

TSH



TAKSON HOLDINGS LIMITED
第一德勝控股有限公司
STOCK CODE : 918

CONTENTS

- 3 Corporate Information**
- 4 Chairman’s Statement**
- 8 Report of The Directors**
- 19 Corporate Governance Report**
- 29 Independent Auditor’s Report**
- 31 Consolidated Statement of Profit or Loss and Other Comprehensive Income**

TAKSON HOLDINGS LIMITED

32	Consolidated Statement of Financial Position
34	Consolidated Statement of Changes In Equity
35	Consolidated Statement of Cash Flows
36	Notes to the Consolidated Financial Statements
85	Five-Year Financial Summary
86	Investment Properties

CORPORATE INFORMATION

DIRECTORS

Executive Directors:

Mr. Wong Tek Sun, Takson
Ms. Pang Shu Yuk, Adeline Rita

Non-executive Directors:

Mr. Wong Tak Yuen
Ms. Pang She Kwok, Szwina

Independent Non-executive Directors:

Mr. Cunningham, James Patrick
Mr. Wong Kwok Tai
Dr. Motwani, Manoj Kumar

COMPANY SECRETARY

Mr. Tong Yat Chong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL OFFICE

Room 512-513
5th Floor, South Wing
Harbour Centre, Tower One
1 Hok Cheung Street
Hung Hom, Kowloon
Hong Kong

AUDITOR

Cheng & Cheng Limited
Certified Public Accountants
10th Floor, Allied Kajima Building
138 Gloucester Road
Wanchai
Hong Kong

PRINCIPAL BANKER

DBS Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation
Limited

SOLICITORS

Bermuda:
Conyers Dill & Pearman

Hong Kong:
Woo, Kwan, Lee & Lo

SHARE REGISTRARS AND TRANSFER OFFICES

Bermuda:
MUFG Fund Services (Bermuda) Limited
26 Burnaby Street
Hamilton HM 11
Bermuda

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

STOCK CODE

0918

CHAIRMAN'S STATEMENT

GROUP RESULTS

The Group recorded a turnover of approximately HK\$158.4 million in the year under review, representing a decrease of 37.9% as compared to approximately HK\$255.1 million recorded last year. Turnover of export business and property investment were HK\$155.5 million (2015: HK\$251.8 million) and HK\$2.9 million (2015: HK\$3.3 million) respectively. Gross profit margin achieved from export business was 23.7%, compared to 16.8% in last year. The loss attributable to equity holders of the Company amounted to HK\$25.6 million, compared to a profit of HK\$0.5 million in the previous year.

BUSINESS OVERVIEW

Export business

In the year under review, the Group continued to focus its effort in Original Design Manufacturer ("ODM") business with higher value added to leverage the production capacity of its sub-contracting factories. The strategic move to phase out seasonal promotion programmes and market consolidation resulted in a decrease in turnover of 38.2% to HK\$155.5 million.

Global Sportswear Corporation, a wholly owned subsidiary incorporated in the Washington State of USA, continued to engage in garment trading business in the year under review. Turnover fell from HK\$10.6 million in 2015 to HK\$6.2 million in the year under review. With effective cost control, the operation was marginally profitable.

Gross profit margin increased from approximately 16.8% in the previous year to approximately 23.7% in the year under review. The increase was due to the strategic move to phase out seasonal promotional programmes with low margins to better utilise the production capacities of sub-contractors in the peak season. Selling, distribution and marketing expenses decreased by 4.4% due to less spending in product development. Administrative expenses increased by 19.9% mainly due to increase in payroll cost for more managerial grade staff and bonus payment to retain staff of all grades. Finance cost decreased by 15.9% due to decrease in utilisation of bank facilities from lower business volume.

Moving forward, the Group will continue to grow the ODM business by creating a diversity of design and apparel collection and provide a one stop solution to meet the procurement needs of its customers.

Property investment

The Group continued to lease its investment properties in Hong Kong and China and recorded rental income of HK\$2.9 million compared to HK\$3.3 million in the previous year. As at the end of the reporting period, all investment properties were fully let out. The investment property portfolio of the Group reported fair value loss of HK\$3,536,000 (2015: fair value gain of HK\$1,904,000).

CHAIRMAN'S STATEMENT

FINANCIAL REVIEW

During the Financial Year, the Group has recorded a turnover of approximately HK\$158.4 million as compared to HK\$255.1 million last year, representing an decrease of approximately 37.9%. The turnover for the export business and property investment was approximately HK\$155.5 million (2015: HK\$251.8 million) and HK\$2.9 million (2015: HK\$3.3 million) respectively. The decrease in turnover of the export business was a result of a strategic move to phase out seasonal promotional programmes and market consolidation.

The gross profit margin of the export business was approximately 23.7% (2015: 16.8%). The increase was due to phasing out of seasonal promotional programmes with lower margins and lower procurement cost arising from strengthening of US dollars against RMB.

Prospects

With the success of its ODM business and new product lines launched in the year under review, the Group will put more resources in expanding its ODM business which offers reasonable margins and also provide value for money procurement services to its OEM customers. Besides the garment export business, the Group will look for other business opportunities that would utilise the Group's procurement and sourcing network in the PRC and the United States. The Group is also putting more resources in developing product lines for selling in spring/summer season to reduce its reliance on fall/winter season. The property investment business continues to provide a steady stream of income to the Group. The Board is optimistic of the future of the Group.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations by its own working capital, trade facilities and revolving bank loans provided by its principal bankers in Hong Kong. Total net cash inflow from operations amounted to approximately HK\$3.8 million for the Financial Year (2015: outflow of HK\$2.3 million).

As at 31st March, 2016, the Group's net borrowings comprised bank loans and obligations under finance leases, the aggregate amount of which was approximately HK\$91.8 million (2015: HK\$92.5 million). Among the total outstanding amounts of bank loans and obligations under finance leases as at 31st March, 2016, 87% (2015: 84%) is repayable within the next year, 3% (2015: 3%) is repayable within the second year and the remaining 10% (2015: 13%) repayable in the third to fifth year. The Group's bank loans are subject to floating interest rates while obligations under finance leases are subject to fixed interest rates.

CHAIRMAN'S STATEMENT

LIQUIDITY AND FINANCIAL RESOURCES *(Continued)*

The ratio of current assets to current liabilities of the Group was 0.38 as at 31st March, 2016 compared to 0.55 as at 31st March, 2015. The Group's gearing ratio as at 31st March, 2016 was 0.73 (2015: 0.61) which is calculated based on the Group's total liabilities of HK\$108.5 million (2015: HK\$102.8 million) and the Group's total assets of HK\$148.5 million (2015: HK\$168.1 million). As at 31st March, 2016, the Group's deposits, prepayments and other receivables included trade deposits paid to various sub-contracting factories and fabric suppliers of HK\$18.6 million (2015: HK\$21.2 million). As at 31st March, 2016, the Group's total cash and bank balances amounted to HK\$8.0 million compared to HK\$8.4 million as at 31st March, 2015. The cash and bank balances together with the available banking facilities can provide adequate liquidity and capital resources for the ongoing operating requirements of the Group.

