



IDT INTERNATIONAL LIMITED 萬威國際有限公司

(Incorporated in Bermuda with limited liability)

(於百慕達註冊成立之有限公司)

(Stock code 股份代號 : 167)

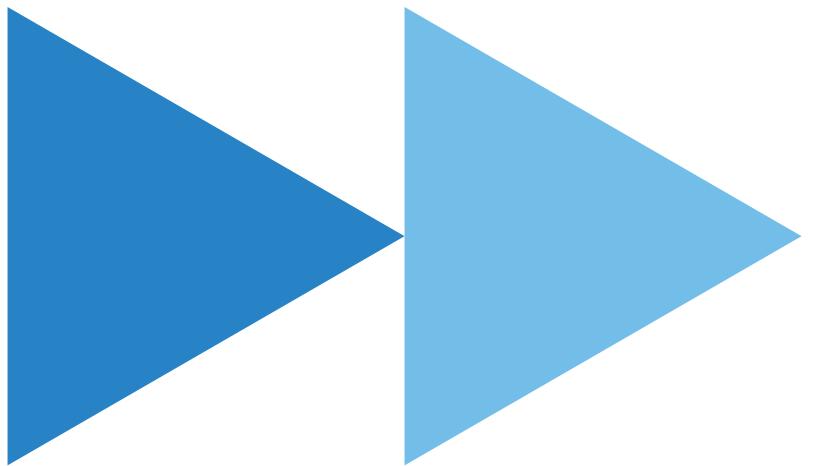
SmartLiving

Embracing innovations that enhance the quality of life

創新點亮生活

2015
annual report 年報





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Corporate Information

DIRECTORS

Executive:

Foo Piau Phang, Chairman (appointed on April 1, 2015)
 See Chi Kwok, Group Chief Executive Officer
 (appointed on April 1, 2015)
 Chan Pau Shiu Yeng, Shirley (resigned on April 15, 2015)
 Leong Mun Hoong (resigned on January 9, 2015)

Non-Executive:

Raymond Chan, JP
 (re-designated from the executive Chairman and Group Chief Executive Officer to a non-executive Director on April 1, 2015)
 Xin Kexia (appointed on April 1, 2015)
 Song Rongrong (appointed on April 1, 2015)
 Wang Yang (appointed on April 1, 2015)
 Gao Huan (appointed on April 1, 2015)

Independent Non-Executive:

Lo Kai Yiu, Anthony
 Kao Ying Lun
 Jack Schmuckli
 Kenichi Ohmae

EXECUTIVE COMMITTEE

Foo Piau Phang, Chairman
 See Chi Kwok

AUDIT COMMITTEE

Lo Kai Yiu, Anthony, Chairman
 Kao Ying Lun
 Jack Schmuckli

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

Foo Piau Phang, Chairman
 Jack Schmuckli
 Kao Ying Lun

REMUNERATION COMMITTEE

Jack Schmuckli, Chairman
 Kao Ying Lun
 Song Rongrong

COMPANY SECRETARY

Kong Chun Hin, Jason (appointed on April 1, 2015)
 Chan Wai Ming (resigned on April 1, 2015)

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
 Hang Seng Bank Limited
 Standard Chartered Bank (Hong Kong) Limited
 BNP Paribas

AUDITOR

Deloitte Touche Tohmatsu

SOLICITOR

Bermuda:
 Conyers Dill & Pearman

SHARE REGISTRARS

Bermuda:
 Codan Services Limited
 Clarendon House
 2 Church Street
 Hamilton, HM 11
 Bermuda

Hong Kong:

Union Registrars Limited
 A18/F., Asia Orient Tower
 Town Place
 33 Lockhart Road
 Wanchai
 Hong Kong

BERMUDA REGISTERED OFFICE

Clarendon House
 2 Church Street
 Hamilton HM 11
 Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Block C, 9th Floor, Kaiser Estate
 41 Man Yue Street
 Hunghom
 Kowloon
 Hong Kong

STOCK CODE

167

WEBSITES

www.idthk.com
www.oregonscientific.com

INVESTOR RELATIONS CONSULTANT

Strategic Financial Relations Limited

Group Financial Summary

RESULTS

	Year ended March 31,				
	2015 HK\$'M	2014 HK\$'M	2013 HK\$'M	2012 HK\$'M	2011 HK\$'M
Turnover	1,100.4	1,352.4	1,578.2	1,597.1	1,623.6
Loss before taxation	(57.2)	(52.1)	(15.8)	(25.3)	(45.6)
Taxation	(9.8)	(16.7)	(13.1)	(5.1)	(1.6)
Loss for the year	(67.0)	(68.8)	(28.9)	(30.4)	(47.2)
Attributable to:					
Owners of the Company	(67.0)	(68.8)	(28.9)	(30.4)	(49.6)
Non-controlling interests	–	–	–	–	2.4
	(67.0)	(68.8)	(28.9)	(30.4)	(47.2)
Loss per share					
– Basic and diluted	(2.59) HK cents	(2.75) HK cents	(1.16) HK cents	(1.22) HK cents	(1.98) HK cents

ASSETS AND LIABILITIES

	As at March 31,				
	2015 HK\$'M	2014 HK\$'M	2013 HK\$'M	2012 HK\$'M	2011 HK\$'M
Total assets	655.7	828.2	1,057.9	1,017.6	1,234.6
Total liabilities	(245.7)	(348.4)	(514.7)	(440.4)	(613.0)
	410.0	479.8	543.2	577.2	621.6
Equity attributable to owners of the Company	409.9	479.7	543.1	577.1	621.5
Non-controlling interests	0.1	0.1	0.1	0.1	0.1
	410.0	479.8	543.2	577.2	621.6





Fitness & Health

The Path to a Healthier You



Chairman's Statement



Foo Piau Phang
Chairman

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Group's annual result for the year ended March 31, 2015.



CHANGE OF CONTROLLING SHAREHOLDERS

On March 23, 2015, immediately following the closing of sale and purchase agreement dated February 18, 2015, Hongtu High Technology Int'l Inc. ("Hongtu (Seychelles)") becomes the controlling shareholder of the Company and holds 1,145,146,990, representing 44.59% of the entire issued shares of the Company. Hongtu (Seychelles) is the indirect wholly-owned subsidiary of Jiangsu Hongtu High Technology Co., Ltd. ("Jiangsu Hongtu", a joint stock company incorporated in the PRC whose shares are listed on the Shanghai Stock Exchange (Stock code: 600122)). On April 15, 2015, upon the close of the unconditional mandatory cash offers, Jiangsu Hongtu holds 1,310,896,765 shares of the Company, representing approximately 50.42% of the entire issued shares of the Company.

Jiangsu Hongtu is principally engaged in 3C retailing, industrial manufacturing, real estate business, as well as system integration. The main businesses of the Jiangsu Hongtu's group of companies consist of products retailing business, which involves in operation of regular chain retail stores, dealing with computers, digital products, communications products, network and server devices, office automation equipment, as well as software and IT related books; industrial manufacturing business, which provides optical cables, electric cables, printers and communications equipment, among others, as well as real estate business, which is involved in the development and operation of high end residential properties.

Chairman's Statement

FINANCIAL RESULTS

Despite the slow recovery of the global economy, compounded by weak consumer sentiment and sluggish retail market, the Group has recorded a decrease in both turnover and gross profit for the year ended March 31, 2015 (the "year"). However, due to the effective implementation of various cost control initiatives, the loss for the year has slightly narrowed to HK\$67.0 million.

The Group's total turnover decreased by 18.6% to HK\$1,100.4 million, which was primarily due to the difficult retail market conditions in America and Europe, and severe competition in the children's tablet segment. Due to changes in the product and channel mix, clearance sales of slow-moving inventories, additional inventory provision in respect of slow moving and aging items as well as rising labor and material costs, gross profit decreased by 32.0% to HK\$228.7 million, while gross margin dropped by 4.1 percentage points to 20.8%.

The Group continued to place significant effort on executing stringent cost controls and streamlining its organizational structure and operational processes. Total operating expenses of the Group, including research and development costs, distribution and selling expenses, and general administrative expenses, amounted to HK\$344.8 million, which is a significant reduction of 21.2% when compared to HK\$437.8 million for the previous year.

The Group was able to continue making significant improvements in its cash management during the year. The decrease in average bank loans and other borrowings resulted in a substantial decrease in interest expenses from HK\$4.9 million to HK\$2.5 million – a decline of 49.0% when compared to last year. The Group's net cash position increased from HK\$139.8 million recorded last year to HK\$216.8 million as at March 31, 2015.

OUTLOOK

Looking ahead, the Group anticipates that the pace of economic recovery in the United States and Europe will remain slow. As such, the Group will continue to implement various initiatives and measures to improve its overall business performance and productivity. The Group will focus on streamlining factory operations, driving more ODM businesses to improve margins and investing in wearables and medical technology to differentiate ourselves from our competitors. The Group will also maintain its commitment to employ stringent controls over inventory and operating costs, while continuing to develop innovative products and explore new markets.

Oregon Scientific ("OS")

OS will continue to focus on launching new products in the coming year, strengthening business relationships with strategic partners and opening new markets and channels, while concurrently enhancing the effectiveness and efficiency of its operations.

Over the past years, OS has successfully launched its mobile apps and internet-connected devices. Leveraging its core competencies, which include technological innovation and fashionable design, it will continue to extend its capabilities within and alongside product categories, with the aim of providing more connected products to customers and ultimately to capitalize on new business opportunities.

In the Time & Weather category, OS has always been recognized as a pioneer in projection clocks as well as the ability to introduce stylish designs. The coming year's products will be marked by more choices of colors on top of unique designs, with the aim of bringing a light-hearted touch to every home and providing state-of-art solutions that make people live smarter and healthier.

For Wellness & Beauty category, we plan to renew our focus on wellness products, especially in aroma diffusers. While such products have historically been a key focus in Asia, management anticipates growing demand in European countries, particularly in Italy and France.

In respect of the Smart Learning Product category, OS will continue to leverage the OID technology as utilized by "SmartGlobes" and apply it to other kids' products, so as to open up new markets such as China, as well as broaden the client base. OS has announced the launch of Smart Anatomy, which masterfully matches the study of the human anatomy with games; encouraging kids to explore and learn by themselves or together with their parents.

Value Manufacturing Services ("VMS")

VMS prides itself on being an innovative, value-adding and high quality manufacturer. We would like to focus more on ODM projects, partnering with our customers to develop unique products. VMS, which consists of Sports, Fitness & Health ("SFH") and Energy Management – our two key drivers – will remain as the major revenue contributors to the Group. The SFH business will continue to benefit from the worldwide growth of wearable technologies, which is a trend that is anticipated to be sustainable. Consequently, the Group will continue to invest resources in innovative products with the latest technologies, thus supporting the needs of existing and potential new customers.

Making use of the Group's traceability expertise in the manufacturing process and being a qualified Food and Drug Administration ("FDA") factory, VMS will continue to serve customers from the health and medical industries. In order to achieve an even higher profit margin, VMS will continue to focus on inventory control and streamlining operations so as to become more competitive and efficient.

APPRECIATION

On behalf of the Board of Directors, I wish to express my gratitude to our shareholders and business associates for the continued support. I also want to extend our deep appreciation to our management team and staff members for their hard work and dedication during the past financial year.

Foo Piau Phang

Chairman

June 26, 2015

Hong Kong



Wellness

Bring Balance to Your Life



Operations Review



FINANCIAL REVIEW

Because of the slow recovery of the global economy, in particular the American and European markets, compounded by weak consumer sentiment, the retail market has remained sluggish. Consequently, the Group has recorded a decrease in both turnover and gross profit for the year ended March 31, 2015 (the "year"). However, due to the effective implementation of various cost control initiatives, the loss for the year has slightly narrowed to HK\$67.0 million, compared to a loss of HK\$68.8 million for the year ended March 31, 2014.

The Group's total turnover amounted to HK\$1,100.4 million, a decrease of 18.6% when compared to HK\$1,352.4 million last year, which was primarily due to the difficult retail market conditions in America and Europe, and severe competition in the children's tablet segment. Gross profit totaled HK\$228.7 million, a drop of 32.0% from HK\$336.1 million recorded last year. Due to changes in the product and channel mix, clearance sales of slow-moving inventories, additional inventory provision in respect of slow moving and aging items as well as rising labor and material costs, gross margin dropped by 4.1 percentage points to 20.8%.

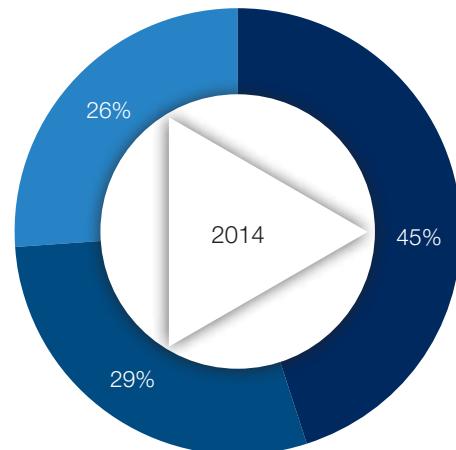
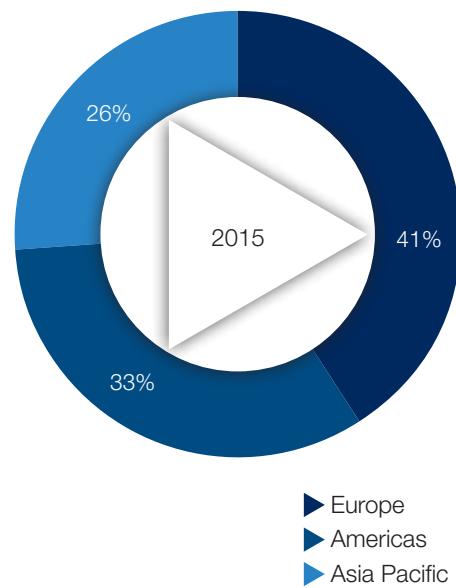
OPERATIONS REVIEW

The Group continued to place significant effort on executing stringent cost controls and streamlining its organizational structure and operational processes. Total operating expenses of the Group, including research and development costs, distribution and selling expenses, and general administrative expenses, amounted to HK\$344.8 million, which is a significant reduction of 21.2% when compared to HK\$437.8 million for the previous year.

Other gains and losses during the year were recorded as gains of HK\$46.5 million, mainly from the disposal of properties, while gains of last year amounted to HK\$29.3 million.

The Group was able to continue making significant improvements in its cash management during the year. The decrease in average bank loans and other borrowings resulted in a substantial decrease in interest expenses from HK\$4.9 million to HK\$2.5 million – a decline of 49.0% when compared to last year. The Group's net cash position increased from HK\$139.8 million recorded last year to HK\$216.8 million as at March 31, 2015.

SALES BY MARKET



Operations Review

Taxation amounted to HK\$9.8 million compared to HK\$16.7 million last year. Tax for the year mainly consists of a provision for Hong Kong profits tax of HK\$2.5 million and deferred tax charges of HK\$7.3 million made during the year.

BUSINESS REVIEW

Oregon Scientific ("OS")

Sales revenue from OS was HK\$348.7 million, a reduction of 31.3% when compared with HK\$507.4 million last year and represented 31.7% of the Group's total sales. The decrease was mainly due to the sluggish retail market conditions in America and Europe, as well as the Group's strategy of exiting the children's tablet market due to severe competition.

The Time & Weather ("T&W") category remained to be the key contributor in terms of sales revenue, which accounted for 55.5% of total OS sales revenue. During the year, the Group further expanded its development of projection clocks and weather stations, like Bluetooth enabled Weather@Home, Wireless Pro Weather Station and Jumbo Clock. In addition, a series of colorful and stylish designer projection clocks, i.e. "PRYSMA", have been well received by customers since their initial launch.

The Smart Learning Products ("SLP") category accounted for 18.7% of total OS sales revenue. "SmartGlobes" Collections were still the key revenue and margin contributors for this product category. A new "Smart Globe Discovery" product, which combines the characteristics of the original "SmartGlobes" with enhanced features and enriched content, has been introduced to tap into the youth market segment in America, Europe and Russia. Furthermore, the Collections also extended its footprint to South America and received encouraging feedback during the year.

The Sport, Fitness and Healthcare ("SFH") category accounted for 12.1% of total OS sales revenue. OS launched the second generation of BLE-enabled "Ssmart Dynamo 2 and 2+" Activity Tracker with additional features such as activity recognition, incoming call and message notifications, as well as ECG heart rate measurement to further enhance users' benefits and experiences.

The Wellness & Beauty ("W&B") category accounted for 11.0% of total OS sales revenue and it continues to be the focus in the Asia Pacific region. W&B aims to address the demands of an increasingly growing group of affluent individuals who seek a more upscale and healthy lifestyle. During the year, the stylish and unconventional design of the twin scent chamber, known as "DuoScent Aroma Diffuser", won the "Hong Kong Awards for Industries". In addition, the newly launched "Dream Science", a sleep enhancing device that features clinically proven sounds and brainwave embedded music that helps people fall asleep easier, received positive comments from consumers.

E-commerce is a developing sales channel for OS that allows it to directly offer products to the vast number of internet users worldwide. The e-commerce business has enjoyed reasonable growth over the past year, with the largest increase coming from the Group's key European markets such as the United Kingdom, France and Italy. With a surge in mobile visitors, the company introduced a new e-commerce platform which resulted in a sales increase from smart phone and tablet devices.

To further strengthen OS's brand presence in global markets, it participated in several key events including IFA in Berlin, one of world's leading trade shows for consumer electronics and home appliances, in September 2014; Hong Kong Electronic Fair Autumn Edition, the world's largest electronics marketplace, in October 2014; and the Nuremberg Toy Fair in Germany, in February 2015, to attract potential visitors, media and new customers.

Value Manufacturing Services ("VMS")

Sales revenue from VMS totaled HK\$751.7 million, which accounted for 68.3% of the Group's total revenue, a decline of 11.0% when compared with last year. The decrease in revenue was mainly due to the fact that one of the major customers of the SFH product category closed its electronic business during the year and project development for some new SFH customers were delayed.

In terms of business segment performance, SFH continued to be the largest product category, accounting for 74.4% of VMS revenue – a similar level to last year. The telecommunication products category was the second largest product category based on sales. This is in line with the Group's product strategy, which is to focus on SFH products such as GPS watches, activity monitors, blood glucose meters, fitness computer consoles and heart rate monitors. The majority of these products is being app-based and connected to smart devices.

WORKING CAPITAL

The inventory balance at March 31, 2015 was HK\$166.7 million, decreased by 39.6% compared to the HK\$275.8 million at March 31, 2014. The inventory turnover days decreased from 99 days recorded last year, to 70 days this year.

Trade debtor balances at March 31, 2015 was HK\$87.6 million, decreased by 34.4% compared to the HK\$133.5 million shown at March 31, 2014 and it is attributable to better trade terms in March 2015 compared with March 2014. Trade debtor's turnover days decreased to 29 days compared to that of last year of 36 days.

LIQUIDITY AND TREASURY MANAGEMENT

At March 31, 2015, the bank balances and cash of the Group, including the short term bank deposits, were HK\$235.7 million (March 31, 2014: HK\$236.7 million).

During the year, the Group generated its funds mainly from operating activities, bank borrowings and proceeds from disposal of properties. The net cash position (bank balances and cash less total bank borrowings) at March 31, 2015 amounted to HK\$216.8 million (March 31, 2014: HK\$139.8 million). The Group maintained sufficient financial resources to meet all working capital requirements and finances of its commitments and still has a surplus of net cash over all bank borrowings.

The Group's exposure to foreign currency stems mainly from the net cash flow and net working capital translation achieved in its overseas subsidiaries. Hedging of foreign currency exposures is arranged through a combination of natural hedges and forward forex contracts. At March 31, 2015, there were forward contracts in place to hedge against possible exchange movements of future net cash flows. Speculative currency transactions are strictly prohibited. Management of currency risk is the responsibility of the Group's headquarters in Hong Kong.

Operations Review

DEBTS AND GEARING RATIO

The total bank borrowings of the Group at March 31, 2015 decreased to HK\$18.9 million (March 31, 2014: HK\$96.9 million) which are all short term bank loans. The borrowings are mainly denominated in HK dollars and on floating rates bases.

The debts incurred by the Group are mainly used for general corporate purposes, including capital or long term expenditures and working capital requirements.

The gearing ratio (total borrowings over total equity) improved from 20.2% at March 31, 2014 to 4.6% at March 31, 2015.

