



HKC INTERNATIONAL HOLDINGS LIMITED

香港通訊國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock code: 248



2015 ANNUAL REPORT

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Chan Chung Yee, Hubert (*Chairman*)
Chan Chung Yin, Roy (*Chief Executive Officer*)
Chan Ming Him, Denny
Wu Kwok Lam *CPA, FCCA*
Ip Man Hon
Choi Chun Yik

INDEPENDENT NON-EXECUTIVE DIRECTORS

Chu Chor Lup
Chiu Ngar Wing *FCCA, FCA, CPA (Practising)*
Law Ka Hung

COMPANY SECRETARY

Wu Kwok Lam *CPA, FCCA*

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands
British West Indies

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Block B, 14/F., Vita Tower
29 Wong Chuk Hang Road
Hong Kong

CAYMAN ISLANDS PRINCIPAL REGISTRAR

Codan Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands
British West Indies

AUDITORS

Li, Tang, Chen & Co
Certified Public Accountants (*Practising*)

HONG KONG BRANCH REGISTRAR

Pilare Limited
Room 1021, 10th Floor, Sun Hung Kai Centre
30 Harbour Road, Wanchai
Hong Kong

PRINCIPAL BANKERS

China Construction Bank (Asia)

The Hongkong and Shanghai Banking Corporation Limited

OCBC Wing Hang Bank, Limited

STOCK CODE

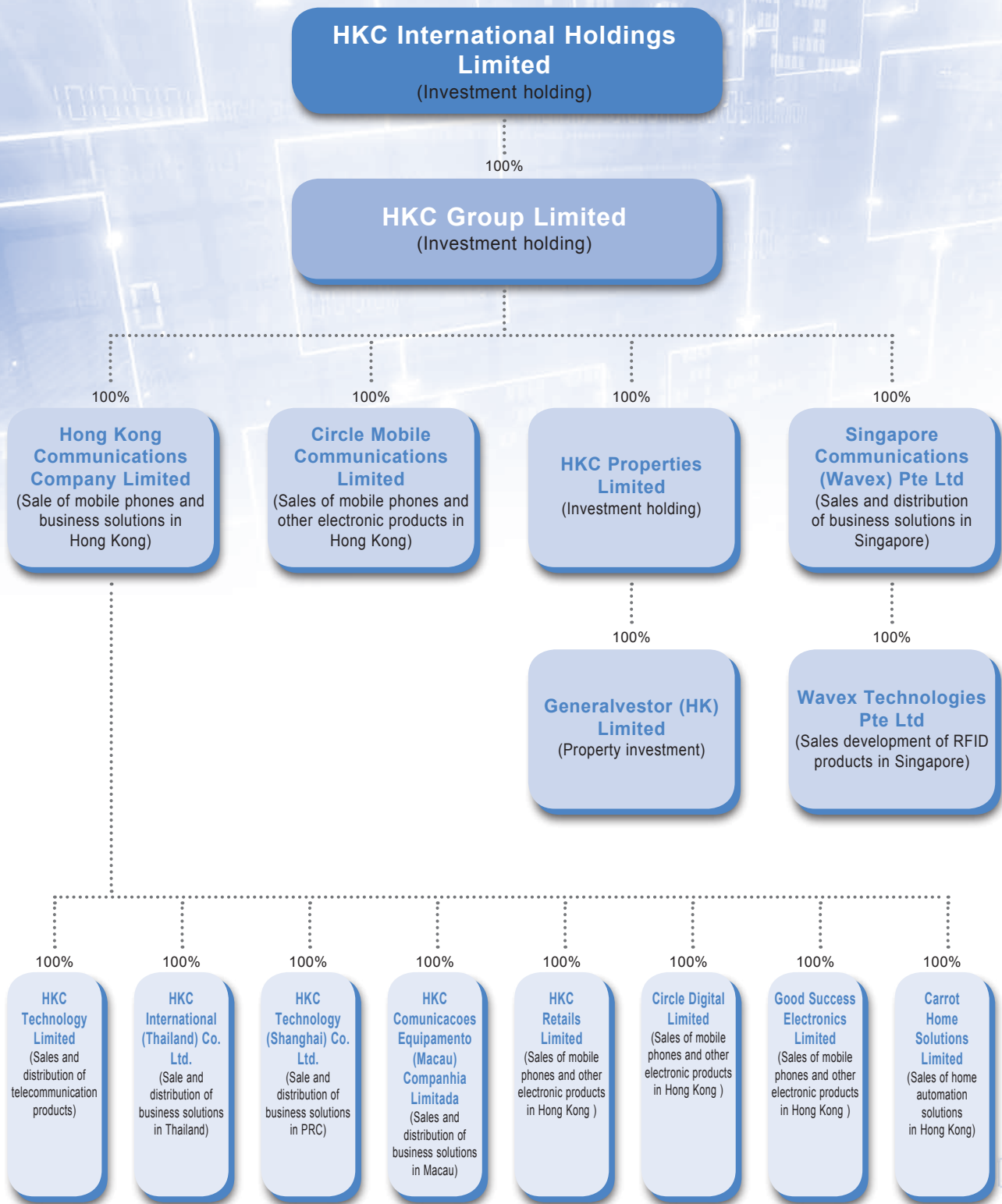
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WEBSITE ADDRESS

<http://www.hkc.com.hk>



GROUP STRUCTURE



MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended 31st March, 2015, the group's turnover decreased by 16% to HK\$220 million (2014: HK\$263 million) and net loss attributable to equity holders of the company was HK\$4 million as compared with the same for the year ended 31 March, 2014 of HK\$12 million.

SALES OF MOBILE PHONES

The turnover decreased from HK\$192 million to HK\$137 million during the year. The division recorded loss of HK\$9.4 million compared with the loss of HK\$12.5 million last year. The decrease in loss was due to the closure of underperforming retail shops.

SALES OF BUSINESS SOLUTIONS

During the year under review, the turnover increased by 17% to HK\$77 million (2014: HK\$66 million). The division recorded loss of HK\$1.0 million compared with the loss of HK\$7.4 million last year.

PROPERTY INVESTMENT

The rental income increased from HK\$5.3 million to HK\$6.2 million and the profit of this division was HK\$1.4 million (2014: loss of HK\$0.2 million).

PROSPECTS

Regarding the mobile phone business, all underperforming retail shops have been closed during the year. This will help to improve the performance in the coming year. We will place more resources on the distribution business.

In business solutions segment, we will strengthen our research and development resources to launch more new products to meet market demand. In addition, we will continue to implement cost control measures.

As at the date of this report, all the group's investment properties have been fully let. We expect that the rental income will be stable.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31st March, 2015, the group's cash and bank balances amounted to approximately HK\$13 million (2014: HK\$12 million) while the bank borrowing was HK\$66 million (2014: HK\$50 million). The board believes that the group has sufficient resources to satisfy its commitments and working capital requirements.

GEARING RATIO

The gearing ratio was 22% (2014: 17%) which is expressed as a percentage of total borrowings to shareholders' funds.

CAPITAL STRUCTURE

There was no change to the group's capital structure for the year ended 31st March, 2015.



MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL EXPENDITURE

The group invested HK\$1 million in property, plant and equipment during the year.

EMPLOYEES

As at 31st March, 2015, the total number of employees of the group was approximately 140 (2014: 150) and the aggregate remuneration of employees (excluding directors' emoluments) amounted to HK\$33 million (2014: HK\$41 million). The remuneration and bonus packages of the employees are based on the individual merits and performance and are reviewed at least annually. There is a share award plan in place designed to award employees for their performance at the discretion of the directors. The group maintains a good relationship with its employees.

PLEDGE OF ASSETS

As at 31st March, 2015, the group's general banking facilities were secured by (1) first legal charge on certain leasehold land and building with total carrying value of HK\$57,994,000 (2014: HK\$15,176,000); (2) first legal charge on certain investment properties with total fair value of HK\$150,940,000 (2014: HK\$141,700,000); (3) rental assignment of certain investment properties and (4) bank deposits of HK\$7,099,000 (2014: HK\$7,099,000).

FOREIGN EXCHANGE FLUCTUATIONS

The group's assets and liabilities are mainly denominated in Hong Kong Dollars, Chinese Renminbi and Singapore Dollars. Income and expenses derived from operations in PRC and Singapore are mainly denominated in Chinese Renminbi and Singapore Dollars respectively. There is no significant exposure to the fluctuations of foreign exchange rates, but the group is closely monitoring the financial market and would consider appropriate measures if required. The group has no hedging arrangement for foreign currencies and has not involved in the financial derivatives.

CONTINGENT LIABILITIES

As at 31st March, 2015, the company had provided corporate guarantees of HK\$77 million (2014: HK\$58 million) to secure general banking facilities granted to the subsidiaries.

DIVIDEND AND BONUS SHARE ISSUE

The directors do not recommend the payment of any final dividend for the year ended 31st March, 2015 (2014: HK\$Nil) but propose to make a bonus issue of one new share credited as fully paid for every four shares held on the register of members on 2nd September, 2015 (2014: one new share credited as fully paid for every eight shares). The necessary resolution will be proposed at the forthcoming annual general meeting on 24th August, 2015, and if passed and obtained the approval from the Listing Committee of The Stock Exchange of Hong Kong Limited for granting of listing and permission to deal in the bonus shares, share certificates will be posted on or about 17th September, 2015.



MANAGEMENT DISCUSSION AND ANALYSIS

CLOSURE OF REGISTER OF MEMBERS

To be eligible to attend and vote in the coming annual general meeting

The register of members of the company will be closed from 20th August, 2015 to 24th August, 2015 (both days inclusive) during which period no transfers of shares will be registered. In order to qualify for attending and voting at the forthcoming AGM, all transfers accompanied by the relevant share certificates must be lodged with the company's Hong Kong branch registrar ("Branch Registrar"), Pilare Limited, at Room 1021, 10th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 19th August, 2015.

To qualify for the proposed bonus shares

The register of members of the company will be closed from 31st August, 2015 to 2nd September, 2015 (both days inclusive) during which period no transfers of shares will be registered. In order to qualify for the proposed bonus share issue, all transfers accompanied by the relevant share certificates must be lodged with the Branch Registrar, Pilare Limited, at Room 1021, 10th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 28th August, 2015.

APPRECIATION

The board of directors ("board") would like to extend its sincere gratitude to the company's shareholders, business counterparts and all management and staff members of the group for their contribution and continued support during the year.



BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. CHAN Chung Yee, Hubert, aged 55, is the chairman of the company and is responsible for the formulation of corporate strategies and business development of the group and effective running of the board. He has over 20 years of experience in the information and communications technology industry. Mr. Chan obtained a Bachelor's Degree in Industrial Engineering from the University of Hong Kong, an Executive Master of Business Administration from the Hong Kong University of Science and Technology and a DBA from the Hong Kong Polytechnic University. Mr. Chan is also very active in promoting the telecommunications industry in Hong Kong. He is the former Chairman of the Communications Association of Hong Kong from 2006 to 2012. He is the elder brother of Mr. Chan Chung Yin, Roy.

Mr. CHAN Chung Yin, Roy, aged 53, is the chief executive officer of the company. He is responsible for group's operations and implementing the group's strategies. He graduated from the University of Toronto, Canada with a Bachelor's Degree in Computer Science and has over 20 years of experience in the information and communications technology. He is the younger brother of Mr. Chan Chung Yee, Hubert.

Mr. WU Kwok Lam, aged 53, joined the group in 1989 and is the general manager and chief financial officer of the group. He earned his MBA degree from Murdoch University, Australia and has over 25 years of extensive experience in the accounting and finance field. He is also an associate member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants and a full member of The Hong Kong Computer Society. Mr. Wu is also the company secretary of the company.

Mr. CHAN Ming Him, Denny, aged 56, joined the group in 1999 with over 15 years of experience in the telecommunications industry in China. He graduated from McMaster University, Canada with a Master's Degree in Engineering.

Mr. IP Man Hon, aged 48, is the project director of the group. He joined the group in 1991 with over 20 years of experience in product development and management. He obtained a Master Degree of Science from the University of Hong Kong and a Bachelor's Degree in Engineering from the Hong Kong Polytechnic University.

Mr. CHOI Chun Yik, aged 54, joined the group in 1990 with over 25 years of experience in the information and communications technology industry. He is responsible for overseeing the operations of sales, customer services and technical services departments in the business solutions division. He has attained an MBA Degree from Murdoch University, Australia.



BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHIU Ngar Wing, aged 61 is a practising accountant. He is an associate member of the Hong Kong Institute of Certified Public Accountants and the fellow members of the Institute of Chartered Accountants in England and Wales and the Association of Chartered Certified Accountants. He is a director of T.C. Ng & Co. CPA Ltd. and has been practicing in the firm for more than 30 years.

Dr. CHU Chor Lup, aged 62 is a practising doctor. He is a fellow of Hong Kong College of Physician and Hong Kong Academy of Medicine and Royal College of Physician (Glasgow). He has been the member of the Hospital Governing Committee since 1997.

Dr. LAW Ka Hung, aged 60, worked as a visiting lecturer (part-time) in the Department of Logistics and Maritime Studies of the Hong Kong Polytechnic University from 2012 to 2015. Dr. Law was awarded a Master of Science degree from Warwick University in July 1988 and a Doctor of Business Administration degree from the Hong Kong Polytechnic University in November 2001. He has been admitted as a full member of the Hong Kong Computer Society since January 1989. He is also the independent non-executive director of Baguio Green Group Ltd (stock code: 1397).

SENIOR MANAGEMENT

Miss. CHOW So Fan, Candy, aged 47, joined the group in 2012 with over 20 years of marketing and business development experience in telecommunication and information technology industry. She obtained an MBA in International Business and Marketing from University of Western Australia.

Mr. LEUNG Tai Wai, David, aged 60, joined the group in 2011 with over 25 years of experience in sales and marketing at various sectors of the business world covering power related projects, health product distribution and manufacturing and franchising of branded restaurant from Italy. Mr. Leung is the general manager of HKC Technology (Shanghai) Company Limited. He earned his Bachelor Degree in Agriculture from University of the Philippines Los Banos and Bachelor Degree in Business Studies from University of Manchester.

Mr. LAM Man Hau, aged 44, joined the group in 2015 with over 20 years of experience in intelligent system control, system integration, home and building automation. He is the general manager of Carrot Home Solutions Limited and is responsible for sales management, product marketing and business development. He earned his Bachelor Degree of Science from University of California, Berkeley in the United States and Master Degree of Science from the University of Hong Kong.



CORPORATE GOVERNANCE REPORT

The board considers that good corporate governance is central to safeguarding the interests of the shareholders, customers, employees and other stakeholders of the group. The company had complied throughout the year ended 31st March, 2015 with the code provisions of the Corporate Governance Code (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), except for the deviation in respect of the attendance of an independent non-executive director at the general meetings of the company set out in Code Provision A.6.7.