The monetary assets and liabilities and business transaction of the Group are mainly carried out and conducted in Hong Kong dollars and United States dollars. The Group maintains a prudent strategy in its foreign exchange risk management, with the foreign exchange risks being minimised through balancing the monetary assets versus monetary liabilities, and foreign currency revenue versus foreign currency expenditure. The Group entered into a RMB/USD net-settled structured foreign currency forward contract of US\$1.2 million notional amount with 14 equal monthly settlements to manage its foreign currency risk. The mark to market value of the contract as at 31st March, 2016 was a loss of HK\$4.5 million and the same amount was fully provided for and included in net loss on foreign currency forward contracts in the consolidated statement of profit or loss and other comprehensive income for the year under review. Subsequent to the financial year end, the contract was unwound at a cost of HK\$5.6 million. Hence, a further loss of HK\$1.1 million will be reflected in the financial year ending 31st March, 2017.

CHARGE OF ASSETS

As at 31st March, 2016, the investment properties and leasehold land and buildings in Hong Kong and the PRC held by the Group with an aggregate carrying value of approximately HK\$101.5 million (2015: HK\$105.4 million) and a fixed deposit of HK\$4.5 million (2015: HK\$4.5 million) were pledged as first legal charge for the Group's banking facilities.

CHAIRMAN'S STATEMENT

CONTINGENT LIABILITIES AND LITIGATION

The Company has executed guarantees with respect to banking facilities made available to its subsidiaries. As at 31st March, 2016, the facilities utilised amounted to HK\$91.8 million (2015: HK\$92.5 million). The Group entered into a derivative foreign exchange contract and would incur losses if exchange rate of RMB fell below 6.60 against US\$1 on the expiration dates. Subsequent to the financial year end, the contract was unwound and the resultant loss of HK\$1.1 million will be reflected in the financial year ending 31st March, 2017.

Except for the foregoing, as at 31st March, 2016, the Group had no other significant contingent liabilities or pending litigation.

EMPLOYEES

As of 31st March, 2016, the Group had a total of 45 employees (2015: 50 employees). The decrease in the number of employees was due to seasonal factor and natural wastage. Total staff costs (including directors' remuneration) for the year amounted to approximately HK\$24.8 million (2015: HK\$21.2 million) due to increase in head count during the year and performance based payment to staff.

The Group remunerates its employees (including Directors) primarily with reference to industry practices, including contributory provident funds, insurance and medical benefits. The emoluments of the directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics. The Group has also adopted a discretionary bonus scheme for management and staff with awards which are determined annually based upon the performance of the Group and individual employees. As at 31st March, 2016, the Group has no outstanding share options issued to its Directors and employees for the purpose of providing incentives or rewards to the eligible employees for their contribution to the Group.

APPRECIATION

On behalf of the Board, I would like to thank our business partners and shareholders for their continued support and to express my appreciation to all managers and employees for their dedication.

Wong Tek Sun, Takson

Chairman

Hong Kong, 29th June, 2016

REPORT OF THE DIRECTORS

The directors of the Company (the “Directors”) submit their report together with the audited consolidated financial statements for the year ended 31st March, 2016 (the “Financial Year”).

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The subsidiaries are principally engaged in the sourcing, subcontracting, marketing and selling of outerwear garments and sportswear products, and property investment.

An analysis of the Group’s results, assets and liabilities by business and geographical segments is set out in note 5 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of sales and purchases for the Financial Year attributable to the Group’s major customers and suppliers are as follows:

	2016	2015
	%	%
Sales		
— The largest customer	78	69
— Five largest customers combined	97	99
Purchases		
— The largest supplier	30	24
— Five largest suppliers combined	91	80

None of the Directors, their associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company’s issued share capital) had an interest in the major customers or suppliers as mentioned above.

ANALYSIS OF THE GROUP’S PERFORMANCE

An analysis of the Group’s performance is shown in the Chairman’s Statement on pages 4 to 7.

REPORT OF THE DIRECTORS

RESULTS AND APPROPRIATIONS

The results of the Group for the Financial Year are set out in the consolidated statement of profit or loss and other comprehensive income on page 31.

The Directors do not recommend the payment of a dividend in respect of the year ended 31st March, 2016 (2015: Nil).

RESERVES

Movements in the reserves of the Group and of the Company during the Financial Year are respectively set out in notes 25 and 31 to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

The consolidated statement of changes in equity of the Group during the Financial Year is shown on page 34.

DONATIONS

The Group did not make any donations during the Financial Year (2015: Nil).

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 15 to the consolidated financial statements.

INVESTMENT PROPERTIES

Details of the investment properties held by the Group are set out in note 17 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in the share capital of the Company are set out in note 24 to the consolidated financial statements.

REPORT OF THE DIRECTORS

DISTRIBUTABLE RESERVES

The Company had no distributable reserves as at 31st March, 2016 (2015: Nil).

FIVE-YEAR 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 85.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company did not redeem any of its shares during the Financial Year. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's shares during the Financial Year.

PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31st March, 2016 are set out in note 32 to the consolidated financial statements.

ANALYSIS OF BANK LOANS AND OTHER BORROWINGS

The Group's bank loans and other borrowings as at 31st March, 2016 were repayable over the following periods:

	Trust receipts and other bank loans <i>HK\$'000</i>	Other borrowings <i>HK\$'000</i>
Within one year	79,134	571
In the second year	2,097	249
In the third to fifth year inclusive	9,362	365
	<hr/>	<hr/>
	90,593	1,185
	<hr/>	<hr/>

REPORT OF THE DIRECTORS

DIRECTORS

The Directors during the Financial Year and up to the date of this report are as follows:

Mr. Wong Tek Sun, Takson (*Chairman*)

Ms. Pang Shu Yuk, Adeline Rita

Mr. Wong Tak Yuen*

Mr. Chau Yu-lung, Jimmy** (resigned on 15th September, 2015)

Mr. Cunningham, James Patrick**

Mr. Wong Kwok Tai**

Dr. Motwani, Manoj Kumar** (appointed on 15th September, 2015)

Ms. Pang She Kwok, Szwina* (appointed on 15th September, 2015)

* non-executive directors

** independent non-executive directors

All the Directors are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with Bye-law 87 of the Company's Bye-laws.

In accordance with the Company's Bye-laws, Ms. Pang Shu Yuk, Adeline Rita and Mr. Wong Kwok Tai will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

According to clause 86(2) of the Company's Bye-laws, any Directors appointed by the Board to fill a casual vacancy on the Board or as an addition to the existing Board shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at that meeting.