CHARGES ON GROUP ASSETS

At March 31, 2015, there were no finance charges on the Group's assets.

CAPITAL EXPENDITURE

Capital expenditure on property, plant and equipment for the year ended March 31, 2015 amounted to HK\$15.1 million (2014: HK\$16.5 million) which was all used for business operations and product development. Source of funds were financed by internal resources and borrowings.

There were no material acquisitions or disposals of subsidiaries and associated companies in the course of the year ended March 31, 2015.

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended March 31, 2015.

CONTINGENT LIABILITIES

At March 31, 2015, the Group had no contingent liabilities (2014: nil).

HUMAN RESOURCES AND REMUNERATION POLICY

As at March 31, 2015, the Group had 2,134 employees. The Group fully recognizes the importance of its employees who contribute significantly to its success and continues to maintain and upgrade the capabilities of its workforce by providing them with adequate and regular training.

The Group's remuneration policy is to provide compensation packages at market rates which reward individual's performance and attract, retain and motivate high quality employees. The compensation packages offered by the Group are comparable with other organizations of similar size and business nature and are reviewed annually. The components of employee's remuneration package consist of base salary, double pay, fringe benefits including pension scheme, medical insurance, life and personal accident insurance, employee compensation and business travel insurance as well as incentives like discretionary cash bonus and the opportunities to participate in the Group's share option schemes.

Details of the schemes and the number of options granted to the Group's employees are set out in note 25 to the consolidated financial statements from page 100 to page 106. Details of pension schemes operated by the Group are set out in note 30 to the consolidated financial statements on page 115. In Xixiang, Shenzhen, China where the Xixiang facilities are located, staff welfare rates are set with reference to the prevailing labour laws in China. Accommodation and leisure facilities are also provided to local staff at Xixiang facilities.

The Group's remuneration philosophy for executive directors and senior executives is based upon creating a strong link between performance and reward in accordance with the following principles:

1. Fixed salaries and benefits are set at median-market level against comparator groups of companies selected on the basis of similar size and business nature and benchmarked with the prevailing market conditions; and
2. Performance-related bonus is linked to the achievement of pre-defined performance targets including financial targets, performance index and pre-agreed management objectives.

The emolument of the directors is recommended by the remuneration committee with reference to companies of comparable business type or scale, and the nature and quantity of work at both Board and Board Committee levels (including frequency of meetings and nature of agenda items) in order to compensate directors reasonably for their time and efforts spent. The directors' emolument is approved by the Board pursuant to the mandate granted by the shareholders at annual general meetings. It comprises of five components, namely base salary, benefits, annual performance-related bonus, share options and pension scheme. In addition, each director is paid a basic director's fee for his/her service as director of the Company. Additional fees are paid to a director for appointment as a member of a particular committee. Non-executive directors receive no base pay, benefits, bonus or pension except director's fee and reimbursement for expenses incurred in connection with their directorship of the Company. No individual director is allowed to participate in the procedures for deciding his/her individual remuneration package. Full details of the remuneration of and fees paid to the directors in the year ended March 31, 2015 are set out in note 8 to the consolidated financial statements from page 85 to page 86. All directors are entitled to participate in the share option schemes of the Company. Details of the schemes and the number of options granted to directors of the Company are set out in note 25 to the consolidated financial statements from page 100 to page 106.

Foo Piau Phang

Chairman

June 26, 2015

Hong Kong





Learning & Fun
Connecting Exploration with Fun

Employee Development and Corporate Social Responsibilities

EMPLOYEE DEVELOPMENT



To cope with economic volatility, competition and complexity of the business environment, we are experiencing inevitable changes across our operations. We have sought to achieve more professional employee development more closely aligned to our corporate objectives and new business model such as Marketing and Branding Workshops. Through this initiative, we aim at driving the business and engaging the workforce, building talent and leaders for TODAY and TOMORROW, and developing a high performance learning culture that boosts business performance.

LEADERSHIP DEVELOPMENT



We focus on equipping leaders at all levels to enhance team effectiveness and staff engagement. Members of our top and senior management teams are frequently invited to share their experiences and business insights at our CEO Forum as well as at various workshops and also frequently engage in strategic meetings to ensure that we are all aligned with the Company's directions and strategies. We share best practices and various leadership and personal development programs such as "The 7 Habits for Highly Effective People" authored by the management guru, Dr. Stephen Covey in the USA. We also provide training and development on performance management, while coaching and mentoring skills are provided to ensure continuous improvement.

EMPLOYEE WELLNESS & ENGAGEMENT



To improve employees overall physical and mental health and well-being, we have tailor-made a series of customised employee wellness programs promoting smart living and a healthy lifestyle. Experts of various disciplines are invited to deliver "Lunch & Learn" sessions covering a variety of interests, such as DIY chocolate and health talks. We have actively organized sports related activities such as participating in the

Corporate Games 2014 organised by the Leisure and Cultural Services Department in Hong Kong. Social and recreational activities such as the New Hire Lunch Gathering, Christmas Party, Annual Dinner and Charity Party are held every year to enhance internal communication and reinforce a sense of belonging.

CORPORATE SOCIAL RESPONSIBILITIES

The Group has been actively promoting awareness of our social responsibilities to our employees. Since 2005, the Group has been presented the award of the “Caring Company Logo” for ten consecutive years by the Hong Kong Council of Social Service in recognition of our care for the community.

CARE FOR THE COMMUNITY

As Hong Kong's population rapidly ages, there has been tremendous demand for service to the elderly. Partnering with Hong Kong Sheng Kung Hui, we pay regular home visits, and organise birthday parties and outings for elderly in Wong Tai Sin who live alone and suffer from chronic disease or physical handicaps. This program which aims to maintain the resilience and self-confidence in the elderly through conveying care and concern has been continuously conducted for more than six years.

Disabled or retarded children are another target group that we serve. This is the fourth year that we have participated in the “firefly life education program,” co-organised by Caritas Lokkan School. We visit their Tin Shui Wai campus every month to serve the severely mentally handicapped children who stay at the dormitory without any chance of interacting with outsiders.







Time & Weather

Ahead of Time



Board Of Directors

EXECUTIVE DIRECTORS

FOO PIAU PHANG

Chairman and Executive Director, the Chairman of Nomination and Corporate Governance Committee, a member of the Executive Committee of the Board, aged 53. Mr. Foo is the Senior Vice President of Sanpower Group. He also holds the positions of the Chairman of Brookstone, Natali Healthcare Solutions and An Kang Tong Elderly Healthcare at Sanpower Group. Prior to joining Sanpower Group, Mr. Foo served at Hewlett-Packard as the Senior Vice President and Regional Managing Director for Asia Pacific & Japan. Before that, Mr. Foo had experience in a variety of roles, such as President and Chief Executive Officer at Hasee Group Ltd., President at Dell Inc. (China), Managing Director at Gateway Inc. (China) and Production Engineer at General Motors (Singapore).

SEE CHI KWOK

Group Chief Executive Officer and Executive Director, a member of the Executive Committee of the Board, aged 45. Mr. See was formerly the Chief Operations Officer of Miramar Hotel and Investment Company Limited, the Executive Director and Deputy Chief Executive Officer of Tradelink Electronic Commerce Limited, the Managing Director of Hewlett-Packard Taiwan Limited and the Managing Director of Hewlett-Packard Hong Kong SAR Limited. Mr. See is currently appointed by the Hong Kong SAR Government as a director of the Hong Kong Internet Registration Corporation Limited (HKIRC). Mr. See holds a Bachelor's degree in Computer Engineering from The University of Hong Kong and a Master's degree in Business Administration from The Hong Kong University of Science and Technology.

NON-EXECUTIVE DIRECTORS

RAYMOND CHAN, JP

Non-executive Director, aged 66. Dr. Chan was an Executive Director and the executive Chairman and Group Chief Executive Officer prior to April 1, 2015. Dr. Chan founded the business of the Group in 1977. He has led the management in setting the Group's mission and objectives, developed and formulated business strategies and execution of business activities. Dr. Chan started out as an electronic engineer and has had over 44 years' experience in the consumer electronics industry. Before establishing the business of the Group, he worked for multinational semi-conductor companies in the United States and Hong Kong. Dr. Chan was conferred a degree of Doctor in Business Administration, honoris causa by The Hong Kong Polytechnic University in November 2003. Dr. Chan is a Court Member of The Hong Kong Polytechnic University, a Council Member of Shanghai Jiao Tong University, the Honorary Advisor of HKICC Lee Shau Kee School of Creativity, the Honorary President of The Toys Manufacturers' Association of Hong Kong and Life Patron of The Professional Validation Council of Hong Kong Industries.

XIN KEXIA

Non-executive Director, aged 46. Mr. Xin is the President of Jiangsu Hongtu and HISAP. Before joining Sanpower Group, Mr. Xin served as Vice President at Yuexing Group, Vice President at Gome Electrical Appliances Holding Limited and a member of the senior management at Haier Group Co., Ltd.. Mr. Xin graduated from the Senior Executive Program of Tsinghua University.

SONG RONGRONG

Non-executive Director, aged 37. Mr. Song is the Chief Financial Officer of Jiangsu Hongtu and the Vice President of HISAP. Formerly, Mr. Song served as the regional general ledger accountant and regional chief financial officer of HISAP. Mr. Song received a Bachelor's degree in accounting from the China University of Mining and Technology.

WANG YANG

Non-executive Director, aged 35. Ms. Wang is the Executive Vice President of Sanpower Group and is mainly responsible for cross-border investment execution. Formerly, Ms. Wang was an investment banker at Citigroup Global Markets Limited and Barclays Capital Inc. Prior to that, she worked at the World Bank's International Finance Corporation (IFC) and advised on equity investments in the PRC. Ms. Wang has received a Master's degree in finance from Peking University and a Master's degree in Business Administration from Wharton School of the University of Pennsylvania.

GAO HUAN

Non-executive Director, aged 40. Ms. Gao is the Executive Vice President of Sanpower Group, covering commercial and logistics sectors. Prior to her career in Sanpower Group, Ms. Gao served as Vice President/Partner at Siemens Management Consulting and worked on brand management at Kimberly-Clark Corp. Ms. Gao obtained a Master's degree in Business Administration from University of Michigan in 2006.

INDEPENDENT NON-EXECUTIVE DIRECTORS

LO KAI YIU, ANTHONY

Independent Non-executive Director and Chairman of the Audit Committee, aged 66. Mr. Lo was appointed in July 1990. Mr. Lo is qualified as a chartered accountant with the Institute of Chartered Accountants of Ontario, Canada and is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Lo has over 33 years of experience in banking, finance and investments. He worked for a number of well known financial institutions including serving as a managing director of Indosuez Asia Limited, Suez Asia Investment Management Ltd., HG Asia Limited, ABN Amro Asia Limited and PrimeCredit Limited. He has the relevant experience in internal controls and in preparing and auditing comparable financial statements as well as experience in reviewing or analysing audited financial statements of public companies. Mr. Lo is currently the Chairman of Shanghai Century Capital Ltd. and a non-executive director of Bosera Asset Management (International) Co., Limited. Mr. Lo is also an independent non-executive director and member of the audit committee and Chairman of the nomination committee of The Taiwan Fund Inc., which is listed on the New York Stock Exchange. He also serves as an independent non-executive director, audit committee chairman and member of the compensation committee of Tristate Holdings Limited; an independent non-executive director, audit committee chairman and member of the nomination and compensation committees of Playmates Holdings Limited and an independent non-executive director, audit committee chairman and member of the nomination committee of each of Convenience Retail Asia Ltd and Lam Soon (Hong Kong) Limited, all are Hong Kong publicly listed companies.

Board Of Directors

KAO YING LUN

Independent Non-executive Director and a member of the Audit Committee, Nomination and Corporate Governance Committee and Remuneration Committee, aged 62. Mr. Kao was appointed in June 1997. He has over 27 years of business and professional experience in investment banking and corporate finance. Mr. Kao holds an Honours Business Administration Degree from Richard Ivey School of Business, The University of Western Ontario and is a Chartered Accountant qualified in Canada.

JACK SCHMUCKLI

Independent Non-executive Director, the Chairman of the Remuneration Committee and a member of the Nomination and Corporate Governance Committee and the Audit Committee, aged 75. Mr. Schmuckli was appointed in May 1999. He has over 37 years of professional executive product marketing experience in the photographic and electronics industries. He had been the Chairman and Chief Executive Officer of Sony Europe GmbH for 14 years and had also been an executive member of the board of Sony Corporation, Tokyo.

KENICHI OHMAE

Independent Non-executive Director, aged 72. Dr. Ohmae was appointed in August 2001. He is a world renowned management consultant and was selected as one of the five management gurus in the world by The Economist in 1994. Dr. Ohmae received his Ph.D. in nuclear engineering from the Massachusetts Institute of Technology and an honorary doctorate from Notre Dame University. He is an expert in formulating creative strategies and developing organizational concepts for both the private and public sectors. He is the founder and President and Chief Executive Officer of Business Breakthrough, Inc. and before that, had been a partner of McKinsey & Company, Inc., an international management consulting firm, for 23 years.

Directors' Report

The directors (the "Directors") of IDT International Limited (the "Company") are pleased to present to the shareholders their annual report and audited financial statements of the Company and its subsidiaries (the "Group") for the financial year ended March 31, 2015.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. Its principal subsidiaries are engaged in the investment holdings, design, development, manufacturing, marketing and distribution of lifestyle electronic products. Details of the principal activities of the Group are set out in note 32 to the Consolidated Financial Statements.

SEGMENT INFORMATION

Details of segment information are set out in note 5 to the Consolidated Financial Statements.

RESULTS

The results of the Group for the year ended March 31, 2015 are set out in the consolidated statement of profit or loss and other comprehensive income on page 59 and further analysis is given in the accompanying notes to the financial statements.

DIVIDENDS

No interim dividend was paid (2014: Nil) during the year.

The Directors have resolved not to recommend the payment of a final dividend (2014: Nil) for the year ended March 31, 2015.

GROUP FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 3.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 24 to the Consolidated Financial Statements.

RESERVES

Details of movements in reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity on page 61, and the financial information of the Company on page 120, respectively.

Directors' Report

DISTRIBUTABLE RESERVES

At March 31, 2015, the Company did not have reserves available for distribution as calculated in accordance with the provisions of the laws of Bermuda.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group spent an aggregate amount of approximately HK\$15.1 million (2014: HK\$16.5 million) on the acquisition of property, plant and equipment for the purpose of business expansion.

Details of movements in property, plant and equipment of the Group during the year are set out in note 12 to the Consolidated Financial Statements.

BANK BORROWINGS

Details of the bank borrowings of the Group as at March 31, 2015 are set out in note 23 to the Consolidated Financial Statements on page 99 of this annual report.

DONATIONS

During the year, the Group made charitable and other donations of HK\$94,200 (2014: HK\$588,000).

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the aggregate percentage of purchases attributable to the Group's five largest suppliers in the year accounted for approximately 17% of the Group's purchases and the purchases attributable to the largest supplier accounted for approximately 6% of the Group's purchases.

During the year, the aggregate percentage of turnover attributable to the Group's five largest customers was approximately 29% of the Group's turnover and the percentage of turnover attributable to the Group's largest customer was approximately 7% of the Group's turnover.

None of the directors, their associates or shareholders, who to the knowledge of the Directors own more than 5% of the Company's share capital, had any interest in any of the five largest customers.

DIRECTORS

The Directors who held office during the year and up to the date of this report are:

Executive:

Foo Piau Phang, *Chairman* (appointed on April 1, 2015)

See Chi Kwok, *Group Chief Executive Officer* (appointed on April 1, 2015)

Chan Pau Shiu Yeng, Shirley (resigned on April 15, 2015)

Leong Mun Hoong (resigned on January 9, 2015)

Non-Executive:

*Raymond Chan, JP

Xin Kexia (appointed on April 1, 2015)

Song Rongrong (appointed on April 1, 2015)

Wang Yang (appointed on April 1, 2015)

Gao Huan (appointed on April 1, 2015)

Independent Non-Executive:

Lo Kai Yiu, Anthony

Kao Ying Lun

Jack Schmuckli

Kenichi Ohmae

* Re-designation of Dr. Raymond Chan from the executive Chairman and the Group Chief Executive Officer to a non-executive Director of the Company with effect from April 1, 2015.

In accordance with Bye-Law 97 of the Company's Bye-Laws, Dr. Raymond Chan, Mr. Lo Kai Yiu, Anthony, Mr. Kao Ying Lun, Mr. Jack Schmuckli and Dr. Kenichi Ohmae will retire by rotation at the forthcoming annual general meeting of the Company and will not offer themselves for re-election.

The Company has received annual confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). The Company considered all the independent non-executive Directors as independent.

DIRECTORS BIOGRAPHY

Biographical details of the existing Directors are set out on pages 24 to 26 of this Annual Report.

Directors' Report

DIRECTORS' SERVICE CONTRACTS

Each of the independent non-executive directors has entered into a service contract with the Company for a term of three years commencing from November 10, 2013 which can be terminated by either party giving a three month's written notice to the other party. Under such service contract, each of the independent non-executive directors is subject to retirement by rotation at the annual general meeting of the Company in accordance with the Company's Bye-Laws, and is entitled to a fee of HK\$200,000 per annum subject to such adjustments as the Board of the Company considers appropriate and the approval of the shareholders at annual general meeting of the Company.

None of the Directors has a service contract which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

There were no 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.

MANAGEMENT CONTRACTS

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

DIRECTORS' INTERESTS IN SECURITIES

As at March 31, 2015, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under the provisions of the SFO) or which were recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") were as follows:

Name	No. of shares held				Number of underlying shares held	
	Personal interests	Family interests	Corporate interests	Total	% of the issued capital	under equity derivatives
Raymond Chan (<i>notes 1 & 3</i>)	110,505,102 (L) 13,867,948 (S)	67,770,544 (L) 36,953,173 (S)	117,295,039 (L) 117,295,039 (S)	295,570,685 (L) 168,116,160 (S)	11.42% 6.49%	3,120,000
Chan Pau Shiu Yeng, Shirley (<i>notes 1, 2 & 3</i>)	67,086,544 (L) 36,953,173 (S)	227,800,141 (L) 131,162,987 (S)	684,000 (L) –	295,570,685 (L) 168,116,160 (S)	11.42% 6.49%	2,080,000
Lo Kai Yiu, Anthony	1,040,000	–	–	1,040,000	0.04%	–
Kao Ying Lun	6,040,000	–	–	6,040,000	0.23%	–
Jack Schmuckli	–	–	–	–	–	1,040,000
Kenichi Ohmae	–	–	–	–	–	1,040,000

Notes:

- (1) Mrs. Chan Pau Shiu Yeng, Shirley ("Mrs. Chan") is the wife of Dr. Raymond Chan ("Dr. Chan"). The personal and corporate interests of Mrs. Chan are disclosed as the family interests of Dr. Chan. The personal and corporate interests of Dr. Chan are disclosed as the family interests of Mrs. Chan. The short position of the personal interests of Dr. Chan and Mrs. Chan represent the shares held by Dr. Chan and Mrs. Chan, being the subject of the call option under which Jiangsu Hongtu High Technology Co., Ltd. had the right to require Dr. Chan and Mrs. Chan to sell to it all or any part of its shares during the call option period. For further details, please refer to the announcements of the Company dated February 18, 2015 and March 23, 2015 respectively and the composite document as publicly disclosed on March 25, 2015.
- (2) 684,000 ordinary shares are held by Raymax Time Company Limited, a company incorporated in the British Virgin Islands, which is wholly owned by Mrs. Chan Pau Shiu Yeng, Shirley.

Directors' Report

- (3) 117,295,039 ordinary shares are held by Integrated Display Technology Limited ("IDTL"), a company incorporated in the British Virgin Islands, which is wholly owned by Dr. Chan. The short position of the corporate interests of Dr. Chan represents the shares held by IDTL, being the subject of the call option under which Jiangsu Hongtu High Technology Co., Ltd. had the right to require IDTL to sell to it all or any part of its shares during the call option period. For further details, please refer to the announcements of the Company dated February 18, 2015 and March 23, 2015 respectively and the composite document as publicly disclosed on March 25, 2015.
- (4) These represent the interests in underlying shares in respect of the share options granted by the Company, the details of which are set out in the sub-section entitled "Share Option Schemes" below.
- (5) The letter "L" denotes the person's/entity's long position in the shares. The letter "S" denotes the person's/entity's short position in the shares.