Code Provision A.6.7 of the Code stipulates, among other things, that the independent non-executive directors and other non-executive directors should attend general meetings. Dr. Chu Chor Lup did not attend the annual general meeting of the company held on 25th August, 2014 due to his other commitments.

DIRECTORS' SECURITIES TRANSACTIONS

The company has adopted the Model Code for Security Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of all directors, each of the directors confirmed that he had complied with the required standard as set out in Model Code throughout the year ended 31st March, 2015.

BOARD OF DIRECTORS

The board comprises six executive directors namely Mr. Chan Chung Yee, Hubert, Mr. Chan Chung Yin, Roy, Mr. Chan Ming Him, Denny, Mr. Wu Kwok Lam, Mr. Ip Man Hon and Mr. Choi Chun Yik and three independent non-executive directors, namely Mr. Chiu Ngar Wing, Dr. Chu Chor Lup and Dr. Law Ka Hung. Mr. Chiu Ngar Wing possesses appropriate professional accounting qualifications and financial management expertise. Mr. Chan Chung Yee, Hubert, is the elder brother of Mr. Chan Chung Yin, Roy. Save as disclosed, there is no relationship among the members of the board.

The company has received from each of its independent non-executive directors a written confirmation of his independence and the company considers each of them to be independent based on the guidelines set out in Rule 3.13 of the Listing Rules.

Newly appointed directors will receive orientation including key legal requirements and the company's policies and guidelines. The company provides funding to directors for attending appropriate training to develop and refresh their knowledge and skills and keeps training records for each director.

The company secretary is responsible for supporting the board by ensuring good information flow within the board. All directors have access to the advice and services of the company secretary to ensure that board procedures, and all applicable law, rules and regulations, are followed. The company secretary has arranged appropriate directors and officers liability insurance coverage for the directors and continuously updates all directors on the latest development of the Listing Rules and other applicable regulatory requirements to ensure compliance and maintain good corporate governance practice.



CORPORATE GOVERNANCE REPORT

The board held twelve meetings during the year and the attendance records of individual director are as follows:

Executive directors:	Number of meetings attended
Chan Chung Yee, Hubert	12/12
Chan Chung Yin, Roy	12/12
Chan Ming Him, Denny	6/12
Wu Kwok Lam	12/12
Ip Man Hon	12/12
Choi Chun Yik (appointed at 1st April, 2014)	12/12
Independent non-executive directors:	
Chiu Ngar Wing	9/12
Chu Chor Lup	0/12
Law Ka Hung	0/12

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The chairman and chief executive officer are Mr. Chan Chung Yee, Hubert and Mr. Chan Chung Yin, Roy. Mr. Chan Chung Yee, Hubert is the elder brother of Mr. Chan Chung Yin, Roy. The chairman is responsible for the effective running of the board while the chief executive officer is delegated with the authorities to manage the business of the company.

TERMS OF APPOINTMENT OF NON-EXECUTIVE DIRECTORS

Each of the independent non-executive directors has entered into a letter of appointment with the company for a term of one year. All the independent non-executive directors are subject to retirement by rotation and re-election at the annual general meeting of the company in accordance with the articles of association of the company.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

In accordance with the articles of association of the company, at least one-third of the directors shall retire from office by rotation at each annual general meeting provided that every director shall be subject to retirement by rotation at least once every three years. A retiring director shall be eligible for re-election. Any director appointed to fill a casual vacancy or as an addition to the board shall hold office only until the next following general meeting of the company and shall then be eligible for re-election.



CORPORATE GOVERNANCE REPORT

REMUNERATION COMMITTEE

The members of the remuneration committee comprise Dr. Chu Chor Lup, Mr. Chiu Ngar Wing and Mr. Wu Kwok Lam and Mr. Chiu Ngar Wing is the chairman of the remuneration committee. Dr. Chu Chor Lup and Mr. Chiu Ngar Wing are independent non-executive directors.

The remuneration committee is mainly responsible for making recommendations to the board on the remuneration packages of individual executive directors and senior management and determining the policy for the remuneration of executive directors, assessing the performance of executive directors and approving the terms of executive directors' service contracts. One meeting of the remuneration committee had been held in the year under review. The individual attendance of members are as follows:

Name of members	Number of meeting attended
Chiu Ngar Wing	1/1
Chu Chor Lup	1/1
Wu Kwok Lam	1/1

NOMINATION COMMITTEE

The nomination committee comprises three independent non-executive directors namely, Mr. Chiu Ngar Wing, Dr. Chu Chor Lup and Dr. Law Ka Hung and Dr. Chu Chor Lup is the chairman of the nomination committee. The major duty of the committee is to review the structure, size and composition of the board and identify and nominate qualified individuals for appointment as additional directors or to fill vacancies as and when they arise. The individual attendance of members are as follows:

Name of members	Number of meeting attended
Chiu Ngar Wing	1/1
Chu Chor Lup	1/1
Law Ka Hung	1/1



CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

The company's audit committee comprises three independent non-executive directors namely, Mr. Chiu Ngar Wing, Dr. Chu Chor Lup and Dr. Law Ka Hung and Mr. Chiu Ngar Wing is the chairman of the audit committee. During the year, the audit committee reviewed the unaudited condensed interim financial statements for the six months ended 30th September, 2014 and the audited consolidated financial statements for the year ended 31st March, 2015 and discussed with the management and the external auditors the audit plans and fees, the internal control and financial reporting matters which may affect the group. A total of three meetings were held in the year under review and the individual attendance of members are as follows:

Name of members	Number of meetings attended
Chiu Ngar Wing	3/3
Chu Chor Lup	3/3
Law Ka Hung	3/3

INTERNAL CONTROL

The board is of the opinion that a sound internal control system will contribute to the effectiveness and efficiency of operations, the reliability of financial reporting and the group's compliance with applicable laws and regulations and will assist the board in the management of any failure to achieve business objective.

Business plans and budgets are prepared annually by the management of each business unit and are subject to review and approval by the executive directors of the company. Plans and budgets are reviewed on a monthly basis to measure actual performance against the budget. When setting budgets and forecasts, management identifies, evaluates and reports on the likelihood and potential financial impact of significant business risks. Different guidelines and procedures have been established for the approval and control of operating expenditures, capital expenditures and the unbudgeted expenditures and acquisitions.

The executive directors of the company review monthly management reports on the financial results and key operating statistics of each business unit and hold periodical meetings with the senior management of each business unit and the finance team to review these reports, discuss business performance against budgets, forecasts and market conditions, and to address accounting and finance related matters.

The board is responsible for internal control of the group and for reviewing its effectiveness. Procedures have been designed to safeguard assets against unauthorized use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for management use and for publication, and ensure compliance of applicable laws, rules and regulations. The procedures provide reasonable but not absolute assurance against material errors, losses or fraud.

For the year under review, the board has reviewed the effectiveness of the group's internal control system and performed evaluation of the principles and controls of the group's control environment, risk assessment, control activities, information and communication and monitoring so as to ensure that key business and operational risks are identified and managed. Significant findings on internal controls are reported to the audit committee every year.



CORPORATE GOVERNANCE REPORT

RESPONSIBILITY AND ACCOUNTABILITY OF THE BOARD

The board is responsible for formulating business strategies and monitoring the performance of the business of the group. Other than the daily operational decisions which are delegated to the members of the senior management of the group, most of the corporate decision of the company are made by the board.

The board also acknowledges the responsibility for preparing all information and representation contained in the consolidated financial statements of the company for the year under review. In preparing the financial statements, the generally accepted accounting standards in Hong Kong have been adopted and the financial statements complied with accounting standards issued by the Hong Kong Institute of Certified Public Accountants. Appropriate accounting policies have also been used and applied consistently. As at 31st March, 2015, the directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the ability of the company to continue as a going concern basis. The statement of the external auditors of the company about the reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report on pages 25 and 26 of the annual report of the company for the year ended 31st March, 2015.

The board will continuously review and improve the corporate governance practices and standards of the company to ensure that business activities and decision making processes are regulated in a proper and prudent manner.

AUDITOR'S REMUNERATION

An analysis of the remuneration of the company's auditors, Li, Tang, Chen & Co and other auditors for the year ended 31st March, 2015 is set out below:

	HK\$'000
Audit services	606
Non-audit services	—
	<hr/>
	606
	<hr/> <hr/>



CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

In accordance with article 64 of the company's article of association, one or more shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the company having the right of voting at general meetings, can request to convene an extraordinary general meetings. Such requisition shall be made in writing to the directors or the secretary for the purpose of requiring an extraordinary general meeting to be called by the directors for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the directors fail to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the directors shall be reimbursed to the requisitionist(s) by the company.

COMMUNICATION WITH SHAREHOLDERS

The board recognized the importance of good communication with the shareholders of the company. Information in relation to the group is disseminated to shareholders in a timely manner through a number of channels, which include publication of interim reports and annual reports, announcements and circulars. The developments of each line of the group's business are presented under "Management discussion and analysis" section of the interim reports and annual reports to enable the shareholders to have a better understanding of the group's business activities.

The company welcomes shareholders to attend the annual general meetings and express their view. The chairman of the board as well as other board members together with the external auditors are available to answer shareholders' questions.

CONSTITUTIONAL DOCUMENTS

There is no change in the memorandum and articles of association of the company during the year under review and up to the date of this report.



SUBSTAINABILITY REPORT

We believe that companies are no longer simply selling goods to buyers, but rather firms are providing platforms upon which users can add value upon. This is a “Shared Value” era. Shared value is defined as policies and operation practice that enhances the competitiveness of a company and advances the economic and social conditions in the communities at the same time, which supersedes corporate social responsibility. Shared Value can be created by satisfying societal needs, enhancing resource utilization and process efficiency, and enabling an eco-system development involving suppliers, customers, academic organization, and government.

We are creating a “Shared Value” opportunity of which we utilize our skill, resource and management capability for a “Better City, Better Life” as being manifested in our company slogan:

“We connect Everything”

Our sustainability commitments encompass:

I. Workplace Quality

We regard honesty, integrity and fair play as our core values that must be upheld by all directors and staff (including full-time, part-time and temporary staff) of the company at all times. Our human resources policies comply strictly with relevant guidelines, legislation and codes of conducts and practice.

Our workforce by age group and geographical regions is as follows:

Age group	Mainland			Total
	Hong Kong	China	Singapore	
Below 30	9	8	2	19
30 to 39	26	12	6	44
40 to 49	36	6	2	44
50 to 59	22	2	4	28
60 or Above	2	1	3	6
	<u>95</u>	<u>29</u>	<u>17</u>	<u>141</u>

All the staff are permanent and full time. The labour turnover rate is less than 1%.

To ensure our employees' health and safety, we observed all the requirements under the Occupational Safety and Health Ordinance. There was no fatalities or work injury during the reporting period.

We provided an average of 5 training hours to each employee. To encourage the staff for continuing education, all staff are eligible for tuition fee refund program for attending job-related courses including short courses, workshops, degree programmes up to the master's level.



SUSTAINABILITY REPORT

2. Environmental protection

We are committed to foster the sustainable use of the earth's resources and minimize as far as commercially practicable any adverse impact on the environment. We encourage our employees to reduce wastage and adopt of 4R policies to reduce, reuse, recycle and replace. Established procedures includes:

- Use products with energy saving label
- Use of recycled or recyclable literature and packaging materials
- Recycling of electronic components and electronic products which are harmful to the environment
- Collection of recyclable products and rechargeable batteries and sending to the collection point or stations
- Donation of computer devices and accessories to charitable organisations
- Reducing business travel by using tele-conferencing equipment

We have been awarded "Hong Kong Awards for Environment Excellence" by Hong Kong Productivity Council since 2012.

The water and electricity consumption during the reporting period is as follows:

	Electricity Consumption KwH	Water Consumption M ³
Hong Kong	198,958	129
Mainland China	49,459	256
Singapore (Note)	67,834	0
	<u>316,251</u>	<u>385</u>

Note: The water was provided by the building management. Since there was no separate charge, no figure is available.

3. Operating Practice

The fundamental goal for supply chain management is to obtain the right products and services for the stated purpose; at the right time, place and cost; in a manner that balances the overall requirements for economy, transparency and accountability and the needs of line management for flexibility and responsiveness to their particular operational circumstances. This activity is accomplished with the highest level of ethical standards for fair and equitable treatment of suppliers providing goods and services to the group.

To ensure the quality of our products and services, we will conduct customer satisfaction survey to monitor our performance and ensure that our products and services will meet the customers' expectation and needs. There was no products or services recalls for safety and health reasons during the reporting period.

Our staff handbook includes the codes of conduct setting out the basic standard of conduct expected of all directors and staff, and the company's policy on personal data protection, acceptance of advantage and handling of conflict of interest when dealing with the company's business. These codes and practices are adapted from the Sample Code of Conduct issued by the Independent Commission Against Corruption and Codes of Practice issued by the Office of the Privacy Commission for Personal Data. We will introduce to all new staff by our Human Resources Department during orientation session. There was no legal cases regarding corrupt practices brought against the company or our employees during the reporting period.

4. Community Involvement

We provide financial assistance through financial contributions and equipment donations and encourage our employees to participate in volunteer activities.

We have attained "Caring Company" by The Hong Kong Council of Social Service since 2005 to signify our caring for the community, employees and the environment.

We has been a corporate sponsor of 30-Hour Famine organized by World Vision Hong Kong since 2010.

We have been awarded the "Family-Friendly Employer" by The Family Council since 2011 in recognition of our dedication to continuously promoting family-friendly policies and practices.

Donations made by the group for the year ended 31st March, 2015 amounted to HK\$262,000.



REPORT OF THE DIRECTORS

The directors have pleasure in presenting their annual report and the audited financial statements for the year ended 31st March, 2015.

PRINCIPAL ACTIVITIES

The company acts as an investment holding company. The principal activities of its subsidiaries are set out in note 39 to the financial statements.

RESULTS AND APPROPRIATIONS

The loss of the group for the year ended 31st March, 2015 are set out in the consolidated statement of comprehensive income on pages 27 and 28.

The directors do not recommend the payment of any final dividend for the year ended 31st March, 2015 (2014: HK\$Nil) but propose to make a bonus issue of one new share credited as fully paid for every four shares held on the register of members on 2nd September, 2015 (2014: one new share credited as fully paid for every eight shares). The necessary resolution will be proposed at the forthcoming annual general meeting on 24th August, 2015, and if passed and obtained the approval from the Listing Committee of The Stock Exchange of Hong Kong Limited for granting of listing and permission to deal in the bonus shares, share certificates will be posted on or about 17th September, 2015.

PROPERTY, PLANT AND EQUIPMENT

During the year, the group spent HK\$1,086,000 on property, plant and equipment. The group also disposed of certain of its property, plant and equipment with the aggregate carrying amount of HK\$421,000.

Details of the movements in property, plant and equipment of the group during the year are set out in note 17 to the financial statements.

Particulars of the leasehold land and buildings of the group as at 31st March, 2015 are set out on page 103.

INVESTMENT PROPERTIES

During the year, the group disposed of certain of its investment properties with the aggregate carrying amount of HK\$11,930,000.