Dr. Motwani, Manoj Kumar and Ms. Pang She Kwok, Szwina were respectively appointed as an independent non-executive director and a non-executive director of the Company in September 2015. Accordingly, Dr. Motwani, Manoj Kumar and Ms. Pang She Kwok, Szwina shall hold office until the forthcoming annual general meeting and shall then be eligible for re-election at that meeting.

DIRECTORS' SERVICE CONTRACTS

Each of Mr. Wong Tek Sun, Takson and Ms. Pang Shu Yuk, Adeline Rita has entered into a service contract with the Company which is determinable within one year without payment of compensation other than statutory compensation. Apart from the aforesaid, none of the Directors, including the Directors proposed for re-election at the forthcoming annual general meeting of the Company, has entered into any service contract with the Company.

Details of the Directors' emoluments are set out in note 9(a) to the consolidated financial statements.

REPORT OF THE DIRECTORS

CONTRACT OF SIGNIFICANCE

There was no contract of significance subsisting during or at the end of the Financial Year in which a Director is or was materially interested, either directly or indirectly.

DIRECTORS AND SENIOR MANAGEMENT

Biographical details of Directors and senior management of the Group are set out as below:

Executive Directors

Mr. Wong Tek Sun, Takson, aged 66, is the Chairman and Chief Executive Officer of the Group. He received his tertiary education in the PRC before he co-founded the Group in 1972. He has over 30 years' experience and in-depth knowledge of marketing in the US and European markets and of the manufacturing of outerwear garments in the PRC and Hong Kong. He is responsible for corporate planning and strategy formulation, sales and marketing and overall management of the Group. Mr. Wong is also the director of 9 subsidiaries of the Group. Mr. Wong is the spouse of Ms. Pang Shu Yuk, Adeline Rita, brother of Mr. Wong Tak Yuen and brother-in-law of Ms. Pang She Kwok, Szwina. As at the date hereof, Mr. Wong is deemed to be interested in 514,897,600 shares in the Company according to Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO").

Ms. Pang Shu Yuk, Adeline Rita, aged 57, is the Deputy Chairman and Chief Operations Officer of the Group and is responsible for overseeing merchandising, production planning and control, and various operational and administrative matters of the Group. She holds a higher diploma in fashion and clothing technology from Hong Kong Polytechnic University. She joined the Group in 1983 and is the spouse of Mr. Wong Tek Sun, Takson, sister-in-law of Mr. Wong Tak Yuen and sister of Ms. Pang She Kwok, Szwina. Ms. Pang is also the director of 8 subsidiaries of the Group. As at the date hereof, Ms. Pang is deemed to be interested in 514,897,600 shares in the Company according to Part XV of the SFO.

REPORT OF THE DIRECTORS

DIRECTORS AND SENIOR MANAGEMENT *(Continued)*

Non-Executive Directors

Mr. Wong Tak Yuen, aged 61, has extensive experience in the PRC market for more than 20 years. He is a brother of Mr. Wong Tek Sun, Takson and brother-in-law of Ms. Pang Shu Yuk, Adeline Rita. He was appointed as a non-executive director of the Company in January, 2003.

Ms. Pang She Kwok, Szwina, aged 55, is qualified as a Solicitor of the High Court of Hong Kong, Solicitor of the Supreme Court of England and Wales, Solicitor of the Court of Appeal of Ontario and of the Ontario Court of Justice, Ontario, Canada. She is also a Member of the Ontario Bar, as well as an Advocate and Solicitor of the Supreme Court of the Republic of Singapore. Ms Pang is practicing in Hong Kong and is currently a partner of a local law firm practicing mainly in civil litigation and alternative dispute resolution. Ms. Pang holds a Bachelor of Laws Degree and a Postgraduate Certificate in Laws from The University of Hong Kong. She is a sister of Ms. Pang Shu Yuk, Adeline Rita and sister-in-law of Mr. Wong Tek Sun, Takson.

Independent Non-executive Directors

Mr. Cunningham, James Patrick, aged 62, was appointed as an Independent Non-executive Director of the Company in May 2007. Mr. Cunningham is currently an independent non-executive director of Pico Far East Holdings Limited (stock code: 752), a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). He obtained a Bachelor of Science degree in Business Administration from Adelphi University in Garden City, New York. He worked over for 25 years in the apparel industry in the United States of America and Asia and has been the Senior Vice President and Corporate Officer of Gap Inc. for 14 years. He is now a private investor and also acts as a business advisor to both private and listed companies in the retail and apparel sourcing sectors.

Mr. Wong Kwok Tai, aged 77, was appointed as an Independent Non-executive Director of the Company in September 2008. Mr. Wong is a Practising Certified Public Accountant and a fellow member of the CPA Australia and the Hong Kong Institute of Certified Public Accountants. Mr. Wong has extensive experience in the audit and finance areas in different industries. He is the sole-proprietor of W. Wong & Co., CPA.

Mr. Wong is currently an Independent Non-Executive Director of China Power New Energy Development Company Limited (stock code: 735) and Winshine Entertainment & Media Holding Limited (stock code: 209), the shares of those companies are listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Mr. Wong was also an Independent Non-Executive Director of Skyway Securities Group Limited (formerly known as Mission Capital Holdings Limited) (stock code: 1141) from 24 August 2001 to 30 July 2015.

REPORT OF THE DIRECTORS

DIRECTORS AND SENIOR MANAGEMENT *(Continued)*

Independent Non-executive Directors *(Continued)*

Dr. Motwani, Manoj Kumar, aged 43, holds a Bachelor Degree in Financial Management, Master and Doctorate Degree in Finance from MDS University, India. Dr. Motwani is based in Hong Kong and runs his own consultancy company and provides his clients with advisory services in marketing and sales, sourcing and corporate reorganization. Before setting up his own consultancy company in 2010, Dr. Motwani worked for eight years as CEO and Managing Director of the Hong Kong subsidiary of a renowned international sports brand.

Senior Management

Mr. Tong Yat Chong, aged 59, joined the Group in 2008 and is the Chief Financial Officer and Company Secretary of the Company. Mr. Tong is responsible for the Group's overall financial and company secretarial matters. He holds a Master of Business Administration degree from a university in the United Kingdom. He is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Prior to joining the Group, he had more than 26 years' of experience in auditing, accounting and financial matters in various commercial and industrial sectors.

Ms. Li Yuk Fong, Kerly, aged 58, joined the Group in 1990 and is the Operation Control Manager of the Group. She holds an international diploma in computer studies from NCC The National Centre for Information Technology in the United Kingdom and a diploma in management studies awarded jointly by Hong Kong Polytechnic University and Hong Kong Management Association. She is an associate member of the Hong Kong Institute of Human Resource Management. Prior to joining the Group, she had worked in the systems and control field for more than 4 years.