Save as disclosed above, none of the directors or chief executives of the Company or any of their associates had, as at March 31, 2015, any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under the provisions of the SFO) or which were recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEMES

The share option scheme adopted by the Company on August 28, 2002 (the "2002 Share Option Scheme") has expired on August 27, 2012. On August 29, 2012, the Company passed a resolution in the annual general meeting for the adoption of a new share option scheme (the "2012 Share Option Scheme"). Outstanding share options granted under the 2002 Share Option Scheme prior to such expiration shall continue to be valid and, subject to the vesting schedule, exercisable in accordance with the terms of the 2002 Share Option Scheme.

Details of each of the 2002 Share Option Scheme and 2012 Share Option Scheme are set out in note 25 to the Consolidated Financial Statements.

The 2002 Share Option Scheme

Particulars of the outstanding options under the 2002 Share Option Scheme held by the directors during the financial year ended March 31, 2015 were as follows:

Directors	Date of grant (M/D/Y)	Exercisable period (M/D/Y)	Exercise price per share (HK\$)	Number of share options	
				Outstanding at 4.1.2014	Outstanding at 3.31.2015
Raymond Chan	11.30.2005	12.01.2006 – 11.30.2015	0.529	3,120,000	3,120,000
	12.12.2011	12.12.2013 – 12.11.2021	0.104	2,500,000	–
	12.12.2011	12.12.2014 – 12.11.2021	0.104	2,500,000	–
Chan Pau Shiu Yeng, Shirley	11.30.2005	12.01.2006 – 11.30.2015	0.529	2,080,000	2,080,000
	12.12.2011	12.12.2013 – 12.11.2021	0.104	2,500,000	–
	12.12.2011	12.12.2014 – 12.11.2021	0.104	2,500,000	–
Lo Kai Yiu, Anthony	11.30.2005	12.01.2006 – 11.30.2015	0.529	1,040,000	–
	12.01.2010	12.01.2012 – 11.30.2020	0.222	1,500,000	–
	12.01.2010	12.01.2013 – 11.30.2020	0.222	1,500,000	–
	12.12.2011	12.12.2013 – 12.11.2021	0.104	1,000,000	–
	12.12.2011	12.12.2014 – 12.11.2021	0.104	1,000,000	–
Kao Ying Lun	11.30.2005	12.01.2006 – 11.30.2015	0.529	1,040,000	–
	12.01.2010	12.01.2012 – 11.30.2020	0.222	1,500,000	–
	12.01.2010	12.01.2013 – 11.30.2020	0.222	1,500,000	–
	12.12.2011	12.12.2013 – 12.11.2021	0.104	1,000,000	–
	12.12.2011	12.12.2014 – 12.11.2021	0.104	1,000,000	–
Jack Schmuckli	11.30.2005	12.01.2006 – 11.30.2015	0.529	1,040,000	1,040,000
	12.01.2010	12.01.2012 – 11.30.2020	0.222	1,500,000	–
	12.01.2010	12.01.2013 – 11.30.2020	0.222	1,500,000	–
	12.12.2011	12.12.2013 – 12.11.2021	0.104	1,000,000	–
	12.12.2011	12.12.2014 – 12.11.2021	0.104	1,000,000	–
Kenichi Ohmae	11.30.2005	12.01.2006 – 11.30.2015	0.529	1,040,000	1,040,000
	12.01.2010	12.01.2012 – 11.30.2020	0.222	1,500,000	–
	12.01.2010	12.01.2013 – 11.30.2020	0.222	1,500,000	–
	12.12.2011	12.12.2013 – 12.11.2021	0.104	1,000,000	–
	12.12.2011	12.12.2014 – 12.11.2021	0.104	1,000,000	–

Note: Mr. Leong Mun Hoong resigned as Executive Director of the Company on January 9, 2015, accordingly, his share options were transferred from the Directors category to the Employees category.

No option was granted, lapsed and cancelled by the Directors under the 2002 Share Option Scheme during the year.

Directors' Report

The 2012 Share Option Scheme

No option was granted to the Directors under the 2012 Share Option Scheme during the year.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Details of share options granted to or exercised by the Directors during the year and their outstanding balances at March 31, 2015 are set out in the sub-section entitled "Share Option Schemes" above and also in note 25 to the Consolidated Financial Statements.

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors or their respective spouse or children under the age of 18 to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at March 31, 2015, the following persons (other than the Directors or the chief executives of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO or as otherwise notified to the Company were as follows:

Name	No. of shares held	% of the issued share capital
Jiangsu Hongtu High Technology Co., Ltd (notes 2 & 3)	1,313,263,150 (L)	50.73%
Jiangsu Hongtu High Technology (Hong Kong) Co. Limited (note 1)	1,145,146,990 (L)	44.59%
Hongtu High Technology Int'l Inc.	1,145,146,990 (L)	44.59%

Notes:

- (1) Jiangsu Hongtu High Technology (Hong Kong) Co. Limited ("Hongtu (HK)" holds 100% of the issued share of Hongtu High Technology Int'l Inc. ("Hongtu (Seychelles)"). Therefore, Hongtu (HK) is deemed to be interested in 1,145,146,990 shares by virtue of its shareholding of Hongtu (Seychelles).
- (2) Jiangsu Hongtu High Technology Co., Ltd. ("Jiangsu Hongtu") holds 100% of the equity interests of Hongtu (HK). Therefore, it is deemed to be interested in the interest held by Hongtu (HK).
- (3) The long position represents: (i) 1,145,146,990 shares acquired by Hongtu (Seychelles) and (ii) 168,116,160 shares which can be acquired upon the full exercise of call option by Jiangsu Hongtu pursuant to the sale and purchase agreement dated February 18, 2015. Please refer to the announcements of the Company dated February 18, 2015 and March 23, 2015 for further details.
- (4) The letter "L" denotes the entity's long position in the shares.

Save as disclosed above, the Company had not been notified by any person (other than the Directors or chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company as at March 31, 2015 which were required to be disclosed to the Company under Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

SUBSEQUENT EVENT

Change of Controlling Shareholders

On March 23, 2015, immediately following the closing of sale and purchase agreement dated February 18, 2015, Hongtu High Technology Int'l Inc. ("Hongtu (Seychelles)") becomes the controlling shareholder of the Company and holds 1,145,146,990, representing approximately 44.59% of the entire issued shares of the Company. Hongtu Seychelles is the indirect wholly-owned subsidiary of Jiangsu Hongtu High Technology Co., Ltd. ("Jiangsu Hongtu", a joint stock company incorporated in the PRC whose shares are listed on the Shanghai Stock Exchange (Stock code: 600122)). On April 15, 2015, upon the close of the unconditional mandatory cash offers, Jiangsu Hongtu holds 1,310,896,765 shares of the Company, representing approximately 50.42% of the entire issued shares of the Company.

CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR SIMILAR RIGHTS

Save for the share options set out in the sub-section entitled "Share Option Schemes" above and also in note 25 to the Consolidated Financial Statements, the Company had no outstanding convertible securities, options, warrants or similar rights at March 31, 2015.

Other than the issue and exercise of share options pursuant to the share option schemes of the Company as explained above, there was no issue or exercise of any convertible securities, options, warrants or similar rights of the Company during the year.

RETIREMENT BENEFITS SCHEMES

Details of the Group's retirement benefits schemes are set out in note 30 to the financial statements.

REMUNERATION POLICY

Details of the Group's remuneration policy are set out in the section of "Operations Review" from pages 16 to 17 of this annual report.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by officers of the Group (the "Code") on terms no less exacting than the Model Code contained in Appendix 10 to the Listing Rules. Having made specific enquiry of all directors, they have confirmed that they fully complied with the required standards set out in both the Model Code and the Code throughout the year ended March 31, 2015.

Directors' Report

CORPORATE GOVERNANCE

The Group's corporate governance principles and practices are set out in the Corporate Governance Report on pages 37 to 56 of this annual report.

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

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

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained sufficient public float throughout the year ended March 31, 2015 as required under the Listing Rules.

AUDITOR

The financial statements have been audited by Messrs. Deloitte Touche Tohmatsu, who retire and, being eligible, offer themselves for re-appointment. A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor.

On behalf of the Board

Foo Piau Phang
Chairman

June 26, 2015
Hong Kong

See Chi Kwok
Executive Director & Group Chief Executive Officer

Corporate Governance Report

The Group is committed to achieving high standards of corporate governance to safeguard the interests of all shareholders and to enhance corporate value and accountability. Throughout the year under review, the Company has applied the principles and complied with all code provisions and where applicable, the recommended best practices prescribed in the Corporate Governance Code ("CG Code") in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), except for code provisions A.2.1 (Chairman and Chief Executive Officer) and C.1.2 (provision of monthly updates to all directors), which would be explained in the relevant paragraphs of this report. This report describes its corporate governance practices, explains the applications of the principles of the CG Code and deviations during the year under review.

BOARD OF DIRECTORS

Board

During the period between April 1, 2014 and January 8, 2015, the Board comprised seven directors of whom three are executive directors (including the chairman) and four are independent non-executive Directors. For the period between January 9, 2015 and March 31, 2015, the Board comprised six directors of whom two are executive Directors (including the chairman) and four are independent non-executive directors. Brief biographical details of the directors appear in the Board of Directors section on pages 24 to 26. An updated list of directors of the Company and their respective roles and functions are posted on the Stock Exchange's website and the Company's website.

Appointment, Re-election and Retirement of Directors

The Nomination and Corporate Governance Committee ("NCGC") reviews the profiles of the candidates and makes recommendations to the Board on the appointment, re-election and retirement of directors.

The Company recognises the importance of having the appropriate board composition. In deciding the board composition, the attributes, skills and expertise among the directors are considered appropriate to effectively lead and control the Group, taking into account the scope and nature of its operations. The directors have a mix of core competencies in areas such as accounting and finance, business and management, industry knowledge and marketing strategies. The size of the Board is conducive to effective discussion and decision-making and has an appropriate balance of independent directors to exercise independent judgment.

Corporate Governance Report

The Company also recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance and has adopted a Board Diversity Policy (the "Policy") in 2013. Board diversity will be considered by the Company from a number of aspects, including but not limited to cultural and educational background, experience, skills, knowledge, length of service, age and gender. The Board composition is reviewed, considered and discussed by the NCGC on an annual basis and it will make recommendations to the Board after the review. The Company's business needs will also be taken into account in determining the optimum composition of the Board. In reviewing and assessing the composition of the Board as well as selecting candidate(s), the NCGC will consider all diversity elements according to the Policy and also devised guidelines for ideal board size, optimum number of executive and non-executive directors and board membership criteria. The Policy and those guidelines shall be reviewed and revised periodically to meet business needs of the Group.

In accordance with the Company's Bye-Laws, at each annual general meeting, one-third of the directors shall retire from office. The directors to retire in every year shall be those who have been longest in office since their last election or re-election. Further, any director appointed by the Board as an additional Board member or fill in a casual vacancy shall hold office until the following annual general meeting ("AGM") and shall then be eligible for re-election at the AGM immediately following their appointments. The new directors shall not be taken into account in determining the number of directors who are to retire by rotation at that annual general meeting. Election and re-election of directors will be done by separate resolution.

The names and biographical details of the directors who will offer themselves for re-election at the forthcoming AGM are set out in the circular accompanying the notice of AGM advising why the Board believes the retiring directors should be elected and the reasons why they consider, if for independent non-executive directors, the retiring directors to be independent to shareholders to assist shareholders in making an informed decision on their elections.

Induction and Continuous Professional Development

Newly appointed directors of the Company will receive induction and reference materials to enable him/her to familiarise with the Group's history, mission, business operations and board and company policies. Each director is briefed and updated from time to time to ensure that he/she has a proper understanding of the operations and business of the Group and that he/she is fully aware of his/her responsibilities under statute and common law, the Listing Rules, applicable legal and other regulatory requirements and the governance policies of the Company.

Directors are encouraged to participate in continuous professional development so as to refresh their knowledge and skills for discharging their duties and responsibilities. During the year ended March 31, 2015, relevant reading materials including regulatory update and seminar handouts, etc. have been provided to the Directors for their reference and studying.

A summary of training taken by the Directors since April 1, 2014 up to March 31, 2015 is set out as follows:

	Training activities including in-house activities/briefings, seminars/talks held by professional organisations and/or reading materials on relevant topics
Executive Directors:	
Raymond Chan, JP (<i>note 1</i>)	✓
Chan Pau Shiu Yeng, Shirley (<i>note 2</i>)	✓
Leong Mun Hoong (<i>note 3</i>)	✓
Independent Non-Executive Directors:	
Lo Kai Yiu, Anthony	✓
Kao Ying Lun	✓
Jack Schmuckli	✓
Kenichi Ohmae	✓

Notes:

- (1) Dr. Raymond Chan re-designated from executive chairman and group chief executive officer to a non-executive director on April 1, 2015.
- (2) Mrs. Chan Pau Shiu Yeng, Shirley resigned on April 15, 2015.
- (3) Mr. Leong Mun Hoong resigned on January 9, 2015.

Corporate Governance Report

Chairman and Chief Executive Officer

During the period between April 1, 2014 and March 31, 2015, Dr. Raymond Chan is the executive chairman and group chief executive officer of the Company and re-designated to a non-executive director on April 1, 2015. During the period, Dr. Chan assumes the role of both the chairman and the group chief executive officer of the Company. While serving as the chairman responsible for the proceedings of the Board, Dr. Chan also bears executive responsibility for the Group's businesses. He ensures that:

- the Board functions effectively, and that all key and appropriate issues are properly briefed and discussed by the Board in a timely manner;
- good corporate governance practices and procedures are established and all directors are encouraged to make full and active participation to the affairs of the Group; and
- the Board acts in the best interests of the Group. He also attends to the formulation and successful implementation of group policies, the development of strategic operating plans to reflect the longer-term objectives and priorities established by the Board and is directly accountable to the Board for the operating performance of the Group. With the assistance of the management, Dr. Chan ensures that the funding requirements of the businesses are met and closely monitors the operating and financial results against plans and budgets, taking remedial actions when necessary and advising the Board of significant development and issues. He is also responsible for building and maintaining an effective executive team to support him in his role.

The role of chairman and group chief executive officer of the Group rests on the same individual during the period which deviates from the code provision in the CG Code of not having a clear division of responsibilities to ensure a balance of power and authority. The Board is of the view that this has not compromised accountability and independent decision-making for the following reasons:

- the non-executive directors from the majority of the Board are independent; and
- through discussions with the chairman and among themselves during board meetings and beyond on pertinent issues affecting the affairs and businesses of the Group, these independent directors challenge the proposals and directions of the management, thus enabling the Board to benefit from the objective judgment.

Dr. Chan is one of the founders and a substantial shareholder of the Group and has considerable industry experience. The Board is of the view that it is in the best interests of the Group to have an executive chairman so that the Board, and in particular the non-executive directors, can have the benefit of a chairman who is knowledgeable about the business of the Group and is most capable to guide discussions and brief the Board in a timely manner on pertinent issues and developments to facilitate open dialogue between the Board and the management. He is also motivated to contribute to the growth and profitability of the Group.

Other than regular board meetings, the chairman meets with individual independent non-executive directors from time to time without the presence of executive directors or management to discuss matters of particular interest.

Responsibilities of the Board and delegations to management

The Board is responsible to the shareholders for leadership and control of the Company and is collectively responsible for promoting the success of the Company and its businesses by directing and supervising the Company's affairs.

The Board focuses on overall strategies and policies with particular attention paid to the growth and financial performance of the Group. The principal functions of the Board are to:

- establish the strategic direction and development of the Group;
- determine the broad policies, strategic plans and performance objectives of the Group;
- monitor management performance;
- approve financial plans and annual budgets, major funding proposals, key funding and investment proposals;
- oversee the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
- approve the nominations of directors and appointment of key personnel; and
- assume responsibility for corporate governance.

The Board delegates day-to-day operations of the Group to executive directors and senior executives, while reserving certain key matters for its approval. Decisions of the Board are communicated to the management through executive directors who have attended at Board meetings and circulation of minutes of Board meetings to the management.

The Board has adopted a set of guidelines to clearly divide the responsibilities of the Board and the management. Matters reserved for its decision and consideration include, among others, all matters of strategic importance, corporate governance practices, legal and regulatory compliance, internal control and risk management, corporate strategy, operating and capital budgets, statutory financial reports, changes in Board members, major transactions and investment commitments and remuneration policy of directors and senior management, financial authorization and approval limits for operating and capital expenditure, the procurement of goods and services, and the acquisition and disposal of investments. Matters other than the aforementioned have been delegated by the Board to the Executive Committee/the management so as to facilitate operational efficiency and the major ones are execution of the Board's decisions (such as business strategies and initiatives it has decided) and daily operations, preparation of annual and interim financial statements for the Board's approval before publication, implementation of system of internal control and risk management procedures and compliance with relevant requirements, rules and regulations.

Corporate Governance Report

Independent non-executive directors

Coming from diverse business and professional backgrounds, the independent non-executive directors of the Company have shared their valuable experiences to the Board for promoting the best interests of the Company and its shareholders. Except for the Executive Committee, all other board committees consisted of at least two independent non-executive directors and they have made significant contribution of their skills and expertise to these Committees. All independent non-executive directors are appointed for a fixed term of three years and are subject to retirement by rotation and re-election by shareholders at AGM in accordance with the Company's Bye-Laws.

All independent non-executive directors are expressly identified in all corporate communications that disclose the names of the directors of the Company. The functions of independent non-executive directors include, but not limited to:

- participating in Board meetings to bring in independent judgment to bear on issues of corporate strategy, corporate performance, accountability, resources, key appointments and standard of conducts;
- taking the lead where potential conflicts of interests arise;
- serving on board committees, if invited; and
- scrutinising the Group's performance in achieving agreed corporate goals and objectives, and monitoring the reporting of performance.

During the year, the Company has complied with Rules 3.10(1) and 3.10(2) of the Listing Rules regarding the appointment of at least three independent non-executive directors including at least one independent non-executive director with appropriate professional qualifications or accounting or relating financial management expertise. Mr. Lo Kai Yiu, Anthony, Mr. Kao Ying Lun, Mr. Jack Schmuckli and Dr. Kenichi Ohmae, being all independent non-executive directors of the company, have served the Board for more than nine years. In assessing the independence of the directors, the Board has examined the different relationships identified under the Listing Rules that might impair the directors' independence and objectivity. The Board considers that all of the independent non-executive directors are independent and is satisfied of the directors' ability to act with independent judgment. Furthermore, each of the independent non-executive directors has provided to the Company an annual confirmation of independence required by Rule 3.13 of the Listing Rules. The Company considers all its independent non-executive directors to be independent. Each director is subject to retirement by rotation at least once every three years. Any further re-appointment of an independent non-executive director, who has served the Board for more than nine years, will be subject to separate resolution to be approved by the shareholders of the Company.

The Company has also complied with Rule 3.10A of the Listing Rules that the independent non-executive directors are representing at least one-third of the Board.

Relationship

Of the directors, Dr. Raymond Chan and Mrs. Chan Pau Shiu Yeng, Shirley are husband and wife. Other than these, there is no financial, business, family and other material relationship among other members of the Board.

Notwithstanding the above relationship, there has been an effective and balanced Board collectively responsible for the Company's activities and affairs. The Board members have been free to discuss issues properly put to the Board meetings and express their views and concerns. No individual or small group can dominate the Board's decision-making process.

If a substantial shareholder or a director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter will be dealt with by a physical Board meeting rather than a written resolution of the Board. The Board will take into account the exceptions to the general voting prohibition, as set out in the Listing Rules when considering whether a director shall vote on any board resolution approving any matters in which he has material interests or shall he be counted in the quorum present at the meeting.

Meetings

The Board meets regularly at least 4 times a year at pre-scheduled quarterly intervals and holds additional meetings as and when the Board thinks appropriate. Board committees also hold regular scheduled meetings to discharge their duties. Meetings via telephone or video-conference are permitted under the Bye-Laws of the Company. Attendance record of the Board and Board Committees meetings during the year is set out on page 45.

All Directors have access to the company secretary who is responsible for ensuring that Board/Board committees meeting procedures are observed and advising the Board/Board committees on compliance matters.

To address the competing time commitments of directors who sit on multiple boards, Board/Board committees meetings dates are scheduled well in advance at the beginning of every calendar year. The Company has given at least 14 days' notice for regular Board and Board Committees meetings. For all other Board/Board committees meetings, reasonable notices are given. Draft agendas for Board and Board Committee meetings are prepared by the Company Secretary and are circulated to all directors for comment before the meetings. The directors were given the opportunities to include matters to be discussed in the agenda for all Board and Board Committees meetings. The company secretary is delegated with the responsibility to prepare these agendas and, where appropriate, take into account any matters proposed by each director/committee member for inclusion in the agenda.