Details of the movements in investment properties of the group during the year are set out in note 18 to the financial statements.

Particulars of the investment properties of the group as at 31st March, 2015 are set out on pages 103 and 104.

BORROWINGS

Particulars of the borrowings of the group at the end of the reporting period are set out in note 28 to the financial statements.



REPORT OF THE DIRECTORS

SHARE CAPITAL

Details of the movements in share capital of the company during the year are set out in note 30 to the financial statements.

DONATIONS

Donations made by the group during the year amounted to HK\$262,000.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the company's articles of association or the laws of the Cayman Islands.

DIRECTORS AND SERVICE CONTRACTS

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

Executive directors:

Chan Chung Yee, Hubert – chairman
Chan Chung Yin, Roy – chief executive officer
Chan Ming Him, Denny
Wu Kwok Lam
Ip Man Hon
Choi Chun Yik (appointed on 1st April, 2014)

Independent non-executive directors:

Chiu Ngar Wing
Chu Chor Lup
Law Ka Hung

In accordance with article 108 of the articles of association and the code on corporate governance practices under the Listing Rules, Mr. Ip Man Hon, Mr. Chiu Ngar Wing and Dr. Chu Chor Lup will retire by rotation and being eligible for re-election at the forthcoming annual general meeting. All of them have offered themselves for re-election. The nomination committee has recommended to the board of directors that they are all eligible for re-election.

None of the directors of the company has entered into a service contract with the company or any of its subsidiaries which is not determinable within one year without payment of compensation, other than statutory compensation.



REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN CONTRACTS

Other than the interests disclosed in note 38 to the financial statements, no other contracts of significance to which the company or any of its subsidiaries was a party and in which a director of the company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The company has received from each of its current independent non-executive directors an annual confirmation of his independence and the company considers each of them to be independent based on the guidelines set out in Rule 3.13 of the Listing Rules.

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

- (a) As at 31st March, 2015, the interests and short positions of each director and chief executive of the company in the shares, underlying shares and debentures of the company or any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) which were required to be notified to the company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions which he was taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the company and the Stock Exchange were as follows:

Name of Director	The company/ associated corporation	Capacity	Number and class of securities (long position)(Note 1)	Approximate percentage of interest
Chan Chung Yee, Hubert	The company	Interest of controlled corporation	329,904,310 Shares (L) (Note 2)	51.74%
	The company	Beneficial owner	12,439,498 Shares (L) (Note 3)	1.95%
	Matrix World Group Limited	Beneficial owner	1 Share of US\$1.00 (L)	100.00%
Chan Chung Yin, Roy	The company	Interest of controlled corporation	69,442,000 Shares (L) (Note 4)	10.89%
	The company	Beneficial owner	509,850 Shares (L) (Note 5)	0.08%
	Star Global International Limited	Beneficial owner	1 share of US\$1.00 (L)	100.00%
Chan Ming Him, Denny	The company	Beneficial owner	1,237,500 Shares (L) (Note 6)	0.19%
Ip Man Hon	The company	Beneficial owner	371,250 Shares (L) (Note 7)	0.06%
Choi Chun Yik	The company	Beneficial owner	3 Shares (L) (Note 8)	0.00%

REPORT OF THE DIRECTORS

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

Notes:

- (1) The Letter "L" represents the director's or chief executive's interests in the shares and underlying shares of the company or its associated corporations.
- (2) Among these Shares, 11,270,189 Shares were held by Light Emotion Limited, a company wholly owned by Matrix World Group Limited and 318,634,121 Shares were held by Matrix World Group Limited, a company wholly owned by Mr. Chan Chung Yee, Hubert. By virtue of the provisions of Divisions 7 and 8 of Part XV of the SFO, Matrix World Group Limited is deemed to be interested in the Shares held by Light Emotion Limited and Mr. Chan Chung Yee, Hubert is deemed to be interested in the Shares in which Matrix World Group Limited is interested.
- (3) These Shares are registered in the name of Mr. Chan Chung Yee, Hubert.
- (4) These Shares were held by Star Global International Limited, a company wholly owned by Mr. Chan Chung Yin, Roy. By virtue of the provisions of Divisions 7 and 8 of Part XV of the SFO, Mr. Chan Chung Yin, Roy is deemed to be interested in the Shares held by Star Global International Limited.
- (5) These Shares are registered in the name of Mr. Chan Chung Yin, Roy.
- (6) These Shares are registered in the name of Mr. Chan Ming Him, Denny.
- (7) These Shares are registered in the name of Mr. Ip Man Hon.
- (8) These Shares are registered in the name of Mr. Choi Chun Yik.
- (9) Save as disclosed above, as at 31st March, 2015, none of the directors and chief executive of the company had any interest and short positions in the shares, underlying shares and debentures of the company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by directors of Listed Issuers contained in the Listing Rules, to be notified to the company and the Stock Exchange.



REPORT OF THE DIRECTORS

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31st March, 2015, the interests and short positions of the substantial shareholders of the company (other than the directors and the chief executive of the company) in the shares and underlying shares of the company as recorded in the register required to be kept by the company pursuant to section 336 of the SFO were as follows:

Name	Number of Shares (long position) <i>(Note 1)</i>	Capacity/ nature of interest	Approximate percentage of interest
Matrix World Group Limited	329,904,310(L) <i>(Note 2)</i>	Beneficial owner	51.74%
Star Global International Limited <i>(Note 3)</i>	69,442,000(L)	Beneficial owner	10.89%
Chan Low Wai Han, Edwina <i>(Note 4)</i>	69,951,850(L)	Interests of spouse	10.97%
Josephine Liu <i>(Note 5)</i>	342,343,808(L)	Interests of spouse	53.69%

Notes:

- (1) The Letter "L" represents the person's interests in Shares.
- (2) Among these Shares, 11,270,189 Shares were held by Light Emotion Limited, a company wholly owned by Matrix World Group Limited and 318,634,121 Shares were held by Matrix World Group Limited, a company wholly owned by Mr. Chan Chung Yee, Hubert. By virtue of the provisions of Divisions 7 and 8 of Part XV of the SFO, Matrix World Group Limited is deemed to be interested in the Shares held by Light Emotion Limited and Mr. Chan Chung Yee, Hubert is deemed to be interested in the Shares in which Matrix World Group Limited is interested. Mr. Chan Chung Yee, Hubert is a director of Light Emotion Limited and Matrix World Group Limited.
- (3) Star Global International Limited is a company wholly owned by Mr. Chan Chung Yin, Roy. Mr. Chan Chung Yin, Roy is a director of Star Global International Limited.
- (4) Mrs. Chan Low Wai Han, Edwina is the wife of Mr. Chan Chung Yin, Roy. By virtue of the provisions of Divisions 2 and 3 of Part XV of the SFO, Mrs. Chan Low Wai Han, Edwina is deemed to be interested in all the Shares in which Mr. Chan Chung Yin, Roy is interested.
- (5) Ms. Josephine Liu is the wife of Mr. Chan Chung Yee, Hubert. By virtue of the provisions of Divisions 2 and 3 of Part XV of the SFO, Ms. Josephine Liu is deemed to be interested in all the Shares in which Mr. Chan Chung Yee, Hubert is interested.

REPORT OF THE DIRECTORS

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from those disclosed under the section heading "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" above and under the section headed "Share Award Plan" below, at no time during the year under review or up to the date of this report was the company or any of its subsidiaries a party to any arrangement to enable the directors of the company to acquire benefits by means of acquisition of shares in, or debenture of the company or any other body corporate.

SHARE AWARD PLAN

On 8th September, 2006, the Share Award Plan was adopted by the company in which full time selected employees (including any directors) of the company, any of its subsidiaries or any entity in which any members of the group holds an equity interest will be entitled to participate. The Share Award Plan enables the company to reward and provide incentives to, and strengthen the group's business relationship with, the prescribed classes of participants who contributed and/or may contribute to the growth and development of the group. Unless early terminated by the Board, the Share Award Plan will remain in force for a period of 10 years commencing from the date of its adoption. In any given financial year of the company, the maximum number of shares of the company which may be subscribed for and/or purchased by the trustee of the Share Award Plan is limited to not more than 8 per cent of the total number of shares of the company in issue as at the beginning of that financial year. The amount of funds which may be allocated by the company to the trustee of the Share Award Plan in any given financial year of the company for the purpose of subscribing for and/or purchasing any awarded shares of the company is limited to not more than 10 per cent of the consolidated profit before tax of the group as shown in its audited financial statements of the immediate preceding year. The allocation of funds in respect of any award to a connected person (as defined in "the Listing Rules") of the company is subject to the applicable requirements of Chapter 14A of the Listing Rules.

The relevant awarded shares of the company acquired by the trustee of the Share Award Plan (together with any dividends and other distribution in respect of these awarded shares of the company) will be held by the trustee in trust for those selected employees until they are vested in them in accordance with the terms and conditions of the awards made.

Further details in relation to the Share Award Plan are set out in note 31 to the financial statements.

MANAGEMENT CONTRACTS

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



REPORT OF THE DIRECTORS

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31st March, 2015, the aggregate turnover attributable to the group's five largest customers accounted for approximately 33% by value of the group's total turnover and the turnover attributable to the group's largest customer was approximately 24% of the total turnover. The aggregate purchases attributable to the group's five largest suppliers accounted for approximately 39% by value of the group's total purchases and the purchases attributable to the group's largest supplier was approximately 32% by value of the total purchases.

None of the directors of the company, any of their associates or any shareholders (which to the best knowledge of the directors owns more than 5% of the company's share capital) has any beneficial interest in any of the group's five largest customers or five largest suppliers.

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

There was no purchase, sale or redemption of the company's listed shares by the company or any of its subsidiaries during the year.

CORPORATE GOVERNANCE

The company is committed to maintain a high standard of corporate governance practices. Information on the corporate governance practices adopted by the company is set out in the section headed "Corporate Governance Report" in the annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the company and within the knowledge of the directors as at the date of this annual report, the company has maintained the prescribed public float as prescribed under the Listing Rules.

AUDITORS

Li, Tang, Chen & Co. will retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Li, Tang, Chen & Co. as auditors of the company is to be proposed at the forthcoming annual general meeting.

On behalf of the Board of Directors

Chan Chung Yee, Hubert

Chairman

Hong Kong, 26th June, 2015



INDEPENDENT AUDITOR'S REPORT



李湯陳會計師事務所
LI, TANG, CHEN & CO.

CERTIFIED PUBLIC ACCOUNTANTS (PRACTISING)

**TO THE SHAREHOLDERS OF
HKC INTERNATIONAL HOLDINGS LIMITED**

(incorporated in Cayman Islands with limited liability)

We have audited the consolidated financial statements of HKC International Holdings Limited ("the company") and its subsidiaries (collectively "the group") set out on pages 27 to 101, which comprise the consolidated and company statement of financial position as at 31st March, 2015, 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 predecessor Hong Kong Companies Ordinance (Cap. 32), and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

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

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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



INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITY (Cont'd)

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 state of affairs of the company and of the group as at 31st March, 2015 and of the group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the predecessor Hong Kong Companies Ordinance (Cap. 32).

Li, Tang, Chen & Co.

Certified Public Accountants (Practising)

10/F Sun Hung Kai Centre

30 Harbour Road

Wanchai

Hong Kong

26th June, 2015



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March, 2015

	Note	2015 HK\$'000	2014 HK\$'000
TURNOVER	7	219,737	263,096
Cost of sales		(170,823)	(212,234)
GROSS PROFIT		48,914	50,862
Loss on disposal of property, plant and equipment		(342)	(324)
(Loss)/gain on disposal of investment properties		(13)	1,046
Other income and gains	8	1,315	2,527
Other losses	8	(1,454)	(1,456)
Fair value gain on investment properties		7,270	8,681
Selling and distribution expenses		(13,677)	(10,358)
Administrative and other operating expenses		(43,695)	(61,658)
Finance costs	9	(1,739)	(1,145)
LOSS BEFORE TAXATION	10	(3,421)	(11,825)
TAX EXPENSE	13(a)	(239)	(62)
LOSS FOR THE YEAR		(3,660)	(11,887)
OTHER COMPREHENSIVE INCOME/(EXPENSE) NET OF TAX			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of overseas operations		930	212
Fair value gain/(loss) on available-for-sale financial assets		6,243	(365)
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR		7,173	(153)
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR		3,513	(12,040)



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March, 2015

	Note	2015 HK\$'000	2014 HK\$'000
(Loss)/profit attributable to			
Equity holders of the company	14	(3,660)	(12,175)
Non-controlling interests		–	288
Loss for the year		(3,660)	(11,887)
Total comprehensive income/(expense) attributable to			
Equity holders of the company		3,513	(12,328)
Non-controlling interests		–	288
Total comprehensive income/(expense) for the year		3,513	(12,040)
LOSS PER SHARE – (HK CENTS)			
– basic	15	(0.61) cents	(2.25) cents
– diluted	15	(0.60) cents	(2.24) cents



STATEMENT OF FINANCIAL POSITION

As at 31st March, 2015

	Note	The group		The company	
		2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
NON-CURRENT ASSETS					
Property, plant and equipment	17	62,790	65,603	–	–
Investment properties	18	192,780	197,440	–	–
Interests in subsidiaries	19	–	–	226,508	225,245
Available-for-sale financial assets	20	13,832	3,689	–	–
		269,402	266,732	226,508	225,245
CURRENT ASSETS					
Inventories	21	20,902	25,727	–	–
Financial assets at fair value through profit or loss	22	369	–	–	–
Gross amounts due from customers for contract work	23	17,041	11,660	–	–
Debtors, deposits and prepayments	24	56,090	51,720	–	–
Tax recoverable		4	159	–	–
Cash and bank balances	25	12,574	12,166	50	51
		106,980	101,432	50	51
CURRENT LIABILITIES					
Creditors, deposits received and accrued charges	26	10,790	17,597	72	68
Gross amounts due to customers for contract work	23	539	4,759	–	–
Tax payable		812	639	–	–
Obligations under finance leases	27	19	19	–	–
Bank borrowings	28	65,762	50,184	–	–
		77,922	73,198	72	68
NET CURRENT ASSETS/ (LIABILITIES)					
		29,058	28,234	(22)	(17)
TOTAL ASSETS LESS CURRENT LIABILITIES					
		298,460	294,966	226,486	225,228



STATEMENT OF FINANCIAL POSITION

As at 31st March, 2015

	Note	The group		The company	
		2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
NON-CURRENT LIABILITIES					
Obligations under finance leases	27	24	43	-	-
Deferred tax liabilities	29	168	168	-	-
		192	211	-	-
NET ASSETS					
		298,268	294,755	226,486	225,228
CAPITAL AND RESERVES					
Share capital	30	6,376	5,667	6,376	5,667
Reserves	32	291,892	289,088	220,110	219,561
TOTAL EQUITY					
		298,268	294,755	226,486	225,228

The consolidated financial statements on pages 27 to 101 were approved and authorised for issue by the board of directors on 26th June, 2015 and are signed on its behalf by:

Chan Chung Yee, Hubert

Director

Wu Kwok Lam

Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March, 2015

	Attributable to equity holders of the company											
	Share capital	Share premium	Shares held for share award plan	Share award reserve	Capital reserve	Investment revaluation reserve	Property revaluation reserve	Translation reserve	Retained profits	Total	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	HK\$'000
At 1st April, 2013	5,152	46,922	(1,089)	664	28,325	2,040	41,556	265	182,549	306,384	128	306,512
(Loss)/profit for the year	-	-	-	-	-	-	-	-	(12,175)	(12,175)	288	(11,887)
Other comprehensive (expense)/income for the year	-	-	-	-	-	(365)	-	212	-	(153)	-	(153)
Total comprehensive (expense)/income for the year	-	-	-	-	-	(365)	-	212	(12,175)	(12,328)	288	(12,040)
Bonus shares issued	515	(515)	-	-	-	-	-	-	-	-	-	-
Recognition of equity settled share based payment	-	-	-	699	-	-	-	-	-	699	-	699
Share awarded to staff under the Share Award Plan	-	-	591	(699)	-	-	-	-	108	-	-	-
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	(416)	(416)
At 31st March, 2014	5,667	46,407	(498)	664	28,325	1,675	41,556	477	170,482	294,755	-	294,755
At 1st April, 2014	5,667	46,407	(498)	664	28,325	1,675	41,556	477	170,482	294,755	-	294,755
Loss for the year	-	-	-	-	-	-	-	-	(3,660)	(3,660)	-	(3,660)
Other comprehensive income for the year	-	-	-	-	-	6,243	-	930	-	7,173	-	7,173
Total comprehensive income/(expense) for the year	-	-	-	-	-	6,243	-	930	(3,660)	3,513	-	3,513
Bonus shares issued	709	(709)	-	-	-	-	-	-	-	-	-	-
At 31st March, 2015	6,376	45,698	(498)	664	28,325	7,918	41,556	1,407	166,822	298,268	-	298,268



CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31st March, 2015

	2015 HK\$'000	2014 HK\$'000
OPERATING ACTIVITIES		
Loss before taxation	(3,421)	(11,825)
Adjustments for:		
Depreciation	3,446	4,566
Loss on disposal of property, plant and equipment	342	324
Gain/(loss) on disposal of investment properties	13	(1,046)
Dividend income from listed investments	(158)	(145)
Changes in fair value of investment properties	(7,270)	(8,681)
Write-(back)/down of inventories	(847)	29
Impairment losses on trade debtors	72	61
Bad debts written off	578	–
Employee share-based compensation benefits	–	699
Loss on disposal of a subsidiary	–	862
Loss on disposal of available-for-sale financial assets	–	267
Interest income	(220)	(333)
Interest expenses	1,739	1,145
Exchange differences	1,088	(45)
Operating cash outflow before movements in working capital	(4,638)	(14,122)
Decrease/(increase) in inventories	5,707	(8,469)
(Increase)/decrease in gross amounts due from customers for contract work	(5,440)	6,419
Increase in financial assets at fair value through profit or loss	(369)	–
Increase in debtors, deposits and prepayments	(4,893)	(9,667)
(Decrease)/increase in creditors, deposits received and accrued charges	(7,019)	75
(Decrease)/increase in gross amounts due to customers for contract work	(4,220)	4,118
Net cash used in operations	(20,872)	(21,646)
Interest received	220	333
Interest paid on bank borrowings	(1,739)	(1,145)
Tax recovered/(paid):		
Hong Kong	98	(320)
Overseas	(4)	–
	94	(320)
NET CASH USED IN OPERATING ACTIVITIES	(22,297)	(22,778)



CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31st March, 2015

	2015 HK\$'000	2014 HK\$'000
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(1,086)	(16,961)
Purchases of available-for-sale financial assets	(3,900)	—
Purchases of investment properties	—	(12,971)
Proceeds from disposal of property, plant and equipment	79	249
Proceeds from disposal of investment properties	11,917	13,556
Disposal of a subsidiary (net of cash and cash equivalents disposed of)	—	(2,141)
Dividend received from listed investments	158	145
Proceeds from disposal of available-for-sale financial assets	—	477
Decrease in pledged time deposits	—	4,030
	7,168	(13,616)
FINANCING ACTIVITIES		
Bank loan obtained	20,000	15,744
Repayment of obligations under finance leases	(19)	(29)
Repayment of bank loans	(4,422)	(6,095)
	15,559	9,620



CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31st March, 2015

	2015 HK\$'000	2014 HK\$'000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	430	(26,774)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	5,067	31,703
Effect of foreign exchange rates changes	(22)	138
CASH AND CASH EQUIVALENTS AT END OF YEAR	5,475	5,067
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Time deposits with maturity within three months	77	76
Cash and bank balances	5,398	4,991
	5,475	5,067

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL

The company is a public limited company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited. (the "Stock Exchange").

The addresses of the registered office and principal place of business of the company are disclosed in the section headed "corporate information" to this annual report.

The principal activity of the company is that of investment holding. The principal activities of the subsidiaries are set out in note 39.

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

The Hong Kong Institute of Certified Public Accountants ("HKICPA") has issued a number of revised standards and a new interpretation, which are effective for the accounting period beginning on 1st April, 2014, as follows:

HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – <i>Investment Entities</i>
HKFRS 32 Amendments	Amendments to HKAS 32 Financial Instruments: Presentation – <i>Offsetting Financial Assets and Financial Liabilities</i>
HKFRS 36 Amendments	Amendments to HKFRS 36 Impairment of Assets – <i>Recoverable Amount Disclosures for Non-Financial Assets</i>
HKFRS 39 Amendments	Amendments to HKAS 39 Financial Instruments: Recognition and Measurement – <i>Novation of Derivatives and Continuation of Hedge Accounting</i>
HK(IFRIC)-Int 21	<i>Levies</i>

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



NOTES TO THE FINANCIAL STATEMENTS

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

¹ Effective for annual periods beginning on or after 1st January 2018

² Effective for annual periods beginning on or after 1st January 2016

³ Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1st January 2016 and therefore is not applicable to the group

⁴ Effective for annual periods beginning on or after 1st January 2017

⁵ Effective for annual periods beginning on or after 1st July 2014

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

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The group expects to adopt HKFRS 9 on 1st April 2018.

NOTES TO THE FINANCIAL STATEMENTS

3. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (Cont'd)

HKFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which any entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. The group expects to adopt HKFRS 15 on 1st April, 2017 and is currently assessing the impact of HKFRS 15 upon adoption.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the year presented, unless otherwise stated.

a) Basis of preparation

These financial statements have been prepared in accordance with HKFRSs (which also include HKASs and Interpretations ("HK-Int")) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the predecessor Hong Kong Companies Ordinance (Cap. 32). They have been prepared under the historical cost convention, except for certain financial instruments and investment properties, which have been measured at fair values. These financial statements are presented in Hong Kong Dollars ("HK\$") and all values are rounded to the nearest thousand except where otherwise indicated.

b) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the group. The group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the group has power, only substantive rights (held by the group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealized profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.



NOTES TO THE FINANCIAL STATEMENTS

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

b) Subsidiaries and non-controlling interests (Cont'd)

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the company, and in respect of which the group has not agreed any additional terms with the holders of those interests which would result in the group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the company. Non-controlling interests in the results of the group are presented on the face of the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the company. Loans from holders of non-controlling interest and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with note 4(k).

Changes in the group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).



NOTES TO THE FINANCIAL STATEMENTS

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

c) Goodwill

Goodwill arising on the acquisition of subsidiaries represents the excess of the cost of the business combination over the group's interest in the net fair values of the acquirees' identifiable assets acquired, and liabilities and contingent liabilities assumed as at the date of acquisition.

Goodwill is recognised in the consolidated statement of financial position as an asset, initially measured at cost and subsequently at cost less any accumulated impairment losses. In the case of associate, goodwill is included in the carrying amount thereof, rather than as a separately identified asset on the consolidated statement of financial position.

The carrying amount of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined by assessing the recoverable amount of the cash-generating unit, or group of cash-generating units to which the goodwill relates. Where the recoverable amount of the cash-generating unit, or group of cash-generating units are less than the carrying amount, an impairment loss is recognised.

Where goodwill forms part of 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 disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

An impairment loss recognised for goodwill is not reversed in a subsequent period.

d) Property, plant and equipment

Property, plant and equipment including land and buildings held for use in the production or supply of goods or services, or for administration propose are stated at cost less accumulated depreciation and any impairment losses. The cost of an asset 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 property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the property, plant and equipment, the expenditure is capitalised as an additional cost of that asset.



NOTES TO THE FINANCIAL STATEMENTS

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

d) Property, plant and equipment (Cont'd)

Depreciation on property, plant and equipment is calculated on the straight-line basis to allocate cost to their residual value over their estimated useful lives as follows:

Leasehold land	Over the unexpired term of lease
Buildings	Over the shorter of the term of the lease or 40 years
Motor vehicles	20% p.a.
Computer equipment	33 $\frac{1}{3}$ % p.a.
Office equipment	10% – 20% p.a.
Leasehold improvements	20% – 33 $\frac{1}{3}$ % p.a.
Furniture and fixtures	10% – 20% p.a.
Moulds	20% p.a.
Plant and machinery	20% p.a.

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on derecognition of the asset (calculated as the difference between the net sale proceeds and the carrying amount of the asset) is included in profit or loss in the year in which the item is derecognised).

e) 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 reporting period.

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

For a transfer of investment property carried at fair value to leasehold property, the property's deemed cost for subsequent accounting in accordance with note 4(d) shall be its fair value at the date of change in use.



NOTES TO THE FINANCIAL STATEMENTS

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**e) Investment properties (Cont'd)**

For a transfer from owner-occupied property to investment property, the entity shall treat any difference at that date between the carrying amount of the property and its fair value in the same way as a revaluation surplus. The excess of the fair value of the property at the date of transfer over the carrying amount of the property is credited to other comprehensive income and accumulated in property revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense, in which case the increase is credited to the profit or loss to the extent of the decrease previously charged to profit or loss. The excess of the carrying amount of the property at the date of transfer over the fair value of the property is recognised in profit or loss to the extent it exceeds the balance, if any, on the revaluation reserve relating to previously revaluation of the same asset. On subsequent disposal of the investment property, the revaluation surplus included in equity may be transferred to retained profits. The transfer from revaluation surplus to retained profits is not made through profit or loss.

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

f) Financial instruments*i) Classification***Available-for-sale financial assets**

This category comprises financial assets which are non-derivatives and are designated as available-for-sale financial assets or not classified under other investment categories.

Financial assets at fair value through profit or loss

This category comprises financial assets held for trading and those designated as fair value through profit or loss at inception. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short-term. Bank deposits with embedded derivatives for yield enhancement whose economic characteristics and risks are not closely related to the host deposits are designated as financial assets at fair value through profit or loss.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments, that are not quoted in an active market, and with no intention of trading the receivables. Bank deposits are treated as loans and receivables and are disclosed as cash and bank balances.



NOTES TO THE FINANCIAL STATEMENTS

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

f) Financial instruments (Cont'd)

ii) *Recognition and initial measurement*

Purchases and sales of investments are recognised on trade-date – the date on which the group commits to purchase or sell the assets. Investments at fair value through profit or loss are initially recognised at fair value with transaction costs recognised as expenses in profit or loss. Investments not designated as fair value through profit or loss are initially recognised at fair value plus transaction costs.

iii) *Derecognition*

Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially the risk and rewards of ownership.

iv) *Gains or losses on subsequent measurement and interest income*

Available-for-sale financial assets

- Available-for-sale financial assets are carried at fair value. Unrealised gains and losses arising from changes in the fair value are recognised in investment revaluation reserve. When the securities are sold, the difference between the sale proceeds and the carrying value, and the accumulated fair value adjustments in the investment revaluation reserve are treated as gains or losses on disposal.
- Interest income is recognised using the effective interest method and disclosed as interest income.

Financial assets at fair value through profit or loss

- Investments under this category are carried at fair value. Unrealised gains and losses arising from changes in the fair value are included in profit or loss in the period in which they arise. Upon disposal, the difference between the sale proceeds and the carrying value is included in profit or loss.
- Interest income is recognised using the effective interest method and included as net realised and unrealised gains and losses and interest income from these investments.



NOTES TO THE FINANCIAL STATEMENTS

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

f) Financial instruments (Cont'd)

iv) *Gains or losses on subsequent measurement and interest income (Cont'd)*

Loans and receivables

- Loans and receivables are carried at amortised cost using the effective interest method less any impairment losses for bad and doubtful debts except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less any impairment losses.
- Interest income is recognised using the effective interest method and disclosed as interest income.

v) *Fair value measurement principles*

Fair values of quoted investments are based on bid prices. For unlisted securities or financial assets without an active market, the group establishes the fair value by using valuation techniques including the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis.

vi) *Impairment*

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 are impaired. If any such evidence exists for the available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on the financial assets previously recognised in profit or loss – is removed from investment revaluation reserve and recognised in profit or loss.

In case of equity securities classified as available-for-sale financial assets, a significant or prolonged decline in the fair value of the securities below their cost is considered in determining whether the securities are impaired. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss.

A provision of impairment for loans and receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. The amount of provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of provision is recognised in profit or loss.



NOTES TO THE FINANCIAL STATEMENTS

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

g) Inventories

Inventories are stated at the lower of cost, on the first-in, first-out basis, and net realisable value. Costs comprise direct materials and the related purchase costs. In the case of finished goods and work in progress, costs also include direct labour and an appropriate proportion of manufacturing overheads. Net realisable value is based on estimated selling prices less all costs to be incurred to completion and disposal.

h) Construction contract

When the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as an expense by reference to the stage of completion of the contract at the end of each reporting period. When it is probable that total contract costs will exceed total contract revenue, its expected loss is recognised as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred.

Construction contracts in progress at the end of each reporting period are recorded in the statement of financial position at the net amount of costs incurred plus recognised profit less recognised losses and progress billings, and are presented in the statement of financial position as the "Gross amounts due from customers for contract work" (as an asset) or the "Gross amounts due to customers for contract work" (as a liability), as applicable. Progress billings not yet paid by the customer are included in the statement of financial position under "Debtors, deposits and prepayments".

i) 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 are included in property, plant and equipment, and depreciated over the shorter of the lease term and the estimated useful lives of the assets. The finance costs of such leases are charged to profit or loss 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 profit or loss on the straight-line basis over the lease term. Where the group is the lessee, rentals payable under the operating leases net of any incentives received from the lessor are charged to profit or loss on the straight-line basis over the relevant lease terms.

NOTES TO THE FINANCIAL STATEMENTS

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

i) Leases (Cont'd)

Prepaid operating lease payments are initially stated at cost and subsequently amortised on the straight-line basis over the lease term. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of properties as a finance lease.

j) 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 and which 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.

k) Payables

Payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

l) Revenue recognition

Sales of goods are recognised when goods are delivered and title has passed.

