

29 June 2015

	Notes	2015 HK$'000	2014 HK$'000
REVENUE	5	**2,169,285**	1,852,238
Cost of sales		**(1,901,199)**	(1,618,651)
Gross profit		**268,086**	233,587
Other income and gains, net	5	**16,481**	28,904
Selling and distribution expenses		**(43,809)**	(41,319)
Administrative expenses		**(150,087)**	(147,103)
Other expenses		**(205,291)**	(25,504)
Finance costs	6	**(498)**	(4,925)
PROFIT/(LOSS) BEFORE TAX	7	**(115,118)**	43,640
Income tax expense	9	**(33,848)**	(28,519)
PROFIT/(LOSS) FOR THE YEAR		**(148,966)**	15,121
ATTRIBUTABLE TO:			
Owners of the Company	10	**(121,583)**	19,818
Non-controlling interests		**(27,383)**	(4,697)
		(148,966)	15,121
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	12		
Basic		**HK(29.03) cents**	HK4.73 cents
Diluted		**HK(29.03) cents**	HK4.73 cents

Details of the dividends paid and proposed for the year are disclosed in note 11 to the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
PROFIT/(LOSS) FOR THE YEAR		**(148,966)**	15,121
OTHER COMPREHENSIVE INCOME/(EXPENSE):			
Other comprehensive income/(expense) to be reclassified to the income statement in subsequent periods:			
Exchange differences on translation of foreign operations		**(5,013)**	35,407
Net other comprehensive income/(expense) to be reclassified to the income statement in subsequent periods		**(5,013)**	35,407
Other comprehensive income/(expense) not to be reclassified to the income statement in subsequent periods:			
Revaluation surplus, net	13	**9,103**	35,035
Deferred tax debited to asset revaluation reserve	28	**(1,664)**	(6,984)
Deferred tax credited to asset revaluation reserve upon disposal of items of property, plant and equipment	28	**200**	–
Net other comprehensive income not to be reclassified to the income statement in subsequent periods		**7,639**	28,051
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**2,626**	63,458
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR		**(146,340)**	78,579
ATTRIBUTABLE TO:			
Owners of the Company		**(118,956)**	83,614
Non-controlling interests		**(27,384)**	(5,035)
		(146,340)	78,579

	Notes	**2015 HK$'000**	2014 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**790,132**	819,106
Investment properties	14	**80,153**	5,013
Prepaid land lease payments	15	**28,564**	29,070
Properties under development	20	**37,326**	–
Goodwill	16	**4,650**	4,650
Intangible assets	19	**2,611**	31,041
Deferred tax assets	28	**32,899**	11,184
Deposits	23	**32,565**	172,272
Total non-current assets		**1,008,900**	1,072,336
CURRENT ASSETS			
Properties under development	20	**133,579**	–
Inventories	21	**289,674**	356,773
Accounts receivable	22	**207,359**	170,794
Prepayments, deposits and other receivables	23	**28,921**	89,580
Financial assets at fair value through profit or loss	24	**3,410**	9,840
Time deposits	25	**18,953**	84,615
Cash and bank balances	25	**151,762**	173,797
Total current assets		**833,658**	885,399
CURRENT LIABILITIES			
Accounts and bills payables, accrued liabilities and other payables	26	**448,233**	420,482
Interest-bearing bank borrowings	27	**146,176**	188,380
Due to non-controlling shareholders	32(b)	**38,838**	38,838
Tax payable		**93,654**	63,731
Total current liabilities		**726,901**	711,431
NET CURRENT ASSETS		**106,757**	173,968
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,115,657**	1,246,304

	Notes	2015 HK$'000	2014 HK$'000
NON-CURRENT LIABILITIES			
Other payables	26	**131,165**	44,304
Interest-bearing bank borrowings	27	**–**	60,000
Deferred tax liabilities	28	**28,731**	27,337
Total non-current liabilities		**159,896**	131,641
NET ASSETS		**955,761**	1,114,663
EQUITY			
Equity attributable to owners of the Company			
Share capital	29	**41,875**	41,875
Reserves	31(a)	**972,181**	1,103,699
		1,014,056	1,145,574
Non-controlling interests		**(58,295)**	(30,911)
TOTAL EQUITY		**955,761**	1,114,663

Cheng Chor Kit
Director

Fung Wah Cheong, Vincent
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2015

	Attributable to owners of the Company										
		Reserves									
	Share capital	Share premium account	Share option reserve	Asset revaluation reserve	Exchange fluctuation reserve	Contributed surplus	Other reserve	Retained profits	Total reserves	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2013	41,875	124,530	7,544	89,371	70,884	6,150	(8,940)	743,735	1,033,274	(25,876)	1,049,273
Revaluation surplus, net	–	–	–	35,035	–	–	–	–	35,035	–	35,035
Deferred tax debited to asset revaluation reserve *(note 28)*	–	–	–	(6,984)	–	–	–	–	(6,984)	–	(6,984)
Exchange differences on translation of foreign operations	–	–	–	–	35,745	–	–	–	35,745	(338)	35,407
Profit/(loss) for the year	–	–	–	–	–	–	–	19,818	19,818	(4,697)	15,121
Total comprehensive income/ (expense) for the year	–	–	–	28,051	35,745	–	–	19,818	83,614	(5,035)	78,579
Final 2013 dividend paid *(note 11)*	–	–	–	–	–	–	–	(12,562)	(12,562)	–	(12,562)
Release and transfer of share option reserve upon the forfeiture and lapse of share options *(note 30)*	–	–	(983)	–	–	–	–	356	(627)	–	(627)
At 31 March 2014	41,875	124,530	6,561	117,422	106,629	6,150	(8,940)	751,347	1,103,699	(30,911)	1,114,663
At 1 April 2014	**41,875**	**124,530**	**6,561**	**117,422**	**106,629**	**6,150**	**(8,940)**	**751,347**	**1,103,699**	**(30,911)**	**1,114,663**
Revaluation surplus, net *(note 13)*	**–**	**–**	**–**	**9,103**	**–**	**–**	**–**	**–**	**9,103**	**–**	**9,103**
Release of revaluation surplus upon disposal of items of property, plant and equipment	**–**	**–**	**–**	**(764)**	**–**	**–**	**–**	**764**	**–**	**–**	**–**
Deferred tax debited to asset revaluation reserve *(note 28)*	**–**	**–**	**–**	**(1,664)**	**–**	**–**	**–**	**–**	**(1,664)**	**–**	**(1,664)**
Deferred tax credited to asset revaluation reserve upon disposal of items of property, plant and equipment *(note 28)*	**–**	**–**	**–**	**200**	**–**	**–**	**–**	**–**	**200**	**–**	**200**
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**–**	**(5,012)**	**–**	**–**	**–**	**(5,012)**	**(1)**	**(5,013)**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(121,583)**	**(121,583)**	**(27,383)**	**(148,966)**
Total comprehensive income/ (expense) for the year	**–**	**–**	**–**	**6,875**	**(5,012)**	**–**	**–**	**(120,819)**	**(118,956)**	**(27,384)**	**(146,340)**
Final 2014 dividend paid *(note 11)*	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(12,562)**	**(12,562)**	**–**	**(12,562)**
Transfer of share option reserve upon the forfeiture and lapse of share options *(note 30)*	**–**	**–**	**(1,164)**	**–**	**–**	**–**	**–**	**1,164**	**–**	**–**	**–**
At 31 March 2015	**41,875**	**124,530**	**5,397**	**124,297**	**101,617**	**6,150**	**(8,940)**	**619,130**	**972,181**	**(58,295)**	**955,761**

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		**(115,118)**	43,640
Adjustments for:			
Finance costs	6	**498**	4,925
Subsidy income	33	**–**	(6,329)
Bank interest income	7	**(1,843)**	(2,417)
Dividend income from listed investments	7	**(56)**	(298)
Depreciation	7	**90,690**	84,986
Amortisation of prepaid land lease payments	7	**633**	858
Amortisation of deferred development costs	7	**13,832**	7,730
Loss/(gain) on disposal of items of property, plant and equipment, net	7	**(807)**	21
Write-off of items of property, plant and equipment	7	**–**	3,661
Write-off of exploration rights and assets	7	**23,360**	–
Write-off of prepayments	7	**1,567**	–
Impairment of items of property, plant and equipment	7	**46,196**	21,843
Impairment of prepayments and deposits	7	**85,975**	–
Impairment of properties under development	7	**48,193**	–
Impairment of accounts receivable	7	**453**	–
Provision/(write-back of provision) for obsolete inventories, net	7	**7,083**	(568)
Equity-settled share option expense	7	**–**	(627)
Changes in fair value of investment properties	7	**241**	(1,939)
		200,897	155,486
Increase in properties under development		**(119,771)**	–
Decrease/(increase) in inventories		**60,016**	(94,651)
Increase in accounts receivable		**(37,018)**	(6,178)
Increase in prepayments, deposits and other receivables		**(58,128)**	(65,138)
Decrease/(increase) in financial assets at fair value through profit or loss		**6,430**	(134)
Increase in accounts and bills payables, accrued liabilities and other payables		**114,612**	160,907
Cash generated from operations		**167,038**	150,292
Interest received		**1,843**	2,417
Dividend income from listed investments		**56**	298
Interest paid		**(4,381)**	(4,925)
Hong Kong profits tax paid		**(16,314)**	(18,727)
Overseas income taxes paid		**(9,386)**	(2,252)
Dividend paid	11	**(12,562)**	(12,562)
Net cash flows from operating activities		**126,294**	114,541

	Notes	2015 HK$'000	2014 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment	13	**(104,448)**	(136,694)
Decrease/(increase) in non-pledged time deposits with original maturity of more than three months when acquired		**68,843**	(4,677)
Additions to prepaid land lease payments	15	**–**	(1,325)
Additions to intangible assets	19	**(8,762)**	(8,307)
Proceeds from disposals of items of property, plant and equipment		**3,394**	42
Net cash flows used in investing activities		**(40,973)**	(150,961)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in amounts due to non-controlling shareholders		**–**	1,030
New bank loans		**110,950**	104,577
Repayment of bank loans		**(210,795)**	(126,724)
Net cash flows used in financing activities		**(99,845)**	(21,117)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(14,524)**	(57,537)
Cash and cash equivalents at beginning of year		**173,241**	221,101
Effect of foreign exchange rate changes, net		**(1,971)**	9,677
CASH AND CASH EQUIVALENTS AT END OF YEAR		**156,746**	173,241
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	25	**151,762**	173,797
Non-pledged time deposits	25	**18,953**	84,615
Cash and cash equivalents as stated in the consolidated statement of financial position		**170,715**	258,412
Bank overdrafts	27	**–**	(2,359)
Non-pledged time deposits with original maturity of more than three months when acquired	25	**(13,969)**	(82,812)
Cash and cash equivalents as stated in the consolidated statement of cash flows		**156,746**	173,241

STATEMENT OF FINANCIAL POSITION

31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
NON-CURRENT ASSETS			
Interests in subsidiaries	17	**410,069**	494,280
CURRENT ASSETS			
Prepayments	23	**–**	3
Cash and bank balances	25	**266**	161
Total current assets		**266**	164
CURRENT LIABILITIES			
Other payables	26	**3,138**	2,748
Interest-bearing bank borrowings	27	**60,000**	72,990
Tax payable		**97**	500
Total current liabilities		**63,235**	76,238
NET CURRENT LIABILITIES		**(62,969)**	(76,074)
TOTAL ASSETS LESS CURRENT LIABILITIES		**347,100**	418,206
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	27	**–**	60,000
NET ASSETS		**347,100**	358,206
EQUITY			
Share capital	29	**41,875**	41,875
Reserves	31(b)	**305,225**	316,331
TOTAL EQUITY		**347,100**	358,206

Cheng Chor Kit
Director

Fung Wah Cheong, Vincent
Director

1. CORPORATE INFORMATION

Kin Yat Holdings Limited is a limited liability company incorporated in Bermuda. The registered office of the Company is located at 7th Floor, Galaxy Factory Building, 25–27 Luk Hop Street, San Po Kong, Kowloon, Hong Kong.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries consisted of the design, manufacture and sale of electrical and electronic products, motors, mining products and materials primarily for use in panel display, mine exploration, ore processing, other manufacturing activities and real estate development.