DIRECTORS' INTERESTS IN CONTRACTS

Except for the Directors' service contracts as mentioned above, no contracts of significance in relation to the Group's business to which the Company, its subsidiaries, its holding companies or its fellow subsidiaries, was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at any time during the Financial Year.

REPORT OF THE DIRECTORS

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATIONS

As at 31st March, 2016, the interests and long positions of each Director, Chief Executive in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of Part XV of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Long positions

Name of director	Number of ordinary shares in the Company beneficially held				Percentage of holding
	Personal interests	Family interests	Corporate interests	Total interests	
Mr. Wong Tek Sun, Takson	211,799,600	17,978,000	285,120,000 <i>(Note)</i>	514,897,600	66.40%
Ms. Pang Shu Yuk, Adeline Rita	17,978,000	211,799,600	285,120,000 <i>(Note)</i>	514,897,600	66.40%
Dr. Motwani, Manoj Kumar	500,000	0	1,394,000	1,894,000	0.24%

Note:

Such shares are held by Takson International Holdings Limited, the entire issued share capital of which is held by Wangkin Investments (PTC) Inc. ("WII") as trustee of the Wangkin Investments Unit Trust (the "Unit Trust"). All issued and outstanding units in the Unit Trust are beneficially held by First Advisory Trust (BVI) Ltd. as trustee of the Wang & Kin Family Trust (the "Family Trust"). The discretionary beneficiaries of the Family Trust are, inter alia, Ms. Pang Shu Yuk, Adeline Rita and the child of Mr. Wong Tek Sun, Takson and Ms. Pang Shu Yuk, Adeline Rita, namely, Mr. Wong Chi Wang, Calvin.

Mr. Wong Tek Sun, Takson, being an executive Director of the Company, owns 50% of the issued share capital of WII and he, as one of the founders of the Family Trust, the husband of Ms. Pang Shu Yuk, Adeline Rita is deemed to have interests in 285,120,000 shares held by Takson International Holdings Limited in the issued share capital of the Company under the SFO.

Ms. Pang Shu Yuk, Adeline Rita, being an executive Director of the Company, owns 50% of the issued share capital of WII and she, as one of the discretionary beneficiaries of the Family Trust is deemed to have interests in the 285,120,000 shares held by Takson International Holdings Limited in the issued share capital of the Company under the SFO.

REPORT OF THE DIRECTORS

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATIONS *(Continued)*

Save as disclosed above, as at 31st March, 2016, none of the Directors and Chief Executives of the Company (including their spouse and children under 18 years of age) had any other interests or long positions in the shares or underlying shares in, or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of Part XV of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

The register of substantial shareholders required to be kept under Section 336 of Part XV of the SFO shows that as at 31st March, 2016, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital.

Name of substantial shareholders	Capacity	Number of ordinary shares beneficially held	Percentage of holding
Wong Tek Sun, Takson	Personal and family interest	229,777,600	29.63%
Pang Shu Yuk, Adeline Rita	Personal and family interest	229,777,600	29.63%
Wangkin Investments (PTC) Inc. <i>(Note)</i>	Interest of a controlled corporation	285,120,000	36.77%
Takson International Holdings Limited <i>(Note)</i>	Beneficial owner	285,120,000	36.77%

Note: Takson International Holdings Limited is a wholly-owned subsidiary of Wangkin Investments (PTC) Inc., which in turn is owned as to 50% by Mr. Wong Tek Sun, Takson, and as to 50% by Ms. Pang Shu Yuk, Adeline Rita, both of whom are the executive Directors of the Company.

Save as disclosed above, as at 31st March, 2016, no other person was recorded in the register of substantial shareholders maintained under Section 336 of Part XV of the SFO as having an interest or short positions in 5% or more of the issued share capital of the Company.

REPORT OF THE DIRECTORS

SHARE OPTION SCHEME

Particulars of the Company's share option scheme are set out in note 24(c) to the consolidated financial statements.

No options under the above scheme were granted nor exercised during the Financial Year and no options were outstanding as at 31st March, 2016.

At no time during the Financial Year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors and Chief Executive of the Company or their spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with all the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") throughout the Financial Year, except for the deviations from Code Provisions A.2.1 and A.4.1. Details of such compliance are set out in the Corporate Governance Report on pages 19 to 28.

AUDIT COMMITTEE

The written terms of reference which describe the authority and duties of the Audit Committee were prepared and adopted with reference to "A Guide for The Formation of An Audit Committee" published by the Hong Kong Institute of Certified Public Accountants.

The Audit Committee provides an important link between the Directors and the Company's auditor in matters coming within the scope of the audit of the Group. It also reviews the effectiveness of the external audit, the internal controls and risk evaluation. Currently, the Audit Committee comprises two independent non-executive directors, namely, Mr. Wong Kwok Tai and Dr. Motwani, Manoj Kumar, and a non-executive director, Mr. Wong Tak Yuen. Two meetings were held during the Financial Year.

PRE-EMPTIVE RIGHTS

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

REPORT OF THE DIRECTORS

MANAGEMENT CONTRACTS

No contracts, other than contracts of service with person engaged in the full-time employment of the Company, concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Financial Year.

CONFIRMATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors, namely Mr. Cunningham, James Patrick, Mr. Wong Kwok Tai and Dr. Motwani, Manoj Kumar an annual confirmation of their independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all of the independent non-executive Directors are independent.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the Financial Year.

AUDITOR

The consolidated financial statements have been audited by Cheng & Cheng Limited who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

For and on behalf of the Board

Wong Tek Sun, Takson

Chairman

Hong Kong, 29th June, 2016

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Board of Directors of the Company (the "Board") is committed to maintaining good corporate governance practices. The Company has applied the principles and complied with all the applicable code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for the year ended 31st March, 2016 (the "Financial Year"), except for the deviations discussed below. The Company believes that by achieving high standard of corporate governance, the corporate value and accountability of the Company can be enhanced and the shareholders' interests can be maximised. The Board will continuously review and improve the corporate governance practices and standards of the Company to ensure compliance. Meetings were held from time to time and where appropriate, circulars and other guidance notes were issued to Directors and senior management of the Company to enhance their awareness of good corporate governance practices and keep them abreast of the latest development of the Listing Rules and other regulatory requirements.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision A.2.1 stipulates that the roles of the Chairman and the Chief Executive Officer of the Company should be separated and should not be performed by the same individual.

The Company has deviated from the Code provision A.2.1 and the roles of the Chairman and the Chief Executive Officer of the Company are now performed by the same person. Mr. Wong Tek Sun, Takson now assumes the roles of both the Chairman and Chief Executive Officer of the Company. The Board intends to maintain this structure for the time being as it believes that this structure can provide the Group with strong and consistent leadership and allows more effective planning and execution of long-term business strategies.