Service fee income, arising from repairs installation, maintenance and connection services, are recognised when the relevant services are rendered.

Contract revenue:

When the outcome of a construction contract can be estimated reliably, revenue from a fixed price contract is recognised using the percentage of completion method, measured by reference to the percentage of contract costs incurred to date to estimated total contract costs for the contract or surveys of work performed.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable.

Rental income, including rentals invoiced in advance from properties let under operating leases, is recognised on a straight-line basis over the terms of the relevant leases.

Interest income is recognised using the effective interest method.



NOTES TO THE FINANCIAL STATEMENTS

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

m) Employee benefits

Equity-settled share-based payment transactions

The fair value of services received, determined by reference to the fair value of awarded shares granted at the grant date, in exchange for the grant of the awarded shares is expensed on a straight-line basis over the vesting period, with a corresponding increase in share award reserve. At the time when the awarded shares are vested, the amount previously recognised in share award reserve and the amount of the relevant treasury shares will be transferred to retained profits. When the awarded shares are not vested or are forfeited during the vesting period, the amount previously recognised in share award reserve will be recognised as income immediately in profit or loss.

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

Pension schemes and other retirement benefits

The group joins defined contribution retirement benefits schemes in Hong Kong and overseas for those employees who are eligible and have elected to participate in the schemes. Contributions are made based on a percentage of the participating employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the schemes. The assets of the schemes are held separately from those of the group in independently administered funds. In respect of the Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme"), the group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a specific amount for the employees in Mainland China, pursuant to the local municipal government regulations. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

The group's subsidiaries which operate in Singapore are required to contribute to the Central Provident Fund ("CPF") a defined contribution plan regulated and managed by the Government of Singapore, which applies to the majority of the employees. The contributions to CPF are charged to profit or loss in the period to which the contribution relate.

n) Borrowing costs

Borrowing costs are recognised as expenses in profit or loss in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**o) Income tax expense**

Income tax expense comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of each reporting period, and any adjustments to tax payable in respect of previous years, current tax is recognised in profit or loss, except it relates to items that are recognised in other comprehensive income, in which case, the current tax is also recognised in other comprehensive income.

Deferred taxation is recognised on all temporary differences at the end of each 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 where the deferred tax liabilities arise from the initial recognition of assets or liabilities and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax assets and unused tax losses can be utilised except where the deferred tax assets relating to the deductible temporary differences arises from the initial recognition of assets or liabilities and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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 future taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Conversely, previously unrecognised deferred tax assets are recognised to the extent that it is probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the assets are realised or the liabilities are settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period. Deferred taxation is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred taxation is also recognised in other comprehensive income or directly in equity respectively.



NOTES TO THE FINANCIAL STATEMENTS

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

p) Impairment

i) *Impairment of receivables*

Current and non-current receivables that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. If any such evidence exists, any impairment loss is determined and recognised as follows:

- For current receivables that are carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial assets and the estimated future cash flows, discounted at the current market rate of return for a similar financial assets where the effect of discounting is material. Impairment losses for current receivables are reversed if in a subsequent period the amount of the impairment loss decreases.
- For financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets).

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

ii) *Impairment of other assets*

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired, an impairment loss previously recognised no longer exists or may have decreased:

- Property, plant and equipment; and
- Other tangible assets.

If any such indication exists, the asset's recoverable amount is estimated.



NOTES TO THE FINANCIAL STATEMENTS

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

p) Impairment (Cont'd)

ii) *Impairment of other assets (Cont'd)*

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount.

- Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversal of impairment loss is credited to profit or loss in the year in which the reversal is recognised.

q) Foreign currency transaction

i) *Functional and presentation currency*

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is the company's functional and group's presentation currency.

ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of each reporting period are translated at the year-end exchange rates. All exchange differences are recognised in profit or loss.



NOTES TO THE FINANCIAL STATEMENTS

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

q) Foreign currency transaction (Cont'd)

ii) *Transactions and balances (Cont'd)*

Translation differences on non-monetary items, such as equity instruments held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets are included in the investment revaluation reserve in equity.

The results and financial position of all the group's foreign operating (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- i) assets and liabilities for statement of financial position presented are translated at the closing rate at the end of each reporting period;
- ii) income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- iii) all of the resulting exchange differences are recognised in other comprehensive income and accumulated in equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

r) Related parties

- a) A person, or a close member of that person's family, is related to the group if 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 the group's parent.



NOTES TO THE FINANCIAL STATEMENTS

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**r) Related parties (Cont'd)**

- b) An entity is related to the group if any of the following conditions applies:
- i) the entity and the group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - iii) both entities are joint ventures of the same third party.
 - iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - v) the entity is a post-employment benefit plan for the benefit of employees of either the group or an entity related to the group.
 - vi) the entity is controlled or jointly controlled by a person identified in (a).
 - 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).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

s) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the note to the financial statements. When a change in the probability of an outflow occurs so that outflow is possible, they will then be recognised as a provision.



NOTES TO THE FINANCIAL STATEMENTS

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

t) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

5A SUMMARY OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

The categories of financial assets and financial liabilities included in the consolidated statement of financial position and the headings in which they are included are as follows:

	The group	
	2015 HK\$'000	2014 HK\$'000
Financial assets		
Loan and receivables		
Debtors and deposits	54,656	51,144
Cash and bank balances	12,574	12,166
	67,230	63,310
Available-for-sale financial assets	13,832	3,689
Financial assets at fair value through profit or loss	369	–
	14,201	3,689

NOTES TO THE FINANCIAL STATEMENTS

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

5A SUMMARY OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY (Cont'd)

	The group	
	2015 HK\$'000	2014 HK\$'000
Financial liabilities		
At amortised cost		
Creditors and accrued charges	8,691	14,388
Bank borrowings	65,762	50,184
Obligation under finance lease		
– current liabilities	19	19
– non-current liabilities	24	43
	74,496	64,634

	The company	
	2015 HK\$'000	2014 HK\$'000
Financial assets		
Loan and receivables		
Amount due from a subsidiary	99,000	97,000
Cash and bank balances	50	51
	99,050	97,051
Financial liabilities		
At amortised cost		
Amounts due to subsidiaries	38,996	38,259
Accrued charge	72	68
	39,068	38,327



NOTES TO THE FINANCIAL STATEMENTS

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

5B FINANCIAL RISK MANAGEMENT

Exposure to credit, liquidity, interest rate, foreign currency and price risks arises in the normal course of the group's business. These risks are limited by the group's financial risk management policies and practices described below.

a) *Credit risk*

The group's credit risk is primarily attributable to cash at banks, bank deposits, trade and other debtors and investments. Management has a credit policy in place and the exposure to these credit risks are monitored on an ongoing basis.

Cash at banks and bank deposits are placed with licensed financial institutions with high credit ratings. The group monitors the exposure to each single financial institution.

For trade and other debtors, credit checks are part of the normal operating process and stringent monitoring procedures are in place to deal with overdue debts. In addition, the group reviews the recoverable amounts of trade and other debtors at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

The group has no significant concentrations of credit risk with exposure spread over a number of counterparties and customers. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position after deducting any impairment allowance. The group does not provide any guarantees which would expose the group to credit risk.

Further quantitative disclosure in respect of the group's exposure to credit risk arising from trade debtors is set out in note 24.

Investments are normally only in liquid equity and debt securities, investments funds and equity-linked deposits and notes and with counterparties that have a high credit standing. Given their high credit standing, management does not expect any investment counterparty to fail to meet its obligations.



NOTES TO THE FINANCIAL STATEMENTS

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

5B FINANCIAL RISK MANAGEMENT (Cont'd)

b) Liquidity risk

The group's policy is to regularly monitor current and expected liquidity level to ensure that it maintains sufficient reserves of cash and bank balances and readily realisable marketable securities for its daily operation and investment purposes.

Liquidity risk is the risk that funds will not be available to meet liabilities as they fall due, and it results from amount and maturity mismatches of assets and liabilities.

Prudent liquidity risk management implies maintaining sufficient bank balances.

The following table details the remaining contractual maturities at the end of each reporting period of the group's and the company's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of each reporting period) and the earliest date the group and the company can be required to pay.

	The group							
	2015				2014			
	Carrying amount HK\$'000	Total contractual undiscounted cash flow HK\$'000	Within 1 year or on demand HK\$'000	More than 1 year HK\$'000	Carrying amount HK\$'000	Total contractual undiscounted cash flow HK\$'000	Within 1 year or on demand HK\$'000	More than 1 year HK\$'000
Creditors and accrued charges	8,691	(8,691)	(8,691)	-	14,388	(14,388)	(14,388)	-
Obligations under finance leases	43	(43)	(19)	(24)	62	(62)	(19)	(43)
Bank borrowings	65,762	(67,448)	(67,448)	-	50,184	(51,431)	(51,431)	-
	74,496	(76,182)	(76,158)	(24)	64,634	(65,881)	(65,838)	(43)



NOTES TO THE FINANCIAL STATEMENTS

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

5B FINANCIAL RISK MANAGEMENT (Cont'd)

b) Liquidity risk (Cont'd)

	The company							
	2015				2014			
	Carrying amount HK\$'000	Total contractual undiscounted cash flow HK\$'000	Within 1 year or on demand HK\$'000	More than 1 year HK\$'000	Carrying amount HK\$'000	Total contractual undiscounted cash flow HK\$'000	Within 1 year or on demand HK\$'000	More than 1 year HK\$'000
Amount due to subsidiaries	38,996	(38,996)	-	(38,996)	38,259	(38,259)	-	(38,259)
Creditors and accrued charges	72	(72)	(72)	-	68	(68)	(68)	-
	39,068	(39,068)	(72)	(38,996)	38,327	(38,327)	(68)	(38,259)

c) Interest rate risk

The group's financial assets only include short-term bank deposits and bank balances. Management does not anticipate significant impact on interest-bearing assets resulted from the changes in interest rates because the interest rates at bank deposits are not expected to change significantly.

The group's bank borrowings and obligations under finance leases have exposure to risk arising from changing interest rates. Bank borrowings at variable rates expose the group to cash flow interest rate risk, and obligations under finance leases at fixed rates expose the group to fair value interest rate risk.

Due to the fact that the changes in interest rates would not have significant impact on the group's result and accordingly, the sensitivity analysis in respect of changes in interest rates is not presented.

d) Foreign currency risk

The group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk is primarily Renminbi.

Sensitivity analysis

Due to the fact that the changes in foreign exchange rates would have no material impact on the result of the group for the year ended 31st March, 2015 and accordingly, sensitivity analysis in respect of change in interest rates is not required.

NOTES TO THE FINANCIAL STATEMENTS

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

5B FINANCIAL RISK MANAGEMENT (Cont'd)

e) *Price risk*

The group is exposed to price changes arising from available-for-sale financial assets (see note 20). Except as disclosed in note 20, all of these investments are measured at fair value at the end of each reporting period with reference to the quoted price. Management monitors this exposure and takes appropriate actions when it is required.

The following table indicates the approximate change in the group's loss after tax and other components of consolidated equity in response to reasonably possible changes of 15% (2014: 15%) in price in respect of listed equity and debt securities.

The effect of price changes in respect of unlisted investment fund are excluded from the below calculation as the directors consider that their prices depend on complicated market factors and cannot be estimated.

	The group			
	Decrease/(increase)		Increase/(decrease)	
	in loss after tax		in investment	
	15% increase		15% decrease	
	15% increase	15% decrease	15% increase	15% decrease
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31st March, 2015	46	(46)	1,490	(1,490)
At 31st March, 2014	–	–	553	(553)

The sensitivity analysis has been determined assuming that the reasonably possible changes in price had occurred as at the end of each reporting period and had been applied to the exposure to price risk for the financial instruments in existence at that date and that all other variables remain constant. The stated changes represent management's assessment of reasonably possible changes in price over the period until the end of next reporting period. The analysis has been performed on the same basis for 2014.



NOTES TO THE FINANCIAL STATEMENTS

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

5B FINANCIAL RISK MANAGEMENT (Cont'd)

f) Fair value measurement

i) Financial assets measured at fair value

Fair value hierarchy

The following table presents the fair value of the group's financial instruments measured at the end of each reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

	The group			
	Fair value at 31st March, 2015	Fair value measurement as at 31st March, 2015 categorised into		
	HK\$'000	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
Recurring fair value measurement				
Assets:				
Available-for-sale financial assets:				
Listed equity securities	9,932	9,932	-	-
Financial assets at fair value through profit or loss:				
Listed equity securities	369	369	-	-
	10,301	10,301	-	-

NOTES TO THE FINANCIAL STATEMENTS

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

5B FINANCIAL RISK MANAGEMENT (Cont'd)

f) Fair values (Cont'd)

i) Financial assets measured at fair value (Cont'd)

	The group			
	Fair value at 31st March, 2014 HK\$'000	Fair value measurement as at 31st March, 2014 categorised into		
		Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000

**Recurring fair value
measurement**

Assets:

Available-for-sale financial
assets:

Listed equity securities	3,689	3,689	–	–
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During the years ended 31st March, 2015 and 31st March, 2014, there were no transfers between Level 1 and Level 2.

ii) Fair values of financial instruments carried at other than fair value

Except as stated below, the carrying amounts of the group's other financial instruments carried at cost or amortised cost are not materially different from their fair value as at 31st March, 2015 and 31st March, 2014.

The amount due from/(to) subsidiaries are unsecured, interest free and are not expected to be recovered/settled within the next twelve months from the end of the reporting period. Given these terms it is not meaningful to disclose fair values. The company has no intention of disposing of these financial assets and liabilities.

Unlisted debt securities of which the fair value cannot be reliably measured are recognised in the statement of financial position at cost less impairment loss, if any.



NOTES TO THE FINANCIAL STATEMENTS

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the process of applying the group's accounting policies which are described in note 4, management has made the following estimates that have significant effect on the amounts recognised in the financial statements. The key assumptions concerning the future, and other key sources of estimation and judgements at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also discussed below.

Useful lives of property, plant and equipment

The group's management determines the estimate useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previous estimation, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

Allowances for inventories

The management of the group makes allowance for obsolete and slow-moving inventories that are identified as no longer salable. The management estimates the net realisable value of its inventories based primarily on the latest invoice prices and current market conditions. The group carries out review of inventories on a product-by-product basis at the end of each reporting period and makes allowance for obsolete and slow-moving items.

Impairment of trade debtors

The policy for impairment of trade debtors of the group is based on the evaluation of collectibility and ageing analysis of trade debtors and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these trade debtors including the current creditworthiness and the past collection history of each customer, if the financial conditions of customers of the group were to deteriorate, resulting in an impairment of their ability to make payments, additional provision may be required.