The Company is a subsidiary of Resplendent Global Limited, a company incorporated in the British Virgin Islands. The directors of the Company consider Padora Global Inc., a company also incorporated in the British Virgin Islands, to be the ultimate holding company of the Company.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance, which because the Company has not early adopted the revised disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, are those of the predecessor Hong Kong Companies Ordinance (Cap. 32). They have been prepared under the historical cost convention, except for land and buildings, investment properties and financial assets at fair value through profit or loss, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

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

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	*Investment Entities*
Amendments to HKAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to HKAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC)-Int 21	*Levies*
Amendment to HKFRS 2 included in *Annual Improvements 2010–2012 Cycle*	*Definition of Vesting Condition*[1]
Amendment to HKFRS 3 included in *Annual Improvements 2010–2012 Cycle*	*Accounting for Contingent Consideration in a Business Combination*[1]
Amendment to HKFRS 13 included in *Annual Improvements 2010–2012 Cycle*	*Short-term Receivables and Payables*
Amendment to HKFRS 1 included in *Annual Improvements 2011–2013 Cycle*	*Meaning of Effective HKFRSs*

1 Effective from 1 July 2014

The adoption of the above revised standards and new interpretation has had no significant financial effect on these financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

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

1 Effective for annual periods beginning on or after 1 July 2014
2 Effective for annual periods beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2017
4 Effective for annual periods beginning on or after 1 January 2018
5 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

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

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

The *Annual Improvements to HKFRSs 2010–2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. The Group expects to adopt the amendments from 1 April 2015. None of the amendments are expected to have a significant financial impact on the Group. Details of the amendment most applicable to the Group are as follows:

HKFRS 8 *Operating Segments* clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. The Group is not yet in a position to state whether they would have a significant impact on the Group's results of operations and financial position.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

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

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

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

(b) rights arising from other contractual arrangements; and

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

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's interests in subsidiaries are stated at cost less any impairment losses.

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise 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 type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated income statement and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments in associates and joint ventures *(continued)*

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in the income statement.

Business combinations and goodwill

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations and goodwill *(continued)*

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

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

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

Fair value measurement

The Group measures its land and buildings, investment properties and financial assets at fair value through profit or loss at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Fair value measurement *(continued)*

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

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

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

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

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

Impairment of non-financial assets

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

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost or valuation less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Changes in the values of property, plant and equipment are dealt with as movements in the asset revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the income statement. Any subsequent revaluation surplus is credited to the income statement to the extent of the deficit previously charged. On disposal of a revalued asset, the relevant portion of the asset revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

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

Freehold land	Not depreciated
Medium term leasehold land and buildings in Hong Kong	Over the shorter of lease terms and 4%
Buildings outside Hong Kong	Over the shorter of lease terms and 3.3%
Moulds, tools, and plant and machinery	10% to 20%
Furniture, equipment and motor vehicles	10% to 25%

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

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

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of the retirement or disposal.

For a transfer from investment properties to owners occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with the policy stated under "Property, plant and equipment and depreciation" above. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the income statement.

Intangible assets (other than goodwill)

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Intangible assets (other than goodwill) *(continued)*

Research and development costs

All research costs are charged to the income statement as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five years, commencing from the date when the products are put into commercial production.

Mining rights

Mining rights are stated at cost less accumulated amortisation and any impairment losses. Mining rights include the cost of acquiring mining licenses, exploration and evaluation costs transferred from exploration rights and assets upon determination that an exploration property is capable of commercial production. The mining rights are amortised over the estimated useful lives of the mines, in accordance with the production plans of the entities concerned and the proved and probable reserves of the mines using the unit of production method. Mining rights are written off to the income statement if the mining property is abandoned.

Exploration rights and assets

Exploration rights are stated at cost less accumulated amortisation and any impairment losses and exploration assets are stated at cost less any impairment losses. Exploration rights and assets include the cost of acquiring exploration rights, topographical and geological surveys, exploratory drilling, sampling and trenching and activities in relation to commercial and technical feasibility studies, and deferred amortisation and depreciation charges in respect of assets consumed during the exploration activities.

Exploration rights are amortised over the term of rights. Equipment used in exploration is depreciated over its useful life, or, if dedicated to a particular exploration project, over the life of the project on the straight-line basis, whichever is shorter. Amortisation and depreciation are included, in the first instance, in exploration rights and assets and are transferred to mining rights when it can be reasonably ascertained that an exploration property is capable of commercial production.

Exploration and evaluation costs include expenditure incurred to secure further mineralisation in existing ore bodies as well as in new areas of interest. Expenditure incurred prior to acquiring legal rights to explore an area and proved profitable and probable reserves of mines were identified is written off as incurred.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Intangible assets (other than goodwill) *(continued)*

Exploration rights and assets *(continued)*

Exploration and evaluation assets shall be assessed for impairment when facts and circumstances indicate that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. An impairment test is performed if any of the following indicators is present:

(a) the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;

(b) substantial expenditure on future exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;

(c) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or

(d) sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

When it can be reasonably ascertained that an exploration property is capable of commercial production, exploration and evaluation costs capitalised are transferred to either mining infrastructure or mining rights and reserves and depreciated/amortised using the unit of production method based on the proved and probable mineral reserves. Exploration and evaluation assets are written off to the income statement if the exploration property is abandoned.

Exploration and evaluation assets are tested for impairment whenever facts and circumstances indicate impairment. An impairment loss is recognised for the amount by which the exploration and evaluation assets' carrying amount exceeds their recoverable amount. The recoverable amount is the higher of the exploration and evaluation assets' fair value less costs to sell and their value in use. For the purpose of assessing impairment, the exploration and evaluation assets subject to testing are grouped with existing cash-generating units of production fields that are located in the same geographical region.

Properties under development

Properties under development are stated at the lower of cost and net realisable value. Cost comprises land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period. The net realisable value of properties under development is determined by establishing the market values of the properties on an "as-if" completed basis with appropriate deduction on construction costs, professional fees and interests to be incurred from the valuation date to completion.

Properties under development, which have either been pre-sold or intended for sales, are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond the normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost is determined by an apportionment of the total land and building costs attributable to unsold properties. The net realisable value is determined by reference to the sales proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management's estimates based on the prevailing market conditions, on an individual property basis.

Inventories

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

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the income statement so as to provide a constant periodic rate of charge over the lease terms.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the income statement on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases net of any incentives received from the lessor are charged to the income statement on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments and other financial assets

Initial recognition and measurement

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

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

Subsequent measurement

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

Financial assets at fair value through profit or loss

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments and other financial assets *(continued)*

Subsequent measurement *(continued)*

Loans and receivables

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

Derecognition of financial assets

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

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

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

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of financial assets *(continued)*

Financial assets carried at amortised cost

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

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

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

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

Financial liabilities

Initial recognition and measurement

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial liabilities *(continued)*

Subsequent measurement

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

Loans and borrowings

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

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

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Income tax

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income tax *(continued)*

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

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

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

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

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

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

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

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

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

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

Dividend income derived from the Company's subsidiaries in Mainland China is subject to a withholding tax under the prevailing tax rules and regulations of the People's Republic of China ("PRC").

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies

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

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

The functional currencies of certain overseas subsidiaries and associates are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when 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 capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Employee benefits

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including the directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("Equity-settled Transactions").

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Employee benefits *(continued)*

Share-based payments *(continued)*

The cost of Equity-settled Transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the binomial valuation model, further details of which are given in note 30 to the financial statements.

The cost of Equity-settled Transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefit expense. The cumulative expense recognised for Equity-settled Transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the income statement for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for Equity-settled Transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Retirement benefit schemes

The Group continues to operate a defined contribution scheme (the "Pension Scheme") for its employees, the assets of which are held separately from those of the Group in an independently administered fund. Contributions are made based on a percentage of the eligible employees' salaries and are charged to the income statement as they become payable in accordance with the rules of the Pension Scheme. When an employee leaves the Pension Scheme before his/her interest in the employer contributions vests fully, the ongoing contributions payable by the Group may be reduced by the relevant amount of forfeited contributions.

Apart from the Pension Scheme, the Group has also joined the Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for its employees in Hong Kong. Contributions to the MPF Scheme are made based on rates applicable to the respective employees' relevant income from the Group and are charged to the income statement as they become payable in accordance with government regulations. The Group's mandatory contributions are fully and immediately vested in favour of the employees when contributed into the MPF Scheme.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Employee benefits *(continued)*

Retirement benefit schemes *(continued)*

Certain employees of the Group's subsidiaries in Mainland China are members of the state-sponsored retirement scheme (the "Retirement Scheme") operated by the government of Mainland China. The subsidiaries are required to contribute certain percentages of their payroll costs to the Retirement Scheme. The contributions are charged to the income statement as they become payable in accordance with the rules of the Retirement Scheme.

Other benefits

The Group contributes on a monthly basis to defined contribution housing, medical and other benefit plans organised by the government of Mainland China. The Mainland China government undertakes to assume the benefit obligations of all existing and retired employees under these plans. Contributions to these plans by the Group are expensed as incurred. The Group has no further obligations for benefits for their qualified employees under these plans.

Termination benefits

Termination benefits are recognised at the earlier of when the Group no longer withdraw the offer of those benefits when the Group recognises restructuring costs involving the payment of termination benefits.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the income statement by way of a reduced depreciation charge.

Revenue recognition

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

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

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

(c) rental income, on a time proportion basis over lease terms; and

(d) dividend income, when the shareholder's right to receive payment has been established.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Related parties

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

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

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

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

Cash and cash equivalents

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

For the purpose of the statements of financial position, cash and bank balances comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Operating lease commitments — Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Classification between investment properties and properties held for sale

The Group develops properties held for sale and properties held to earn rentals and/or for capital appreciation. Judgement is made by the management on determining whether a property is classified as a property held for sale or an investment property. The Group considers its intention for holding the properties at the early development stage of the related properties. During the course of construction, the properties are accounted for as properties under development included in current assets if the properties are intended for sale after completion of construction, whereas, the properties are accounted for as investment properties under construction or development included in non-current assets if the properties are intended to be held to earn rentals and/or for capital appreciation.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Judgements *(continued)*

Income tax

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

As explained in note 28 to the financial statements, withholding tax is levied on dividends to be distributed by subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008. Deferred tax is provided, at the applicable withholding tax rate, on the undistributed earnings of the Group's PRC subsidiaries in Mainland China that would be distributed to their respective holding companies outside Mainland China in the foreseeable future.

The Group's investment properties at fair value in Mainland China are all held to earn rental income and/or for capital appreciation and they are considered to be held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties at fair value is measured than through sale. Accordingly, deferred tax on the Group's investment properties at fair value is measured to reflect the tax consequences of recovering the carrying amounts of the investment properties though use.

Determination of assets related government grants

The Group receives government grants for its project development or as financial assistance for its operation. Judgement is made by the management on determining whether the government grants are relating to assets or income. The Group considers the primary condition for the receipt of the government grants. If the primary condition of the government grants is that the Group purchases, constructs or otherwise acquires long-term assets, the grants acquired are accounted for as government grants related to assets, otherwise, government grants acquired are related to income.

Estimation uncertainty

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

Impairment for obsolete inventories

The management of the Group reviews an aged analysis of the Group's inventories at the end of each reporting period, and makes allowance for obsolete and slow-moving inventory items identified that are no longer suitable for use in production and sales. Management estimates the net realisable value for such finished goods and work in progress based primarily on the latest invoice prices and current market conditions.

Impairment of accounts receivable

Impairment allowances for accounts receivable are made based on assessment of the recoverability of accounts receivable and other receivables. The identification of doubtful debts requires management judgement and estimates. Where the actual outcome or expectation in future is different from the original estimate, such differences will impact the carrying value of the receivables and doubtful debt expenses/write-back in the period in which such estimate has been changed.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Estimation uncertainty *(continued)*

Estimation of fair value of land and buildings and investment properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(a) by reference to independent valuations;

(b) current prices in an active market for properties of a different nature, condition or location (or subject to different leases or other contracts), adjusted to reflect those differences; and

(c) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the dates of the transactions that occurred at those prices.

Further details, including the key assumptions used for fair value measurement and a sensitivity analysis, are given in notes 13 and 14 to the financial statements, respectively.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Details of the calculation of the recoverable amount and the carrying amount of goodwill are disclosed in note 16 to the financial statements.

Impairment of property, plant and equipment

The Group assesses whether there are any indicators of impairment for property, plant and equipment at the end of each reporting period. They are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details, including a sensitivity analysis of key assumptions used, are given in note 13 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Estimation uncertainty *(continued)*

Development costs

Development costs are capitalised in accordance with the accounting policy for research and development costs in note 2.4 to the financial statements. Determining the amounts to be capitalised requires management to make assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. Further details are contained in note 19 to the financial statements.

PRC corporate income tax

The Group is subject to income taxes in Mainland China. As a result of the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimate and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will have an impact on the income tax and tax provisions in the period in which the differences realise.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 28 to the financial statements.

Impairment of exploration rights and assets

The carrying value of exploration rights and assets is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable in accordance with the accounting policy as disclosed in note 2.4 to the financial statements. The recoverable amount of these assets, or where appropriate, the cash-generating unit to which they belong, is the higher of its fair value less costs to sell and value in use. Estimating the value in use requires the Group to estimate the expected future cash flows from the cash-generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Estimation uncertainty *(continued)*

The net realisable value for properties under development and completed properties held for sale

The net realisable value is determined by reference to the sales proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management's estimates based on the prevailing market conditions, on an individual property basis. The net realisable value of properties under development is determined by establishing the market values of the properties on an "as-if" completed basis with appropriate deduction on construction costs, professional fees, applicable various selling expenses and interests to be incurred from the valuation date to completion.