Corporate Governance Report

The agenda accompanied by detailed board papers (prepared in such form and quality as will enable the Board to make an informed decision on matters placed before it, including but not limited to, background or explanatory information relating to matters to be brought before the Board and internal financial information such as quarterly management accounts, forecasts and budgets with material variance between projections and actual results explained) are circulated to all directors in a timely manner and at least three days before the date of scheduled meeting.

Minutes of Board/Board committees meetings are recorded in detail the matters considered and decisions reached, including concerns raised by directors or dissenting views expressed. Draft minutes are circulated to relevant directors/committee members within a reasonable time after the meetings for comments and will then be approved by the Board/Board committees at the following meeting. Minutes of Board and Board Committees meetings are kept by the company secretary and are open for inspection at any reasonable time on reasonable notice by any director.

Directors are provided in a timely manner with complete, adequate explanation and information about the Company and its subsidiaries, its activities, performances and its projects particularly including any significant variances from a planned course of actions to enable them to make an informed decision or assessment of the Group's performance, position and prospects and to discharge their duties and responsibilities. In the case when the directors have queries, they are provided with the names and contact details of the Group's senior executives for separate and independent access to them and they are able to obtain more information than is volunteered by the management. Senior executives are from time to time brought into formal and informal contact with the Board at Board meetings and other events.

The Board and Board committees are provided with sufficient resources to properly discharge their duties including access to independent professional advisers under agreed procedures, upon reasonable request, at the expense of the Company.

The following table summarises the attendance record of individual directors and committee members for the year ended March 31, 2015:

	No. of Meeting attended/No. of Meeting held					
	Board (note 1)	Executive Committee	Audit Committee	Nomination and Corporate Governance Committee (note 2)		
						Remuneration Committee
Number of meetings held	8	44	2	6	1	1
Executive Director						
Raymond Chan	7/8	44/44	–	–	–	1/1
Chan Pau Shiu Yeng, Shirley	8/8	44/44	–	6/6	1/1	1/1
Leong Mun Hoong (note 3)	6/8	–	–	–	–	1/1
Independent Non-Executive Director						
Lo Kai Yiu, Anthony	7/8	–	2/2	–	–	1/1
Kao Ying Lun	7/8	–	2/2	6/6	1/1	1/1
Jack Schmuckli	7/8	–	2/2	6/6	1/1	–
Kenichi Ohmae	3/8	–	–	–	–	1/1

Notes:

- (1) Apart from the duly convened meeting of the directors, resolutions in writing were circulated and passed by all directors on nine occasions during the year ended March 31, 2015.
- (2) Apart from the duly convened meeting of the NCGC, resolutions in writing were circulated and passed by all committee members on six occasions during the year ended March 31, 2015.
- (3) Mr. Leong Mun Hoong resigned on January 9, 2015.

Corporate Governance Report

Board Committees

To maximise the effectiveness of the Board and to encourage active participation and contribution from Board members, the Board has established four Board committees, namely executive committee, audit committee, nomination and corporate governance committee and remuneration committee with specific written terms of reference that clearly deal with their authority and duties, to oversee particular aspects of the Company's affairs, assist in the execution of the Board's responsibilities enable the Board Committees to perform their functions properly. Board committees report to the Board on their works and findings. They adopt as far as practicable, the principles, procedures and arrangements of the Board in relation to scheduling and conduct of meetings, notice of meetings and inclusion of agenda items, recording and availability of minutes. The written terms of reference of Audit Committee, Nomination and Corporate Governance Committee and Remuneration Committee, which are in line with the CG Code, are available on the website of the Company and the Stock Exchange and will be reviewed from time to time. The quorum necessary for transaction of business of each Board Committee is two.

Executive Committee ("EC")

During the year, the EC comprises of all executive directors.

The EC meets as and when required to oversee the day-to-day management of the Group and has all the general powers of the Board except those matters specifically reserved for the Board.

The principal duties of EC include:

- managing the business and investments by overseeing the Group's operations, projects, assets and liabilities, budgets, compliance obligations and financial performance in accordance with the policies and directives of the Board;
- making recommendations to the Board as to the Group's overall policies, strategies and financial objectives in the development of its business and ensuring their implementation and execution; and
- providing leadership to staff and management and nominating key personnel and ensuring appropriate levels of authority are delegated to them.

Forty-four meetings of the EC were held during the year. All resolutions resolved by the EC are reported to the Board on quarterly basis.

Nomination and Corporate Governance Committee (“NCGC”)

During the year, the NCGC is chaired by Mr. Jack Schmuckli and comprises two other members, namely, Mr. Kao Ying Lun and Mrs. Chan Pau Shiu Yeng, Shirley which meets at least once a year. All NCGC members, except for Mrs. Chan Pau Shiu Yeng, Shirley, are independent non-executive directors.

The principal functions of the NCGC include:

- making recommendations to the Board on all new appointments or re-appointments of directors, the establishment of a succession plan for directors, in particular the chairman and chief executive officer and the composition of the Board;
- identifying and nominating qualified individuals, subject to the approval of the Board, to be additional directors or to fill vacancy in the Board as and when they arise;
- reviewing on an annual basis the Board structure, size and composition and the independent element of the Board;
- developing the criteria for selection of directors;
- assessing the independence of independent non-executive directors;
- developing and reviewing the Company’s policies and practices on corporate governance and make recommendations to the Board;
- reviewing and monitoring the training and continuous professional development of directors and senior management;
- reviewing and monitoring the Company’s policies and practices on compliance with legal and regulatory requirements;
- developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and directors; and
- reviewing the Company’s compliance with the CG Code and disclosure in the Corporate Governance Report.

The chairman of the NCGC will report to the Board on its proceedings and recommendations after each meeting.

The main works performed by NCGC during the year include reviewing the structure and composition of the Board; assessing independence of existing independent non-executive directors and putting forward recommendation to the Board on re-election of retiring directors as well as reviewing Board Diversity Policy and recommending the same to the Board for approval.

Corporate Governance Report

Remuneration Committee (“RC”)

During the period, the RC chaired by Mr. Jack Schmuckli and comprises two other members, namely, Mr. Kao Ying Lun and Mrs. Chan Pau Shiu Yeng, Shirley, which meets at least once a year. All RC members, except for Mrs. Chan Pau Shiu Yeng, Shirley, are independent non-executive directors.

The RC consults the chairman and group chief executive officer about its proposals relating to the remuneration of other executive directors and has access to professional advice if considered necessary. The principal functions of the RC include:

- recommending to the Board on the Company's policies and structure for the remuneration of the directors and senior management of the Group;
- recommending to the Board the remuneration packages of all executive directors and senior management; and
- reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives.

The chairman of the RC will report to the Board on its proceedings and recommendations, where appropriate, for the Board's consideration and/or approval.

The main works performed by RC during the year include reviewing and approving the employees' annual salary increment commencing from April 1, 2014, recommending the proposed directors' fees paid for the year ended March 31, 2015 and reviewing the grant of share options to the management of the Group.

A general description of the Group's emolument policy and long-term incentive schemes as well as the basis of determining the emolument payable to each directors for the year ended March 31, 2015 are disclosed on pages 16 to 17 of this annual report.

Audit Committee (“AC”)

During the period, the AC consists of three members, namely, Mr. Lo Kai Yiu, Anthony (chairman), Mr. Kao Ying Lun and Mr. Jack Schmuckli, all of whom are independent non-executive directors. The Board is of the opinion that the majority of the members of the AC possess accounting and financial management expertise or experience to discharge their duties.

The major duties of AC include:

- considering and recommending the appointment, re-appointment and removal of external auditor;
- approving the remuneration and terms of engagement of external auditor, any questions of resignation or dismissal of that auditor;
- reviewing and monitoring external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- discussing with external auditor the nature and scope of the audit and reporting obligations before the audit commences;
- developing and implementing policy on the engagement of an external auditor to supply non-audit services and making recommendation of any measures for improvements to be taken;
- monitoring integrity of financial statements, annual and interim reports and reviewing significant financial reporting judgment contained in them. In this regard, in reviewing the quarterly, interim and annual financial statements and the annual and the interim reports before submission to the Board, focusing particularly on:
 - (i) any changes in accounting policies and practices;
 - (ii) major judgmental areas;
 - (iii) significant adjustments resulting from audit;
 - (iv) the going concern assumptions and any qualifications;
 - (v) compliance with accounting standards;
 - (vi) compliance with the Listing Rules and other legal requirements in relation to financial reporting; and
 - (vii) any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function or auditors;

Corporate Governance Report

- reviewing the Group's financial controls, internal control and risk management systems;
- discussing with the management the system of internal control and ensuring that the management has discharged its duty to have an effective internal control system including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget;
- considering major investigations of findings on internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
- reviewing the internal audit programme, ensuring co-ordination between the internal and external auditors, and ensuring that the internal audit function is adequately resourced and has appropriate standing within the Company and reviewing and monitoring the effectiveness of the internal audit function;
- reviewing the external auditor's management letter, any material queries raised by the auditor to management in respect of the accounting records, financial accounts or systems of control and management's response and ensuring that the Board will provide a timely response to the issues raised;
- reviewing the Group's financial and accounting policies and practices;
- reviewing the arrangements the Group's employees can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action; and
- reporting to the Board on matters set out above and to consider other topics, as defined by the Board.

The AC has explicit authority to investigate into any matter under the scope of its duties and the authority to obtain independent professional advice. It is given full access to and cooperation of the management. It has been provided with reasonable resources to discharge its duties properly. In the course of reviewing the Group's financial information, the AC members liaise closely with the Board and the group chief financial officer to gather relevant information. At least once a year, the AC meets the external auditors without the management present.

The major works performed by the AC include the review and consideration of the announcements relating to the Group's interim and annual results; interim and annual reports; significant accounting and audit issues arising from annual audit of the Group's financial statements; budget, periodic reports from internal audit department; internal audit plan, external auditor's audit and non-audit fees as well as the assessment and recommendation of re-appointment of auditor for the coming year.

Full minutes of the AC are kept by the company secretary of the Company. Draft and finalised minutes of the AC meetings are circulated to all members of the AC for their comment and records respectively, in both cases within reasonable time after the conclusion of the meetings.

Securities Transactions by Officers

The Company has adopted a Code for Securities Transactions by Officers of the Group (the "Code") on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") contained in Appendix 10 to the Listing Rules.

Having made specific enquiry of all directors, they have confirmed that they fully complied with the required standards set out in both the Model Code and the Code throughout the year ended March 31, 2015 regarding directors' securities transactions.

Officers as defined in the Code who is deemed to be in possession of unpublished inside information in relation to the Company or its shares are prohibited from dealing in shares of the Company during the black-out period.

Insurance

The Group has appropriate insurance cover in place in respect of any legal actions against its directors and officers.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The directors acknowledge their responsibility for preparing the financial statements which give a true and fair view of the state of affairs and results of the Company and of the Group. Their responsibilities have also been stated in the section headed "Independent Auditor's Report" on pages 57 to 58 of this annual report. In preparing the financial statements for the year ended March 31, 2015, the directors have selected suitable accounting policies and applied them consistently and made accounting judgments and estimates that are prudent and reasonable in the circumstances. With the assistance of the Finance Department, the directors ensure that the financial statements of the Group are prepared in accordance with statutory requirements and appropriate financial reporting standards.

Management recognises the importance of providing the Board with appropriate and relevant information on an accurate and timely basis. Quarterly business review and financial reports comparing the Group's actual performance with budget and highlighting major relevant issues are provided to the Board to enable it to make an informed assessment on the Group's performance, position and prospects. Under the CG Code, monthly updates are required to be provided to all directors. The monthly updates for months from January to March 2015 were not provided to the directors due to changes in personnel and so delay in completion. However, these three months' results have been included in the final results for the year ended March 31, 2015 and reviewed by the directors.

The Board endeavours to ensure a balanced, clear and understandable assessment of the Group's position and prospects to extend to the Group's financial reporting including annual and interim reports, other price-sensitive announcements and other financial disclosures required under the Listing Rules, and reports to regulators as well as information required to be disclosed pursuant to statutory requirements.

The Company publishes of its interim and annual financial results and reports in accordance with the requirements under the Listing Rules.

Corporate Governance Report

External Auditor and Auditor's Remuneration

The external auditor of the Company is Deloitte Touche Tohmatsu. The Audit Committee is responsible for considering the selection, appointment, resignation or dismissal of external auditors. The Board has no disagreement with the Audit Committee's view on the re-appointment of external auditor.

The statement of Deloitte Touche Tohmatsu, the independent auditor of the Company, regarding their reporting responsibility on the financial statements of the Group for the year ended March 31, 2015 is set out in the section headed "Independent Auditor's Report" on pages 57 to 58 of this annual report. Representatives from Deloitte Touche Tohmatsu met up with the Audit Committee meeting to answer questions.

During the year, the fees paid to Deloitte Touche Tohmatsu, the Company's external auditor, for audit services of the Company and its subsidiaries amounted to HK\$4.1 million (2014: HK\$4.4 million) and for non-audit related services, representing mainly taxation services, amounted to HK\$0.3 million (2014: HK\$0.2 million).

Risk Management and Internal Controls

The Board is responsible for maintaining a sound and effective risk management and internal control systems of the Group, and for reviewing their design, operational adequacy and effectiveness.

The Group's risk management and internal control systems encompass their policies, processes, tasks, and other aspects of the Group that taken together:

- facilitate their effective and efficient operation by allowing it to respond appropriately to significant business, operational, financial, compliance and other risks with a view to achieving business objectives. This includes the safeguarding of assets from inappropriate use or from loss and fraud and ensuring that liabilities are identified and managed;
- help ensure maintenance of proper accounting records for the provision of reliable financial information for internal or external reporting; and
- help ensure compliance with relevant legislation and regulations, and also with internal policies with respect to the conduct of business.

The risk management and internal control systems are designed to provide reasonable, but not absolute, assurance of no material misstatement or loss and to manage rather than eliminate risks of failure in operational systems and achievement of the Group's objectives.

The key procedures that the Board established to provide effective risk management and internal controls are as follows:

- A distinct organisation structure exists with defined lines of authority and responsibilities. Division/department heads are involved in preparing the strategic plan which laid down the corporate strategies to be pursued in the coming year for achieving the annual operating plan and the annual operational and financial targets. Both the strategic plan and the annual operating plan laid down the foundation for the preparation of the annual budget by which resources are allocated in accordance with identified and prioritised business opportunities. The annual operating plan has been approved by the Executive Committee subject to regular review. The strategic plan has been presented to the Board by management subject to regular review and the annual budget is approved by the Board yearly;
- A comprehensive monthly management reporting system is in place providing financial and operational performance indicators to the management, and the relevant financial information for reporting and disclosure purposes. Variances against budgets are analysed, and explained, and appropriate actions are taken, if necessary, to rectify deficiencies noted; and
- System and procedures are in place to identify, measure, manage and control risks including legal, credit, market, operational, environmental, behavioral and system risks that may have an impact on the Group.

The Group's Internal Audit Department ("IA") performs audit reviews of the risks and key controls of the Group. IA plays an important role in monitoring the Group's internal governance, evaluating the quality of the risk management and internal control systems and informing the Board whether sound risk management and internal control systems are maintained and operated by the management in compliance with agreed processes and standards. To preserve the independence of the internal audit function, the Head of IA reports directly to the AC on audit matters and to the chief executive officer on administrative matters.

Using a risk management-based approach audit, IA plans its internal audit projects annually in consultation with, but independent of, management. The audit methodology and process adopted by IA include understanding and analysing the business, determining risk areas within key processes; analysing and evaluating the process control effectiveness and communicating results and follow up. Independent reviews of different financial, business and functional operations and activities will be conducted with audit resources being focused on higher risk areas. Ad-hoc reviews will also be conducted on areas of concern identified by the AC and the management.

The Company has established written policies and procedures on daily operations, covering process flow, methodology adopted, reviewing process and reporting system. Division/Department Heads will be notified of the control deficiencies noted for rectification, and IA will follow up with the implementation of audit recommendations. Significant internal control weaknesses are brought to the attention of the AC and if necessary to the Board, and to the senior management for remedial actions.

Corporate Governance Report

During the year under review, the Board, through the AC, has conducted reviews on a regular basis, of the effectiveness of the Group's risk management and internal control systems covering all material controls, including financial, operational and compliance controls, and risk management functions and gave due deliberation/consideration to the adequacy of resources, staff qualifications and experience of the accounting and financial reporting function. The Board, through the review of the AC, is satisfied that the Group has fully complied with the code provisions on internal controls during the year under review as set forth in the CG Code. No significant control failings or weakness were reported during the year up to the date of this report.

Furthermore, the whistleblowing policy was adopted by the Board for the Group's employees, customers and suppliers to raise concerns, in confidence, about possible improprieties in any matters related to the Group.

COMMUNICATION WITH SHAREHOLDERS AND SHAREHOLDERS' RIGHT

Shareholders Communication

The Company strives to convey to shareholders pertinent information in a clear, detailed, timely manner and on a regular basis and to take into consideration their views and inputs, and address shareholders' concerns. Their views are communicated to the Board as a whole.

The Company communicates with its shareholders through the publication of annual and interim reports, results announcements and press release. All shareholders' communications are also available on the Stock Exchange's website at www.hkex.com or the Company's website at www.idthk.com.

The AGM provides a useful forum for shareholders to exchange views with the Board. The chairman of the Board as well as chairmen of AC, NCGC and/or RC, or in their absence, members of the Board committees are available to answer shareholders' questions.

Separate resolutions are proposed at general meetings on each substantially separate issue, including the election of individual directors. Votes cast on each resolution at the general meetings are properly counted and recorded.

At each general meeting, the shareholders will be informed the detailed procedures for conducting a poll and answers will be provided if there are any questions from the shareholders. The poll results are posted on the Stock Exchange's website and the Company's website.

Procedures for Shareholders to Convene a Special General Meeting (“SGM”)

The directors of the Company, notwithstanding anything in its Bye-Laws shall, on the requisition of shareholders of the Company holding at the date of the deposit of the requisition not less than one-tenth of such of the paid-up capital of the Company as at the date of the deposit carries the right of voting at general meetings of the Company, forthwith proceed duly to convene a SGM of the Company.

The requisition must state the purposes of the meeting, and must be signed by the requisitionists and addressed to the company secretary and deposited at the Company's principal place of business in Hong Kong.

The request will be verified with the Company's share registrars and upon their confirmation that the request is proper and in order, the company secretary will ask the Board to include the resolution in the agenda for the SGM.

If the directors do not within twenty-one days from the date of the deposit of the requisition proceed duly to convene a meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date.

Procedures for Shareholders to Put Forward Proposals at General Meetings

Shareholders who want to put forward proposals at an AGM or SGM should submit a written notice of those proposals with their detailed contact information to the company secretary at the Company's principal place of business in Hong Kong. The request will be verified with the Company's share registrars and upon their confirmation that the request is proper and in order, the company secretary will ask the Board to include the resolution in the agenda for the general meeting.

Procedures for Shareholders to Send Enquiries to the Board

Shareholders' enquiries must be in writing setting out their contact information and addressed to the company secretary and deposited at the Company's principal place of business in Hong Kong at Block C, 9th Floor, Kaiser Estate, 41 Man Yue Street, Hung Hom, Kowloon, Hong Kong.

Corporate Governance Report

COMPANY SECRETARY

The company secretary is responsible to the Board for ensuring that the Board procedures and policies are followed and also responsible for ensuring that the Board is fully appraised of the relevant regulatory and corporate governance developments relating to the Group and facilitating the induction and professional development of directors. Ms. Chan Wai Ming, the company secretary of the Company (the "Company Secretary") during the year, had attended relevant professional seminars to update her knowledge and skills. She had complied with the Listing Rules and taken no less than 15 hours of relevant professional training.

On April 1, 2015, Ms. Chan Wai Ming resigned and Mr. Kong Chun Hin Jason was appointed as the Company Secretary. Mr. Kong complied with the Listing Rules requirement and took no less than 15 hours of relevant professional training as at the date of this annual report.

INVESTOR RELATIONS

The Board recognised that effective communication to investors is the key to establish investor confidence and attracting new investors.