Construction contracts

As explained in note 4(h), revenue and profit recognition on an uncompleted contract is dependent on estimating the total outcome of the construction contract, as well as the work done to date. Based on the group's recent experience and the nature of the construction activity undertaken by the group, the group makes estimates of the point at which it considers the work is sufficiently advanced such that the costs to complete and revenue can be reliably estimated. As a result, until this point is reached the gross amounts due from/(to) customers for contract work as disclosed in note 23 will not include profit which the group may eventually realise from the work done to date. In addition, actual outcomes in terms of total cost or revenue may be higher or lower than estimated at the end of the reporting period, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

NOTES TO THE FINANCIAL STATEMENTS

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Cont'd)

Estimated fair value of investment properties

The fair values of investment properties are determined at the end of each reporting period by an independent professional valuer. Valuations were made on the basis of investment approach by capitalising the net rental income receivable from the existing tenancies and the reversionary rental income potentials. These methodologies are based upon estimates of future results and a set of assumptions as to income and expenses of the property and future economic conditions.

7. TURNOVER/SEGMENTAL INFORMATION

Turnover represents sales of mobile phones and business solutions and gross rental income.

a) Segment results, assets and liabilities

The reportable segments for the year ended 31st March, 2015 are as follows:

	Sales of mobile phones in Hong Kong HK\$'000	Sales of business solutions in Hong Kong HK\$'000	Sales of business solutions in Mainland China and other countries in South East Asia HK\$'000	Property investment HK\$'000	Total HK\$'000
REVENUES					
Revenue from external customers	136,644	45,480	31,431	6,182	219,737
Inter-segment sales	267	194	14	-	475
Reportable segment revenue	<u>136,911</u>	<u>45,674</u>	<u>31,445</u>	<u>6,182</u>	<u>220,212</u>
Reportable segment (loss)/profit	<u>(9,366)</u>	<u>5,080</u>	<u>(6,033)</u>	<u>1,437</u>	<u>(8,882)</u>
Interest income from bank deposits	215	-	-	5	220
Finance cost	(492)	-	-	(1,247)	(1,739)
Depreciation for the year	(1,944)	(520)	(514)	(468)	(3,446)
Reportable segment assets	<u>98,940</u>	<u>44,471</u>	<u>58,420</u>	<u>160,350</u>	<u>362,181</u>
Additions to non-current assets during the year	174	731	176	5	1,086
Reportable segment liabilities	<u>21,895</u>	<u>2,381</u>	<u>5,821</u>	<u>47,849</u>	<u>77,946</u>



NOTES TO THE FINANCIAL STATEMENTS

7. TURNOVER/SEGMENTAL INFORMATION (Cont'd)

a) Segment results, assets and liabilities (Cont'd)

The reportable segments for the year ended 31st March, 2014 are as follows:

	Sales of mobile phones in Hong Kong HK\$'000	Sales of business solutions in Hong Kong HK\$'000	Sales of business solutions in Mainland China and other countries in South East Asia HK\$'000	Property investment HK\$'000	Total HK\$'000
REVENUES					
Revenue from external customers	191,876	38,401	27,563	5,256	263,096
Inter-segment sales	99	560	159	-	818
Reportable segment revenue	<u>191,975</u>	<u>38,961</u>	<u>27,722</u>	<u>5,256</u>	<u>263,914</u>
Reportable segment (loss)/profit	<u>(12,534)</u>	<u>1,588</u>	<u>(8,998)</u>	<u>(183)</u>	<u>(20,127)</u>
Interest income from bank deposits	298	-	35	-	333
Finance cost	-	-	-	(1,145)	(1,145)
Depreciation for the year	(3,075)	(549)	(911)	(31)	(4,566)
Reportable segment assets	105,845	41,158	62,915	154,557	364,475
Additions to non-current assets during the year	15,797	551	581	17,621	34,550
Reportable segment liabilities	<u>5,198</u>	<u>7,053</u>	<u>9,853</u>	<u>51,137</u>	<u>73,241</u>

The accounting policies of the reportable segments are the same as the group's accounting policies described in note 4. Segment profit/(loss) represents the profit/(loss) earned by each segment without allocation of revenues from investment in financial assets, exchange loss and tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

NOTES TO THE FINANCIAL STATEMENTS

7. TURNOVER/SEGMENTAL INFORMATION (Cont'd)

b) Geographic information

	Revenues from external customers		Non-current assets*	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Hong Kong (place of domicile)	188,306	235,533	212,371	217,429
Mainland China	15,310	9,562	31,335	32,805
Singapore	15,550	16,019	11,864	12,809
Other countries in South East Asia	571	1,982	–	–
	31,431	27,563	43,199	45,614
	219,737	263,096	255,570	263,043

* Non-current assets excluding available-for-sales financial assets.



NOTES TO THE FINANCIAL STATEMENTS

7. TURNOVER/SEGMENTAL INFORMATION (Cont'd)

c) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

	2015 HK\$'000	2014 HK\$'000
REVENUES		
Reportable segment revenue	220,212	263,914
Elimination of inter-segment revenue	(475)	(818)
Consolidated turnover	219,737	263,096
PROFIT OR LOSS		
Reportable segment loss	(8,882)	(20,127)
Unallocated other income and gains	–	355
Fair value gain on investment properties	7,270	8,681
(Loss)/gain on disposal of investment properties	(13)	1,046
Loss on disposal of property, plant and equipment	(342)	(324)
Other losses	(1,454)	(1,456)
Consolidated loss before taxation	(3,421)	(11,825)



NOTES TO THE FINANCIAL STATEMENTS

7. TURNOVER/SEGMENTAL INFORMATION (Cont'd)

c) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities (Cont'd)

	2015 HK\$'000	2014 HK\$'000
ASSETS		
Reportable segment assets	362,181	364,475
Non-current financial assets	13,832	3,689
Unallocated corporate assets	369	–
Consolidated total assets	376,382	368,164
LIABILITIES		
Reportable segment liabilities	77,946	73,241
Deferred tax liabilities	168	168
Consolidated total liabilities	78,114	73,409

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than available-for-sale financial assets and financial assets at fair value through profit or loss.
- all liabilities are allocated to reportable segments other than deferred tax liabilities.

d) Information about major customers

For the year ended 31st March, 2015, revenue from a major customer contributed to the group's revenue of approximately HK\$51,810,000 (2014: HK\$74,991,000) was included in reportable segment "sales of mobile phones in Hong Kong" which individually accounted for 24% of the group's total revenue during the year.



NOTES TO THE FINANCIAL STATEMENTS

8. OTHER INCOME, GAINS AND OTHER LOSSES

	2015 HK\$'000	2014 HK\$'000
OTHER INCOME		
Bank interest income	220	333
Computer service fee income	172	280
Commission income	21	15
Rental income for application software provider	192	280
Dividend income from listed equity securities	158	145
Bad debts recovered	62	–
Others	490	1,119
	1,315	2,172
OTHER GAINS		
Gain on disposal of financial assets at fair value through profit or loss	–	355
	1,315	2,527
OTHER LOSSES		
Net exchange loss	1,245	327
Fair value loss of financial assets at fair value through profit or loss	152	–
Loss on disposal of available-for-sale financial assets	–	267
Loss on disposal of a subsidiary	–	862
Loss on disposal of financial assets at fair value through profit or loss	57	–
	1,454	1,456

NOTES TO THE FINANCIAL STATEMENTS

9. FINANCE COSTS

	2015 HK\$'000	2014 HK\$'000
Interest on bank borrowings not wholly repayable within five years	1,739	1,145

10. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging:

	2015 HK\$'000	2014 HK\$'000
Auditor's remuneration	606	596
Depreciation		
– Owned assets	3,427	4,547
– Leased assets	19	19
	3,446	4,566
Operating lease rentals in respect of rented premises		
– Minimum lease payments	2,213	5,561
– Contingent rent	1,042	634
	3,255	6,195
Employee benefits expenses (including directors' remuneration)		
– Salaries, allowances and benefits in kind	34,662	41,981
– Retirement benefit scheme contributions	3,675	3,515
– Equity-settled share-based payment expenses	–	699
Total staff costs	38,337	46,195
Write-down of inventories – note 21	–	29
Impairment loss on trade debtors	72	61
Bad debts written off	578	–
Donations	262	251
	5,820	4,923
and after crediting:		
Gross rental income from investment properties under operating leases less outgoings	5,820	4,923



NOTES TO THE FINANCIAL STATEMENTS

II. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules and section 78 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), is as follows:

	2015				
	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary bonuses HK\$'000	Retirement benefit scheme contributions HK\$'000	Total remuneration HK\$'000
Executive directors:					
Chan Chung Yee, Hubert	-	1,319	-	35	1,354
Chan Chung Yin, Roy	-	883	36	18	937
Chan Ming Him, Denny	-	168	-	17	185
Wu Kwok Lam	-	843	-	35	878
IP Man Hon	-	628	25	35	688
Choi Chun Yik (appointed on 1st April, 2014)	-	815	25	35	875
	-	4,656	86	175	4,917
Independent non-executive directors:					
Chiu Ngar Wing	85	-	-	-	85
Chu Chor Lup	40	-	-	-	40
Law Ka Hung	30	-	-	-	30
	155	-	-	-	155

NOTES TO THE FINANCIAL STATEMENTS

II. DIRECTORS' REMUNERATION (Cont'd)

	2014				
	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary bonuses HK\$'000	Retirement benefit scheme contributions HK\$'000	Total remuneration HK\$'000
Executive directors:					
Chan Chung Yee, Hubert	–	1,004	–	30	1,034
Chan Chung Yin, Roy	–	943	36	15	994
Chan Ming Him, Denny	–	163	–	16	179
Wu Kwok Lam	–	1,068	–	30	1,098
IP Man Hon	–	613	–	30	643
Ng Chi Hoi (resigned on 1st April, 2014)	–	728	37	46	811
	–	4,519	73	167	4,759
Independent non-executive directors:					
Chiu Ngar Wing	85	–	–	–	85
Chu Chor Lup	40	–	–	–	40
Law Ka Hung	30	–	–	–	30
	155	–	–	–	155

Note:

There was no arrangement under which a director waived or agreed to waive any remuneration during the years ended 31st March, 2015 and 31st March, 2014.



NOTES TO THE FINANCIAL STATEMENTS

12. EMPLOYEES' EMOLUMENTS

The five highest paid individuals of the group are all directors (2014: four directors), details of whose emoluments are included in the amounts disclosed in note 11 above. The emoluments of the remaining highest paid employee, other than directors of the company for the year ended 31st March, 2014, are as follows:

	2015	2014
	HK\$'000	HK\$'000
Salaries and allowances	-	1,195
Retirement benefit schemes contributions	-	30
	<u>-</u>	<u>1,225</u>

Their emoluments were within the following band:

	2015	2014
	Number of employees	Number of employees
HK\$1,000,001 to HK\$2,000,000	<u>-</u>	<u>1</u>



NOTES TO THE FINANCIAL STATEMENTS

13. TAX EXPENSE

- a) 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 in elsewhere have been calculated at the rates of tax prevailing in those places in which the group operates, based on existing legislation, interpretations and practices in respect thereof.

	2015 HK\$'000	2014 HK\$'000
Hong Kong		
Charge for the year	249	72
Overprovision in respect of prior years	(10)	(10)
Tax expense for the year	<u>239</u>	<u>62</u>

- b) The tax expense for the year can be reconciled to the loss before taxation per consolidated statement of comprehensive income is as follows:

	2015 HK\$'000	2014 HK\$'000
Loss before taxation	<u>(3,421)</u>	<u>(11,825)</u>
Tax at the income tax rate of 16.5% (2014: 16.5%)	(565)	(1,951)
Tax effect of income not taxable	(1,672)	(1,719)
Tax effect of expenses that are not deductible in determining taxable income	462	942
Tax effect of unrecognised tax losses	2,965	3,830
Tax effect of different tax rates in other jurisdiction	(374)	(317)
Tax effect of utilisation of tax losses previously unrecognised	(466)	(326)
Tax effect of unrecognised temporary difference	(261)	(433)
Overprovision of profits tax in respect of prior year	(10)	(10)
Others	160	46
Tax expense for the year	<u>239</u>	<u>62</u>



NOTES TO THE FINANCIAL STATEMENTS

14. LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The consolidated loss attributable to equity holders of the company includes a profit of HK\$1,258,000 (2014: profit of HK\$2,183,000) which has been dealt with in the financial statements of the company.

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

The calculation of the basic and diluted loss per share is based on the following data:

	2015	2014
	HK\$'000	HK\$'000
Loss attributable to equity holders of the company	(3,660)	(12,175)
	Number of shares	Number of shares
Basic		
Weighted average number of ordinary shares in issue less shares held for Share Award Plan for the purpose of calculating basic loss per share	601,807,015	541,119,317
Diluted		
Weighted average number of ordinary shares in issue less shares held for Share Award Plan	601,807,015	541,119,317
Effect of dilutive potential ordinary shares: Awarded shares	2,806,089	2,494,302
Weighted average number of ordinary shares for the purpose of calculating diluted loss per share	604,613,104	543,613,619



NOTES TO THE FINANCIAL STATEMENTS

16. DIVIDEND AND BONUS SHARE ISSUE

The directors do not recommend the payment of any final dividend for the years ended 31st March, 2015 (2014: HK\$Nil) but propose to make a bonus issue of one new share credited as fully paid for every four shares held on the register of members on 2nd September, 2015 (2014: one new share credited as fully paid for every eight shares). The necessary resolution will be proposed at the forthcoming annual general meeting on 24th August, 2015, and if passed and obtained the approval from the Listing Committee of The Stock Exchange of Hong Kong Limited for granting of listing and permission to deal in the bonus shares, share certificates will be posted on or about 17th September, 2015.