If there is an increase in costs to completion or a decrease in net sales value, the net realisable value will decrease and this may result in a provision for properties under development and completed properties held for sale. Such provision requires the use of judgements and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the period in which such estimate is changed will be adjusted accordingly.

Recognition and allocation of construction cost on properties under development

Development costs of properties are recorded as properties under development during the construction stage and will be transferred to completed properties held for sale upon completion. Apportionment of these costs will be recognised in the consolidated income statement upon the recognition of the sale of the properties. Before the final settlement of the development costs and other costs relating to the sale of the properties, these costs are accrued by the Group based on management's best estimate.

When developing properties, the Group may divide the development projects into phases. Specific costs directly related to the development of a phase are recorded as the cost of such phase. Costs that are common to phases are allocated to individual phases based on the estimated saleable area of the entire project.

Where the final settlement of costs and the related cost allocation is different from the initial estimates, any increase or decrease in the development costs and other costs would affect the profit or loss in future years.

4. SEGMENT INFORMATION

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

(a) the electrical and electronic products segment consists of the manufacture and sale of electrical appliances, electronic toys and related products;

(b) the motors segment consists of the manufacture and sale of motors;

(c) the resources development segment consists of the manufacture and sale of materials primarily for use in panel display, the exploration, processing and sale of mineral products;

(d) real estate development; and

(e) other manufacturing activities segment mainly consists of the manufacturing and sale of encoder film and other miscellaneous products.

Management monitors the operating results of the Group's business units separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Group financing (including finance costs and finance revenue) and income taxes are managed on a group basis and are not allocated to operating segments.

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

Segment assets exclude unallocated assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated liabilities as these liabilities are managed on a group basis.

4. SEGMENT INFORMATION *(continued)*

(a) Operating segments

The following tables present revenue, results and certain asset, liability and expenditure information for the Group's operating segments for the years ended 31 March 2015 and 2014.

Group	Electrical and electronic products		Motors		Resources development		Real estate development		Other manufacturing activities		Eliminations		Consolidated	
	2015 HK$'000	2014 HK$'000	**2015 HK$'000**	2014 HK$'000	**2015 HK$'000**	2014 HK$'000	**2015 HK$'000**	2014 HK$'000	**2015 HK$'000**	2014 HK$'000	**2015 HK$'000**	2014 HK$'000	**2015 HK$'000**	2014 HK$'000
Segment revenue														
Revenue from external customers	**1,506,466**	1,289,886	**626,988**	524,248	**18,683**	18,750	**–**	–	**17,148**	19,354	**–**	–	**2,169,285**	1,852,238
Intersegment sales	**21,606**	1,926	**7,894**	9,398	**–**	–	**–**	–	**1,472**	3,381	**(30,972)**	(14,705)	**–**	–
Other income and gains, net	**4,163**	3,549	**9,216**	13,723	**1,130**	7,895	**–**	–	**1**	10	**–**	–	**14,510**	25,177
Total	**1,532,235**	1,295,361	**644,098**	547,369	**19,813**	26,645	**–**	–	**18,621**	22,745	**(30,972)**	(14,705)	**2,183,795**	1,877,415
Segment results	**168,370**	151,660	**(32,934)**	(50,156)	**(181,353)**	(37,926)	**(55,779)**	(6,923)	**3,353**	2,915	**–**	–	**(98,343)**	59,570
Interest and unallocated gains													**1,971**	3,727
Unallocated expenses													**(18,248)**	(14,732)
Finance costs													**(498)**	(4,925)
Profit/(loss) before tax													**(115,118)**	43,640
Income tax expense													**(33,848)**	(28,519)
Profit/(loss) for the year													**(148,966)**	15,121
Segment assets	**1,731,000**	1,704,566	**503,495**	455,854	**47,872**	268,229	**176,353**	115,049	**45,975**	46,979	**(1,040,682)**	(934,568)	**1,464,013**	1,656,109
Unallocated assets													**378,545**	301,626
Total assets													**1,842,558**	1,957,735
Segment liabilities	**224,003**	263,753	**617,690**	498,539	**430,758**	472,802	**209,340**	167,124	**44,817**	44,199	**(1,040,682)**	(934,568)	**485,926**	511,849
Unallocated liabilities													**400,871**	331,223
Total liabilities													**886,797**	843,072
Other segment information:														
Capital expenditure	**64,162**	91,685	**48,702**	51,932	**208**	4,006	**21**	1,651	**117**	126	**–**	–	**113,210**	149,400
Unallocated amount													**75,381**	–
													188,591	149,400
Depreciation and amortisation	**67,208**	56,838	**27,320**	24,537	**7,933**	9,410	**334**	270	**1,260**	1,384	**–**	–	**104,055**	92,439
Unallocated amounts													**1,100**	1,135
													105,155	93,574
Loss/(gain) on disposal of items of property, plant and equipment	**(587)**	–	**92**	21	**(312)**	–	**–**	–	**–**	–	**–**	–	**(807)**	21
Impairment of prepayments and deposits	**–**	–	**–**	–	**85,975**	–	**–**	–	**–**	–	**–**	–	**85,975**	–
Impairment of items of property, plant and equipment	**–**	–	**–**	8,447	**46,196**	13,396	**–**	–	**–**	–	**–**	–	**46,196**	21,843
Impairment of properties under development	**–**	–	**–**	–	**–**	–	**48,193**	–	**–**	–	**–**	–	**48,193**	–
Provision/(write-back of provision) for obsolete inventories, net	**1,377**	(2,744)	**5,706**	1,964	**–**	212	**–**	–	**–**	–	**–**	–	**7,083**	(568)
Impairment of accounts receivable	**–**	–	**453**	–	**–**	–	**–**	–	**–**	–	**–**	–	**453**	–
Write-off of items of property, plant and equipment	**–**	3,661	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	3,661
Write-off of exploration rights and assets	**–**	–	**–**	–	**23,360**	–	**–**	–	**–**	–	**–**	–	**23,360**	–
Write-off of prepayments	**–**	–	**–**	–	**1,567**	–	**–**	–	**–**	–	**–**	–	**1,567**	–

4. SEGMENT INFORMATION *(continued)*

(a) Operating segments *(continued)*

Group	Electrical and electronic products		Motors		Resources development		Real estate development		Other manufacturing activities		Eliminations		Consolidated	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other segment information: *(continued)*														
Surplus on revaluation of land and buildings recognised directly in equity	**(4,165)**	(22,264)	**(1,891)**	(4,278)	**(390)**	(5,670)	**–**	–	**(557)**	(2,587)	**–**	–	**(7,003)**	(34,799)
Unallocated amounts													**(2,100)**	(236)
													(9,103)	(35,035)
Loss/(gain) from changes in fair value of investment properties	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Unallocated amounts													**241**	(1,939)
													241	(1,939)

(b) Geographical information

Group	United States of America		Europe		Asia		Others		Consolidated	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:										
Revenue from external customers	**700,086**	573,166	**415,274**	362,343	**908,031**	770,645	**145,894**	146,084	**2,169,285**	1,852,238

The revenue information above is based on the locations of the customers.

Group	Hong Kong		Mainland China		Malaysia		Consolidated	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other segment information:								
Non-current assets	**58,672**	57,971	**887,495**	969,746	**29,834**	33,435	**976,001**	1,061,152

Non-current assets for the segment information consist of property, plant and equipment, investment properties, prepaid land lease payments, properties under development, intangible assets, goodwill and deposits.

(c) Information about major customers

Revenue of HK$1,035,597,000 (2014: HK$863,743,000) was derived from sales of electrical and electronic products to a major customer, which individually accounted for over 10% of the Group's total revenue.

5. REVENUE, OTHER INCOME AND GAINS, NET

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts but excluding intra-group transactions. An analysis of revenue, other income and gains, net is as follows:

	Group	
	2015	2014
	HK$'000	*HK$'000*
Revenue		
Manufacture and sale of:		
Electrical and electronic products	**1,506,466**	1,289,886
Motors	**626,988**	524,248
Materials and products from resources development	**18,683**	18,750
Products from other manufacturing activities	**17,148**	19,354
	2,169,285	1,852,238
Other income and gains, net		
Bank interest income	**1,843**	2,417
Dividend income from listed investments	**56**	298
Gross rental income	**1,104**	665
Sale of scrap materials	**9,201**	14,298
Gain/(loss) on disposal of items of property, plant and equipment, net	**807**	(21)
Fair value gain on financial assets at fair value through profit or loss, net	**31**	134
Subsidy income *(note 33)* *	**–**	6,329
Others	**3,439**	4,784
	16,481	28,904

* *There are no unfulfilled conditions or contingencies relating to this income.*

6. FINANCE COSTS

	Group	
	2015	2014
	HK$'000	*HK$'000*
Interest on bank loans wholly repayable within five years	**498**	4,925

During the year ended 31 March 2015, interest of HK$3,883,000 (2014: Nil) was capitalised under properties under development. Where funds have been borrowed generally and used for the purpose of obtaining qualifying assets, a capitalisation rate of 2.5% (2014: Nil) has been applied to the expenditure on the individual assets for the year ended 31 March 2015.

7. PROFIT/(LOSS) BEFORE TAX

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

	2015 HK$'000	2014 HK$'000
Cost of inventories sold *	1,901,199	1,618,651
Auditors' remuneration	3,050	2,870
Depreciation	90,690	84,986
Amortisation of prepaid land lease payments	633	858
Amortisation of deferred development costs	13,832	7,730
Minimum lease payments under operating leases in respect of land and buildings	1,138	1,149
Loss/(gain) on disposal of items of property, plant and equipment, net	(807)	21
Write-off of items of property, plant and equipment ***	–	3,661
Write-off of exploration rights and assets *(note 19)* ***	23,360	–
Write-off of prepayments ***	1,567	–
Impairment of items of property, plant and equipment *(note 13)* ***	46,196	21,843
Impairment of prepayments and deposits *(note 23)* ***	85,975	–
Impairment of properties under development *(note 20)* ***	48,193	–
Impairment of accounts receivable *(note 22)* **	453	–
Provision/(write-back of provision) for obsolete inventories, net *	7,083	(568)
Employee benefit expense (including directors' and chief executive's remuneration — *note 8*):		
Wages and salaries	477,650	436,081
Equity-settled share option expense *(note 30)*	–	(627)
Pension scheme contributions	2,065	1,880
	479,715	437,334
Loss/(gain) from changes in fair value of investment properties *(note 14)* **	241	(1,939)
Fair value gain on financial assets at fair value through profit or loss, net	(31)	(134)
Foreign exchange differences, net	(5,933)	6,855
Bank interest income	(1,843)	(2,417)
Dividend income from listed investments	(56)	(298)
Net rental income	(675)	(413)

At the end of the reporting period, the Group did not have any material forfeited contributions to reduce its contributions to the pension scheme in future years.

* *The cost of inventories sold for the year included HK$496,137,000 (2014: HK$450,078,000), relating to staff costs, depreciation of manufacturing facilities, amortisation of prepaid land lease payments, minimum lease payments under operating leases in respect of land and buildings, amortisation of deferred development costs, provision/(write-back of provision) for obsolete inventories, net and foreign exchange differences, net, which are also included in the respective total amounts disclosed above for each type of expenses.*

** *The amounts are included in "Administrative expenses" on the face of the consolidated income statement.*

*** *The amounts are included in "Other expenses" on the face of the consolidated income statement.*

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND HIGHEST PAID EMPLOYEES

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") and section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), is as follows:

	Group	
	2015	2014
	HK$'000	*HK$'000*
Fees	**778**	600
Other emoluments:		
Salaries, allowances and benefits in kind	**10,741**	11,250
Performance related bonuses *	**2,800**	2,200
Equity-settled share option expense	**–**	–
Pension scheme contributions	**410**	402
	13,951	13,852
	14,729	14,452

* *Executive directors of the Company are entitled to discretionary bonus payments.*

In prior years, certain directors were granted share options, in respect of their services to the Group, under the share option schemes of the Company, further details of which are set out in note 30 to the financial statements. The fair value of these options, which had been fully recognised in the income statement over the vesting period, was determined as at the date of grant.

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND HIGHEST PAID EMPLOYEES *(continued)*

(a) Independent non-executive directors

	2015		
	Fees *HK$'000*	**Equity-settled share option expense** *HK$'000*	**Total remuneration** *HK$'000*
Chung Chi Ping, Roy *BBS JP* #	**83**	**–**	**83**
Wong Chi Wai	**200**	**–**	**200**
Sun Kwai Yu, Vivian	**200**	**–**	**200**
Cheng Kwok Kin, Paul *	**155**	**–**	**155**
Cheung Wang Ip **	**140**	**–**	**140**
	778	**–**	**778**

	2014		
	Fees *HK$'000*	Equity-settled share option expense *HK$'000*	Total remuneration *HK$'000*
Chung Chi Ping, Roy *BBS JP*	200	–	200
Wong Chi Wai	200	–	200
Sun Kwai Yu, Vivian	200	–	200
	600	–	600

Prof. Chung Chi Ping, Roy BBS JP retired as an independent non-executive director of the Company on 25 August 2014.