Measures taken by the Group include:

- Annual and interim reports are prepared and issued to all shareholders within the prescribed period stipulated by the Stock Exchange. All results announcements and reports are posted on the Stock Exchange's website and the Company's website.
- Briefings for media and analysts are organised by the Company from time to time. During the briefings, the Group's management provides detailed explanations on the Group's business trends and drivers in respect of the relevant periods and ensures that the financial performance and accounts of the Group are well understood. There is also ample opportunity for the analysts and media to ask questions and interact with the executive directors and senior management. All presentation materials on the Group's financial results, announcements and news release are available on the Company's website.
- The Group regularly releases corporate information such as awards received, product launches and the latest news of the Group's developments on the Company's website. The public are welcome to give their comments and make their enquiries through the Company's website and the management will provide their prompt response.
- The constitutional documents of the Company can be found on the websites of the Company and the Stock Exchange and there is no change in the Company's constitutional documents during the year.

Independent auditor's report

Deloitte. 德勤

TO THE MEMBERS OF IDT INTERNATIONAL LIMITED

(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of IDT International Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 59 to 118, which comprise the consolidated statement of financial position as at March 31, 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

Independent auditor's report

OPINION

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
June 26, 2015

Consolidated statement of profit or loss and other comprehensive income

For the year ended March 31, 2015

	NOTES	2015 HK\$'M	2014 HK\$'M
Turnover	5	1,100.4	1,352.4
Cost of goods sold		(871.7)	(1,016.3)
Gross profit		228.7	336.1
Other income		14.9	25.2
Other gains and losses	6	46.5	29.3
Research and development costs		(34.7)	(62.3)
Distribution and selling expenses		(155.2)	(218.7)
General administrative expenses		(154.9)	(156.8)
Interest on bank and other borrowings wholly repayable within five years		(2.5)	(4.9)
Loss before taxation	7	(57.2)	(52.1)
Taxation	10	(9.8)	(16.7)
Loss for the year attributable to owners of the Company		(67.0)	(68.8)
Other comprehensive (expense) income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(19.5)	1.8
Total comprehensive expenses for the year		(86.5)	(67.0)
Loss per share			
– Basic and diluted	11	(2.59) HK cents	(2.75) HK cents

Consolidated statement of financial position

At March 31, 2015

	NOTES	2015 HK\$'M	2014 HK\$'M
Non-current assets			
Property, plant and equipment	12	34.3	48.3
Intangible assets	13	7.3	16.7
Goodwill	14	33.8	33.8
Available-for-sale investments	15	0.9	0.9
Deferred tax assets	16	2.0	8.3
Deposit paid for acquisition of property, plant and equipment		—	0.1
		78.3	108.1
Current assets			
Inventories	17	166.7	275.8
Trade and other receivables	18	174.0	205.8
Forward contract assets	22	1.0	—
Tax recoverable		—	1.8
Short-term bank deposits	19	50.7	—
Bank balances and cash	19	185.0	236.7
		577.4	720.1
Current liabilities			
Trade and other payables and accruals	20	225.4	250.9
Forward contract liabilities	22	—	0.1
Taxation payable		1.4	0.1
Obligations under finance leases due within one year	21	—	0.1
Bank loans	23	18.9	96.9
		245.7	348.1
Net current assets		331.7	372.0
Total assets less current liabilities		410.0	480.1
Non-current liabilities			
Deferred tax liabilities	16	—	0.3
Net assets		410.0	479.8
Capital and reserves			
Share capital	24	258.9	250.5
Reserves		151.0	229.2
Equity attributable to owners of the Company		409.9	479.7
Non-controlling interests		0.1	0.1
Total equity		410.0	479.8

The consolidated financial statements on pages 59 to 118 were approved and authorised for issue by the Board of Directors on June 26, 2015 and are signed on its behalf by:

Foo Piau Phang
Chairman

See Chi Kwok
Director and Group Chief Executive Officer

Consolidated statement of changes in equity

For the year ended March 31, 2015

	Attributable to owners of the Company									
	Share capital	Share premium	Other reserve	Properties revaluation reserve	Share options reserve	Translation reserve	Revenue reserve	Total	Non-controlling interests	Total
	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M
At April 1, 2013	250.2	151.6	32.5	14.6	6.0	(83.1)	171.3	543.1	0.1	543.2
Exchange differences arising from translation of foreign operations	-	-	-	-	-	1.8	-	1.8	-	1.8
Loss for the year	-	-	-	-	-	-	(68.8)	(68.8)	-	(68.8)
Total comprehensive expenses for the year	-	-	-	-	-	1.8	(68.8)	(67.0)	-	(67.0)
Shares issued upon exercise of share options	0.3	0.1	-	-	(0.1)	-	-	0.3	-	0.3
Release of reserve upon disposal of properties	-	-	-	(10.1)	-	-	10.1	-	-	-
Reversal of deferred tax previously recognised in relation to disposal of properties	-	-	-	1.7	-	-	-	1.7	-	1.7
Recognition of equity-settled share based payments	-	-	-	-	1.6	-	-	1.6	-	1.6
Lapse of share options	-	-	-	-	(0.5)	-	0.5	-	-	-
At March 31, 2014	250.5	151.7	32.5	6.2	7.0	(81.3)	113.1	479.7	0.1	479.8
Exchange differences arising from translation of foreign operations	-	-	-	-	-	(19.5)	-	(19.5)	-	(19.5)
Loss for the year	-	-	-	-	-	-	(67.0)	(67.0)	-	(67.0)
Total comprehensive expenses for the year	-	-	-	-	-	(19.5)	(67.0)	(86.5)	-	(86.5)
Shares issued upon exercise of share options	8.4	12.3	-	-	(5.8)	-	-	14.9	-	14.9
Release of reserve upon disposal of properties	-	-	-	(7.5)	-	-	7.5	-	-	-
Reversal of deferred tax previously recognised in relation to disposal of properties	-	-	-	1.3	-	-	-	1.3	-	1.3
Recognition of equity-settled share based payments	-	-	-	-	0.5	-	-	0.5	-	0.5
Lapse of share options	-	-	-	-	(0.5)	-	0.5	-	-	-
At March 31, 2015	258.9	164.0	32.5	-	1.2	(100.8)	54.1	409.9	0.1	410.0

Consolidated statement of cash flows

For the year ended March 31, 2015

	2015 HK\$'M	2014 HK\$'M
Cash flows from operating activities		
Loss before taxation	(57.2)	(52.1)
Adjustments for:		
Interest income	(1.0)	(1.4)
Interest expenses	2.5	4.9
Share-based payment expenses	0.5	1.6
Depreciation of property, plant and equipment	21.7	27.3
Amortisation of intangible assets	10.5	26.1
Gain on disposal of property, plant and equipment	(53.3)	(21.9)
Loss on disposal of club membership	–	0.1
Change in fair value of forward contracts	(1.3)	(0.2)
Impairment loss on intangible assets	–	4.6
Gain on disposal of held for trading investment	–	(14.0)
Impairment losses reversed on trade receivables	(0.9)	(1.1)
Write down of inventories	41.5	7.6
Effect of foreign exchange rate changes on inter-company balances	1.3	(0.8)
Operating cash flows before movements in working capital	(35.7)	(19.3)
Decrease (increase) in inventories	55.1	(0.3)
Decrease in trade and other receivables	22.0	89.0
Decrease in trade and other payables and accruals	(18.8)	(0.1)
Decrease in forward contracts	0.2	0.6
Cash generated from operations	22.8	69.9
Tax refunded	3.4	0.2
Tax paid	(2.8)	(7.7)
Net cash from operating activities	23.4	62.4
Investing activities		
Proceeds from disposal of property, plant and equipment	60.4	28.5
Interest received	1.0	1.4
Purchase of property, plant and equipment	(15.0)	(16.1)
Payment for patents and trademarks	(1.1)	(0.6)
Proceeds from disposal of held for trading investment	–	14.0
Proceeds from disposal of club membership	–	0.6
Short-term bank deposits withdrawn	78.3	34.1
Short-term bank deposits placed	(129.0)	(28.9)
Product development costs paid	–	(1.7)
Net cash (used in) from investing activities	(5.4)	31.3

	2015 HK\$'M	2014 HK\$'M
Financing activities		
Repayment of bank loans	(183.0)	(483.1)
Interest paid	(2.5)	(4.9)
Bank loans raised	105.4	318.7
Proceeds from issue of shares	14.9	0.3
Repayment of obligations under finance leases	(0.1)	(0.5)
Net cash used in financing activities	(65.3)	(169.5)
Net decrease in cash and cash equivalents	(47.3)	(75.8)
Cash and cash equivalents at beginning of the year	236.7	311.2
Effect of foreign exchange rate changes	(4.4)	1.3
Cash and cash equivalents at end of the year, representing cash and bank balances	185.0	236.7

Notes to the consolidated financial statements

For the year ended March 31, 2015

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability. The shares of the Company 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 Corporate Information section to the annual report.

Prior to March 23, 2015, Dr. Raymond Chan and his wife, Mrs. Chan Pau Shiu Yeng, Shirley, together with Integrated Display Technology Limited and Raymax Time Company Limited are the controlling shareholders of the Company, holding approximately 55.71% of the issued share capital of the Company. On March 23, 2015, immediately following the closing of sale and purchase agreement dated February 18, 2015, Hongtu High Technology Int'l Inc. ("Hongtu (Seychelles)") becomes the immediate holding company of the Company, holding 44.59% of the entire issued shares of the Company. The ultimate shareholder of the Company is Sanpower Group Co., Ltd., which is the single largest shareholder of Jiangsu Hongtu High Technology Co., Ltd. ("Jiangsu Hongtu") holding approximately 21.68% of its issued share capital as at March 23, 2015. Hongtu (Seychelles) is the indirect wholly-owned subsidiary of Jiangsu Hongtu, a joint stock company incorporated in PRC whose shares are listed on the Shanghai Stock Exchange (Stock code: 600122). On April 15, 2015, upon the close of the unconditional mandatory cash offers, Jiangsu Hongtu holds approximately 50.42% of the entire issued shares of the Company.

The Company acts as an investment holding company while its subsidiaries are engaged in the design, development, manufacture, sales and marketing of various consumer electronic products.

The consolidated financial statements are presented in Hong Kong dollars which is the same as the functional currency of the Company.

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

The Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time in the current year:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities
Amendments to HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting
HK(IFRIC) – INT 21	Levies

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

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

HKFRS 9	Financial instruments ¹
HKFRS 14	Regulatory deferral accounts ²
HKFRS 15	Revenue from contracts with customers ³
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations ⁵
Amendments to HKAS 1	Disclosure initiative ⁵
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation ⁵
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants ⁵
Amendments to HKAS 19	Defined benefit plans: Employee contributions ⁴
Amendments to HKAS 27	Equity method in separate financial statements ⁵
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture ⁵
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception ⁵
Amendments to HKFRSs	Annual improvements to HKFRSs 2010 – 2012 cycle ⁶
Amendments to HKFRSs	Annual improvements to HKFRSs 2011 – 2013 cycle ⁴
Amendments to HKFRSs	Annual improvements to HKFRSs 2012 – 2014 cycle ⁵

¹ Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

² Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.

³ Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

⁴ Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

⁵ Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

⁶ Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.

HKFRS 9 “Financial instruments”

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

Notes to the consolidated financial statements

For the year ended March 31, 2015

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

HKFRS 9 “Financial instruments” (continued)

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 “Financial instruments: Recognition and measurement” are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities’ credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.
- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an “economic relationship”. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity’s risk management activities have also been introduced.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

HKFRS 15 “Revenue from contracts with customers”

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

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

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

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

The directors of the Company are aware of the above new and revised HKFRSs and has considered the impact of the application. Except for the possibility that the applicable of HKFRSs 9 and HKFRS 15 in the future may have a potential impact on the amounts reported and disclosures made in the Group’s consolidated financial statements. The directors of the Company anticipate that the application of other new and revised HKFRSs will have no material impact on the consolidated financial statements.

Notes to the consolidated financial statements

For the year ended March 31, 2015

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance (Cap. 622) (the "Hong Kong Companies Ordinance").

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

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

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

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

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less any accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

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

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

Notes to the consolidated financial statements

For the year ended March 31, 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue is measured at fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of discounts and sales related taxes.

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

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

Interest income from a financial asset excluding financial assets at fair value through profit or loss ("FVTPL") is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Property, plant and equipment

Property, plant and equipment including leasehold land and buildings held for use in the production of goods or for the administrative purposes (other than construction in progress) are stated in the consolidated statement of financial position at cost or revalued amount prior to September 30, 1995 less subsequent accumulated depreciation and accumulated impairment losses, if any.

Advantage has been taken of the transitional relief provided by paragraph 80A of HKAS 16 "Property, plant and equipment" from the requirement to make regular revaluations of the Group's land and buildings which had been carried at revalued amounts prior to September 30, 1995, and accordingly no further revaluation of land and buildings is carried out. Prior to September 30, 1995, the revaluation increase arising on the revaluation of these assets was credited to the properties revaluation reserve. Any future decreases in value of these assets will be dealt with as an expense to the extent that they exceed the balance, if any, on the properties revaluation reserve relating to a previous revaluation of the same asset. On the subsequent sale or retirement of a revalued asset, the corresponding revaluation surplus is transferred to revenue reserve.

Depreciation is recognised to write off the cost or revalued amount prior to September 30, 1995 of items of property, plant and equipment less their residual values over their estimated useful lives using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Product development costs

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

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

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

Notes to the consolidated financial statements

For the year ended March 31, 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Product development costs (continued)

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

Subsequent to initial recognition, an internally-generated intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses (if any).

Patents and trademarks

Patents and trademarks are stated at cost less subsequent accumulated amortisation and any accumulated impairment loss. Amortisation is calculated on a straight line basis over the estimated useful economic life of the relevant patents and trademarks.

Impairment loss on tangible and intangible assets (other than goodwill)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

Inventories

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Retirement benefit costs

Payments to defined contribution retirement benefit plans, Mandatory Provident Fund Scheme and state-managed retirement benefits scheme are recognised as expenses when employees have rendered service entitling them to the contributions.

Taxation

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

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

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

Deferred tax liabilities are recognised for taxable temporary difference associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

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

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

Notes to the consolidated financial statements

For the year ended March 31, 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

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

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight line basis over the lease term. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

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

Financial assets

The Group's financial assets comprise of financial assets at FVTPL, loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Financial assets at FVTPL

Financial assets at FVTPL represents financial assets held for trading.

A financial asset is classified as held for trading if:

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

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in the 'other gain and losses' line item.

If a reliable measure of fair value is no longer available for a financial asset, the fair value of the financial asset on that date becomes its deemed cost. The financial asset is subsequently measured at the deemed cost less any impairment. If a reliable measure becomes available for a financial asset for which such a measure was previously not available, the asset is remeasured at fair value, and the difference between its carrying amount and fair value is recognised in 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. Subsequent to initial recognition, loans and receivables (including short-term bank deposits, bank balances and cash and trade and other receivables) are carried at amortised cost using the effective interest method, less any identified impairment losses.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of the reporting period.

Notes to the consolidated financial statements

For the year ended March 31, 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets

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

Objective evidence of impairment could include:

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments

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

Equity instruments

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

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Financial liabilities excluding derivatives

Financial liabilities including trade and other payables, bank loans and bank overdrafts are subsequently measured at amortised cost, using the effective interest method.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

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

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

Notes to the consolidated financial statements

For the year ended March 31, 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of the reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of the reporting period. Exchange differences arising are recognised in equity under the heading of translation reserve.

Share-based payments transactions

Share options granted to employees of the Group

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

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options reserve.

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Useful lives of property, plant and equipment

The management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. At March 31, 2015, the carrying amount of property, plant and equipment is HK\$34.3 million (2014: HK\$48.3 million).

The estimates are based on the historical experience of the actual useful lives of property, plant and equipment of a similar nature and function. Useful lives may change significantly as a result of technical innovations and competitor actions in response to industry cycles. Management will increase the depreciation charges where useful lives are less than previously estimated, and it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned.

Recoverability of internally generated intangible asset

During the year, management reconsidered the recoverability of its intangible asset arising from the Group's product development, which is included in its consolidated statement of financial position at March 31, 2015 at HK\$2.5 million (2014: HK\$10.8 million). The project continues to progress in a satisfactory manner, and customer reaction has reconfirmed management's previous estimates of anticipated revenues from the project. However, increased competitor activity has caused management to reconsider its assumptions regarding future market share and anticipated margins on these products. Detailed sensitivity analysis has been carried out and management is confident that the carrying amount of the asset will be recovered in full, even if returns are reduced. This situation will be closely monitored, and adjustments will be made in future periods, if future market activity indicates that such adjustments are appropriate.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating units to which goodwill has been allocated. The recoverable amount calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value. Where there is a downward revision of estimated cash flow or when the actual cash flows are less than expected, there will be a change of recoverable amount, a material impairment loss may arise. At March 31, 2015, the carrying amount of goodwill is HK\$33.8 million (2014: HK\$33.8 million). Details of the recoverable amount calculation are disclosed in note 14.

Income taxes

At March 31, 2015, a deferred tax asset of HK\$2.5 million (2014: HK\$5.3 million) in relation to unused tax losses has been recognised in the Group's consolidated statement of financial position. No deferred tax asset has been recognised on tax losses of HK\$1,083.8 million (2014: HK\$814.7 million) due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal takes place. In cases where the actual future profits generated are more than expected, an addition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such an addition takes place.

Notes to the consolidated financial statements

For the year ended March 31, 2015

5. SEGMENT INFORMATION

Turnover represents the amounts received and receivable for goods sold by the Group to outside customers, net of discounts and sales related taxes. Turnover represents mainly Oregon Scientific branded sales ("Branded Sales") and Original Equipment Manufacturer and Original Design Manufacturer sales ("OEM/ODM Sales").

The reportable and operating segments were namely Sports, fitness and healthcare, Smart learning products, Time and weather, Telecommunication and Wellness and beauty. In addition, energy and other electronic products which are individually insignificant were aggregated and reported under Others.

- | | |
|--------------------------------|---|
| Sports, fitness and healthcare | – design, development, manufacture, and sales and marketing of sports, fitness and healthcare electronic products |
| Smart learning products | – design, development, manufacture, and sales and marketing of smart learning products |
| Time and weather | – design, development, manufacture, and sales and marketing of time and weather electronic products |
| Telecommunication | – design, development, manufacture, and sales and marketing of telecommunication products |
| Wellness and beauty | – design, development, manufacture, and sales and marketing of wellness and beauty products |
| Others | – design, development, manufacture, and sales and marketing of energy and other electronic products |

The Group disaggregated its turnover based on branded sales and OEM/ODM sales and reported to the Chief operating decision maker ("CODM"). No separate results of branded sales and OEM/ODM sales were reported to the CODM.

5. SEGMENT INFORMATION (continued)

Segment revenue and results

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

	Sports, fitness and healthcare HK\$'M	Smart learning products HK\$'M	Time and weather HK\$'M	Telecom- munication HK\$'M	Wellness and beauty HK\$'M	Reportable segments total HK\$'M	Others HK\$'M	Total HK\$'M
Year ended March 31, 2015								
Segment revenue								
Branded sales	42.2	65.2	193.4	-	38.5	339.3	9.4	348.7
OEM/ODM sales	559.3	-	61.2	94.3	-	714.8	36.9	751.7
Total segment revenue	601.5	65.2	254.6	94.3	38.5	1,054.1	46.3	1,100.4
Segment profit (loss)	3.8	(51.9)	(0.3)	0.7	(17.8)	(65.5)	(2.3)	(67.8)
Gain on disposal of leasehold land and building								53.3
Unallocated income								1.0
Unallocated expense								(41.2)
Finance costs								(2.5)
Loss before taxation								(57.2)
Year ended March 31, 2014								
Segment revenue								
Branded sales	53.6	195.6	197.6	-	53.2	500.0	7.4	507.4
OEM/ODM sales	554.2	23.6	86.3	86.1	-	750.2	94.8	845.0
Total segment revenue	607.8	219.2	283.9	86.1	53.2	1,250.2	102.2	1,352.4
Segment profit (loss)	22.5	(60.6)	7.3	1.0	-	(29.8)	1.2	(28.6)
Gain on disposal of leasehold land and building								21.9
Gain on disposal of held for trading investment								14.0
Unallocated income								1.4
Unallocated expense								(55.9)
Finance costs								(4.9)
Loss before taxation								(52.1)

Notes to the consolidated financial statements

For the year ended March 31, 2015

5. SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in both years.

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profit (loss) represents the profit (loss) earned by each segment without allocation of interest income, gain on disposal of leasehold land and building, gain on disposal of held for trading investment, unallocated expense such as central administrative cost and finance costs. This is the measure reported to the Group's CODM, for the purposes of resource allocation and performance assessment.