17. PROPERTY, PLANT AND EQUIPMENT

	The group						
	Leasehold land and buildings HK\$'000	Motor vehicles HK\$'000	Computer equipment HK\$'000	Office equipment, leasehold improvements and furniture and fixtures HK\$'000	Moulds HK\$'000	Plant and machinery HK\$'000	Total HK\$'000
Cost							
At 1st April, 2013	45,804	1,883	13,097	22,152	3,197	1,270	87,403
Currency realignment	-	8	(10)	62	-	-	60
Additions	15,367	256	421	876	41	-	16,961
Disposals	-	(125)	(978)	(2,323)	-	-	(3,426)
At 31st March, 2014	61,171	2,022	12,530	20,767	3,238	1,270	100,998
Accumulated depreciation							
At 1st April, 2013	(1,188)	(1,065)	(11,751)	(15,549)	(2,758)	(1,270)	(33,581)
Currency realignment	-	(4)	19	(38)	-	-	(23)
Charge for the year	(861)	(254)	(642)	(2,640)	(169)	-	(4,566)
Written back on disposal	-	84	767	1,924	-	-	2,775
At 31st March, 2014	(2,049)	(1,239)	(11,607)	(16,303)	(2,927)	(1,270)	(35,395)
Net book value							
At 31st March, 2014	59,122	783	923	4,464	311	-	65,603



NOTES TO THE FINANCIAL STATEMENTS

17. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	The group						
	Leasehold land and buildings HK\$'000	Motor vehicles HK\$'000	Computer equipment HK\$'000	Office equipment, leasehold improvements and furniture and fixtures HK\$'000	Moulds HK\$'000	Plant and machinery HK\$'000	Total HK\$'000
Cost							
At 1st April, 2014	61,171	2,022	12,530	20,767	3,238	1,270	100,998
Currency realignment	-	(31)	(130)	(139)	-	-	(300)
Additions	-	-	171	264	651	-	1,086
Disposals	-	(354)	(889)	(1,424)	-	-	(2,667)
At 31st March, 2015	61,171	1,637	11,682	19,468	3,889	1,270	99,117
Accumulated depreciation							
At 1st April, 2014	(2,049)	(1,239)	(11,607)	(16,303)	(2,927)	(1,270)	(35,395)
Currency realignment	-	28	118	122	-	-	268
Charge for the year	(1,128)	(269)	(385)	(1,474)	(190)	-	(3,446)
Written back on disposal	-	310	869	1,067	-	-	2,246
At 31st March, 2015	(3,177)	(1,170)	(11,005)	(16,588)	(3,117)	(1,270)	(36,327)
Net book value							
At 31st March, 2015	57,994	467	677	2,880	772	-	62,790



NOTES TO THE FINANCIAL STATEMENTS

17. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Notes:

- i) The group's leasehold land and buildings comprise:

	2015	2014
	HK\$'000	HK\$'000
Land and buildings held under long lease		
– Hong Kong	43,274	43,946
Land and buildings held under medium-term lease		
– Hong Kong	14,720	15,176
	57,994	59,122

- ii) At 31st March, 2015, the aggregate net book value of property, plant and equipment held under finance lease was HK\$41,000 (2014: HK\$60,000).
- iii) The group has pledged some of its leasehold land and buildings with aggregate net book value of HK\$57,994,000 (2014: HK\$15,176,000) to secure the group's general banking facilities.



NOTES TO THE FINANCIAL STATEMENTS

18. INVESTMENT PROPERTIES

	The group	
	2015 HK\$'000	2014 HK\$'000
At fair value:		
At the beginning of the year	197,440	183,680
Addition	–	17,589
Disposal	(11,930)	(12,510)
Fair value gain	7,270	8,681
At the end of the year	192,780	197,440
The carrying amounts of investment properties shown above comprises:		
Land and buildings held under long lease		
– Hong Kong	29,030	27,510
– Singapore	11,670	12,300
Land and buildings held under medium-term lease		
– Hong Kong	121,910	114,190
– PRC	30,170	43,440
	192,780	197,440



NOTES TO THE FINANCIAL STATEMENTS

18. INVESTMENT PROPERTIES (Cont'd)

i) Fair value hierarchy

The following table presents the fair value of the group's investment properties measured at the end of reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

**Fair value measurements as at
31st March, 2015 categorised into**

The group	Level 1	Level 2	Level 3
	HK\$'000	HK\$'000	HK\$'000

Recurring fair value measurement

Investment properties:

Residential

– Hong Kong	–	–	21,300
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Commercial

– Hong Kong	–	–	129,640
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– Singapore	–	–	11,670
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– PRC	–	–	30,170
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NOTES TO THE FINANCIAL STATEMENTS

18. INVESTMENT PROPERTIES (Cont'd)

i) Fair value hierarchy (cont'd)

The group	Fair value measurements as at 31st March, 2014 categorised into		
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
Recurring fair value measurement			
Investment properties:			
Residential			
– Hong Kong	–	–	18,690
– PRC	–	–	11,930
Commercial			
– Hong Kong	–	–	123,010
– Singapore	–	–	12,300
– PRC	–	–	31,510

During the year ended 31st March, 2015, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

All of the group's investment properties were revalued as at 31st March, 2015. The valuations were carried out by an independent firm of surveyors, LCH (Asia-Pacific) Surveyors Limited, who have among their staff Members of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued. The group's chief financial officer has discussed with the surveyors on the valuation assumptions and valuation results when the valuation is performed at the end of each reporting period.



NOTES TO THE FINANCIAL STATEMENTS

18. INVESTMENT PROPERTIES (Cont'd)

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

	Valuation techniques	Unobservable inputs	Range
Investment properties with recurring fair value measurement:			
Residential			
– Hong Kong	Market approach	Estimated market price per square foot	HK\$9,800 – HK\$12,105 (2014: HK\$13,217 – HK\$10,459)
– PRC	Market approach	Estimated market price per square foot	HK\$Nil (2014: HK\$5,649)
Commercial			
– Hong Kong	Market approach	Estimated market price per square foot	HK\$13,375 – HK\$119,544 (2014: HK\$4,381 – HK\$112,595)
– Singapore	Market approach	Estimated market price per square foot	HK\$2,717 (2014: HK\$2,864)
– PRC	Market approach	Estimated market price per square foot	HK\$4,117 – HK\$4,123 (2014: HK\$4,276 – HK\$4,336)

The market approach considers the sales, listing or offerings of similar or substitute properties and related market data establishes a value estimate by processes involving comparison.

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



NOTES TO THE FINANCIAL STATEMENTS

18. INVESTMENT PROPERTIES (Cont'd)

ii) Information about Level 3 fair value measurements (Cont'd)

The movements during the year in the balance of these Level 3 fair value measurements are as follows:

	2015 HK\$'000	2014 HK\$'000
Investment properties:		
At beginning of year	197,440	183,680
Addition	–	17,589
Disposal	(11,930)	(12,510)
Fair value adjustment	7,270	8,681
At end of year	192,780	197,440

Fair value adjustment of investment properties is recognised in the line item “fair value gain on investment properties” on the face of the consolidated statement of comprehensive income.

All the gains recognised in the consolidated statement of comprehensive income for the year arise from the properties held at the end of reporting period.

iii) Pledged of investment properties

The group has pledged some of its investment properties with a total of carrying value of HK\$150,940,000 (2014: HK\$141,700,000) to secure the group's general banking facilities.



NOTES TO THE FINANCIAL STATEMENTS

19. INTERESTS IN SUBSIDIARIES

	The company	
	2015 HK\$'000	2014 HK\$'000
Unlisted shares, at cost	166,504	163,654
Capital contribution in respect of employee share-based compensation	–	2,850
Amount due from a subsidiary	99,000	97,000
	265,504	263,504
Amounts due to subsidiaries	(38,996)	(38,259)
	226,508	225,245

The amounts due from/(to) subsidiaries are non-interest bearing, unsecured and classified as non-current as they are not expected to be recovered/settled within the next twelve months from the end of the reporting period.

The fair values of the amounts due from/(to) subsidiaries have not been determined as the timing of expected cash flows of these balances cannot be reasonably determined because of the relationship.

Particulars of the subsidiaries as at 31st March, 2015 are set out in note 39.



NOTES TO THE FINANCIAL STATEMENTS

20. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The group	
	2015 HK\$'000	2014 HK\$'000
Financial assets stated at fair value		
Equity securities listed in Hong Kong	9,932	3,689
Financial assets stated at cost		
Unlisted equity securities	3,900	–
	13,832	3,689
Representing:		
Equity securities		
Corporate entities	13,832	3,689

21. INVENTORIES

	The group	
	2015 HK\$'000	2014 HK\$'000
Raw materials	1,410	226
Work in progress	1,056	800
Office telephone systems, mobile phones and other electronic products and accessories	18,436	24,701
	20,902	25,727

The inventories stated at net realisable value amounted to HK\$1,697,000 (2014: HK\$2,381,000).

The cost of inventories recognised in profit or loss during the year amounted to HK\$170,420,000 (2014: HK\$209,731,000).



NOTES TO THE FINANCIAL STATEMENTS

21. INVENTORIES (Cont'd)

The analysis of the amount of inventories recognised as an expense is as follows:

	The group	
	2015	2014
	HK\$'000	HK\$'000
Carrying amount of inventories sold	171,267	209,702
(Write-back)/write-down of inventories	(847)	29
	170,420	209,731

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	The group	
	2015	2014
	HK\$'000	HK\$'000
Financial assets stated at fair value		
Equity securities listed in Hong Kong	369	–



NOTES TO THE FINANCIAL STATEMENTS

23. GROSS AMOUNTS DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORK

	The group	
	2015 HK\$'000	2014 HK\$'000
Contract costs incurred	42,967	47,071
Recognised profits	15,179	11,827
Progress billings	58,146 (41,644)	58,898 (51,997)
Due from customers	16,502	6,901
Classified as:		
Gross amounts due from customers	17,041	11,660
Gross amounts due to customers	(539)	(4,759)

The directors consider that the carrying amounts of gross amounts due from/(to) customers for contract work approximate to their fair values.

In respect of construction contracts in progress at the end of the reporting period, the amount of retentions receivable from customers, recorded within "Trade debtors" at 31st March, 2015 was HK\$2,643,000 (2014: HK\$1,940,000).



NOTES TO THE FINANCIAL STATEMENTS

24. DEBTORS, DEPOSITS AND PREPAYMENTS

	The group	
	2015 HK\$'000	2014 HK\$'000
Trade debtors	41,833	46,225
Less: allowance for doubtful debts	(2,405)	(2,342)
	39,428	43,883
Deposits, other debtors and prepayments	16,662	7,837
	56,090	51,720

a) Ageing analysis

The ageing analysis of trade debtors of HK\$39,428,000 (2014: HK\$43,883,000) which are included in the debtors, deposits and prepayments are as follows:

	The group	
	2015 HK\$'000	2014 HK\$'000
0-30 days	23,294	20,244
31-60 days	1,713	13,004
61-90 days	1,499	2,690
91-120 days	478	846
121-360 days	3,610	4,313
Over 360 days	8,834	2,786
	39,428	43,883



NOTES TO THE FINANCIAL STATEMENTS

24. DEBTORS, DEPOSITS AND PREPAYMENTS

b) Trade debtors that are not impaired

The ageing analysis of trade debtors that are neither individually nor collectively considered to be impaired is as follows:

	The group	
	2015 HK\$'000	2014 HK\$'000
Neither overdue nor impaired	23,294	20,244
Less than 1 month overdue	1,537	12,885
1 to 3 months overdue	1,908	2,993
More than 3 months overdue	12,689	7,761
	16,134	23,639
	39,428	43,883

The group has a policy of allowing average credit period ranging from seven days to one month to its customers. In addition, for certain customers with long-established relationship and have good credit worthiness, a longer credit period may be granted.

Receivables that were neither overdue nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were overdue but not impaired relate to independent customers that have a good track record with the group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The group does not hold any collateral over these balances.



NOTES TO THE FINANCIAL STATEMENTS

24. DEBTORS, DEPOSITS AND PREPAYMENTS (Cont'd)

c) Impairment of trade debtors

Impairment losses in respect of trade debtors are recorded fully on allowance account unless the group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors directly.

The movement in the allowance for doubtful debts during the year is as follows:

	The group	
	2015 HK\$'000	2014 HK\$'000
At 1st April	2,342	2,429
Impairment losses recognised	72	61
Currency realignment	(9)	(148)
At 31st March	2,405	2,342

At 31st March, 2015, the group's trade debtors of HK\$2,405,000 (2014: HK\$2,342,000) were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed that such trade receivables cannot be fully recovered. Consequently, specific allowances for doubtful debts of HK\$2,405,000 (2014: HK\$2,342,000) were recognised. The group does not hold any collateral over these balances.

The amount of the group's deposits, other debtors and prepayments expected to be recovered or recognised as expense after more than one year is HK\$900,000 (2014: HK\$1,329,000). All of the remaining deposits, other debtors and prepayments are expected to be recovered or recognised as expense within one year.

The directors consider that the carrying amounts of trade and other debtors, deposits and prepayments approximate to their fair values.



NOTES TO THE FINANCIAL STATEMENTS

25. CASH AND BANK BALANCES

	The group		The company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Pledged time deposits	7,099	7,099	–	–
Time deposits with banks with maturity within 3 months	77	76	–	–
Cash and bank balances	5,398	4,991	50	51
	12,574	12,166	50	51

The effective interest rates on all of the time deposits with banks was 3.1% – 4.4% (2014: 1.8%) per annum at 31st March, 2015.

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Included in the amount of HK\$12,574,000 (2014: HK\$12,166,000) are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	The group			2014 '000
	2015 '000			
United States Dollars	USD 2	USD	3	
Renminbi	RMB 5,727	RMB	5,661	

The directors consider that the carrying amounts of cash and bank balances approximate to their fair values.



NOTES TO THE FINANCIAL STATEMENTS

26. CREDITORS, DEPOSITS RECEIVED AND ACCRUED CHARGES

The ageing analysis of trade creditors of HK\$3,653,000 (2014: HK\$7,777,000) which is included in the group's creditors, deposits received and accrued charges is as follows:

	The group	
	2015	2014
	HK\$'000	HK\$'000
0 – 30 days	1,392	4,608
31 – 60 days	816	546
61 – 90 days	490	459
Over 90 days	955	2,164
	3,653	7,777

The directors consider that the carrying amounts of creditors, deposits received and accrued charges approximate to their fair values.



NOTES TO THE FINANCIAL STATEMENTS

27. OBLIGATIONS UNDER FINANCE LEASES

	The group			
	Minimum lease payments		Present value of minimum lease payments	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Amounts payable under finance leases				
Within one year	19	19	19	19
In the second year	19	19	19	19
In the third to fifth years	5	24	5	24
	<u>43</u>	<u>62</u>	<u>43</u>	<u>62</u>
Less: future finance charges	–	–		
Present value of finance leases	<u>43</u>	<u>62</u>		
Less: amount due for settlement within one year shown under current liabilities			<u>(19)</u>	<u>(19)</u>
Amount due for settlement after one year			<u>24</u>	<u>43</u>

The effective interest rate on obligations under finance leases was 7.5% (2014: 7.5%) per annum at 31st March, 2015.

The directors consider that the carrying amount of obligations under finance leases approximates to its fair value.



NOTES TO THE FINANCIAL STATEMENTS

28. BANK BORROWINGS

	The group	
	2015	2014
	HK\$'000	HK\$'000
Bank borrowings comprise:		
Bank loans (secured)	65,762	50,184

The effective interest rates of bank borrowings were 2.25% – 2.84% (2014: 2.1% – 2.75%) per annum at 31st March, 2015.

The directors consider that the carrying amounts of bank borrowings approximate to their fair values.

All of the term loans from banks contain in a repayment on demand clause. The maturity of these loans as stipulated in the respect loan agreements is as follows:

	The group	
	2015	2014
	HK\$'000	HK\$'000
Due within one year	4,610	3,422
Due more than one year, but not exceeding five years	19,686	14,590
Due more than five years	41,466	32,172
	65,762	50,184



NOTES TO THE FINANCIAL STATEMENTS

29. DEFERRED TAX

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

	The group Accelerated tax depreciation
	HK\$'000
At 1st April, 2013, 31st March, 2014 and 31st March, 2015	
– Overprovision in respect of prior year	168

At the end of the reporting period, the group has unused tax losses of HK\$136,516,000 (2014: HK\$133,205,000) available to offset against future profits. No deferred tax asset has been recognised in respect of such tax losses (2014: HK\$Nil) due to the unpredictability of future profit streams.