* *Mr. Cheng Kwok Kin, Paul appointed as an independent non-executive director of the Company on 23 June 2014.*

** *Mr. Cheung Wang Ip appointed as an independent non-executive director of the Company on 21 July 2014.*

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND HIGHEST PAID EMPLOYEES *(continued)*

(b) Executive directors and the chief executive

	2015				
	Salaries, allowances and benefits in kind *HK$'000*	**Performance related bonuses** *HK$'000*	**Equity-settled share option expense** *HK$'000*	**Pension scheme contributions** *HK$'000*	**Total remuneration** *HK$'000*
Cheng Chor Kit ^	**4,800**	**–**	**–**	**360**	**5,160**
Fung Wah Cheong, Vincent	**3,600**	**1,900**	**–**	**18**	**5,518**
Liu Tat Luen	**1,692**	**–**	**–**	**18**	**1,710**
Cheng Tsz To *	**649**	**900**	**–**	**14**	**1,563**
	10,741	**2,800**	**–**	**410**	**13,951**

	2014				
	Salaries, allowances and benefits in kind *HK$'000*	Performance related bonuses *HK$'000*	Equity-settled share option expense *HK$'000*	Pension scheme contributions *HK$'000*	Total remuneration *HK$'000*
Cheng Chor Kit ^	4,800	–	–	360	5,160
Fung Wah Cheong, Vincent	3,600	2,200	–	15	5,815
Liu Tat Luen	1,717	–	–	15	1,732
Chui Pak Shing #	1,133	–	–	12	1,145
	11,250	2,200	–	402	13,852

^ *Mr. Cheng Chor Kit, a director of the Company, is also the chief executive of the Company.*

* *Mr. Cheng Tsz To appointed as an executive director of the Company on 23 June 2014.*

Mr. Chui Pak Shing ("Mr. Chui") resigned as a director of the Company on 3 January 2014 and accordingly, the respective share option expense of HK$627,000 for the share options granted to Mr. Chui in prior years but not yet vested, had been reversed and credited to the income statement during the year ended 31 March 2014.

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND HIGHEST PAID EMPLOYEES *(continued)*

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

The five highest paid employees during the year included four (2014: four) directors, details of whose remuneration are set out above. Details of the emoluments of the remaining one (2014: one) non-director, highest paid employee who is neither a director nor chief executive of the Company are as follows:

	2015	2014
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**1,560**	1,560
Performance related bonuses	**–**	–
Pension scheme contributions	**18**	15
	1,578	1,575

The remuneration of the non-director and non-chief executive, highest paid employee fell within the following band:

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

9. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the countries in which the Group operates.

	2015 **HK$'000**	2014 HK$'000
Group:		
Current — Hong Kong		
Charge for the year	**21,248**	15,936
Underprovision in prior years	**404**	1,190
Current — Elsewhere		
Charge for the year	**33,971**	24,466
Deferred tax *(note 28)*	**(21,775)**	(13,073)
Total tax charge for the year	**33,848**	28,519

A reconciliation of the tax expense/(credit) applicable to profit/(loss) before tax at the statutory rates for the locations in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	2015 **HK$'000**	2014 HK$'000
Group:		
Profit/(loss) before tax	**(115,118)**	43,640
Tax at the statutory tax rate	**(37,877)**	3,446
Adjustments in respect of current tax of previous years	**404**	1,190
Income not subject to tax	**(240)**	(1,635)
Expenses not deductible for tax	**46,615**	17,135
Tax losses from previous periods utilised	**(284)**	(213)
Tax losses not recognised	**25,230**	8,596
Tax charge at the Group's effective rate	**33,848**	28,519

10. PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit/(loss) attributable to owners of the Company for the year ended 31 March 2015 includes a profit of HK$1,456,000 (2014: HK$1,049,000) which has been dealt with in the financial statements of the Company *(note 31(b))*.

11. DIVIDENDS

	2015 HK$'000	2014 HK$'000
Dividend paid during the year		
Final dividend in respect of the financial year ended 31 March 2014 — HK3.0 cents per ordinary share (2014: final dividend in respect of the financial year ended 31 March 2013 — HK3.0 cents per ordinary share)	**12,562**	12,562
Proposed final dividend		
Final — HK4.0 cents (2014: HK3.0 cents) per ordinary share	**16,750**	12,562

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. These financial statements do not reflect the dividend payable.

12. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings/(loss) per share amount is based on the loss for the year attributable to equity holders of the Company of HK$121,583,000 (2014: profit of HK$19,818,000) and 418,748,000 (2014: 418,748,000) ordinary shares in issue during the year.

No adjustment has been made to the basic loss per share amount presented for the year ended 31 March 2015 in respect of a dilution as the impact of the share options outstanding during the year had an anti-dilutive effect on the basic loss per share amount presented.

The calculation of the diluted earnings per share amount for the year ended 31 March 2014 was based on the profit for the year attributable to equity holders of the Company of HK$19,818,000 and 418,823,000 ordinary shares, being the number of shares outstanding, adjusted for the effects of the dilutive potential ordinary shares outstanding.

The calculations of the basic and diluted earnings per share were based on the following data:

	Group 2014 HK$'000
Earnings	
Earnings for the purpose of basic and diluted earnings per share calculation (profit for the year attributable to owners of the Company)	19,818
	'000
Number of ordinary shares	
Weighted average number of ordinary shares for the purpose of the basic earnings per share calculation	418,748
Weighted average number of ordinary shares assumed to have been issued at no consideration on deemed exercise of all options outstanding during the year	75
Weighted average number of ordinary shares for the purpose of the diluted earnings per share calculation	418,823

13. PROPERTY, PLANT AND EQUIPMENT

Group
31 March 2015

	Medium term leasehold land and buildings *HK$'000*	Freehold land and buildings *HK$'000*	Construction in progress *HK$'000*	Moulds, tools, and plant and machinery *HK$'000*	Furniture, equipment and motor vehicles *HK$'000*	Total *HK$'000*
Cost or valuation:						
At 1 April 2014	343,789	29,394	41,623	770,509	348,693	1,534,008
Additions	3,901	–	17,655	59,895	22,997	104,448
Disposals	(1,835)	–	–	(8,848)	(698)	(11,381)
Transfers	24,418	–	(51,804)	1,094	26,292	–
Surplus/(deficit) on revaluation	(5,635)	476	–	–	–	(5,159)
Exchange realignment	–	(2,610)	–	(1,093)	(101)	(3,804)
At 31 March 2015	364,638	27,260	7,474	821,557	397,183	1,618,112
Accumulated depreciation and impairment:						
At 1 April 2014	–	–	–	537,346	177,556	714,902
Provided during the year	14,219	202	–	47,992	28,277	90,690
Disposals	(37)	–	–	(8,097)	(660)	(8,794)
Impairment	–	–	–	31,291	14,905	46,196
Write-back on revaluation	(14,182)	(80)	–	–	–	(14,262)
Exchange realignment	–	(122)	–	(597)	(33)	(752)
At 31 March 2015	–	–	–	607,935	220,045	827,980
Net book value:						
At 31 March 2015	364,638	27,260	7,474	213,622	177,138	790,132
An analysis of cost or valuation:						
At cost	–	–	7,474	821,557	397,183	1,226,214
At 2015 valuation	364,638	27,260	–	–	–	391,898
	364,638	27,260	7,474	821,557	397,183	1,618,112

13. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Group
31 March 2014

	Medium term leasehold land and buildings HK$'000	Freehold land and buildings HK$'000	Constriction in progress HK$'000	Moulds, tools, and plant and machinery HK$'000	Furniture, equipment and motor vehicles HK$'000	Total HK$'000
Cost or valuation:						
At 1 April 2013	273,058	28,113	76,098	703,635	276,318	1,357,222
Additions	1,295	–	46,344	64,914	24,141	136,694
Disposals	–	–	–	(1,513)	(153)	(1,666)
Write off	–	–	–	(18,717)	(1,493)	(20,210)
Transfers	44,746	–	(84,672)	–	39,926	–
Surplus on revaluation	19,569	2,400	–	–	–	21,969
Exchange realignment	5,121	(1,119)	3,853	22,190	9,954	39,999
At 31 March 2014	343,789	29,394	41,623	770,509	348,693	1,534,008
Accumulated depreciation and impairment:						
At 1 April 2013	–	–	–	475,513	147,679	623,192
Provided during the year	12,878	226	–	46,473	25,409	84,986
Disposals	–	–	–	(1,458)	(145)	(1,603)
Impairment	–	–	–	20,012	1,831	21,843
Write off	–	–	–	(15,121)	(1,428)	(16,549)
Write-back on revaluation	(12,878)	(188)	–	–	–	(13,066)
Exchange realignment	–	(38)	–	11,927	4,210	16,099
At 31 March 2014	–	–	–	537,346	177,556	714,902
Net book value:						
At 31 March 2014	343,789	29,394	41,623	233,163	171,137	819,106
An analysis of cost or valuation:						
At cost	–	–	41,623	770,509	348,693	1,160,825
At 2014 valuation	343,789	29,394	–	–	–	373,183
	343,789	29,394	41,623	770,509	348,693	1,534,008

13. PROPERTY, PLANT AND EQUIPMENT *(continued)*

An analysis of the valuation of the land and buildings of the Group at the end of the reporting period is as follows:

	2015 *HK$'000*	2014 *HK$'000*
Land and buildings held on medium term leases in Hong Kong	**58,650**	55,700
Buildings held on medium term leases outside Hong Kong	**305,988**	288,089
Freehold land and buildings outside Hong Kong	**27,260**	29,394
Total valuation	**391,898**	373,183

At 31 March 2015, the Group's land and buildings in Hong Kong, and buildings in Mainland China and Malaysia were revalued based on valuation performed by Asset Appraisal Limited, independent professionally qualified valuers, at HK$58,650,000, RMB241,730,000 (equivalent to HK$305,988,000) and Ringgit Malaysia 13,630,000 (equivalent to HK$27,260,000), respectively. Revaluation surpluses of HK$9,103,000 resulting from the above revaluation, were credited to the asset revaluation reserve. The effect of the total revaluation surplus of HK$9,103,000 was reflected as a decrease of valuation of property, plant and equipment of HK$5,159,000 and write-back of accumulated depreciation of HK$14,262,000.

Each year, the Group appoints an external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group discusses with the valuer on the valuation assumptions and valuation results when the valuation is performed for financial reporting.

There has been no change from the valuation technique used in prior years. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Fair value hierarchy

The fair values of the Group's land and buildings at 31 March 2015 and 2014 are estimated by using significant unobservable inputs and the fair value measurement is categorised under Level 3.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2014: Nil).

13. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Fair value hierarchy *(continued)*

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	Buildings in Mainland China (Residential) *HK$'000*	Buildings in Mainland China (Industrial) *HK$'000*	Land and buildings in Hong Kong (Industrial) *HK$'000*	Buildings in Malaysia (Industrial) *HK$'000*	Total *HK$'000*
Carrying amount:					
At 1 April 2014	**1,620**	**286,469**	**55,700**	**29,394**	**373,183**
Additions	**–**	**3,901**	**–**	**–**	**3,901**
Transfers	**–**	**24,418**	**–**	**–**	**24,418**
Disposals	**–**	**(1,798)**	**–**	**–**	**(1,798)**
Depreciation	**(65)**	**(11,926)**	**(2,228)**	**(202)**	**(14,421)**
Surplus/(deficit) on revaluation	**(36)**	**3,405**	**5,178**	**556**	**9,103**
Exchange realignment	**–**	**–**	**–**	**(2,488)**	**(2,488)**
At 31 March 2015	**1,519**	**304,469**	**58,650**	**27,260**	**391,898**
At 1 April 2013	–	215,518	57,540	28,113	301,171
Additions	1,295	–	–	–	1,295
Transfers	–	44,746	–	–	44,746
Depreciation	(39)	(10,537)	(2,302)	(226)	(13,104)
Surplus on revaluation	364	31,621	462	2,588	35,035
Exchange realignment	–	5,121	–	(1,081)	4,040
At 31 March 2014	1,620	286,469	55,700	29,394	373,183

13. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Fair value hierarchy *(continued)*

Below is a summary of the valuation techniques used and the key inputs to the valuation of properties:

Class of properties	Valuation techniques	Significant unobservable inputs	Range of unobservable inputs (weighted average) 2015	2014
Mainland China — Buildings — Residential — Level 3	Market comparable method	Gross unit rate per square foot #	**HK$936**	HK$998
Mainland China — Buildings — Industrial — Level 3	Direct replacement cost method	Gross unit rate per square foot #	**HK$64 to HK$131**	HK$66 to HK$589
Hong Kong — Land and buildings — Industrial — Level 3	Market comparable method	Gross unit rate per square foot #	**HK$2,740 to HK$2,904**	HK$2,644 to HK$2,731
Malaysia — Buildings — Industrial — Level 3	Direct replacement cost method	Gross unit rate per square foot #	**HK$491**	HK$530

The higher the gross unit rate per square foot, the higher the fair value.