One of the important roles of the Chairman is to provide leadership to the Board to ensure that the Board always acts in the best interests of the Group. The Chairman shall ensure that the Board works effectively and fully discharges its responsibilities, and that all key issues are discussed by the Board in a timely manner. All Directors have been consulted about any matters proposed for inclusion in the agenda of the meetings of the Board.

The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the composition of the Board which comprises experienced independent non-executive Directors and experienced management team. The Board will also evaluate the existing structure from time to time.

CORPORATE GOVERNANCE REPORT

DIRECTORS' SECURITIES TRANSACTIONS

Code provision A.5.4 stipulates that directors must comply with their obligations under the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules and, in addition, the Board should establish written guidelines for relevant employees in respect of their dealings in the securities of the Company.

The Company has adopted a code of conduct (the "Company's Code") regarding directors' securities transactions on terms no less exacting than the required standard as set out in the Model Code. None of the Directors is aware of any information that would indicate that the Company or any of its Directors is not or was not in compliance with the Model Code and the Company's Code. Upon specific enquiry of all Directors, the Directors confirmed that they have complied with the Model Code and the Company's Code for the Financial Year. The Company's Code also applies to other specified senior management of the Group, including those as set out in the paragraph headed Directors and Senior Management in the Report of the Directors on pages 12 to 14.

THE BOARD OF DIRECTORS

The Board comprises two executive Directors, two non-executive Directors and three independent non-executive Directors as follows:

Executive Directors:

Mr. Wong Tek Sun, Takson (*Chairman*)
Ms. Pang Shu Yuk, Adeline Rita

Non-executive Directors:

Mr. Wong Tak Yuen
Ms. Pang She Kwok, Szwina

Independent Non-executive Directors:

Mr. Cunningham, James Patrick
Mr. Wong Kwok Tai
Dr. Motwani, Manoj Kumar

One of the independent non-executive Directors possesses appropriate professional accounting qualifications and financial management expertise. Biographical details of the Directors and the relationships among the current members of the Board are set out in the paragraph headed Directors and Senior Management in the Report of the Directors on pages 12 to 14.

Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term and are subject to re-election.

CORPORATE GOVERNANCE REPORT

THE BOARD OF DIRECTORS *(Continued)*

The Company has deviated from the Code provision A.4.1. The non-executive Directors (including independent non-executive Directors) are not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting pursuant to Bye-law 87 of the Company's Bye-laws.

The Board believes that, despite the absence of specified term of non-executive Directors, the Directors are committed to representing the long-term interests of the shareholders of the Company.

DIRECTORS' CONTINUOUS PROFESSIONAL DEVELOPMENT

The Company encourages the Directors to participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. All the Directors have participated in appropriate continuous professional development activities, which relate to financial and general management or regulatory and corporate governance, either by attending seminars or by reading materials relevant to the Company's business or to Directors' duties and responsibilities during the year. A record of the training received by the respective Directors are kept and updated.

The individual training records of each Director for the Financial Year is set out below:

	Attend seminars or briefings	Self study
Executive Directors		
Mr. Wong Tek Sun, Takson	N	Y
Ms. Pang Shu Yuk, Adeline Rita	N	Y
Non-executive Directors		
Mr. Wong Tak Yuen	Y	Y
Ms. Pang She Kwok, Szwina	Y	Y
Independent Non-executive Directors		
Mr. Cunningham, James Patrick	Y	Y
Mr. Wong Kwok Tai	Y	Y
Dr. Motwani, Manoj Kumar	Y	Y

CORPORATE GOVERNANCE REPORT

INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors are professionals with a broad range of expertise and experience in the fields of accounting, finance and business. Their participation in Board meetings could bring independent judgement on issues relating to the Group's strategy, internal control, performance, conflicts of interest and management process to ensure the interests of the shareholders are taken into account. The Board considers each of the independent non-executive Directors to be independent and that they all meet the independence criteria as set out under Rule 3.13 of the Listing Rules.

RESPONSIBILITIES OF DIRECTORS AND MANAGEMENT

The Board is responsible for ensuring continuity of leadership, development of sound business strategies, availability of adequate capital and managerial resources to implement the business strategies adopted, adequacy of systems of financial and internal controls and conduct of business in conformity with applicable laws and regulations. All Directors have made full and active contribution to the affairs of the Board and the Board has always acted in the best interests of the Group.

The executive Directors and the senior management are delegated with respective levels of authorities with regard to key corporate strategy and policy and contractual commitments. Senior management is responsible for the day-to-day operations of the Group with divisional heads responsible for different aspects of the Group's business.

The Board is also responsible for the preparation of the consolidated financial statements. The Company has adopted the generally accepted accounting standards in Hong Kong in preparing the consolidated financial statements, appropriate accounting policies have been adopted and applied consistently, and reasonable and prudent judgement and estimates have been made. The publication of the consolidated financial statements of the Group is also in a timely manner.

CORPORATE GOVERNANCE REPORT

BOARD MEETING

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Group, in addition to the meetings for reviewing and approving the Group's annual and interim results. During the Financial Year, four meetings have been held by the Board and the attendance of each of the Directors is as follows:

	Number of Board Meetings attended	Attendance rate
Executive Directors		
Mr. Wong Tek Sun, Takson (<i>Chairman</i>)	4/4	100%
Ms. Pang Shu Yuk, Adeline Rita	4/4	100%
Independent Non-executive Directors		
Mr. Chau Yu-lung, Jimmy [#]	1/4	25%
Mr. Cunningham, James Patrick	3/4	75%
Mr. Wong Kwok Tai	3/4	75%
Dr. Motwani, Manoj Kumar [^]	2/4	50%
Non-executive Directors		
Mr. Wong Tak Yuen	3/4	75%
Ms. Pang She Kwok, Szwina [*]	2/4	50%

[#] (resigned on 15th September, 2015, three meetings were held after his resignation)

[^] (appointed on 15th September, 2015, two meetings were held before his appointment)

^{*} (appointed on 15th September, 2015, two meetings were held before her appointment)

Mr. Wong Tek Sun, Takson is the spouse of Ms. Pang Shu Yuk, Adeline Rita, the brother of Mr. Wong Tak Yuen and the brother-in-law of Ms. Pang She Kwok, Szwina.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

The Audit Committee was responsible for overseeing the audit process and reviewing the effectiveness of both financial reporting process, internal control and risk management systems of the Company. The Audit Committee has reviewed the interim results of the Company for the six months ended 30th September, 2015 and the annual consolidated results of the Company for the Financial Year. The Audit Committee also carried out and discharged its other duties as set out in the Code. The Audit Committee comprises of two independent non-executive Directors and one non-executive Director:

- Mr. Wong Kwok Tai (*Chairman of the Audit Committee*)
- Mr. Wong Tak Yuen
- Dr. Motwani, Manoj Kumar (appointed on 15th September, 2015)
- Mr. Chau Yu-lung, Jimmy (resigned on 15th September, 2015)