No segment assets and segment liabilities are presented as such amounts are not reviewed by the Group's CODM for the purpose of resource allocation and performance assessment or otherwise regularly provided to the Group's CODM.

Other segment information

	Sports, fitness and healthcare	Smart learning products	Time and weather	Telecom- munication	Wellness and beauty	Reportable segment total	Others	Unallocated items	Total
	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M
Year ended March 31, 2015									
Amounts included in the measure of segment profit or loss:									
Depreciation and amortisation									
– property, plant and equipment	7.0	4.6	6.5	1.2	1.9	21.2	0.5	–	21.7
– intangible assets	0.6	3.5	5.0	–	0.4	9.5	1.0	–	10.5
Write off of inventories	11.4	7.6	8.9	1.2	9.3	38.4	3.1	–	41.5
Gain on disposal of property, plant and equipment	–	–	–	–	–	–	–	(53.3)	(53.3)
Impairment losses (reversed) recognised on trade receivable	(1.2)	0.2	0.1	–	–	(0.9)	–	–	(0.9)
Year ended March 31, 2014									
Amounts included in the measure of segment profit or loss:									
Depreciation and amortisation									
– property, plant and equipment	7.6	8.9	4.5	1.0	1.3	23.3	1.2	2.8	27.3
– intangible assets	2.0	19.1	3.2	0.2	0.4	24.9	1.2	–	26.1
Impairment loss on intangible assets	1.0	2.1	1.4	–	0.1	4.6	–	–	4.6
Write off (reversal of written off) of inventories	5.2	3.6	3.3	(5.7)	0.3	6.7	0.9	–	7.6
Gain on disposal of property, plant and equipment	–	–	–	–	–	–	–	(21.9)	(21.9)
Impairment losses recognised (reversed) on trade receivable	0.8	(1.9)	–	–	–	(1.1)	–	–	(1.1)

5. SEGMENT INFORMATION (continued)

Geographical information

The Group's operations are located in Asia Pacific, Europe and Americas (representing the United States of America and Latin America). The Group carries out its manufacturing and trading operations in Hong Kong and other parts of the PRC. The Group also operates marketing offices in Europe, the United States of America, Latin America and other Asia Pacific countries.

Information about the Group's revenue from external customers is presented based on the location of customers are detailed below:

	Revenue from external customers	
	2015	2014
	HK\$'M	HK\$'M
Americas	357.9	393.9
Europe	454.9	607.5
Asia Pacific	287.6	351.0
	1,100.4	1,352.4

Non-current assets of the Group excluding deferred tax assets and financial instruments are substantially located in the PRC including Hong Kong.

Information about major customers

The Group has a very wide customer base, no single customer contributed over 10% of the total revenue of the Group for both years.

6. OTHER GAINS AND LOSSES

	2015	2014
	HK\$'M	HK\$'M
Impairment losses reversed in respect of trade receivables	0.9	1.1
Gain on disposal of property, plant and equipment	53.3	21.9
Net exchange losses (Note)	(7.7)	(7.6)
Loss on disposal of club membership	–	(0.1)
Gain on disposal of held for trading investment	–	14.0
	46.5	29.3

Note: Included in the net exchange losses are gain arising from changes in fair value of forward contracts of HK\$1.3 million (2014: gain of HK\$0.2 million).

Notes to the consolidated financial statements

For the year ended March 31, 2015

7. LOSS BEFORE TAXATION

	2015 HK\$'M	2014 HK\$'M
Loss before taxation has been arrived at after charging:		
Directors' emolument (<i>Note 8</i>)	9.9	10.1
Retirement benefits scheme contributions for other staff	17.2	17.2
Share option benefits expenses for other staff	0.5	0.9
Salaries for other staff	262.6	285.9
Other benefits for staff other than directors	12.4	12.1
Other staff costs	292.7	316.1
Total staff costs	302.6	326.2
Less: Staff costs included in research and development costs	(7.1)	(14.6)
	295.5	311.6
Amortisation of product development costs (included in research and development costs)	8.3	23.9
Amortisation of patents and trademarks	2.2	2.2
Auditors' remuneration	4.1	4.4
Cost of inventories recognised as expense (including write down of inventories amounting to HK\$41.5 million (2014: HK\$7.6 million))	871.7	1,016.3
Depreciation of property, plant and equipment		
– held under finance leases	–	0.6
– owned by the Group	21.7	26.7
Impairment loss on intangible assets	–	4.6
Operating lease rentals in respect of		
– office equipment and motor vehicles	1.8	0.9
– rented premises	36.9	37.9
and after crediting to other income:		
Interest income	1.0	1.4
Sales of moulds and scraps	2.9	3.7

8. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the 7 (2014: 7) directors and the chief executive of the Company were as follows:

	Fees HK\$'M	Basic salaries and allowances HK\$'M	Retirement benefits scheme contributions HK\$'M	Share- based payments HK\$'M	Total HK\$'M
Year ended March 31, 2015					
<i>Executive directors:</i>					
Dr. Raymond Chan (<i>Note 1</i>)	0.1	3.6	–	–	3.7
Mrs. Chan Pau Shiu Yeng, Shirley (<i>Note 2</i>)	0.1	1.6	–	–	1.7
Mr. Leon Leong (<i>Note 3</i>)	0.1	2.8	–	–	2.9
<i>Independent non-executive directors:</i>					
Mr. Lo Kai Yiu, Anthony	0.4	–	–	–	0.4
Mr. Kao Ying Lun	0.4	–	–	–	0.4
Mr. Jack Schmuckli	0.5	–	–	–	0.5
Dr. Kenichi Ohmae	0.3	–	–	–	0.3
	1.9	8.0	–	–	9.9
Year ended March 31, 2014					
<i>Executive directors:</i>					
Dr. Raymond Chan	0.1	3.2	0.1	0.1	3.5
Mrs. Chan Pau Shiu Yeng, Shirley	0.1	1.5	0.1	0.1	1.8
Mr. Leon Leong (<i>Note 3</i>)	0.1	2.9	0.1	0.1	3.2
<i>Independent non-executive directors:</i>					
Mr. Lo Kai Yiu, Anthony	0.3	–	–	0.1	0.4
Mr. Kao Ying Lun	0.3	–	–	0.1	0.4
Mr. Jack Schmuckli	0.4	–	–	0.1	0.5
Dr. Kenichi Ohmae	0.2	–	–	0.1	0.3
	1.5	7.6	0.3	0.7	10.1

Note 1: Dr. Raymond Chan was redesignated to non-executive director on April 1, 2015.

Note 2: Mrs. Chan Pan Shin Yeng, Shirley resigned on April 15, 2015.

Note 3: Mr. Leon Leong was appointed as a director on April 8, 2013 and resigned on January 9, 2015.

Notes to the consolidated financial statements

For the year ended March 31, 2015

8. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (continued)

Dr. Raymond Chan is also the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.

Neither the chief executive nor any of the directors had waived any emoluments during the years ended March 31, 2015 and 2014.

9. EMPLOYEES' EMOLUMENTS

The aggregate emoluments of the five highest paid individuals included three (2014: three) executive directors of the Company, one of them is also the chief executive of the Company, whose emoluments are included in note 8 above. The emoluments of the remaining two highest paid individuals are as follows:

	2015 HK\$'M	2014 HK\$'M
Basic salaries and allowances	2.8	2.9
Bonus	0.4	0.2
	3.2	3.1

Bonus is determined with reference to the individual performance during the year.

The emoluments of the remaining two (2014: two) highest paid individuals are within the following bands:

	Number of employees	
	2015	2014
HK\$1,500,001 to HK\$2,000,000	1	2
HK\$1,000,001 to HK\$1,500,000	1	–

During both years, no emoluments were paid by the Group to the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office.

10. TAXATION

	2015 HK\$'M	2014 HK\$'M
The charge comprises:		
Hong Kong Profits Tax		
– current year	3.5	2.5
– (over)underprovision in prior years	(1.0)	0.5
	2.5	3.0
Deferred taxation (<i>Note 16</i>)	7.3	13.7
	9.8	16.7

The charge for the year is reconciled to the loss before taxation as follows:

	2015 HK\$'M	2014 HK\$'M
Loss before taxation	(57.2)	(52.1)
Tax credit at the domestic income tax rate of 16.5%	(9.4)	(8.6)
Tax effect of expenses not deductible for tax purposes	6.6	9.9
Tax effect of income not taxable for tax purposes	(10.4)	(10.1)
Tax effect of tax losses not recognised	44.9	45.3
Effect of different tax rates of subsidiaries operating in other jurisdictions	(23.8)	(14.9)
Utilisation of tax losses previously not recognised	(3.3)	(17.5)
(Over)underprovision in prior years	(1.0)	0.5
Others	6.2	12.1
Tax charge for the year	9.8	16.7

Hong Kong Profits Tax is calculated at 16.5% of estimated assessable profits for both years. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Under the Law of the PRC on Enterprise Income Tax ("EIT Law") and Implementation Regulation of the EIT Law, the tax rate for the PRC subsidiaries is 25%.

Notes to the consolidated financial statements

For the year ended March 31, 2015

11. LOSS PER SHARE

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

	2015 HK\$'M	2014 HK\$'M
Loss:		
Loss for the year attributable to owners of the Company and loss for the purposes of basic and diluted loss per share	(67.0)	(68.8)

Number of ordinary shares:

	2015	2014
Number of ordinary shares for the purposes of basic and diluted loss per share	2,588,973,088	2,504,521,088

The computation of diluted loss per share for the years ended March 31, 2015 and 2014 does not assume the exercise of the Company's outstanding share options as the inclusion of those options would result in decrease in loss per share for both years.

12. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK\$'M	Furniture, fixtures and equipment HK\$'M	Motor vehicles HK\$'M	Plant and machinery HK\$'M	Construction in progress HK\$'M	Total HK\$'M
COST OR VALUATION						
At April 1, 2013	33.2	326.2	4.3	315.0	0.3	679.0
Currency realignment	–	0.8	(0.1)	0.6	–	1.3
Additions	–	7.2	–	9.3	–	16.5
Disposals	(11.4)	(10.4)	(0.2)	(10.0)	–	(32.0)
At March 31, 2014	21.8	323.8	4.0	314.9	0.3	664.8
Currency realignment	–	(6.4)	(0.1)	(0.3)	–	(6.8)
Transfer	–	0.3	–	–	(0.3)	–
Additions	–	4.2	0.5	10.4	–	15.1
Disposals	(21.2)	(28.7)	(1.0)	(26.5)	–	(77.4)
At March 31, 2015	0.6	293.2	3.4	298.5	–	595.7
DEPRECIATION						
At April 1, 2013	18.1	303.1	3.7	288.9	–	613.8
Currency realignment	–	0.6	(0.1)	0.3	–	0.8
Provided for the year	1.4	12.9	0.2	12.8	–	27.3
Eliminated on disposal	(6.0)	(9.5)	(0.2)	(9.7)	–	(25.4)
At March 31, 2014	13.5	307.1	3.6	292.3	–	616.5
Currency realignment	–	(6.1)	(0.1)	(0.3)	–	(6.5)
Provided for the year	1.3	8.4	0.2	11.8	–	21.7
Eliminated on disposal	(14.5)	(28.4)	(1.0)	(26.4)	–	(70.3)
At March 31, 2015	0.3	281.0	2.7	277.4	–	561.4
CARRYING VALUES						
At March 31, 2015	0.3	12.2	0.7	21.1	–	34.3
At March 31, 2014	8.3	16.7	0.4	22.6	0.3	48.3

Note: At the end of the reporting period, the cost of property, plant and equipment that were fully depreciated but still in use amounted to HK\$534.9 million (2014: HK\$521.1 million).

Notes to the consolidated financial statements

For the year ended March 31, 2015

12. PROPERTY, PLANT AND EQUIPMENT (continued)

Depreciation is provided to write off the cost of property, plant and equipment, less their residual values over their estimated useful lives, using the straight line method, at the following rates per annum:

Leasehold land and buildings	Over the shorter of the term the lease, or 25 years
Furniture, fixtures and equipment	10% – 25%
Motor vehicles	10% – 20%
Plant and machinery	10% – 20%

The estimated useful lives and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The leasehold land and buildings are located in Hong Kong under medium term leases.

If the Group's land and buildings had not been revalued, the carrying value of land and buildings would have been HK\$4.5 million in 2014.

As at March 31, 2014, the carrying value of furniture, fixtures and equipment held under finance leases was HK\$1.7 million.

13. INTANGIBLE ASSETS

	Product development costs HK\$'M	Patents and trademarks HK\$'M	Total HK\$'M
COST			
At April 1, 2013	390.2	16.8	407.0
Additions	1.7	0.6	2.3
Written off	(31.0)	–	(31.0)
At March 31, 2014	360.9	17.4	378.3
Additions	–	1.1	1.1
Written off	(336.6)	–	(336.6)
At March 31, 2015	24.3	18.5	42.8
AMORTISATION AND IMPAIRMENT			
At April 1, 2013	352.6	9.3	361.9
Amortised for the year	23.9	2.2	26.1
Impairment	4.6	–	4.6
Elimination on written off	(31.0)	–	(31.0)
At March 31, 2014	350.1	11.5	361.6
Amortised for the year	8.3	2.2	10.5
Elimination on written off	(336.6)	–	(336.6)
At March 31, 2015	21.8	13.7	35.5
CARRYING VALUES			
At March 31, 2015	2.5	4.8	7.3
At March 31, 2014	10.8	5.9	16.7

Note: As at 31 March 2014, the cost of intangible assets that were fully amortised but still in use amounted to HK\$320.9 million (2015: HK\$nil).

The above intangible assets, which have finite useful lives, are amortised on a straight line basis over the following periods:

Product development costs	2 years
Patents and trademarks	5 – 10 years

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For the year ended March 31, 2015

14. GOODWILL

	HK\$'M
At April 1, 2013, March 31, 2014 and 2015	33.8

The carrying amount of goodwill allocated to the units are as follows:

	2015 HK\$'M	2014 HK\$'M
Time and weather consumer electronic products unit ("CGU A")	17.5	17.5
Telecommunications consumer electronic products unit ("CGU B")	16.3	16.3
	33.8	33.8

During the years ended March 31, 2015 and 2014, management of the Group determines that there is no impairment of any of its CGUs containing goodwill.

The recoverable amounts of the CGU A and CGU B have been determined based on a value in use calculation. The calculation uses cash flow projections based on financial budgets approved by management for the next year and for the following four years based on average growth rate of 10% per annum. Cash flows beyond the five-year period are extrapolated using zero growth rate. Management estimates discount rate of 5% (2014: 5%) for both CGU A and CGU B using a risk-free rate, the market return and CGU specific factors. The key assumptions are annual growth rates, estimated future selling prices and direct costs which are estimated are based on past practices and expectations of future changes in the market. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of both CGUs to exceed the aggregate recoverable amount of respective CGUs.

15. AVAILABLE-FOR-SALE INVESTMENTS

The amount represents 2.92% (2014: 2.92%) unlisted equity investments in a private entity that was established in Korea. They are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

16. DEFERRED TAXATION

The followings are the major deferred tax (liabilities) assets recognised and movements thereon during the current and prior reporting periods:

	Accelerated tax depreciation HK\$'M	Product development costs HK\$'M	Revaluation of properties HK\$'M	Tax losses HK\$'M	Unrealised profits on inventories HK\$'M	Total HK\$'M
At April 1, 2013	0.8	(5.9)	(3.0)	21.2	6.2	19.3
Currency realignment	–	–	–	0.7	–	0.7
(Charge) credit to profit or loss for the year	(0.3)	3.7	–	(16.6)	(0.5)	(13.7)
Credit to equity	–	–	1.7	–	–	1.7
At March 31, 2014	0.5	(2.2)	(1.3)	5.3	5.7	8.0
(Charge) credit to profit or loss for the year	(0.5)	1.7	–	(2.8)	(5.7)	(7.3)
Credit to equity	–	–	1.3	–	–	1.3
At March 31, 2015	–	(0.5)	–	2.5	–	2.0

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

	2015 HK\$'M	2014 HK\$'M
Deferred tax assets	2.0	8.3
Deferred tax liabilities	–	(0.3)
	2.0	8.0

By reference to financial budgets, management believes that there will be sufficient future profits or taxable temporary differences available in the future for the realisation of the deferred tax assets.

At the end of the reporting period, the Group has unutilised tax losses of HK\$1,098.9 million (2014: HK\$846.8 million) available for offset against future profits. A deferred tax asset has been recognised in respect of HK\$15.1 million (2014: HK\$32.1 million) of such losses. No deferred tax asset has been recognised in respect of the remaining HK\$1,083.8 million (2014: HK\$814.7 million) due to the unpredictability of future profit streams. Included in the unrecognised tax losses are losses of HK\$51.1 million (2014: HK\$103.8 million expire in the years of 2015 to 2019) that will expire in the years of 2016 to 2020. Other losses may be carried forward indefinitely.

Notes to the consolidated financial statements

For the year ended March 31, 2015

17. INVENTORIES

	2015 HK\$'M	2014 HK\$'M
Raw materials	71.7	92.3
Work in progress	22.5	18.7
Finished goods	72.5	164.8
	166.7	275.8

18. TRADE AND OTHER RECEIVABLES

The following is an aged analysis of trade receivables (net of allowance for doubtful debts) presented based on the invoice date which approximate the respective revenue recognition date at the reporting date.

	2015 HK\$'M	2014 HK\$'M
0 to 30 days	60.7	81.8
31 to 90 days	19.0	41.2
Over 90 days	7.9	10.5
Trade receivables	87.6	133.5
Other receivables	86.4	72.3
Total trade and other receivables	174.0	205.8

The Group normally allows credit period of 30 to 60 days to its trade customers. Customers with long business relationship and strong financial position are allowed to settle their balances beyond the normal credit terms up to 90 days.

The Group's management closely monitors the credit quality of trade receivables and considers the trade receivables that are neither past due nor impaired to be of a good credit quality based on the good payment history of the related debtors from historical experience. Based on the payment pattern of the customers of the Group, trade receivables which are past due but not impaired are generally collectible. Included in the Group's trade receivable balance are debtors with aggregate carrying amount of HK\$14.2 million (2014: HK\$48.2 million) which are past due at the reporting date for which the Group has not provided for impairment loss as the directors assessed that the balances will be recovered based on their past settlement records. The Group does not hold any collateral over these balances. The average age of these receivables is 29.1 days (2014: 40.0 days).

The amount of other receivables mainly represented rental deposit of HK\$14.4 million (2014: HK\$12.2 million), deposit paid to suppliers of HK\$8.8 million (2014: HK\$12.6 million), value-added tax recoverable HK\$22.7 million (2014: HK\$11.8 million) and project cost receivable from customers of HK\$15.8 million (2014: 3.5 million).

18. TRADE AND OTHER RECEIVABLES (continued)

Ageing of trade receivables which are past due but not impaired:

	2015 HK\$'M	2014 HK\$'M
Overdue less than 30 days	7.8	32.6
Overdue 31 to 90 days	3.0	8.7
Overdue more than 90 days	3.4	6.9
	14.2	48.2

The Group estimates the future discount cash flow of trade receivables and provided fully for those receivables considered not recoverable because based on historical experiences such receivables are generally not recoverable, except for some major customers with longer credit terms at the discretion of senior management.

Movement in the allowance for doubtful debts on trade receivables:

	2015 HK\$'M	2014 HK\$'M
Balance at beginning of the year	21.3	22.4
Impairment losses reversed in respect of trade receivables	(0.9)	(1.1)
Currency realignment	(5.7)	–
Balance at end of the year	14.7	21.3

The balance of the allowance for doubtful debts are individually impaired trade receivables which have been overdue more than 90 days and/or have no material transactions with the Group during the year. The Group does not hold any collateral over these balances.

Included in trade and other receivables are the following amounts denominated in currency other than the functional currency of the group entities to which they relate:

	2015 HK\$'M	2014 HK\$'M
USD	46.9	88.6
Euro	1.4	5.5
GBP	–	1.2
	48.3	95.3

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For the year ended March 31, 2015

19. SHORT-TERM BANK DEPOSITS/BANK BALANCES AND CASH

Bank balances and cash which comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less are at prevailing market interest rates in the range of 0.01% to 3.55% (2014: 0.01% to 2.90%) per annum.