At 31 March 2015, the buildings in Mainland China included certain buildings with a net book value of approximately HK$127,031,000 (2014: HK$104,021,000) for which the Group is still in the process of obtaining the building ownership certificates.

Had the Group's land and buildings stated at valuation been carried at cost less accumulated depreciation, they would have been included in the financial statements at approximately HK$227,922,000 (2014: HK$213,328,000).

Year ended 31 March 2015

A subsidiary that develops and distributes material ("ITO Subsidiary") and certain subsidiaries engaged in mining activities in certain areas in Mainland China ("Mining Subsidiaries") have been experiencing recurring losses and performing below budget. The management considered there were impairment indicators and hence conducted impairment assessment of these entities during the year ended 31 March 2015.

The recoverable amounts of these property, plant and equipment are determined based on a value in use calculation using cash flow projection according to financial budget covering a five-year period approved by senior management.

13. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Fair value hierarchy *(continued)*

Year ended 31 March 2015 *(continued)*

The key assumptions for the cash flow projection is the budgeted gross margin, which is determined based on past performance and management's expectations for market development, and the discount rates applied to the cash flow projection for the ITO Subsidiary and the Mining Subsidiaries were 13% and 13.5%, respectively. The financial budget are prepared reflecting actual and prior year performance and development expectations. The carrying amounts of these property, plant and equipment were considered in excess of values in use. Thus, impairment losses of HK$29,653,000 and HK$16,543,000 had been recognised for the ITO Subsidiary and the Mining Subsidiaries, respectively, which had been allocated to the respective categories above.

At 31 March 2015, if the discount rate had been 50 basis points higher/lower, the impairment charges for the ITO Subsidiary and the Mining Subsidiaries for the year ended 31 March 2015 would not be increased/ decreased as these property, plant and equipment had been either (i) fully impaired; or (ii) written down to net realisable values according to the best market information obtained by the management.

Year ended 31 March 2014

Certain cash generating units (''CGUs") had been experiencing recurring losses or performing below budget. The management considered there were impairment indicators and hence conducted impairment assessments of the following CGUs during the year ended 31 March 2014:

(a) a subsidiary that manufactures and sells motors products (''Motor Subsidiary");

(b) the ITO Subsidiary; and

(c) a subsidiary that has mining activities in Lao People's Democratic Republic ("Lao PDR") (''Mining Subsidiary").

The recoverable amounts of these property, plant and equipment were determined based on a value in use calculation using cash flow projections according to financial budgets covering a five-year period approved by senior management.

The key assumptions for the cash flow projections was the budgeted gross margin, which was determined based on past performance and management's expectations for market development, and the discount rates applied to the cash flow projections for the Motor Subsidiary, the ITO Subsidiary and the Mining Subsidiary were 14%, 13% and 14%, respectively. The financial budgets were prepared reflecting actual and prior year performance and development expectations. The carrying amounts of these property, plant and equipment were considered in excess of values in use. Thus, impairment losses of HK$8,447,000, HK$11,869,000 and HK$1,527,000 had been recognised for the Motor Subsidiary, the ITO Subsidiary and the Mining Subsidiary, respectively, which had been allocated to the respective categories above.

At 31 March 2014, if the discount rate had been 50 basis points higher/lower, the impairment charges for the Motor Subsidiary, the ITO Subsidiary and the Mining Subsidiary for the year ended 31 March 2014 would had been increased/decreased by approximately HK$1,275,000, HK$1,694,000 and nil, respectively.

14. INVESTMENT PROPERTIES

	Group	
	2015	2014
	HK$'000	*HK$'000*
Carrying amount at the beginning of year	**5,013**	–
Additions	**75,381**	3,074
Net gain/(loss) from a fair value adjustment *(note 7)*	**(241)**	1,939
Carrying amount at the end of year	**80,153**	5,013

The Group's investment properties were held under medium term leases and consisted of residential units situated in Units 20803 and 20804, 8th Floor, Block 1 and Car Park Nos. 2F112 and 2F127 on Basement 1, Block 3, Huixin IBC, Zhangba Dong Road, Gaoxin District, Xian City, Shaanxi Province, the PRC, as residential units and leasehold land in development site on Bei Da Men Road, Economic Development District, Dushan County, Guizhou Province, the PRC.

The directors have determined that the investment properties consist of residential properties and leasehold land in Mainland China, based on the nature, characteristics and risks of each property. The Group's investment properties were revalued on 31 March 2015 based on valuations performed by Assets Appraisal Limited, independent professionally qualified valuers, at RMB63,321,000 (equivalent to HK$80,153,000).

During the year, the Group appoints an external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group discusses with the valuer on the valuation assumptions and valuation results when the valuation is performed for financial reporting.

There has been no change from the valuation technique used in prior years. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

14. INVESTMENT PROPERTIES *(continued)*

Fair value hierarchy

The fair values of the Group's investment properties at 31 March 2015 and 2014 are estimated by using significant unobservable inputs and the fair value measurement is categorised under Level 3.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2014: Nil).

Reconciliation of fair value measurements catergorised within Level 3 of the fair value hierarchy:

	Buildings in Mainland China (Residential) *HK$'000*	**Land in Mainland China (Commercial)** *HK$'000*	**Total** *HK$'000*
Carrying amount:			
At 1 April 2014	**5,013**	**–**	**5,013**
Additions	**–**	**75,381**	**75,381**
Net loss from a fair value adjustment	**(241)**	**–**	**(241)**
At 31 March 2015	**4,772**	**75,381**	**80,153**
Carrying amount:			
At 1 April 2013	–	–	–
Additions	3,074	–	3,074
Net gain from a fair value adjustment	1,939	–	1,939
At 31 March 2014	5,013	–	5,013

14. INVESTMENT PROPERTIES *(continued)*

Fair value hierarchy *(continued)*

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

Class of properties	Valuation technique	Significant unobservable inputs	Range of unobservable inputs (weighted average)	
			2015	2014
Residential properties in Mainland China	Market comparable method	Gross unit rate per square foot #	**HK$1,224 per square foot**	HK$1,285 per square foot
Leasehold land in Mainland China	Market comparable method	Gross unit rate per square foot #	**HK$39 per square foot**	–

The higher the gross unit rate per square foot, the higher the fair value.

Certain investment properties are leased to third parties under operating leases, further summary details of which are included in note 34(a) to the financial statements.

At 31 March 2015, the Group is in the process of obtaining the building ownership certificates with a carrying amount of HK$4,772,000 (2014: HK$5,013,000).

15. PREPAID LAND LEASE PAYMENTS

	Group	
	2015	2014
	HK$'000	*HK$'000*
Cost:		
At the beginning of year	**36,070**	33,781
Additions	**–**	1,325
Exchange realignment	**–**	964
At the end of year	**36,070**	36,070
Amortisation:		
At the beginning of year	**6,123**	5,109
Recognised during the year	**633**	858
Exchange realignment	**–**	156
At the end of year	**6,756**	6,123
Carrying amount at the end of year	**29,314**	29,947
Current portion included in prepayments, deposits and other receivables *(note 23)*	**(750)**	(877)
Non-current portion	**28,564**	29,070

The Group's prepaid land lease payments are held under medium term leases and are situated in Mainland China.

At 31 March 2015, the Group is in the process of obtaining the land use right certificates in respect of prepaid land lease payments with net carrying amount of HK$9,519,000 (2014: HK$9,766,000).

16. GOODWILL

The amount of goodwill capitalised as an asset in the consolidated statement of financial position is as follows:

	Group	
	2015	2014
	HK$'000	*HK$'000*
Carrying amount at the beginning of year and 31 March	**4,650**	4,650

The Group has tested goodwill annually for impairment, or more frequently if there are indications that the goodwill might be impaired.

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units that are expected to benefit from the business combination. Before recognition of impairment losses, the carrying amount of HK$4,650,000, arising from the acquisition of an additional interest in a subsidiary in prior years, was wholly allocated to the cash-generating unit of the manufacture and sale of motors of a subsidiary (the "Unit").

During the year ended 31 March 2015, the management of the Group determined that there was no impairment of the Unit to which the goodwill has been allocated. The recoverable amount of goodwill is determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The key assumption for the cash flow projections is the budgeted gross margin which is the average gross margin achieved in the years before the budgeted year and the discount rate applied to the cash flow projections was 14% (2014: 14%). The financial budgets are prepared reflecting actual and prior year performance and development expectations.

17. INTERESTS IN SUBSIDIARIES

	Company	
	2015	2014
	HK$'000	*HK$'000*
Unlisted shares, at cost	**104,950**	104,950
Due from subsidiaries	**319,907**	389,330
Due to a subsidiary	**(14,788)**	–
	410,069	494,280

The balances with the subsidiaries are unsecured, interest-free and not repayable within the next twelve months from the end of the reporting period, except for balance with a subsidiary which bears interest at 2.09%–2.27% (2014: 2.10%–2.25%) per annum. The carrying amounts of the balances with subsidiaries approximate to their fair values.

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

17. INTERESTS IN SUBSIDIARIES *(continued)*

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary share/ registered capital	Equity interest attributable to the Company	Principal activities
Directly held				
Kin Yat Industrial Holdings Limited	British Virgin Islands/ Hong Kong	Ordinary US$3,000	100%	Investment holding
Indirectly held				
Guizhou Kin Yat Commercial Development Company Limited #	Mainland China	RMB5,600,000	100%	Property development
Guizhou Kin Yat Property Company Limited #	Mainland China	RMB60,000,000	100%	Property development
Guizhou Kin Yat Commercial Investment Company Limited #	Mainland China	RMB11,000,000	100%	Property development
Jianfu Mining (Guizhou) Company Limited #	Mainland China	RMB50,132,000	75%	Ore processing and trading of mining products
Kin Yat (HK) Holdings Limited	Hong Kong	Ordinary HK$1,000 Non-voting deferred HK$6,000,000	100%	Investment holding
Kin Yat Industrial Company Limited	Hong Kong	Ordinary HK$3,200,000	100%	Trading of toys, moulds, electronic products, and sourcing of materials
Lun Sing Paper Products Company Limited	Hong Kong	Ordinary HK$10,000	100%	Investment holding

17. INTERESTS IN SUBSIDIARIES *(continued)*

Particulars of the principal subsidiaries are as follows: *(continued)*

Name	Place of incorporation/ registration and business	Issued ordinary share/ registered capital	Equity interest attributable to the Company	Principal activities
Indirectly held *(continued)*				
Newway Electrical Industries (HK) Limited	Hong Kong	Ordinary HK$10,000	100%	Trading of electrical household appliances
Ordovician Mining (HK) Limited	Hong Kong	Ordinary HK$15,000,000	70%	Investment holding
Penta Blesses Enterprises Limited	Hong Kong	Ordinary HK$1,000,000	100%	Investment holding and trading of toys, electrical appliances and materials
Renhua Talent Wood Co., Ltd. #	Mainland China	HK$26,500,000	100%	Manufacture and trading of toys
Shaoguan Jianze Smart Electric Motor Co., Ltd. #	Mainland China	HK$40,000,000	100%	Manufacture and trading of motors
Shaoguan Konso Technology Co., Ltd. #	Mainland China	HK$250,000,000	100%	Manufacture and trading of toys and electrical appliances
Shaoguan Lun Sing Paper Products Co., Ltd. #	Mainland China	HK$35,000,000	100%	Manufacture and trading of paper carton products
Shaoguan Sigma Technology Co., Ltd. #	Mainland China	RMB110,000,000	100%	Development and distribution of materials
Shenzhen Kin Yat Power Electronic Co., Ltd. #	Mainland China	US$5,000,000	100%	Manufacture and trading of toys and electronic products

17. INTERESTS IN SUBSIDIARIES *(continued)*

Particulars of the principal subsidiaries are as follows: *(continued)*

Name	Place of incorporation/ registration and business	Issued ordinary share/ registered capital	Equity interest attributable to the Company	Principal activities
Indirectly held *(continued)*				
Shixing Standard Motor Co., Ltd. #	Mainland China	US$23,000,000	100%	Property holding, manufacture and trading of motors
Shaoguan Turbo Electronic Technology Co., Ltd. #	Mainland China	US$8,000,000	100%	Manufacture and trading of toys and electrical appliances
Sigma Technology Holdings Limited	Hong Kong	Ordinary HK$2	100%	Investment holding
Smart Electric Motor Co. Limited	Hong Kong	Ordinary HK$1	100%	Trading of motors and materials
Smart Electric Motor Singapore Pte. Ltd.	Singapore	Ordinary SG$100	100%	Trading of motors
Standard Encoder (Malaysia) Sdn Bhd	Malaysia	Ordinary RM500,000	100%	Manufacture and trading of encoder film
Standard Land (Malaysia) Sdn Bhd	Malaysia	Ordinary RM500,000	100%	Property holding
Standard Motor Company Limited	Hong Kong	Ordinary HK$40,000,000	100%	Manufacture and trading of motors and sourcing of materials
Unicon Investments Limited	Hong Kong	Ordinary HK$10,000	100%	Property holding
World Talent Enterprise Limited	Hong Kong	Ordinary HK$1,000,000	100%	Trading of toys
Xian Jinshi Mining Co., Ltd. ("Xian Jinshi") *	Mainland China	RMB10,000,000	70%	Mine exploration

They are registered as wholly-foreign-owned enterprises under the PRC law.