The tax losses can be carried forward to offset against the taxable profits of subsequent years. There is no restriction on their expiry except the unused tax losses of PRC subsidiaries of HK\$20,443,000 (2014: HK\$22,972,000) can only be carried forward for five years from the year of the incurrence.

At the end of the reporting period, the company had unused tax losses of HK\$10,651,000 (2014: HK\$9,909,000) available to offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams.



NOTES TO THE FINANCIAL STATEMENTS

30. SHARE CAPITAL

	Number of shares		Amount	
	2015	2014	2015 HK\$'000	2014 HK\$'000
Ordinary shares of HK\$0.01 each				
Authorised:				
At beginning of the year and at end of the year	2,000,000,000	2,000,000,000	20,000	20,000
Issued and fully paid:				
At beginning of the year	566,764,133	515,240,124	5,667	5,152
Issue of bonus shares	70,845,509	51,524,009	709	515
At end of the year	637,609,642	566,764,133	6,376	5,667

31. SHARE AWARD PLAN

Pursuant to a resolution passed by the shareholders of the company in general meeting on 8th September, 2006 (Adoption date), the company adopted the Share Award Plan under which the shares of the company may be awarded to the directors and employees of the group in accordance with the terms and conditions of the Share Award Plan. Pursuant to the rules of the Share Award Plan, the group has appointed a Share Award Plan Trustee ("the Trustee") for the purpose of administering the Share Award Plan and holding the shares of the company before they vested. Unless early terminated by the Board, the Share Award Plan shall be valid and effective for a term for 10 years commencing on the Adoption Date. Vested shares will be transferred at no cost to the relevant awardees. Under the Share Award Plan, the directors will, in their absolute discretion, determine whether the award is to be satisfied by way of allotment and issue the new shares of the company or pursuant of the relevant number of shares of the company on the Stock Exchange of Hong Kong Limited by the Trustee.

No shares had been awarded to employees of the group during the year ended 31st March, 2015 (2014: 2,688,000 shares had been awarded and the fair value of these shares was HK\$699,000).



NOTES TO THE FINANCIAL STATEMENTS

32. RESERVES

The 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 on page 31.

The company

	Share premium	Shares held for share award plan	Shares award reserve	Special reserve	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st April, 2013	46,922	(1,089)	664	163,453	7,244	217,194
Bonus shares issued	(515)	–	–	–	–	(515)
Recognition of equity settled share based payment	–	–	699	–	–	699
Share awarded to staff under the Share Award Plan	–	591	(699)	–	108	–
Profit and total comprehensive income for the year	–	–	–	–	2,183	2,183
At 31st March, 2014	46,407	(498)	664	163,453	9,535	219,561
At 1st April, 2014	46,407	(498)	664	163,453	9,535	219,561
Bonus shares issued	(709)	–	–	–	–	(709)
Profit and total comprehensive income for the year	–	–	–	–	1,258	1,258
At 31st March, 2015	45,698	(498)	664	163,453	10,793	220,110



NOTES TO THE FINANCIAL STATEMENTS

32. RESERVES (Cont'd)

The special reserve of the company represents the difference between the aggregate net assets of the subsidiaries acquired pursuant to the group reorganisation over the nominal value of the company's shares issued for the acquisition prior to the listing of the company's shares in 2001.

The company's reserves available for distribution represent the share premium, shares held for share award plan, share award reserve, special reserve and retained profits. Under the Companies Laws of the Cayman Islands, the share premium of the company is available for paying distributions or dividends to shareholders subject to the provisions of memorandum and articles of association of the company and provided that immediately following the distribution or dividend the company is able to pay its debt as they fall due in the ordinary course of business. The company's reserves available for distributions to shareholders as at 31st March, 2015 amounted to HK\$220,110,000 (2014: HK\$219,561,000).

33. CAPITAL MANAGEMENT

The group's objectives when managing capital are:

- To safeguard the group's ability to continue as a going concern, so that it continues to provide returns for shareholders;
- To support the group's stability and growth; and
- To provide capital for the purpose of strengthening the group's risk management capability.

The group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

As in prior years, the group monitors capital by reviewing the level of capital that is at the disposal of the group. Capital comprises all components of total equity. The capital of the group at 31st March, 2015 was HK\$298,268,000 (2014: HK\$294,755,000).



NOTES TO THE FINANCIAL STATEMENTS

34. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Disposal of subsidiaries

In July, 2013, the group disposed of its 80% equity interest in HKC Systems Limited for a cash consideration of HK\$800,000. A loss of HK\$862,000 arose from the disposal.

Details of the net assets disposed of in respect of HKC Systems Limited are summarised below:

	2015 HK\$'000	2014 HK\$'000
Property, plant and equipment	-	78
Inventories	-	305
Debtors deposits and prepayments	-	148
Gross amount due from customer for contract work	-	3,413
Amount due from a fellow subsidiary	-	1,181
Cash and bank balances	-	2,941
Creditors, deposits received and accrued charges	-	(5,986)
Tax payable	-	(2)
Non-controlling interests	-	(416)
Loss on disposal	-	(862)
	<hr/>	<hr/>
Total consideration satisfied by:		
Cash received	-	800
	<hr/> <hr/>	<hr/> <hr/>
Net cash outflow arising on disposal:		
Cash consideration received	-	800
Bank balances and cash disposal of	-	(2,941)
	<hr/> <hr/>	<hr/> <hr/>
Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	-	(2,141)
	<hr/> <hr/>	<hr/> <hr/>



NOTES TO THE FINANCIAL STATEMENTS

35. PLEDGE OF ASSETS

As at 31st March, 2015, the group's general banking facilities were secured by (1) first legal charge on certain leasehold land and building with total carrying value of HK\$57,994,000 (2014: HK\$15,176,000), (2) first legal charge on certain investment properties with total fair value of HK\$150,940,000 (2014: HK\$141,700,000), (3) rental assignment of certain investment properties and (4) bank deposits of HK\$7,099,000 (2014: HK\$7,099,000).

36. OPERATING LEASE ARRANGEMENTS**a) The group as lessee:**

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

	The group	
	2015	2014
	HK\$'000	HK\$'000
Within one year	665	1,896
In the second to fifth years, inclusive	499	1,162
	1,164	3,058

Operating lease payments represent rentals payable by the group for its office premises and shops. Leases are negotiated for terms ranging from one to four years (2014: one to five years). In addition to the minimum rental payments disclosed above, the group has commitments to pay additional rent of a proportion of turnover for certain leased shops if the turnover generated from these leased shops exceeds the predetermined levels. Contingent rentals are not included in the above commitments as it is not possible to estimate the amounts which may be payable.



NOTES TO THE FINANCIAL STATEMENTS

36. OPERATING LEASE ARRANGEMENTS (Cont'd)

b) The group as lessor:

At the end of the reporting period, the group had contracted with tenants for the following minimum lease receivables under non-cancellable operating leases in respect of rented premises which fall due as follows:

	The group	
	2015 HK\$'000	2014 HK\$'000
Within one year	5,363	5,148
In the second to fifth years, inclusive	3,519	8,532
	8,882	13,680

The properties held have committed tenants in terms of two to three years (2014: two to five years).

c) The company had no operating lease commitments as at 31st March, 2015 and 31st March, 2014.

37. CONTINGENT LIABILITIES

	The group		The company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Guarantees for general banking facilities granted to subsidiaries	–	–	77,351	57,765

The group and the company have not recognised any deferred expense in respect of guarantees as their fair values cannot be reliably measured and their transaction prices were HK\$Nil (2014: HK\$Nil).



NOTES TO THE FINANCIAL STATEMENTS

38. RELATED PARTY TRANSACTIONS

Key management personnel compensation

	2015 HK\$'000	2014 HK\$'000
Salaries and other short-term employee benefits	5,262	6,122
Post-employment benefits	192	218
Equity-settled share-based payment	–	594
	5,454	6,934

39. SUBSIDIARIES

Particulars of the principal subsidiaries at 31st March, 2015 are as follows:

Name	Place of incorporation/ registration	Principal place of operation	Issued and fully paid share capital/ registered capital	Percentage of effective interest attributable to the group		Principal activities
				2015	2014	
HKC Group Limited	British Virgin Islands	Hong Kong	Ordinary shares US\$100,000	100%	100%	Investment holding
HKC Properties Limited	British Virgin Islands	Hong Kong	Ordinary shares US\$30	100%	100%	Investment holding
Superior Charm Limited	British Virgin Islands	Hong Kong	Ordinary shares US\$1,200	100%	100%	Investment holding
Hong Kong Communications Company Limited	Hong Kong	Hong Kong	Ordinary shares HK\$157,935,083	100%	100%	Sales of mobile phones and business solutions
Circle Mobile Communications Limited	Hong Kong	Hong Kong	Ordinary shares HK\$1,000,000	100%	100%	Sales of mobile phones and other electronic products



NOTES TO THE FINANCIAL STATEMENTS

39. SUBSIDIARIES (Cont'd)

Name	Place of incorporation/ registration	Principal place of operation	Issued and fully paid share capital/ registered capital	Percentage of effective interest attributable to the group		Principal activities
				2015	2014	
Generalvestor (H.K.) Limited	Hong Kong	Hong Kong	Ordinary shares HK\$10,000,000	100%	100%	Property investment
HKC Technology Limited	Hong Kong	Hong Kong	Ordinary shares HK\$10,000,202	100%	100%	Sales and distribution of telecommunication products
HKC International (Thailand) Co. Ltd.	Thailand	Thailand	Preference shares THB9,999,990 Ordinary shares THB10,000,010	100%	100%	Sales and distribution of business solutions
Singapore Communications (Wavex) Pte. Ltd.	Singapore	Singapore	Ordinary shares S\$4,000,000	100%	100%	Sales and distribution of business solutions
上海希華通訊科技 有限公司 (HKC Technology (Shanghai) Co. Ltd.)	PRC	PRC	Contributed capital US\$5,850,000	100%	100%	Sales and distribution of business solutions
亞衛通智能系統 (上海)有限公司 (Note) (ASCT Technology Co. Ltd.)	PRC	PRC	Contributed capital US\$610,000	80%	80%	Dormant
HKC Comunicacoes Equipamento (Macau) Companhia Limitada	Macau	Macau	Contributed capital MOP 100,000	100%	100%	Sales and distribution of business solutions
HKC Mobile Technology Limited	Hong Kong	Hong Kong	Ordinary shares HK\$20,000,000	100%	100%	Dormant

NOTES TO THE FINANCIAL STATEMENTS

39. SUBSIDIARIES (Cont'd)

Name	Place of incorporation/ registration	Principal place of operation	Issued and fully paid share capital/ registered capital	Percentage of effective interest attributable to the group		Principal activities
				2015	2014	
Wavex Technologies Pte. Ltd.	Singapore	Singapore	Ordinary shares S\$1,026,000	100%	100%	Sales and development of RFID products
Hong Kong Communications Services Limited	Hong Kong	Hong Kong	Ordinary shares HK\$1	100%	100%	Dormant
HKC Retails Limited	Hong Kong	Hong Kong	Ordinary shares HK\$1	100%	100%	Sales of mobile phones and other electronic products
Circle Digital Limited	Hong Kong	Hong Kong	Ordinary shares HK\$1	100%	100%	Sales of mobile phones and other electronic products
Good Success Electronics Limited	Hong Kong	Hong Kong	Ordinary shares HK\$10,000	100%	–	Sales of mobile phones and other electronic products
Carrot Home Solutions Limited	Hong Kong	Hong Kong	Ordinary shares HK\$100	100%	–	Sales of home automation solutions

The company directly holds the interest in HKC Group Limited. All other interests shown above are indirectly held by the company.

None of the subsidiaries had any debt securities subsisting at 31st March, 2015 and 31st March, 2014 or at any time during the year.

Note: The subsidiary is a sino-foreign owned enterprise.



FIVE YEARS FINANCIAL SUMMARY

	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000
RESULTS					
Turnover	940,006	361,691	268,212	263,096	219,737
Profit/(loss) before taxation	35,303	(6,363)	(5,395)	(11,825)	(3,421)
Tax expense	(2,416)	(181)	(217)	(62)	(239)
Profit/(loss) for the year	32,887	(6,544)	(5,612)	(11,887)	(3,660)
Profit/(loss) for attributable to:					
Equity holders of the company	33,283	(6,601)	(5,679)	(12,175)	(3,660)
Non-controlling interests	(396)	57	67	288	–
	32,887	(6,544)	(5,612)	(11,887)	(3,660)
ASSETS/(LIABILITIES) AND NON-CONTROLLING INTERESTS					
Total assets	380,558	361,440	371,022	368,164	376,382
Total liabilities	(69,984)	(58,470)	(64,510)	(73,409)	(78,114)
Non-controlling interests	(4)	(61)	(128)	–	–
	310,570	302,909	306,384	294,755	298,268



PARTICULARS OF PROPERTIES

(1) PROPERTIES HELD FOR OWNER OCCUPATION

	Use	Lease term	Group's interest
Location in Hong Kong			
14th Floor, Vita Tower No. 29 Wong Chuk Hang Road Wong Chuk Hang Hong Kong	Commercial	Long lease	100%
Workshop B7 on 8th Floor Block B Hong Kong Industrial Centre Nos. 489-491 Castle Peak Road Kowloon Hong Kong	Commercial	Medium-term lease	100%

(2) INVESTMENT PROPERTIES

	Use	Lease term	Group's interest
Location in Hong Kong			
Flat E, 22nd Floor with Balcony and Utility Platform Splendid Place No. 39 Taikoo Shing Road Quarry Bay, Hong Kong	Residential	Long lease	100%
Shop No. 8, 9 and 23B on Ground Floor National Court Nos. 240-252 Nathan Road Nos. 16A-16F Jordan Road Nos. 19-24 Tak Hing Street Mongkok, Kowloon, Hong Kong	Commercial	Medium-term lease	100%
Flat G on 45th Floor of Tower 10 Phase II (known as Le Point) of Metro Town No. 8 King Ling Road Tseung Kwan O New Territories, Hong Kong	Residential	Medium-term lease	100%
Unit 1 on 9th Floor Yue Xiu Building Nos. 160-174 Lockhart Road Hong Kong	Commercial	Long lease	100%



PARTICULARS OF PROPERTIES

(2) INVESTMENT PROPERTIES (Cont'd)

	Use	Lease term	Group's interest
Location in the Mainland China			
Units 1101, 1102, 1103, 1104, 1105, 1106, 1107 and 1108 on Level 11 East Huai Hai International Building Nos. 45-49 Huai Hai Road East Huang Pu District, Shanghai The People's Republic of China	Commercial	Medium-term lease	100%
Location in Singapore			
The whole of the strata Unit #02-09 Kewalram House No. 8, Jalan Kilang Timor Singapore	Commercial	Long lease	100%