Included in short-term bank deposits and bank balances and cash are the following amounts denominated in currency other than the functional currency of the group entities to which they relate:

	2015 HK\$'M	2014 HK\$'M
USD	74.1	86.9
Renminbi	40.7	41.6
Euro	49.9	10.7
GBP	3.1	2.2
	167.8	141.4

20. TRADE AND OTHER PAYABLES AND ACCRUALS

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

	2015 HK\$'M	2014 HK\$'M
0 to 30 days	33.7	67.4
31 to 90 days	25.4	30.7
Over 90 days	5.6	4.0
Trade payables	64.7	102.1
Other payables and accruals	160.7	148.8
Trade and other payables and accruals	225.4	250.9

The amount of other payables mainly represented receipt in advance from customers of HK\$81.6 million (2014: HK\$59.5 million), accrued expenses of HK\$35.6 million (2014: HK\$39.5 million) and provision for staff cost of HK\$29.1 million (2014: HK\$29.3 million).

20. TRADE AND OTHER PAYABLES AND ACCRUALS (continued)

Included in trade and other payables are the following amounts denominated in currency other than the functional currency of the group entities to which they relate:

	2015 HK\$'M	2014 HK\$'M
USD	24.9	26.7
Renminbi	1.5	–
JPY	0.6	–
Euro	1.0	0.4
	28.0	27.1

21. OBLIGATIONS UNDER FINANCE LEASES

The Group leased certain of its furniture, fixtures and equipment under finance leases. The lease term ranged from 2 to 3 years. Interest rates underlying all obligations under finance leases were fixed at respective contract dates and ranged from 3% to 5%. These leases have no terms of renewal or purchase options and escalation clauses. No arrangements have been entered into for contingent rental payments. All obligations under finance leases expired as at 31 March 2014.

	Minimum lease payments		Present value of minimum lease payments	
	2015 HK\$'M	2014 HK\$'M	2015 HK\$'M	2014 HK\$'M
Amount payable under finance leases:				
Within one year	–	0.1	–	0.1
Between one to two years	–	–	–	–
Between two to three years	–	–	–	–
	–	0.1	–	0.1
Less: Future finance charges	–	–	–	–
Present value of lease obligations	–	0.1	–	0.1
Less: Amount due within one year shown under current liabilities			–	(0.1)
Amount due after one year			–	–

The fair value of the Group's finance lease obligations determined based on the present value of the estimated future cash flows discounted using the prevailing market rate at the end of the reporting period approximated to their carrying amount.

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22. FORWARD CONTRACT ASSETS (LIABILITIES)

	2015 HK\$'M	2014 HK\$'M
Forward foreign exchange contracts		
– Derivative financial assets	1.0	–
– Derivative financial liabilities	–	(0.1)

The Group has used currency derivatives to minimise the exposure of significant future transactions and cash flows. The Group is a party to a variety of foreign currency forward contracts in the management of its foreign exchange rate exposures. The instruments entered are primarily denominated in the currencies of the Group's principal markets.

The ranges of the total nominal amounts of the outstanding forward foreign exchange contracts to which the Group is committed at the end of the reporting periods are as follows:

At March 31, 2015

Notional amount	Maturity	Exchange rates
Sell EURO500,000	August 19, 2015	USD/EURO1.25080
Sell EURO200,000	September 14, 2015	USD/EURO1.24320
Sell EURO500,000	December 24, 2015	USD/EURO1.09800

At March 31, 2014

Notional amount	Maturity	Exchange rates
Sell EURO100,000	July 3, 2014	USD/EURO1.3600
Sell AUD247,000	August 15, 2014	USD/AUD0.8930
Sell EURO500,000	September 5, 2014	USD/EURO1.3600
Sell EURO200,000	September 12, 2014	USD/EURO1.3763
Sell EURO300,000	September 30, 2014	USD/EURO1.3770

The above foreign exchange contracts will be settled in net amount on maturity date.

At March 31, 2015, the fair value of the Group's currency derivatives is estimated to be forward contract assets of HK\$1.0 million (2014: forward contract liabilities of HK\$0.1 million).

During the year, gain arising from changes in the fair value of the Group's currency derivatives amounting to HK\$1.3 million (2014: HK\$0.2 million) has been recognised in profit or loss.

23. BANK LOANS

	2015 HK\$'M	2014 HK\$'M
The bank loans are repayable as follows*:		
Within one year	18.9	84.9
More than one year but not exceeding two years	–	9.3
More than two years but not exceeding five years	–	2.7
	18.9	96.9
Comprising:		
Amount due within one year	18.9	84.9
Amount that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	–	12.0
Total amount shown under current liabilities	18.9	96.9

* These amounts due are based on the scheduled repayment dates set out in the loan agreements.

The bank loans are unsecured and denominated in Hong Kong dollars, the functional currency of the relevant group entities. They carry interest at Hong Kong Interbank Offered Rate ("HIBOR") plus 1.38% to 2.25% (2014: HIBOR plus 1.38% to 2.75% or prime rate plus 1.5%) per annum. The fair value of the bank loans approximates the corresponding carrying amount.

The effective interest rates (which are also equal to contracted interest rates) on the bank loans ranged from 1.77% to 2.99% (2014: 1.75% to 2.96%) per annum as at March 31, 2015.

24. SHARE CAPITAL

	Number of shares	Amount HK\$'M
Authorised:		
At April 1, 2013, March 31, 2014 and March 31, 2015		
– ordinary shares of HK\$0.10 each	3,500,000,000	350.0
– ordinary shares of US\$0.10 each	10,000	–
Issued and fully paid:		
Ordinary shares of HK\$0.10 each		
– at April 1, 2013	2,502,271,088	250.2
– issue upon exercise of share options	2,250,000	0.3
– at March 31, 2014	2,504,521,088	250.5
– issue upon exercise of share options	84,452,000	8.4
– at March 31, 2015	2,588,973,088	258.9

No dividend was paid or proposed for both of the years, nor has any dividend been proposed since the end of the reporting period.

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25. SHARE OPTION SCHEMES

2002 IDT International Option Scheme

The Group offers share options to attract, motivate and retain key employees who contribute to the growth of the Group. At the special general meeting held on August 28, 2002, the Company adopted a share option scheme ("2002 IDT International Option Scheme").

The 2002 IDT International Option Scheme was adopted on August 28, 2002 and will continue in operation for a maximum of ten years from such date.

Pursuant to this scheme, the board of directors of the Company offered to grant options to selected eligible participants, including full-time employees and full-time executive directors of the Company or employees or any of its subsidiaries.

At March 31, 2015, the number of shares in respect of which options had been granted and remained outstanding under this scheme was 17,798,000 (2014: 98,864,000), representing 0.7% (2014: 3.9%) of the shares of the Company in issue at that date.

The limit on the total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2002 IDT International Option Scheme, together with all outstanding options granted and yet to be exercised under any other share option scheme(s) of the Company, must not exceed 30% of the number of the Company's issued shares from time to time. Subject always to the aforesaid overall 30% limit, the total number of shares which may be issued upon exercise of all options to be granted, together with all options to be granted under other share option scheme(s) of the Company, must not exceed 207,179,540 shares, representing 10% of the issued share capital of the Company as at August 28, 2002, the adoption date of the 2002 IDT International Option Scheme. Such 10% limit may be refreshed or exceeded if approved by shareholders in general meeting subject always to the aforesaid overall 30% limit.

The total number of the Company's shares issued and which may be issued upon exercise of all options granted to a participant in any 12-month period immediately preceding the date of grant shall not exceed 1% of the number of shares in issue as at date of such grant. If the grant of options is offered to a substantial shareholder or an independent non-executive director of the Company or any of their respective associates, the total number of the Company's shares issued and which may be issued to such participant upon exercise of all options granted in any 12-month period up to and including the date of grant shall not exceed 0.1% of the number of shares then in issue and having an aggregate value in excess of HK\$5,000,000.

The subscription price for an option granted under the 2002 IDT International Option Scheme shall be the highest of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share.

The vesting period of the share option is from the date of grant until the commencement of the exercisable period.

An offer for grant of an option under 2002 IDT International Option Scheme must be accepted within 28 days from the date of offer, and HK\$1 is payable as consideration on acceptance. An option shall be exercisable during the period as determined by the board of directors of the Company or its authorised committee, which shall commence on a date after the expiry of a 6-month period after the date of grant and not exceed 10 years from the date of such grant.

25. SHARE OPTION SCHEMES (continued)

2002 IDT International Option Scheme (continued)

The movements of share options under the 2002 IDT International Option Scheme during the year ended March 31, 2015 and the balances at March 31, 2015 are set out below:

Participants	Date of grant (M/D/Y)	Exercisable period (M/D/Y)	Exercise price per share HK\$	Number of share options				Outstanding at 3.31.2015 HK\$	
				Outstanding at 4.1.2014	Reclassification during the year	Lapsed/forfeited during the year			
						Exercised during the year	Outstanding at 3.31.2015		
Directors	11.30.2005	12.1.2006 – 11.30.2015	0.529	9,360,000	–	–	(2,080,000)	7,280,000	
	11.28.2005	11.29.2007 – 11.28.2015	0.548	416,000	(416,000)	–	–	–	
	11.28.2005	11.29.2008 – 11.28.2015	0.548	416,000	(416,000)	–	–	–	
	12.1.2010	12.1.2012 – 11.30.2020	0.222	8,500,000	(2,500,000)	–	(6,000,000)	–	
	12.1.2010	12.1.2013 – 11.30.2020	0.222	8,500,000	(2,500,000)	–	(6,000,000)	–	
	12.12.2011	12.12.2013 – 12.11.2021	0.104	10,500,000	(1,500,000)	–	(9,000,000)	–	
	12.12.2011	12.12.2014 – 12.11.2021	0.104	10,500,000	(1,500,000)	–	(9,000,000)	–	
Employees	11.28.2005	11.29.2007 – 11.28.2015	0.548	1,274,000	208,000	(182,000)	(624,000)	676,000	
	11.28.2005	11.29.2008 – 11.28.2015	0.548	1,274,000	208,000	(182,000)	(624,000)	676,000	
	3.24.2010	3.24.2012 – 3.23.2020	0.275	1,500,000	(1,500,000)	–	–	–	
	3.24.2010	3.24.2013 – 3.23.2020	0.275	1,500,000	(1,500,000)	–	–	–	
	12.1.2010	12.1.2012 – 11.30.2020	0.222	8,250,000	1,000,000	(1,125,000)	(7,500,000)	625,000	
	12.1.2010	12.1.2013 – 11.30.2020	0.222	8,250,000	1,000,000	(1,125,000)	(7,500,000)	625,000	
	12.12.2011	12.12.2013 – 12.11.2021	0.104	7,125,000	1,000,000	(1,000,000)	(6,625,000)	500,000	
	12.12.2011	12.12.2014 – 12.11.2021	0.104	8,375,000	1,000,000	(1,750,000)	(7,125,000)	500,000	
	4.18.2012	4.18.2014 – 4.17.2022	0.136	2,250,000	–	(500,000)	(1,750,000)	–	
	4.18.2012	4.18.2015 – 4.17.2022	0.136	2,250,000	–	(750,000)	(1,000,000)	500,000	
Other participants	11.28.2005	11.29.2006 – 11.28.2015	0.548	312,000	–	–	(312,000)	–	
	11.28.2005	11.29.2007 – 11.28.2015	0.548	312,000	208,000	–	(312,000)	208,000	
	11.28.2005	11.29.2008 – 11.28.2015	0.548	–	208,000	–	–	208,000	
	3.24.2010	3.24.2012 – 3.23.2020	0.275	–	1,500,000	–	(1,500,000)	–	
	3.24.2010	3.24.2013 – 3.23.2020	0.275	–	1,500,000	–	(1,500,000)	–	
	12.01.2010	12.01.2012 – 11.30.2020	0.222	750,000	1,500,000	–	(1,500,000)	750,000	
	12.01.2010	12.01.2013 – 11.30.2020	0.222	750,000	1,500,000	–	(1,500,000)	750,000	
	12.12.2011	12.12.2013 – 12.11.2021	0.104	3,250,000	500,000	–	(1,500,000)	2,250,000	
	12.12.2011	12.12.2014 – 12.11.2021	0.104	3,250,000	500,000	–	(1,500,000)	2,250,000	
				98,864,000	–	(6,614,000)	(74,452,000)	17,798,000	
Exercisable at the end of the year				72,239,000				17,298,000	
Weighted average exercise price				HK\$0.211	–	HK\$0.175	HK\$0.183	HK\$0.341	

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25. SHARE OPTION SCHEMES (continued)

2002 IDT International Option Scheme (continued)

The movements of share options under the 2002 IDT International Option Scheme during the year ended March 31, 2014 and the balances at March 31, 2014 are set out below:

Participants	Date of grant (M/D/Y)	Exercisable period (M/D/Y)	Exercise price per share HK\$	Number of share options			
				Outstanding at 4.1.2013	Reclassification during the year	Lapsed/ forfeited during the year	Exercised during the year
						Outstanding at 3.31.2014	HK\$
Directors	11.30.2005	12.1.2006 – 11.30.2015	0.529	9,360,000	–	–	–
	11.28.2005	11.29.2007 – 11.28.2015	0.548	–	416,000	–	–
	11.28.2005	11.29.2008 – 11.28.2015	0.548	–	416,000	–	–
	12.1.2010	12.1.2012 – 11.30.2020	0.222	6,000,000	2,500,000	–	–
	12.1.2010	12.1.2013 – 11.30.2020	0.222	6,000,000	2,500,000	–	–
	12.12.2011	12.12.2013 – 12.11.2021	0.104	9,000,000	1,500,000	–	–
	12.12.2011	12.12.2014 – 12.11.2021	0.104	9,000,000	1,500,000	–	–
Employees	11.28.2005	11.29.2007 – 11.28.2015	0.548	1,768,000	(416,000)	(78,000)	–
	11.28.2005	11.29.2008 – 11.28.2015	0.548	1,768,000	(416,000)	(78,000)	–
	3.24.2010	3.24.2012 – 3.23.2020	0.275	1,500,000	–	–	1,500,000
	3.24.2010	3.24.2013 – 3.23.2020	0.275	1,500,000	–	–	1,500,000
	12.1.2010	12.1.2012 – 11.30.2020	0.222	13,625,000	(2,750,000)	(2,625,000)	–
	12.1.2010	12.1.2013 – 11.30.2020	0.222	13,000,000	(2,750,000)	(2,000,000)	–
	12.12.2011	12.12.2013 – 12.11.2021	0.104	13,000,000	(1,750,000)	(1,875,000)	(2,250,000)
	12.12.2011	12.12.2014 – 12.11.2021	0.104	13,000,000	(1,750,000)	(2,875,000)	–
	4.18.2012	4.18.2014 – 4.17.2022	0.136	2,250,000	–	–	2,250,000
	4.18.2012	4.18.2015 – 4.17.2022	0.136	2,250,000	–	–	2,250,000
Other participants	11.28.2005	11.29.2006 – 11.28.2015	0.548	312,000	–	–	312,000
	11.28.2005	11.29.2007 – 11.28.2015	0.548	312,000	–	–	312,000
	12.01.2010	12.01.2012 – 11.30.2020	0.222	500,000	250,000	–	750,000
	12.01.2010	12.01.2013 – 11.30.2020	0.222	500,000	250,000	–	750,000
	12.12.2011	12.12.2013 – 12.11.2021	0.104	3,000,000	250,000	–	3,250,000
	12.12.2011	12.12.2014 – 12.11.2021	0.104	3,000,000	250,000	–	3,250,000
				110,645,000	–	(9,531,000)	(2,250,000)
							98,864,000
Exercisable at the end of the year				42,645,000			72,239,000
Weighted average exercise price				HK\$0.110	–	HK\$0.169	HK\$0.104
							HK\$0.211

25. SHARE OPTION SCHEMES (continued)

2002 IDT International Option Scheme (continued)

The Company has used the Black-Scholes option pricing model (the "Model") to value the share options granted during the year. The Model is one of the commonly used models to estimate the fair value of the option. The value of an option varies with different variables of certain subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of an option.

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 3 to 4 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioral considerations.

The 2002 IDT International Option Scheme expired on August 27, 2012. Options granted under the 2002 IDT International Option Scheme prior to such expiration will continue to be valid and exercisable in accordance with the terms of the 2002 IDT International Option Scheme.

At the annual general meeting held on August 29, 2012, the Company adopted a new share option scheme ("2012 IDT International Option Scheme"). The terms of the new option scheme is described below:

2012 IDT International Option Scheme

The 2012 IDT International Option Scheme was adopted on August 29, 2012 and will continue in operation for a maximum of ten years from such date.

Pursuant to this scheme, the board of directors of the Company offered to grant options to selected eligible participants, including full-time employees and full-time executive directors of the Company or employees or any of its subsidiaries.

At March 31, 2015, the number of shares in respect of which options had been granted and remained outstanding under the 2012 IDT International Option Scheme was 6,500,000 (2014: 14,500,000), representing 0.3% (2014: 0.6%) of the shares of the Company in issue at that date.

The limit on the total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2012 IDT International Option Scheme, together with all outstanding options granted and yet to be exercised under any other share option scheme(s) of the Company, must not exceed 30% of the number of the Company's issued shares from time to time. Subject always to the aforesaid overall 30% limit, the total number of shares which may be issued upon exercise of all options to be granted, together with all options to be granted under other share option scheme(s) of the Company, must not exceed 250,227,109 shares, representing 10% of the issued share capital of the Company as at August 29, 2012, the adoption date of the 2012 IDT International Option Scheme. Such 10% limit may be refreshed or exceeded if approved by shareholders in general meeting subject always to the aforesaid overall 30% limit.

The total number of the Company's shares issued and which may be issued upon exercise of all options granted to a participant in any 12-month period immediately preceding the date of grant shall not exceed 1% of the number of shares in issue as at date of such grant. If the grant of options is offered to a substantial shareholder or an independent non-executive director of the Company or any of their respective associates, the total number of the Company's shares issued and which may be issued to such participant upon exercise of all options granted in any 12-month period up to and including the date of grant shall not exceed 0.1% of the number of shares then in issue and having an aggregate value in excess of HK\$5,000,000.

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25. SHARE OPTION SCHEMES (continued)

2012 IDT International Option Scheme (continued)

The subscription price for an option granted under the 2012 IDT International Option Scheme shall be the highest of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share.

The vesting period of the share option is from the date of grant until the commencement of the exercisable period.

An offer for grant of an option under 2012 IDT International Option Scheme must be accepted within 28 days from the date of offer, and HK\$1 is payable as consideration on acceptance. An option shall be exercisable during the period as determined by the board of directors of the Company or its authorised committee, which shall commence on a date after the expiry of a 6-month period after the date of grant and not exceed 10 years from the date of such grant.