* *Xian Jinshi is registered as a domestic joint venture enterprise under the PRC law.*

18. INTERESTS IN ASSOCIATES

During the year ended 31 March 2014, all of the Group's associates were deregistered and accordingly, the gain on reversal of share of net deficits of HK$7,206,000 was recognised and net off with the loss of write-off on amounts due from associates of HK$7,206,000 in the consolidated income statement.

The table below lists the associates of the Group which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.

Particulars of the Group's principal associates were as follows:

Name	Place of incorporation and business	Particulars of issued and paid-up shares	Equity interest attributable to the Group	Principal activities
Concord Modern International Technology Limited #	Hong Kong	Ordinary HK$10,000	50%	Distribution of recordable compact discs
Full Summit Development Limited #	Hong Kong	Ordinary HK$36,455,000	50%	Investment holding

Deregistered during the year ended 31 March 2014

19. INTANGIBLE ASSETS

Group

	Exploration rights and assets HK$'000	Deferred development costs HK$'000	Total HK$'000
2015			
Cost:			
At 1 April 2014	**23,360**	**22,731**	**46,091**
Additions	**–**	**8,762**	**8,762**
Retirements	**–**	**(12,501)**	**(12,501)**
Write-off	**(23,360)**	**–**	**(23,360)**
At 31 March 2015	**–**	**18,992**	**18,992**
Accumulated amortisation:			
At 1 April 2014	**–**	**15,050**	**15,050**
Provided during the year	**–**	**13,832**	**13,832**
Retirements	**–**	**(12,501)**	**(12,501)**
At 31 March 2015	**–**	**16,381**	**16,381**
Net book value:			
At 31 March 2015	**–**	**2,611**	**2,611**
2014			
Cost:			
At 1 April 2013	21,784	21,775	43,559
Additions	473	7,834	8,307
Retirements	–	(7,751)	(7,751)
Exchange realignment	1,103	873	1,976
At 31 March 2014	23,360	22,731	46,091
Accumulated amortisation:			
At 1 April 2013	–	14,355	14,355
Provided during the year	–	7,730	7,730
Retirements	–	(7,751)	(7,751)
Exchange realignment	–	716	716
At 31 March 2014	–	15,050	15,050
Net book value:			
At 31 March 2014	23,360	7,681	31,041

20. PROPERTIES UNDER DEVELOPMENT

	Group	
	2015	2014
	HK$'000	*HK$'000*
Properties under development	**170,905**	–
Less: Current portion	**(133,579)**	–
Non-current portion	**37,326**	–

The properties under development include costs of acquiring rights to use certain lands, which are located in Mainland China, for property development and are under medium to long term leases.

During the year ended 31 March 2015, certain properties under development of HK$48,193,000 were impaired to reflect the decrease in net realisable value of these properties *(note 7)*.

21. INVENTORIES

	Group	
	2015	2014
	HK$'000	*HK$'000*
Raw materials	**169,145**	192,642
Work in progress	**39,239**	49,510
Finished goods	**81,290**	114,621
	289,674	356,773

22. ACCOUNTS RECEIVABLE

The Group's trading terms with its customers are mainly on credit, except for new customers, where cash on sale or payment in advance is normally required. The credit period is generally for a period of one to two months, extending up to three months for certain well-established customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has imposed tightened control to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its accounts receivable balances. Accounts receivable are non-interest-bearing.

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

	Group	
	2015	2014
	HK$'000	*HK$'000*
0–30 days	**160,893**	125,087
31–60 days	**28,542**	30,527
61–90 days	**10,470**	10,476
Over 90 days	**8,749**	5,546
	208,654	171,636
Less: Impairment allowance	**(1,295)**	(842)
	207,359	170,794

At 31 March 2015, the Group has certain concentration of credit risk that may arise from the exposure to the five largest customers and the largest customer which accounted for approximately 60% (2014: 57%) and 34% (2014: 35%) of the Group's total trade receivables, respectively.

The movements in provision for impairment of accounts receivable are as follows:

	Group	
	2015	2014
	HK$'000	*HK$'000*
At the beginning of year	**842**	842
Impairment losses recognised *(note 7)*	**453**	–
At the end of year	**1,295**	842

22. ACCOUNTS RECEIVABLE *(continued)*

At 31 March 2015, accounts receivable of HK$1,295,000 (2014: HK$842,000) were individually determined to be impaired. The individually impaired accounts receivable relate to receivables which are expected not to be recoverable or only a portion of the receivables is expected to be recovered.

An aged analysis of the accounts receivable that are not considered to be impaired is as follows:

	Group	
	2015	2014
	HK$'000	*HK$'000*
Neither past due nor impaired	**150,254**	150,468
Less than 1 month past due	**39,745**	15,258
Over 1 month past due	**17,360**	5,068
	207,359	170,794

Accounts receivable that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Accounts receivable that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors are of the opinion that no 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.

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

		Group		Company	
		2015	2014	**2015**	2014
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Deposits for mining projects	*(i)*	**26,582**	26,582	**–**	–
Deposits for land use rights		**–**	94,936	**–**	–
Deposits for property, plant and equipment		**32,565**	50,754	**–**	–
Prepayments	*(i)*	**75,041**	85,141	**–**	3
Tax reserve certificate		**7,875**	–	**–**	–
Other deposits		**4,648**	3,562	**–**	–
Prepaid land lease payments	*15*	**750**	877	**–**	–
		147,461	261,852	**–**	3
Less: Impairments	*(i)*	**(85,975)**	–	**–**	–
		61,486	261,852	**–**	3
Less: Current portion		**(28,921)**	(89,580)	**–**	(3)
Non-current portion		**32,565**	172,272	**–**	–

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES *(continued)*

Note:

(i) *The movements in impairment of prepayments, deposits and other receivables are as follows:*

	Group	
	2015	2014
	HK$'000	HK$'000
At the beginning of year	**–**	–
Impairment of prepayments and deposits (note 7)	**85,975**	–
At the end of year	**85,975**	–

Included in the above impairment provision is a provision for deposits for mining projects and prepayments for the exclusive right of supply of antimony ores of HK$25,678,000 (2014: Nil) and HK$60,297,000 (2014: Nil), respectively.

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2015	2014
	HK$'000	HK$'000
Listed investments in Hong Kong, at market value	**3,410**	9,840

The above investments at 31 March 2015 and 2014 were classified as held for trading and were, upon initial recognition, classified by the Group as financial assets at fair value through profit or loss.

25. CASH AND CASH EQUIVALENTS

	Group		Company	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Time deposits				
— original maturity of more than three months	**13,969**	82,812	**–**	–
— original maturity of less than three months	**4,984**	1,803	**–**	–
	18,953	84,615	**–**	–
Cash and bank balances	**151,762**	173,797	**266**	161
	170,715	258,412	**266**	161

25. CASH AND CASH EQUIVALENTS *(continued)*

At the end of the reporting period, the cash and bank balances and time deposits of the Group denominated in Renminbi ("RMB") amounted to HK$86,364,000 (2014: HK$166,540,000). RMB is not freely convertible into other currencies; however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods of between one months and one year depending on the immediate cash requirements of the Group, and earn interest at the respective time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

26. ACCOUNTS AND BILLS PAYABLES, ACCRUED LIABILITIES AND OTHER PAYABLES

An aged analysis of the Group's accounts and bills payables as at the end of the reporting period, based on the invoice date, and the balances of accrued liabilities and other payables are as follows:

	Group	
	2015	2014
	HK$'000	*HK$'000*
0–30 days	**74,240**	102,788
31–60 days	**35,040**	51,524
61–90 days	**48,616**	35,413
Over 90 days	**47,006**	20,368
Accounts and bills payables	**204,902**	210,093
Accrued liabilities	**190,405**	182,853
Other payables	**184,091**	71,840
	579,398	464,786
Less: Current portion	**(448,233)**	(420,482)
Non-current portion *	**131,165**	44,304

	Company	
	2015	2014
	HK$'000	*HK$'000*
Other payables	**3,138**	2,748

The accounts and bills payables and other payables are non-interest-bearing and are normally settled within credit terms of two months, extending up to three months.

* *At 31 March 2015, included in other payables was an amount of RMB103,620,000 (2014: RMB35,000,000), approximately HK$131,165,000 (2014: HK$44,304,000), which was received in respect of the subsidies from The People's Government of the Dushan County, Guizhou Province ("Dushan Government"), the PRC for the Group's investment projects in Dushan County, Guizhou Province, the PRC. The Group was in the process of finalising the conditions of these subsidies with the Dushan Government.*

27. INTEREST-BEARING BANK BORROWINGS

Group

	2015			2014		
	Effective interest rate	Maturity	HK$'000	Effective interest rate	Maturity	HK$'000
Current — unsecured						
Bank overdrafts	–	–	–	Hong Kong dollar prime	On demand	2,359
Bank loans	Hong Kong Interbank Offered Rate ("HIBOR") +1.88%	On demand	60,000	HIBOR +1.75% to 1.88%	2014–2015	72,990
Bank loans	HIBOR+1.75%	2015	4,067	HIBOR+1.75%	2014	8,031
Bank loans	HIBOR+1% to 2%	On demand	82,109	–	–	–
Bank loans	–	–	–	HIBOR+1% to 2%	2014	105,000
			146,176			186,021
			146,176			188,380
Non-current — unsecured						
Bank loans	–	–	–	HIBOR+1.88%	2015–2016	60,000
			146,176			248,380

Company

	2015			2014		
	Effective interest rate	Maturity	HK$'000	Effective interest rate	Maturity	HK$'000
Current — unsecured						
Bank loans	HIBOR +1.88%	On demand	60,000	HIBOR +1.75% to 1.88%	2014–2015	72,990
Non-current — unsecured						
Bank loans	–	–	–	HIBOR+1.88%	2015–2016	60,000
			60,000			132,990

27. INTEREST-BEARING BANK BORROWINGS *(continued)*

	Group		Company	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Analysed into:				
Bank loans and overdrafts repayable:				
Within one year or on demand	**146,176**	188,380	**60,000**	72,990
In the second year	**–**	27,500	**–**	27,500
In the third to fifth years	**–**	32,500	**–**	32,500
	146,176	248,380	**60,000**	132,990

The Group's banking facilities are supported by corporate guarantees given by the Company and certain subsidiaries of the Company. The carrying amounts of the Group's and the Company's bank borrowings approximate to their fair values. All bank borrowings are denominated in Hong Kong dollars.

During the year ended 31 March 2015, the Group and the Company were technically in breach of a covenant under a loan agreement with a bank, as the ratio of the consolidated loss before interest, taxes, depreciation and amortisation to the consolidated finance charges (the "Financial Ratio") was less than the required ratio by the bank. Subsequent to the year ended 31 March 2015, the Group and the Company have successfully obtained a written consent from the bank, to waive the rights entitling them to declare the relevant outstanding loan balance immediately due and payable due to the breach of the loan covenant on the Financial Ratio.

Accordingly, as at 31 March 2015, the Group's and the Company's bank loan in the amount of HK$32,500,000 has been reclassified as current liabilities. For the purpose of the above analysis, the bank loan is included within current interest-bearing bank borrowings and analysed into bank loans and overdrafts repayable within one year or on demand.

Based on the maturity terms of the bank loans, the amounts repayable in respect of the bank loans of the Group are HK$113,676,000 payable within one year or on demand; HK$32,500,000 payable in the second year.

Based on the maturity terms of the bank loans, the amounts repayable in respect of the bank loans of the Company are HK$27,500,000 payable within one year or on demand; HK$32,500,000 payable in the second year.

28. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Gross deferred tax liabilities

Group

	Depreciation allowance in excess of related depreciation *HK$'000*	Revaluation of land and buildings *HK$'000*	Total *HK$'000*
At 1 April 2014	**1,497**	**25,840**	**27,337**
Deferred tax debited to equity during the year	**–**	**1,664**	**1,664**
Deferred tax credited to equity upon disposal of items of property, plant and equipment	**–**	**(200)**	**(200)**
Deferred tax credited to the income statement during the year *(note 9)*	**–**	**(60)**	**(60)**
Exchange realignment	**–**	**(10)**	**(10)**
At 31 March 2015	**1,497**	**27,234**	**28,731**
At 1 April 2013	4,000	18,112	22,112
Deferred tax debited to equity during the year	–	6,984	6,984
Deferred tax debited/(credited) to the income statement during the year *(note 9)*	(2,503)	506	(1,997)
Exchange realignment	–	238	238
At 31 March 2014	1,497	25,840	27,337

28. DEFERRED TAX *(continued)*

Gross deferred tax assets

Group

	Deferred subsidy income HK$'000	Losses available for offsetting against future taxable profits HK$'000	Total HK$'000
At 1 April 2014	**11,076**	**108**	**11,184**
Deferred tax credited to the income statement during the year *(note 9)*	**21,715**	**–**	**21,715**
At 31 March 2015	**32,791**	**108**	**32,899**
At 1 April 2013	–	108	108
Deferred tax credited to the income statement during the year *(note 9)*	11,076	–	11,076
At 31 March 2014	11,076	108	11,184

The Group has tax losses arising in Hong Kong of HK$26,402,000 (2014: HK$28,126,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

The Group also has tax losses arising in Mainland China of HK$267,187,000 (2014: HK$173,385,000) that will expire in one to five years for offsetting against future taxable profits.

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5%. The Group is therefore liable to withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated since 1 January 2008.

At 31 March 2015, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary difference on undistributed profit of the subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately HK$382,328,000 (2014: HK$354,126,000) at 31 March 2015.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

29. SHARE CAPITAL

	Company	
	2015	2014
	HK$'000	*HK$'000*
Authorised:		
1,000,000,000 ordinary shares of HK$0.10 each	**100,000**	100,000
Issued and fully paid:		
418,748,000 ordinary shares of HK$0.10 each	**41,875**	41,875

30. SHARE OPTION SCHEME

During the year ended 31 March 2013, the Company has terminated the share option scheme adopted by the Company on 20 August 2002 (the "Old Share Option Scheme") and adopted a new share option scheme (the "New Share Option Scheme") pursuant to a resolution passed in the annual general meeting dated 20 August 2012 which became effective on the same date. The New Share Option Scheme will remain in force for ten years commencing from the effective date, after which period no further options will be granted but the provisions of the New Share Option Scheme shall remain in full force to the extent necessary to give effect to the exercise of any option granted prior thereto or otherwise as may be required in accordance with the provisions of the New Share Option Scheme.

The Old Share Option Scheme

The Company operates the Old Share Option Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Old Share Option Scheme include the directors, including independent non-executive directors, other employees of the Group, suppliers of goods or services to the Group, customers of the Group, any person or entity that provides research, development or other technological support to the Group, the Company's shareholders and any non-controlling interests in the Company's subsidiaries. The Old Share Option Scheme became effective on 20 August 2002 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Old Share Option Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Old Share Option Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of the offer of the share options.

30. SHARE OPTION SCHEME *(continued)*

The Old Share Option Scheme *(continued)*

The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

Upon termination of the Old Share Option Scheme, no further options will be granted thereunder; however, the rules of the Old Share Option Scheme will remain in full force and effect to the extent necessary to give effect to the exercise of options granted prior to its termination or otherwise as may be required in accordance with the rules of the Old Share Option Scheme. As at the end of the reporting period, there were 4,442,000 options granted but not yet exercised under the Old Share Option Scheme.

The New Share Option Scheme

The Company operates the New Share Option Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the New Share Option Scheme include the directors, including independent non-executive directors, other employees of the Group, suppliers of goods or services to the Group, customers of the Group, any person or entity that provides research, development or other technological support to the Group, the Company's shareholders and any non-controlling interests in the Company's subsidiaries. The New Share Option Scheme became effective on 20 August 2012 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the New Share Option Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the New Share Option Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of the offer of the share options.

The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

30. SHARE OPTION SCHEME *(continued)*

The following share options were outstanding under the Old Share Option Scheme and New Share Option Scheme (the "Schemes") during the year:

2015

		Number of share options							
	Date of share options granted	At 1 April 2014	Granted during the year	Exercised during the year	Forfeited and lapsed during the year	At 31 March 2015	Exercise period	Exercise price per share *HK$*	Price of the Company's shares at grant date of options* *HK$*
Directors									
Fung Wah Cheong, Vincent	23/7/2009	500,000	–	–	–	500,000	1/8/2010-22/7/2019	1.426	1.40
Liu Tat Luen	4/1/2010	2,000,000	–	–	–	2,000,000	4/1/2013-3/1/2020	2.102	2.06
Chung Chi Ping, Roy *BBS JP* ^	29/3/2011	650,000	–	–	(650,000)	–	29/3/2011-28/3/2021	2.792	2.77
	19/3/2013	950,000	–	–	(950,000)	–	19/3/2013-18/3/2023	0.974	0.95
Wong Chi Wai	29/3/2011	300,000	–	–	–	300,000	29/3/2011-28/3/2021	2.792	2.77
	19/3/2013	500,000	–	–	–	500,000	19/3/2013-18/3/2023	0.974	0.95
Sun Kwai Yu, Vivian	29/3/2011	300,000	–	–	–	300,000	29/3/2011-28/3/2021	2.792	2.77
	19/3/2013	500,000	–	–	–	500,000	19/3/2013-18/3/2023	0.974	0.95
Other employees									
In aggregate	4/10/2006	192,000	–	–	–	192,000	4/10/2009-3/10/2016	1.03	1.03
	14/3/2008	500,000	–	–	(500,000)	–	14/3/2009-13/3/2018	1.99	1.99
	19/10/2009	500,000	–	–	–	500,000	19/10/2012-18/10/2019	1.55	1.55
	29/3/2011	650,000	–	–	–	650,000	29/3/2011-28/3/2021	2.792	2.77
	19/3/2013	950,000	–	–	–	950,000	19/3/2013-18/3/2023	0.974	0.95
		8,492,000	–	–	(2,100,000)	6,392,000			

* *The price of the Company's shares disclosed as at the date of grant of the share options was the Stock Exchange closing price on the trading day immediately prior to the date of the grant of the options.*

^ *Prof. Chung Chi Ping retired as an independent non-executive director of the Company on 25 August 2014.*

30. SHARE OPTION SCHEME *(continued)*

The following share options were outstanding under the Old Share Option Scheme and New Share Option Scheme (the "Schemes") during the year: *(continued)*

2014

	Date of share options granted	Number of share options: At 1 April 2013	Granted during the year	Exercised during the year	Forfeited and lapsed during the year	At 31 March 2014	Exercise period	Exercise price per share *HK$*	Price of the Company's shares at grant date of options* *HK$*
Directors									
Fung Wah Cheong, Vincent	23/7/2009	500,000	–	–	–	500,000	1/8/2010-22/7/2019	1.426	1.40
Liu Tat Luen	4/1/2010	2,000,000	–	–	–	2,000,000	4/1/2013-3/1/2020	2.102	2.06
Chui Pak Shing ^	29/3/2011	1,000,000	–	–	(1,000,000)	–	29/3/2014-28/3/2021	2.792	2.77
	19/3/2013	1,000,000	–	–	(1,000,000)	–	29/3/2014-18/3/2023	0.974	0.95
Chung Chi Ping, Roy *BBS JP*	29/3/2011	650,000	–	–	–	650,000	29/3/2011-28/3/2021	2.792	2.77
	19/3/2013	950,000	–	–	–	950,000	19/3/2013-18/3/2023	0.974	0.95
Wong Chi Wai	29/3/2011	300,000	–	–	–	300,000	29/3/2011-28/3/2021	2.792	2.77
	19/3/2013	500,000	–	–	–	500,000	19/3/2013-18/3/2023	0.974	0.95
Sun Kwai Yu, Vivian	29/3/2011	300,000	–	–	–	300,000	29/3/2011-28/3/2021	2.792	2.77
	19/3/2013	500,000	–	–	–	500,000	19/3/2013-18/3/2023	0.974	0.95
Other employees									
In aggregate	14/11/2003	382,000	–	–	(382,000)	–	14/11/2006-13/11/2013	1.592	1.60
	4/10/2006	220,000	–	–	(28,000)	192,000	4/10/2009-3/10/2016	1.03	1.03
	14/3/2008	500,000	–	–	–	500,000	14/3/2009-13/3/2018	1.99	1.99
	19/10/2009	500,000	–	–	–	500,000	19/10/2012-18/10/2019	1.55	1.55
	29/3/2011	650,000	–	–	–	650,000	29/3/2011-28/3/2021	2.792	2.77
	19/3/2013	950,000	–	–	–	950,000	19/3/2013-18/3/2023	0.974	0.95
		10,902,000	–	–	(2,410,000)	8,492,000			

* *The price of the Company's shares disclosed as at the date of grant of the share options was the Stock Exchange closing price on the trading day immediately prior to the date of the grant of the options.*

^ *Mr. Chui Pak Shing resigned as a director of the Company on 3 January 2014.*

During the year ended 31 March 2015, 2,100,000 (2014: 2,410,000) share options in total were forfeited and lapsed, and accordingly the respective share option expenses of Nil (2014: HK$627,000) and HK$1,164,000 (2014: HK$356,000) were released from share option reserve to the income statement and the equity, respectively.

30. SHARE OPTION SCHEME *(continued)*

The fair value of the equity-settled share options under the New Share Option Scheme granted during the year ended 31 March 2013 was estimated at HK$1,108,000 as at the date of grant using the binomial valuation model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	2013
Dividend yield (%)	2.11
Volatility (%)	43.86
Employee exit rate post-vesting (%)	3.8
Risk-free interest rate (%)	1.198
Expected life of options (year)	0–1
Prevailing market price (HK$ per share)	0.95

The expected life of the options is based on the historical data and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

The following share options were outstanding under the Schemes during the year:

	2015		2014	
	Weighted average exercise price ***HK$ per share***	**Number of options**	Weighted average exercise price *HK$ per share*	Number of options
At beginning of year	**1.768**	**8,492,000**	1.781	10,902,000
Forfeited and expired during the year	**1.779**	**(2,100,000)**	1.827	(2,410,000)
At end of year	**1.765**	**6,392,000**	1.768	8,492,000

No share options were granted and exercised during the years ended 31 March 2015 and 2014.

At the end of the reporting period, the Company had 6,392,000 share options outstanding under the Schemes. The exercise in full of these share options would, under the present capital structure of the Company, result in the issue of 6,392,000 additional ordinary shares of the Company and additional share capital of HK$639,000 and share premium of approximately HK$10,640,000 (before issue expenses).

Subsequent to the end of the reporting period and at the date of approval of these financial statements, the Company had 6,392,000 share options outstanding under the Schemes, which represented approximately 1.53% of the Company's shares in issue as at that date.

31. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the financial statements.

The contributed surplus of the Group represents the difference between the nominal value of the shares of the aggregate share capital of the subsidiaries acquired pursuant to the Group reorganisation on 7 April 1998, over the nominal value of the Company's shares issued in exchange therefor.

Other reserve represents the excess of the consideration over the share of net assets acquired from non-controlling interests.

(b) Company

	Notes	Share premium account HK$'000	Share option reserve HK$'000	Contributed surplus HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2013		124,530	7,544	104,750	91,647	328,471
Profit for the year		–	–	–	1,049	1,049
Final 2013 dividend paid	11	–	–	–	(12,562)	(12,562)
Release and transfer of share option reserve upon the forfeiture and lapse of share options	30	–	(983)	–	356	(627)
At 31 March 2014 and 1 April 2014		**124,530**	**6,561**	**104,750**	**80,490**	**316,331**
Profit for the year		**–**	**–**	**–**	**1,456**	**1,456**
Final 2014 dividend paid	11	**–**	**–**	**–**	**(12,562)**	**(12,562)**
Transfer of share option reserve upon the forfeiture and lapse of share options	30	**–**	**(1,164)**	**–**	**1,164**	**–**
At 31 March 2015		**124,530**	**5,397**	**104,750**	**70,548**	**305,225**

The contributed surplus of the Company represents the excess of the then combined net assets of the subsidiaries acquired pursuant to the same reorganisation, over the nominal value of the Company's shares issued in exchange therefor.

Under the Companies Act 1981 of Bermuda, the Company's contributed surplus is available for cash distribution and/or distribution in specie under certain circumstances prescribed by section 54 thereof.

32. RELATED PARTY TRANSACTIONS AND BALANCES

In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related and connected parties during the year:

(a) Compensation of key management personnel of the Group:

	2015 **HK$'000**	2014 HK$'000
Salaries, allowances and benefits in kind	**12,301**	12,810
Performance related bonuses	**2,800**	2,200
Equity-settled share option expense	**–**	–
Pension scheme contributions	**428**	417
Total compensation paid to key management personnel	**15,529**	15,427

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

(b) Balances with non-controlling shareholders are unsecured, interest-free and have no fixed terms of repayment.

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Major non-cash transactions:

(a) During the year ended 31 March 2015, deposits for land use right and prepayments for construction amounted to HK$94,936,000 (2014: Nil) and HK$75,889,000 (2014: Nil) were transferred to investment properties and properties under development amounted to HK$75,381,000 (2014: Nil) and HK$95,444,000 (2014: Nil), respectively.