During the Financial Year, two meetings have been held by the Audit Committee and the attendance of each of the committee members at the Audit Committee meeting is set out as follows:

Directors	Number of meetings attended	Attendance rate
Mr. Wong Kwok Tai	2	100%
Mr. Wong Tak Yuen	2	100%
Dr. Motwani, Manoj Kumar [^]	1	50%
Mr. Chau Yu-lung, Jimmy [#]	1	50%

[^] (appointed on 15th September, 2015, one meeting was held before his appointment)

[#] (resigned on 15th September, 2015, one meeting was held after his appointment)

REMUNERATION COMMITTEE

The Remuneration Committee comprises two independent non-executive Directors and one executive Director:

- Dr. Motwani, Manoj Kumar (*Chairman of the Remuneration Committee*)
- Mr. Wong Kwok Tai
- Mr. Wong Tek Sun, Takson

CORPORATE GOVERNANCE REPORT

REMUNERATION COMMITTEE *(Continued)*

The objectives of the Remuneration Committee are to determine and maintain an appropriate and competitive level of remuneration to attract, retain and motivate Directors and key executives to operate the Company successfully. The Remuneration Committee also ensures that the remuneration policies and systems of the Group support the Group's objectives and strategies. The Remuneration Committee is provided with other resources to enable it to fully discharge its duties. A set of written terms of reference, which described the authority and duties of the Remuneration Committee, was adopted by the Board and the contents of which are in compliance with the code provisions of the Code.

During the Financial Year, one Remuneration Committee meeting has been held and the attendance of each of the members of the Remuneration Committee is as follows:

Directors	Number of meeting attended	Attendance rate
Dr. Motwani, Manoj Kumar	1	100%
Mr. Wong Kwok Tai	1	100%
Mr. Wong Tek Sun, Takson	1	100%

The Remuneration Committee had considered the remuneration of the executive Directors and made recommendation to the Board.

NOMINATION COMMITTEE

Code provision A.4.4 stipulates that the Company should establish a nomination committee with specific written terms of reference.

The Nomination Committee comprises two independent non-executive Directors and one executive Director:

- Mr. Cunningham, James Patrick (*Chairman of the Nomination Committee*)
- Mr. Wong Kwok Tai
- Mr. Wong Tek Sun, Takson

CORPORATE GOVERNANCE REPORT

NOMINATION COMMITTEE *(Continued)*

The objectives of the Nomination Committee are to review the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and make recommendations to the Board regarding any proposed changes. The Nomination Committee should identify individuals suitably qualified to become board members and select or make recommendations to the Board on the selection of individuals eligible for nomination of directorships, assess the independence of independent non-executive Directors, and make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors. A new Director will be informed of the role of the Board and his/her duties and obligation of being a director of a listed company.

The Nomination Committee did not hold any meetings during the Financial Year.

COMPANY SECRETARY

Mr. Tong Yat Chong is the Company Secretary of the Company. He is a full time employee of the Company. The role of the Company Secretary is to ensure that the Directors have access to all necessary information and that all Board procedures are followed. He also advises the Board on corporate governance matters and facilitates induction and professional development of the Directors. Mr. Tong reports directly to the Chairman, and all directors have access to the advice and services of the Company Secretary at any time in relation to their duties and operation of the Board. Mr. Tong has confirmed that he has fulfilled the requirement of taking no less than 15 hours of relevant professional training during the year under review.

AUDITOR'S REMUNERATION

For the Financial Year, the remuneration of the Group's auditor for the provision of statutory audit of annual results was HK\$550,000.

ACCOUNTABILITY

Being accountable for the proper stewardship of the Group's affairs, the Directors acknowledge their responsibility for ensuring that proper accounting records are kept and relevant consolidated financial statements, as in the Annual Report and the Interim Report, are prepared to give a true and fair view of the state of affairs of the Group for each of the financial periods.

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY *(Continued)*

In preparing the consolidated financial statements for the Financial Year, the Directors have:

- approved the adoption of all applicable Hong Kong Financial Reporting Standards which are issued by the Hong Kong Institute of Certified Public Accountants
- selected and applied consistently the appropriate accounting policies
- made judgements and estimates that are prudent and reasonable
- prepared the consolidated financial statements on the going concern basis

The management of the individual businesses within the Group provides the Board with such information and explanations necessary to enable the Board to make an informed assessment of the financial and other information put before the Board for approval.

The statement by the auditor of the Company about their reporting responsibilities are set out on page 29 and 30 of this report.

INTERNAL CONTROL

The Board acknowledges its responsibility for the integrity of the Group's financial information and the effectiveness of the Group's system of internal controls and risk management processes. Accordingly, the Board established a clear organisational structure with appropriate delegation of responsibility to satisfy changing business needs while managing risks that are critical to the achievement of business objectives.

While the Audit Committee conducts continuous review on the adequacy and effectiveness of existing internal controls on behalf of the Board, the day-to-day responsibility for the conduct of these control procedures, the on-going monitoring of risks and the effectiveness of the corresponding internal controls rest with the management of each business units.

The Board hereby confirms that there is a process for identifying, evaluating and managing the significant risks that are critical to the achievement of the Groups' strategic objectives. The Board communicates on a regular basis with the Audit Committee on risk exposure. During the Financial Year, the Board has reviewed the effectiveness of the system of internal control of the Company and its subsidiaries.

CORPORATE GOVERNANCE REPORT

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Board has established a shareholders' communication policy to maintain an on-going dialogue with its shareholders and investors in a timely and transparent manner. The Board reviews the policy on a regular basis to ensure effective communication between the Company, its shareholders and investors.

The Board communicates with its shareholders and investors through various channels. The Board members meet and communicate with shareholders and investors at AGMs and other general meetings. Corporate communications (such as interim and annual reports, notices, circulars and announcements) are sent to shareholders in a timely manner and are available on the websites of the Company and the HKEx.

SHAREHOLDERS' RIGHTS

Procedures for Nomination of a Director

A notice in writing of the intention to propose a person for election as a director of the Company and a notice in writing by that person of his/her willingness to be elected together with his/her personal particulars and information required to be disclosed under Rule 13.51(2) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited shall be lodged at the Company's principal place of business (Room 512-513, 5/F., South Wing, Harbour Centre, Tower One, 1 Hok Cheung Street, Hunghom, Kowloon, Hong Kong) or at its branch share registrar in Hong Kong, Tricor Abacus Limited (Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong). The period for lodgement of the notices required will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting, and the minimum length of the period during which such notices to the Company may be given will be at least 7 days.

Right and Procedures for Shareholders to convene a General Meeting

Special general meetings shall be convened on the written requisition of one or more shareholders of the Company holding, at the date of requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board of Directors or the Secretary of the Company (Room 512-513, 5/F., South Wing, Harbour Centre, Tower One, 1 Hok Cheung Street, Hunghom, Kowloon, Hong Kong) for the purpose of requiring a special general meeting to be called by the Board for the transaction of any business specified in such requisition.