The movements of share options under the 2012 IDT International Option Scheme during the year ended March 31, 2015 and the balances at March 31, 2015 are set out below:

Participants	Date of grant (M/D/Y)	Exercisable period (M/D/Y)	Number of share options						Fair value at date of grant
			Exercise price per share	Outstanding at 4.1.2014	Granted during the year	Exercised during the year	Lapsed/ forfeited during the year	Outstanding at 3.31.2015	
			HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Employees	12.3.2012	12.3.2013 – 12.2.2022	0.131	2,500,000	–	(1,750,000)	(750,000)	–	–
	12.3.2012	12.3.2014 – 12.2.2022	0.131	2,500,000	–	(1,750,000)	(750,000)	–	–
	3.27.2013	3.27.2014 – 3.26.2023	0.130	1,250,000	–	(1,250,000)	–	–	–
	3.27.2013	9.27.2014 – 3.26.2023	0.130	500,000	–	(500,000)	–	–	–
	3.27.2013	3.27.2015 – 3.26.2023	0.130	750,000	–	(250,000)	–	500,000	–
	6.27.2013	6.27.2014 – 6.26.2023	0.134	2,500,000	–	(2,500,000)	–	–	–
	6.27.2013	6.27.2015 – 6.26.2023	0.134	2,500,000	–	–	–	2,500,000	–
	7.7.2014	7.7.2015 – 7.6.2024	0.172	–	1,750,000	(1,000,000)	–	750,000	0.0748
	7.7.2014	7.7.2016 – 7.6.2024	0.172	–	1,750,000	(1,000,000)	–	750,000	0.0801
Other Participants	12.3.2012	12.3.2013 – 12.2.2022	0.131	1,000,000	–	–	–	1,000,000	–
	12.3.2012	12.3.2014 – 12.2.2022	0.131	1,000,000	–	–	–	1,000,000	–
				14,500,000	3,500,000	(10,000,000)	(1,500,000)	6,500,000	
Exercisable at the end of the year				4,750,000				2,500,000	
Weighted average exercise price				HK\$0.132	HK\$0.172	HK\$0.140	HK\$0.131	HK\$0.142	

25. SHARE OPTION SCHEMES (continued)

2012 IDT International Option Scheme (continued)

The movements of share options under the 2012 IDT International Option Scheme during the year ended March 31, 2014 and the balances at March 31, 2014 are set out below:

Participants	Date of grant (M/D/Y)	Exercisable period (M/D/Y)	Exercise price per share HK\$	Number of share options				Fair value at date of grant HK\$
				Outstanding at 4.1.2013	Granted during the year	Lapsed/ forfeited during the year	Outstanding at 3.31.2014	
Employees	12.3.2012	12.3.2013 – 12.2.2022	0.131	2,875,000	–	(375,000)	2,500,000	
	12.3.2012	12.3.2014 – 12.2.2022	0.131	2,875,000	–	(375,000)	2,500,000	
	3.27.2013	3.27.2014 – 3.26.2023	0.130	1,250,000	–	–	1,250,000	
	3.27.2013	9.27.2014 – 3.26.2023	0.130	500,000	–	–	500,000	
	3.27.2013	3.27.2015 – 3.26.2023	0.130	750,000	–	–	750,000	
	6.27.2013	6.27.2014 – 6.26.2023	0.134	–	2,500,000	–	2,500,000	0.0422
	6.27.2013	6.27.2015 – 6.26.2023	0.134	–	2,500,000	–	2,500,000	0.0500
Other Participants	12.3.2012	12.3.2013 – 12.2.2022	0.131	1,000,000	–	–	1,000,000	
	12.3.2012	12.3.2014 – 12.2.2022	0.131	1,000,000	–	–	1,000,000	
				10,250,000	5,000,000	(750,000)	14,500,000	
Exercisable at the end of the year				3,875,000			4,750,000	
Weighted average exercise price				HK\$0.130	HK\$0.134	HK\$0.131	HK\$0.132	

The Company has used the Model to value the share options granted during the year. The Model is one of the commonly used models to estimate the fair value of the option. The value of an option varies with different variables of certain subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of an option.

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For the year ended March 31, 2015

25. SHARE OPTION SCHEMES (continued)

2012 IDT International Option Scheme (continued)

Details of the fair values of share options determined at the date of grant using the Model with the inputs are as follows:

2015

Share options granted on July 7, 2014

Share price at grant date	HK\$0.172
Exercise price	HK\$0.172
Expected volatility	60.144% – 65.157%
Expected life	3 – 4 years
Risk-free rate	0.868% – 1.219%
Expected dividend yield	0%

2014

Share options granted on June 27, 2013

Share price at grant date	HK\$0.120
Exercise price	HK\$0.134
Expected volatility	57.358% – 57.795%
Expected life	3 – 4 years
Risk-free rate	0.566% – 0.940%
Expected dividend yield	0%

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 3 to 4 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioral considerations.

The Group recognised total expense of HK\$0.5 million for the year ended March 31, 2015 (2014: HK\$1.6 million) in relation to share options granted by the Company.

In accordance with the terms of the above two Share Option Schemes, upon the making of a general offer to all shareholders, other than Jiangsu Hongtu, Jiangsu Hongtu High Technology (Hong Kong) Co. Limited and Hongtu (Seychelles) and parties acting in concert with any of them (other than Dr. Raymond Chan, Mrs. Chan Pau Shiu Yeng, Shirley, Integrated Display Technology Limited and Raymax Time Company Limited) to acquire the shares and such offer is declared unconditional, the option holders are entitled to exercise the Options at any time until whichever is the earlier of (i) the date of expiry of the Option period, or (ii) the late day of the period of 14 days after the date on which the Offer, when made in accordance with the Composite Document, becomes or is declared unconditional (i.e. 8 April 2015), after which the Option shall lapse.

26. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of bank loans and equity attributable to owners of the Company, comprising issued share capital and reserves.

The management of the Group reviews the capital structure on a regular basis. As part of this review, the management of the Group considers the cost of capital and the risks associates with the capital, and takes appropriate actions to adjust the Group's capital structure.

27. FINANCIAL INSTRUMENTS

Categories of financial instruments

	3.31.2015 HK\$'M	3.31.2014 HK\$'M
Financial assets		
Loans and receivables (including cash and cash equivalents)	370.1	402.6
Derivative financial assets	1.0	–
Available-for-sale financial assets	0.9	0.9
	372.0	403.5
Financial liabilities		
Amortised cost	86.5	160.5
Derivative financial liabilities	–	0.1
	86.5	160.6

Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, available-for-sale investments, short-term bank deposits, bank balances and cash, trade and other payables, forward contract assets (liabilities) and bank loans. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below.

The financial instruments are fundamental to the Group's daily operations. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

Notes to the consolidated financial statements

For the year ended March 31, 2015

27. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Market risk

Currency risk

Several subsidiaries of the Group have foreign currency sales and purchases, which expose the Group to foreign currency risk. The Group also entered into foreign exchange forward contracts during the year.

The management monitors foreign currency exposures and will consider hedging significant foreign currency exposures should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities including bank balances and cash, trade and other receivables, and trade and other payables at the end of the reporting period are as follows:

	Liabilities		Assets	
	2015 HK\$'M	2014 HK\$'M	2015 HK\$'M	2014 HK\$'M
USD	24.9	26.7	121.0	175.7
Renminbi	1.5	–	40.7	41.6
Euro	1.0	0.4	51.3	16.2
GBP	–	–	3.1	3.4
JPY	0.6	–	–	–

Sensitivity analysis

The following table details the Group's sensitivity to a 5% (2014: 5%) increase and decrease in the functional currency of the respective group entities against the relevant foreign currencies. 5% (2014: 5%) sensitivity rate represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% (2014: 5%) change in foreign currency rates. The analysis has excluded USD denominated monetary items as HKD, the functional currency of the group entity holding these monetary items, is pegged to USD. The directors consider that the currency risk in this regard is minimal. A positive number below indicates an increase in post-tax loss for the year where functional currency strengthens 5% against the relevant foreign currencies. For a 5% weakening of functional currency of the respective group entities against the relevant foreign currencies, there would be an equal and opposite impact on the post-tax loss and the balances below would be negative.

	Effect on post-tax result for the year	
	2015 HK\$'M	2014 HK\$'M
Renminbi	1.6	1.7
Euro	2.1	0.7
GBP	0.1	0.1

27. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Market risk (continued)

Currency risk (continued)

Sensitivity analysis (continued)

For the outstanding foreign exchange contracts, if the market bid forward foreign exchange rate of USD against the relevant currencies had been 5% higher/lower and other factors remain constant, post-tax loss for the year would decrease/increase by HK\$0.5 million (2014: HK\$0.7 million).

In management's opinion, the analysis is used for reference purpose and is unrepresentative of the inherent currency risk as the year end exposure does not reflect the exposure during the year.

Interest rate risk

The Group is exposed primarily to cash flow interest rate risk in relation to variable-rate bank balances and bank borrowings (see notes 19 and 23 for details of these bank balances and bank borrowings). The Group currently does not have policy on hedging of interest rate risks. However, the management monitors interest rate exposures and will consider hedging significant interest rate risk should the need arise.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the Hong Kong Interbank Offered Rate arising from the Group's Hong Kong borrowings at variable rates.

The management considers that the fair value interest rate risk on the obligation under finance lease is insignificant.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for bank loans at the end of the reporting period. The analysis is prepared assuming bank loans at the end of the reporting period were outstanding for the whole year. A 50 basis points (2014: 50 basis points) increase or decrease is used and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (2014: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended March 31, 2015 would decrease/increase by HK\$0.1 million (2014: HK\$0.4 million). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings.

For bank deposits, no sensitivity analysis is performed as the range of possible change in interest rates for bank deposits is considered as insignificant.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent interest rate risk as the year end exposure does not reflect the exposure during the year.

Notes to the consolidated financial statements

For the year ended March 31, 2015

27. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk

As at March 31, 2015, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of Group entities to perform their obligations in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade receivable regularly to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group has no significant concentration of credit risk on trade receivables, with exposure spread over a number of counterparties and customers spread across diverse industries and geographical areas.

The credit risk for bank deposits is considered minimal as such amounts are placed in banks with high credit ratings.

Liquidity risk

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

The following table details the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. For non-derivative financial liabilities, the table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on agreed repayment dates. The table includes both interest and principal cash flows.

27. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity and interest risk tables

	Weighted average effective interest rate	On demand or within 3 months	3 months to 1 year	1 to 5 years	Total undiscounted cash flows	Carrying amount at 3.31.2015
	%	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M
2015						
Non-derivative financial liabilities						
Trade and other payables	-	67.6	-	-	67.6	67.6
Bank loans – variable rate	2.37	18.9	-	-	18.9	18.9
		86.5	-	-	86.5	86.5
2014						
Non-derivative financial liabilities						
Trade and other payables	-	63.5	-	-	63.5	63.5
Bank loans – variable rate	2.50	96.9	-	-	96.9	96.9
Obligations under finance leases	3.84	0.1	-	-	0.1	0.1
		160.5	-	-	160.5	160.5
Derivative-net settlement						
Foreign exchange forward contracts	-	-	0.1	-	0.1	0.1

Notes to the consolidated financial statements

For the year ended March 31, 2015

27. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity and interest risk tables (continued)

Bank loans with a repayment on demand clause are included in the "on demand or within 3 months" time band in the above maturity analysis. As at March 31, 2015, the aggregate amount of the bank loans amounted to HK\$18.9 million (2014: HK\$96.9 million). Taking into account the Group's financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that the bank loans will be repaid within one (2014: one to three) year after the reporting date in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will be HK\$19.2 million (2014: HK\$97.9 million) which is analysed as follows:

	Weighted average effective interest rate %	Less than 1 month HK\$'M	1 to 3 months HK\$'M	3 months to 1 year HK\$'M	1 to 5 years HK\$'M	Total undiscounted cash flows HK\$'M	Carrying amount HK\$'M
2015							
Bank loans	2.37	3.1	4.7	11.4	-	19.2	18.9
2014							
Bank loans	2.50	51.5	25.8	8.3	12.3	97.9	96.9

Fair value

The fair values of financial assets and financial liabilities are determined as follows:

- the fair values of financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.
- the fair values of derivative instruments are calculated using discounted cash flow analysis using the applicable forward rates for the remaining duration of the instruments.

The directors consider that the carrying amount of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximates to their fair values.

27. FINANCIAL INSTRUMENTS (continued)

Fair value (continued)

Fair value measurements recognised in the consolidated statement of financial position

	2015			
	Level 1 HK\$'M	Level 2 HK\$'M	Level 3 HK\$'M	Total HK\$'M
Financial assets				
Forward contract assets	–	1.0	–	1.0
	2014			
	Level 1 HK\$'M	Level 2 HK\$'M	Level 3 HK\$'M	Total HK\$'M
Financial liabilities				
Forward contract liabilities	–	0.1	–	0.1

There were no transfers between Levels 1 and 2 in current year.

The fair values of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used). As well as the level of the fair value hierarchy into which the fair value measurements are categorised based on the degree to which the inputs to the fair value measurements are observable.

Financial assets and financial liabilities	Fair value hierarchy	Valuation technique(s) and key input(s)	Fair Value as at	
			As at March 31, 2015 HK\$'M	As at March 31, 2014 HK\$'M
(1) Foreign currency forward contracts classified as forward contract assets (liabilities) in the consolidated statement of financial position	Level 2	Fair value of forward contract is determined by discounted cash flow that future cash flow is estimated based on forward foreign currency rates (from observable yield curves at the end of the reporting period) and contract foreign currency rates, discounted at a rate that reflects the credit risk of various counterparties.	1.0	(0.1)

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28. OPERATING LEASE COMMITMENTS

At the end of the reporting period, the Group was committed to make the following future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2015 HK\$'M	2014 HK\$'M
Office equipment and motor vehicles		
Within one year	0.5	0.6
In the second to fifth year inclusive	0.2	0.5
	0.7	1.1
Rented premises		
Within one year	21.9	21.8
In the second to fifth year inclusive	15.3	19.7
After five years	–	1.7
	37.2	43.2

Operating leases relate to office equipment, motor vehicles and rented premises with lease terms of between 1 to 5 years (2014: 2 to 6 years). The Group does not have an option to purchase the leased asset at the expiry of the lease period.

Certain retail outlets include payment obligations with rentals varied with gross revenue. The additional rental payable (contingent rents) is determined generally by applying pre-determined percentages to future expected sales less the basic rentals of the respective leases. The contingent rents were excluded from the above amounts.

29. CAPITAL COMMITMENTS

	2015 HK\$'M	2014 HK\$'M
Capital expenditure in respect of acquisition of property, plant and equipment		
– contracted for but not provided in the consolidated financial statements	–	0.1

30. RETIREMENT BENEFITS SCHEMES

The Group principally operates defined contribution retirement schemes for all qualifying employees, including directors. The assets of the schemes are held separately from those of the Group in funds under the control of independent trustees.

The retirement scheme cost represents contributions payable to the funds by the Group at rates specified in the rules of the schemes. Where there are employees who leave the schemes prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

The Group operates a Mandatory Provident Fund Scheme (the “MPF” Scheme) for all qualifying employees in Hong Kong. All qualifying employees are required to participate in the MPF Scheme. Mandatory benefits are being provided under the MPF Scheme.

The employees of the Company’s PRC subsidiaries are members of the state-managed retirement benefits scheme operated by the PRC government. The Company’s PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the required contributions under the scheme.

31. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

The remuneration of key management during the year was as follows:

	2015 HK\$'M	2014 HK\$'M
Short-term benefits	10.4	10.8
Post-employment benefits	0.7	0.4
	11.1	11.2

The remuneration of key management is determined by the remuneration committee having regard to the performance of individuals and market trends.

Notes to the consolidated financial statements

For the year ended March 31, 2015

32. PRINCIPAL SUBSIDIARIES

At March 31, 2015 and 2014, the Company's principal subsidiaries, are all indirectly wholly owned by the Company except Huger Electronics GmbH which is 99.83% indirectly owned by the Company. Details of the Company's principal subsidiaries at March 31, 2015 and 2014 are as follows:

Name of subsidiary	2015 & 2014		
	Place of incorporation/establishment	Nominal value of issued ordinary share/registered capital	Principal activities
Manufacturing business			
IDT Holdings (Singapore) Pte. Limited	Singapore	S\$35,122,525	Investment holding
Cheer Win Electronics (Shenzhen) Co. Ltd. 展科電子(深圳)有限公司 (Note)	PRC	US\$1,700,980	Manufacture and sales of consumer electronic products
Huger Electronics GmbH	Germany	DM3,500,000	Marketing and distribution of consumer electronic products
IDT Technology Limited	Hong Kong	HK\$2	Trading of consumer electronic products
萬威電子(深圳)有限公司 (Note)	PRC	HK\$35,000,000	Manufacture of consumer electronic products and plastic parts and provision of surface mount technology assembly services
IDT Electronic Products Limited	Hong Kong	HK\$2	Trading of consumer electronic products
IDT Communication Technology Limited	Hong Kong	HK\$2	Trading of telecommunication products
Sales and distribution business			
Oregon Scientific Australia Pty Limited	Australia	A\$6,010,000	Marketing and distribution of consumer electronic products
Oregon Scientific Brasil Ltda	Brazil	BRL11,332,974	Marketing and distribution of consumer electronic products
Oregon Scientific (Deutschland) GmbH	Germany	DM2,550,000	Marketing and distribution consumer electronic products

32. PRINCIPAL SUBSIDIARIES (continued)

Name of subsidiary	2015 & 2014		
	Place of incorporation/ establishment	Nominal value of issued ordinary share/ registered capital	Principal activities
Sales and distribution business (continued)			
Oregon Scientific France S.A.R.L.	France	EUR3,500,000	Marketing and distribution of consumer electronic products
Oregon Scientific Global Distribution Limited	Hong Kong	HK\$2	Marketing and distribution of consumer electronic products
Oregon Scientific Hong Kong Limited	Hong Kong	HK\$500,000	Marketing and distribution of consumer electronic products
Oregon Scientific Ibérica, S.A.	Spain	EUR300,000	Marketing and distribution of consumer electronic products
Oregon Scientific Italia S.R.L.	Italy	EUR2,156,000	Marketing and distribution of consumer electronic products
Oregon Scientific (U.K.) Limited	United Kingdom	GBP2,400,002	Marketing and distribution of consumer electronic products
Oregon Scientific, Inc.	United States of America	US\$2,060,000	Marketing and distribution of consumer electronic products
Oregon Scientific SmartLiving Limited	Hong Kong	HK\$2	Marketing and distribution of consumer electronic products
Oregon Scientific Enterprise (Shanghai) Company Limited 歐西亞貿易(上海)有限公司 (Note)	PRC	US\$2,440,000	Marketing and distribution of consumer electronic products
Oregon Scientific Trading (Beijing) Company Limited 歐西亞商貿(北京)有限公司 (Note)	PRC	US\$900,000	Marketing and distribution of consumer electronic products
Oregon Scientific (Guangzhou) Trading Co., Ltd. 廣州市萬威歐西亞貿易有限公司 (Note)	PRC	HK\$2,300,000	Marketing and distribution of consumer electronic products

Notes to the consolidated financial statements

For the year ended March 31, 2015

32. PRINCIPAL SUBSIDIARIES (continued)

Name of subsidiary	2015 & 2014		
	Place of incorporation/ establishment	Nominal value of issued ordinary share/ registered capital	Principal activities
Sales and distribution business (continued)			
IDT (Japan) Limited	Japan	JPY30,000,000	Trading of consumer electronic products
Nature Bird Company Limited	Hong Kong	HK\$2	Marketing and distribution of wellness and beauty products
Corporate			
Integrated Display Technology Limited	Hong Kong	HK\$6,000,000	Provision of group administrative services
IDT Electronic Technology (Shenzhen) Company Limited 萬威電子科技(深圳)有限公司 (Note)	PRC	USD6,300,000	Provision of group research and development services

Note: These are wholly foreign owned enterprises established in the PRC.

All of the above subsidiaries operate principally in their respective place of incorporation/establishment.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affect the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had any debt securities outstanding at the end of the reporting period, or at any time during the year.

Financial information of the Company

Financial information of the Company at the end of the reporting period includes:

	2015 HK\$'M	2014 HK\$'M
ASSETS		
Interests in subsidiaries (<i>Note 1</i>)	291.4	278.2
Other receivables	0.4	0.2
Bank balances and cash	1.9	0.3
	293.7	278.7
LIABILITIES		
Other payables	4.7	2.3
Amounts due to subsidiaries	–	1.1
	4.7	3.4
NET ASSETS	289.0	275.3
CAPITAL AND RESERVES		
Share capital	258.9	250.5
Reserves (<i>Note 2</i>)	30.1	24.8
TOTAL EQUITY	289.0	275.3

Notes:

1. Interests in subsidiaries

	2015 HK\$'M	2014 HK\$'M
Unlisted shares, at cost	204.8	204.8
Amounts due from subsidiaries (<i>Note</i>)	86.6	73.4
	291.4	278.2

Note: The amounts are unsecured, non-interest bearing and with no fixed repayment terms.

Financial information of the Company

Notes: *(continued)*

2. Reserves of the company

	Share premium HK\$'M	Other reserve HK\$'M	Share options reserves HK\$'M	Revenue reserve HK\$'M	Total HK\$'M
At April 1, 2013	151.6	126.3	6.0	(259.7)	24.2
Loss and total comprehensive expenses for the year	–	–	–	(1.0)	(1.0)
Issuance of shares	0.1	–	(0.1)	–	–
Recognition of equity-settled share based payments	–	–	1.6	–	1.6
Lapsed of share options	–	–	(0.5)	0.5	–
At March 31, 2014	151.7	126.3	7.0	(260.2)	24.8
Loss and total comprehensive expenses for the year	–	–	–	(1.7)	(1.7)
Issuance of shares	12.3	–	(5.8)	–	6.5
Recognition of equity-settled share based payments	–	–	0.5	–	0.5
Lapsed of share options	–	–	(0.5)	0.5	–
At March 31, 2015	164.0	126.3	1.2	(261.4)	30.1