(b) During the year ended 31 March 2015, interest of HK$3,883,000 (2014: Nil) was capitalised under properties under development.

(c) During the year ended 31 March 2014, a prepayment for the acquisition of buildings of HK$3,074,000 was transferred to investment properties.

(d) During the year ended 31 March 2014, an amount of RMB5,000,000, approximately HK$6,329,000 *(note 5)* included in other payables in respect of subsidies from the Department of Information Industry of Guangdong Province, the PRC, for the research and development costs incurred by the Group, was recognised in the income statement upon the fulfillment of conditions by the Group for the resource development project.

34. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties *(note 14 to the financial statements)* under operating lease arrangements, with leases negotiated for a term of three years.

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

	Group	
	2015	2014
	HK$'000	*HK$'000*
Within one year	**103**	276
In the second to fifth years, inclusive	**–**	103
	103	379

(b) As lessee

The Group leases certain of its office properties and warehouses under operating lease arrangements. Leases for properties are negotiated for terms ranging from two to twelve years.

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

	Group	
	2015	2014
	HK$'000	*HK$'000*
Within one year	**587**	579
In the second to fifth years, inclusive	**1,281**	1,586
	1,868	2,165

The Company did not have any operating lease arrangements at the end of the reporting period (2014: Nil).

35. COMMITMENTS

At the end of the reporting period, the Group had the following commitments:

	2015 HK$'000	2014 HK$'000
Contracted for commitments in respect of the acquisition of items of property, plant and equipment	**27,356**	46,795
Contracted for commitments in respect of properties under development	**187,174**	–
Contracted for commitments in respect of the investment in mining projects	**–**	21,519

The Group had outstanding commitments amounting to HK$1,296,000 (2014: Nil) as at the end of the reporting period in respect of irrevocable letters of credit.

The Company did not have any significant commitments at the end of the reporting period (2014: Nil).

36. CONTINGENT LIABILITIES

(a) At the end of the reporting period, the Company had provided guarantees of HK$427,800,000 (2014: HK$432,460,000) in respect of banking facilities granted to certain of its subsidiaries, of which HK$86,176,000 (2014: HK$115,390,000) had been utilised as at the end of the reporting period.

(b) On 26 March 2014, the Hong Kong Inland Revenue Department ("IRD") issued estimated assessments ("EA") for the years of assessment 2007/08 (which was statutorily time-barred after 31 March 2014) with total tax demanded of approximately HK$16,242,000 to certain subsidiaries of the Group ("Subsidiaries"). The EA were issued as a consequence of the tax audit being carried out on the tax affairs of the Subsidiaries. During the year ended 31 March 2015, the Subsidiaries lodged objections to the EA and the IRD ordered the Subsidiaries to purchase tax reserve certificates ("TRC") in the amount of HK$7,875,000 and to holdover the balance on the condition that an 8% annual interest will be charged should the balance become payable upon settlement of the objection.

On 18 March 2015, the IRD issued another EA for the years of assessment 2008/09 (which was statutorily time-barred after 31 March 2015) with total tax demanded of approximately HK$17,325,000 to the Subsidiaries. The Subsidiaries lodged objections to the EA and the IRD subsequently ordered the Subsidiaries to purchase additional TRC in the amount of HK$7,500,000 and to holdover the balance on the condition that a 8% annual interest will be charged should the balance become payable upon settlement of the objection.

In the opinion of the directors, the formal negotiation has not yet been started and there is no specific basis for adjusting the Subsidiaries' tax position for the years of assessment 2007/08 and 2008/09 specified in the EA. Therefore, the directors are of the view that no tax provision for Hong Kong Profits Tax is required at this stage. The Subsidiaries will discuss with the IRD and will continue to monitor the progress of the tax audit and to defend the Subsidiaries' tax position vigorously. Therefore, no tax provision were provided thereon at 31 March 2015 and 2014.

37. FINANCIAL INSTRUMENTS BY CATEGORY

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

	Group			
Financial assets	**2015**		2014	
	Financial assets at fair value through profit or loss	**Loans and receivables**	Financial assets at fair value through profit or loss	Loans and receivables
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Accounts receivable	**–**	**207,359**	–	170,794
Time deposits	**–**	**18,953**	–	84,615
Cash and bank balances	**–**	**151,762**	–	173,797
Financial assets at fair value through profit or loss	**3,410**	**–**	9,840	–
	3,410	**378,074**	9,840	429,206

	Group	
Financial liabilities	**2015**	2014
	HK$'000	*HK$'000*
Financial liabilities at amortised cost:		
Accounts and bills payables	**204,902**	210,093
Financial liabilities included in other payables and accrued liabilities	**195,184**	68,300
Due to non-controlling shareholders	**38,838**	38,838
Interest-bearing bank borrowings	**146,176**	248,380
	585,100	565,611

	Company	
Financial assets	**2015**	2014
	HK$'000	*HK$'000*
Loan and receivables:		
Due from subsidiaries	**319,907**	389,330
Cash and bank balances	**266**	161
	320,173	389,491

37. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

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

Financial liabilities	Company	
	2015	2014
	HK$'000	*HK$'000*
Financial liabilities at amortised cost:		
Due to a subsidiary	**14,788**	–
Other payables	**3,138**	2,748
Interest-bearing bank borrowings	**60,000**	132,990
	77,926	135,738

38. FAIR VALUE AND FAIR VALUE HIERARCHY

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

Assets measured at fair value:

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 31 March 2015:				
Financial assets at fair value through profit or loss	**3,410**	**–**	**–**	**3,410**
At 31 March 2014:				
Financial assets at fair value through profit or loss	9,840	–	–	9,840

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2014: Nil).

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, comprise bank loans and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as accounts receivable and accounts payable, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and market risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The interest rates of the interest-bearing bank borrowings of the Group are disclosed in note 27 to the financial statements. The Group believes that its exposure to cash flow interest rate risk is minimal.

The following table demonstrates the sensitivity to a reasonably possible 100 basis point increase/decrease in interest rates, with all other variables held constant, on floating rate borrowings, that would increase/decrease in interest expense as follows:

	2015 ***HK$'000***	2014 *HK$'000*
Group		
Increase/decrease in interest expense	**1,462**	2,484

Foreign currency risk

The Group's monetary assets, liabilities and transactions are principally denominated in HK$ and RMB or United States dollars ("US$"). Given that HK$ is pegged to US$, the Group does not have a foreign currency hedging policy on it. During the year, the Group did not enter into any new foreign exchange derivative transactions. The management monitors the foreign exchange exposure and will consider hedging the significant foreign currency exposures should the need arise. Moreover, the majority of the Group's operating assets are located in Mainland China and are denominated in RMB. As the Group's results are reported in HK$, there will be a translation gain as a result of the RMB appreciation, and vice versa.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Foreign currency risk *(continued)*

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the RMB exchange rate, with all other variables held constant, of the Group's profit/(loss) before tax (due to changes in the fair value of monetary assets and liabilities).

	Increase/ (decrease) in RMB rate	**Increase/ (decrease) in loss before tax**
	%	***HK$'000***
2015		
If Hong Kong dollar weakens against RMB	**5**	**885**
If Hong Kong dollar strengthens against RMB	**(5)**	**(885)**

	Increase/ (decrease) in RMB rate	Increase/ (decrease) in profit before tax
	%	*HK$'000*
2014		
If Hong Kong dollar weakens against RMB	5	2,350
If Hong Kong dollar strengthens against RMB	(5)	(2,350)

Credit risk

The Group trades only with recognised and creditworthy customers. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and on an individual basis. Each of the customers has been given a trading limit and any excess of the limit must be approved by the general manager of the operation unit. Under the tight control of credit terms and detailed assessment to the creditworthiness of individual customers, the Group's exposure to bad debts is maintained as minimal.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Further quantitative data in respect of the Group's exposure to credit risk arising from accounts receivable are disclosed in note 22 to the financial statements.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and other banking facilities.

The maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

Group

2015

	Within one year *HK$'000*	**One to five years** *HK$'000*	**Total** *HK$'000*
Accounts and bills payables	**204,902**	**–**	**204,902**
Financial liabilities included in other payables and accrued liabilities	**64,019**	**131,165**	**195,184**
Due to non-controlling shareholders	**38,838**	**–**	**38,838**
Interest-bearing bank borrowings *	**148,115**	**–**	**148,115**
	455,874	**131,165**	**587,039**

2014

	Within one year *HK$'000*	One to five years *HK$'000*	Total *HK$'000*
Accounts and bills payables	210,093	–	210,093
Financial liabilities included in other payables and accrued liabilities	23,996	44,304	68,300
Due to non-controlling shareholders	38,838	–	38,838
Interest-bearing bank borrowings	190,977	61,322	252,299
	463,904	105,626	569,530

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk *(continued)*

The maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows: *(continued)*

Company

2015

	Within one year *HK$'000*	**One to five years** *HK$'000*	**Total** *HK$'000*
Due to a subsidiary	**14,788**	**–**	**14,788**
Other payables	**3,138**	**–**	**3,138**
Interest-bearing bank borrowings *	**61,806**	**–**	**61,806**
Guarantees given to banks in connection with facilities utilised by subsidiaries	**86,176**	**–**	**86,176**
	165,908	**–**	**165,908**

2014

	Within one year *HK$'000*	One to five years *HK$'000*	Total *HK$'000*
Other payables	2,748	–	2,748
Interest-bearing bank borrowings	75,363	61,322	136,685
Guarantees given to banks in connection with facilities utilised by subsidiaries	115,390	–	115,390
	193,501	61,322	254,823

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk *(continued)*

The maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows: *(continued)*

* *Included in interest-bearing bank borrowings above were bank loans of the Group and the Company of HK$146,176,000 and HK$60,000,000, respectively. The Group and the Company were technically in breach of a covenant under loan agreements with a bank during the year ended 31 March 2015, as the ratio of the consolidated loss before interest, taxes, depreciation and amortisation to the consolidated finance charges (the "Financial Ratio") was less than the required ratios by the bank. Subsequent to the year ended 31 March 2015, the Group and the Company have successfully obtained a written consent from the bank, to waive the rights entitling them to declare the relevant outstanding loan balance immediately due and payable due to the breach of the loan covenant on the Financial Ratio (the "Written Consent"). Giving the lender the unconditional right to call the loan at any time and therefore, for the purpose of the above maturity profile, these amounts are classified as "on demand".*

Notwithstanding the above technically breach of a covenant, the directors do not believe that the bank loans will be called in its entirety within 12 months, and they consider that the bank loans will be repaid in accordance with the maturity dates as set out in the respective agreements. This evaluation was made considering: the financial positions of the Group and the Company at the date of approval of the financial statements; the Group's and the Company's compliance with other loan covenants; the lack of events of default; the fact that the Group and the Company have made all previously scheduled repayments on time; and the Group and the Company have obtained the Written Consent. In accordance with the maturity terms of the bank loans, the amounts repayable in respect of the bank loans are as follows:

	2015	
	Group	**Company**
	HK$'000	***HK$'000***
Bank loans repayable under maturity terms:		
During the year ending 31 March 2016	**115,431**	**29,122**
During the year ending 31 March 2017	**32,684**	**32,684**
	148,115	**61,806**

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Market risk

Market risk is the risk that the fair values of investments held for trading decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to market risk arising from individual investments classified as held for trading *(note 24)* as at 31 March 2015 and 2014.

The following table demonstrates the sensitivity to every 10% change in the fair values of the financial assets at fair value through profit or loss, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period.

Group

	2015 ***HK$'000***	2014 *HK$'000*
Listed investments in Hong Kong	**341**	984

Capital management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2015 and 2014.

The Group monitors capital using a gearing ratio, which is total interest-bearing bank borrowings divided by total equity. The gearing ratios as at the end of the reporting periods were as follows:

Group

	2015 ***HK$'000***	2014 *HK$'000*
Total interest-bearing bank borrowings	**146,176**	248,380
Total equity	**955,761**	1,114,663
Gearing ratio	**15.3%**	22.3%

40. COMPARATIVE AMOUNTS

Certain amounts in the consolidated financial statements for the year ended 31 March 2014 have been reclassified to conform with current year presentation.

41. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 29 June 2015.

SCHEDULE OF MAJOR PROPERTIES

PROPERTIES UNDER DEVELOPMENT

Location	Type of development	Site area (sq.m)	Approximate gross floor area (sq.m)	Group's interest	Expected completion date	Stage
Development site of Royale Cambridge Residences, Tong Gu Jing, Economic Development District, Dushan County, Guizhou Province, the PRC	Residential	83,166	81,096	100%	2015–2017	Construction commenced

INVESTMENT PROPERTIES

Location	Existing use	Type of lease
Development site on Bei Da Men Road, Economic Development District, Dushan County, Guizhou Province, the PRC	Commercial	Medium term