If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may convene such meeting, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company. Such meeting shall be held within 2 months after the deposit of such requisition.

INDEPENDENT AUDITOR'S REPORT



CHENG & CHENG LIMITED

CERTIFIED PUBLIC ACCOUNTANTS

10th Floor, Allied Kajima Building

138 Gloucester Road, Wanchai, Hong Kong

TO THE SHAREHOLDERS OF TAKSON HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Takson Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 31 to 84 which comprise the consolidated statement of financial position as at 31st March, 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors 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 Companies Act 1981 of Bermuda 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.

INDEPENDENT AUDITOR'S REPORT

Auditor's responsibility *(Continued)*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of 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.

Opinion

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

Cheng & Cheng Limited

Certified Public Accountants

Chan Shek Chi

Practising Certificate number P05540

Hong Kong, 29th June, 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March, 2016

	Note	2016 HK\$'000	2015 HK\$'000
Turnover	5	158,354	255,135
Cost of sales		<u>(118,680)</u>	<u>(209,608)</u>
Gross profit		39,674	45,527
Other income	5	711	331
Selling, distribution and marketing expenses		(17,047)	(17,838)
Administrative expenses		(32,158)	(26,823)
Net (loss)/gain on foreign currency forward contracts	5	(8,262)	326
Changes in fair value of investment properties	17	<u>(3,536)</u>	<u>1,904</u>
Operating (loss)/profit		(20,618)	3,427
Finance costs	6	<u>(2,711)</u>	<u>(3,222)</u>
(Loss)/profit before taxation	7	(23,329)	205
Income tax (expense)/credit	10	<u>(2,264)</u>	<u>305</u>
(Loss)/profit for the year		(25,593)	510
Other comprehensive income for the year (after tax and reclassification adjustments)			
Items that will not be reclassified to profit or loss:			
Surplus on revaluation of buildings held for own use	12	<u>301</u>	<u>1,886</u>
Total comprehensive (loss)/income for the year		<u>(25,292)</u>	<u>2,396</u>
(Loss)/profit for the year attributable to:			
Equity holders of the Company		<u>(25,593)</u>	<u>510</u>
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		<u>(25,292)</u>	<u>2,396</u>
(Loss)/earnings per share attributable to equity holders of the Company			
— basic (HK cents)	13	<u>(3.30)</u>	<u>0.07</u>
— diluted (HK cents)	13	<u>(3.30)</u>	<u>0.07</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March, 2016

	Note	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment	15	11,452	11,204
Leasehold land	16	15,467	15,959
Investment properties	17	78,790	82,326
Deferred tax assets	28	3,107	5,356
		<u>108,816</u>	<u>114,845</u>
Current assets			
Inventories	18	1,260	6,339
Trade and bills receivable	19	759	3,268
Deposits, prepayments and other receivables	19	25,101	30,699
Pledged bank deposit	20	4,509	4,500
Cash and cash equivalents	20	8,009	8,413
		<u>39,638</u>	<u>53,219</u>
Total assets		<u>148,454</u>	<u>168,064</u>
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	24	77,540	77,540
Reserves	25	(37,620)	(12,328)
Total equity		<u>39,920</u>	<u>65,212</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March, 2016

	Note	2016 HK\$'000	2015 HK\$'000
LIABILITIES			
Non-current liabilities			
Bank borrowings and obligations under finance leases	27	614	659
Post employment benefits		—	263
Deferred tax liabilities	28	4,780	4,721
		5,394	5,643
Current liabilities			
Trade payables	21	2,407	892
Other payables and accrued charges	22	5,070	4,500
Derivative financial liability	23	4,499	—
Bank borrowings and obligations under finance leases	27	91,164	91,817
		103,140	97,209
Total liabilities		108,534	102,852
Total equity and liabilities		148,454	168,064
Net current liabilities		(63,502)	(43,990)
Total assets less current liabilities		45,314	70,855

Approved and authorised for issue by the Board of Directors on 29th June, 2016 and are signed on its behalf by:

Wong Tek Sun, Takson
Chairman

Pang Shu Yuk, Adeline Rita
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March, 2016

	Attributable to equity holders of the Company		Total HK\$'000
	Share capital HK\$'000	Reserves HK\$'000	
Balance at 1st April, 2014	77,540	(14,724)	62,816
Total comprehensive income for the year	—	2,396	2,396
Balance at 31st March, 2015	77,540	(12,328)	65,212
Balance at 1st April, 2015	77,540	(12,328)	65,212
Total comprehensive loss for the year	—	(25,292)	(25,292)
Balance at 31st March, 2016	77,540	(37,620)	39,920

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31st March, 2016

	Note	2016 HK\$'000	2015 <i>HK\$'000</i>
Operating activities			
Net cash inflow/(outflow) from operations	26(a)	3,806	(2,263)
Tax paid			
— Overseas tax paid		(15)	(13)
Net cash inflow/(outflow) from operating activities		3,791	(2,276)
Investing activities			
Placement of deposit with bank to secure banking facilities		(9)	(4,500)
Proceeds from disposal of property, plant and equipment		432	3
Purchases of property, plant and equipment		(664)	(510)
Net cash outflow from investing activities		(241)	(5,007)
Financing activities			
Proceeds from bank loans		189,039	245,713
Repayment of bank loans		(189,721)	(241,828)
Capital element of finance lease obligations paid		(715)	(683)
Other interest income received		154	149
Interest paid		(2,672)	(3,180)
Interest element of finance lease obligations		(39)	(42)
Net cash (outflow)/inflow from financing activities		(3,954)	129
Net decrease in cash and cash equivalents		(404)	(7,154)
Cash and cash equivalents at the beginning of the year		8,413	15,567
Cash and cash equivalents at the end of the year	26(b)	8,009	8,413

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2016

1. General information

Takson Holdings Limited (the “Company”) and its subsidiaries (together the “Group”) are principally engaged in the sourcing, subcontracting, marketing and selling of garments and sportswear products, and property investment.

The Company is a limited liability company incorporated in Bermuda and is listed on The Stock Exchange of Hong Kong Limited. The address of its principal place of business is Room 512-513, 5th Floor, South Wing, Harbour Centre, Tower One, 1 Hok Cheung Street, Hungghom, Kowloon, Hong Kong.

These consolidated financial statements are presented in thousands of units of Hong Kong dollars (HK\$'000), unless otherwise stated.

2. Summary of significant accounting policies

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

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) (which include Hong Kong Accounting Standards (“HKASs”) and Interpretations), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and buildings.

The Group had net current liabilities of approximately HK\$63,502,000 as at 31st March, 2016 (2015: HK\$43,990,000). The directors are taking steps to improve the Group’s liquidity and financial performance including active cost-saving and other measures to improve the Group’s operating cash flows and financial position.

The directors have given careful consideration to the Group’s financial performance and liquidity position. On the basis that the Group’s operating results and cash flows will be improved through the implementation of the measures described above and having considered the Group’s current operation and business plan as well as the currently available banking facilities, the directors are satisfied that the Group will be able to meet in full its financial obligations when they fall due in the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2016

2. Summary of significant accounting policies *(continued)*

2.1 Basis of preparation *(continued)*

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs")

New and revised Standards, Amendments and Interpretations applied in the current year

In the current year, the Group has applied for the following amendments to HKFRSs and new interpretation issued by the HKICPA for the first time for the financial year beginning 1st April, 2015:

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

The adoption of these amendments to standards and new interpretation did not have any material impact on the preparation and presentation of the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2016

2. Summary of significant accounting policies *(continued)*

2.1 Basis of preparation *(continued)*

New and revised Standards, Amendments and Interpretations issued but not yet effective

The Group and the Company have not early applied the following new and revised Standards, Amendments and Interpretations that have been issued but are not yet effective:

	Effective for accounting periods beginning on or after
HKFRS 9, Financial instruments	1st January, 2018
HKFRS 14, Regulatory deferral accounts	1st January, 2016
HKFRS 15, Revenue from contracts with customers	1st January, 2018
HKFRS 16, Leases	1st January, 2019
Amendments to HKAS 1, Disclosure initiative	1st January, 2016
Amendments to HKAS 16 and HKAS 38, Clarification of acceptable methods of depreciation and amortisation	1st January, 2016
Amendments to HKAS 16 and HKAS 41, Agriculture: Bearer plants	1st January, 2016
Amendments to HKAS 27, Equity method in separate financial statements	1st January, 2016
Amendments to HKFRS 10 and HKAS 28, Sale or contribution of assets between an investor and its associate or joint venture	date to be determined
Amendments to HKFRS 10, HKFRS 12 and HKAS 28, Investment entities: Applying the consolidation exception	1st January, 2016
Amendments to HKFRS 11, Accounting for acquisitions of interests in joint operations	1st January, 2016
Amendments to HKFRSs, Annual improvement to HKFRSs 2012 – 2014 cycle	1st January, 2016

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the directors so far concluded that the application of these new/revised HKFRSs will have no material impact on the results and the financial position of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2016

2. Summary of significant accounting policies *(continued)*

2.2 Consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries made up for the year ended 31st March, 2016.

Subsidiaries

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

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

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (Note 2.8), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

2.3 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

2.4 Foreign currency translation

(a) *Functional and presentation currency*

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2016

2. Summary of significant accounting policies *(continued)*

2.4 Foreign currency translation *(continued)*

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

(c) Group companies

The results and financial position of the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

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

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is partially disposed of or sold, such exchange differences that were recognised in other comprehensive income are recognised in the statement of profit or loss and other comprehensive income as part of the gain or loss on sale.

2.5 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses except for buildings which are stated at revalued carrying amount. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are included in the profit or loss during the financial year in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2016

2. Summary of significant accounting policies *(continued)*

2.5 Property, plant and equipment *(continued)*

Increases in the carrying amount arising on revaluation of buildings are recognised in other comprehensive income. Decreases that offset previous increases of the same asset are charged against other comprehensive income; all other decreases are included in the profit or loss.

Depreciation of property, plant and equipment is calculated to write off their cost over their expected useful lives as follows:

	Depreciation rates	Method
— Buildings	over the lease terms	straight-line
— Leasehold improvements	10-15% or over the lease terms, whichever is shorter	straight-line
— Furniture and fixtures	10-20%	reducing balance
— Machinery, equipment and tools	10-18%	reducing balance
— Motor vehicles	10-18%	reducing balance
— Office and computer equipment	10-33%	reducing balance

The assets' residual values and useful lives are reviewed, and adjusted as appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of profit or loss and other comprehensive income. When revalued assets are sold, the revaluation surplus included in reserves is transferred to retained earnings/accumulated losses.

2.6 Leasehold land

Lease premium for land are up-front payment to acquire long-term interest in lease-occupied properties. The premium is stated at cost less accumulated amortisation and accumulated impairment losses (if any). Cost mainly represents consideration paid for the rights to use the land on which various buildings are situated. Amortisation of lease premium for land is calculated on a straight-line basis over the period of the lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2016

2. Summary of significant accounting policies *(continued)*

2.7 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property.

Investment property comprises land held under operating leases and buildings held under finance leases.

Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were a finance lease.

Investment property is measured initially at cost, including related transaction costs.

After initial recognition, investment property is carried at fair value. These valuations are performed by external valuers at least annually. Fair value is based on market prices, as adjusted (if necessary) for any difference in the nature, location or condition of the specific asset. If this information is not available, alternative valuation methods such as recent prices on less active markets or discounted cash flow projections are used.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are included in profit or loss during the period in which they are incurred.

Changes in fair values are included in profit or loss.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes.

If an item of property, plant and equipment and/or leasehold land becomes an investment property because its use has changed, any difference between the carrying amount and the fair value of this item at the date of transfer is accounted for in accordance with HKAS 16.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognised as a liability, including finance lease liabilities in respect of land classified as investment property; others, including contingent rent payments, are not recognised in the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2016

2. Summary of significant accounting policies *(continued)*

2.8 Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work-in-progress comprise direct materials, shipment costs and subcontracting expenses.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.10 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade and other receivables are impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the trade and other receivables is reduced through the use of an allowance account, and the amount of the loss is included in profit or loss. When a trade/other receivable is uncollectible, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are included in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2016

2. Summary of significant accounting policies *(continued)*

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

2.12 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability.

Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is included in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liabilities for at least 12 months after the end of reporting period.

2.13 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or share options are shown in equity as a deduction, net of tax, from the proceeds.

2.14 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2016

2. Summary of significant accounting policies *(continued)*

2.15 Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.16 Employee benefits

(a) *Pension obligation*

The Group continues to operate an occupational retirement scheme (a defined contribution plan) which has been granted exemption pursuant to Section 5 of the Hong Kong Mandatory Provident Fund Schemes Ordinance. Under the scheme, both the employers and employees are required to contribute an amount equal to 5% of the basic salary of the employees on a monthly basis. The Group's contributions to the scheme may be reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contribution.

Besides, the Group operates a mandatory provident fund scheme (the "MPF Scheme"; a defined contribution plan) under which the Group and its employees are required to contribute 5% (subject to an aggregate maximum of HK\$1,500 per month) of the employees' relevant income. Contributions from the employer are 100% vested in the employees as soon as they are paid to the MPF Scheme.

Contributions for the above schemes are recognised as employee benefit expenses when they are due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2016

2. Summary of significant accounting policies *(continued)*

2.16 Employee benefits *(continued)*

(b) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(c) Share-based compensation

The Group operates a share option scheme, being an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of share options under the share option scheme is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in the assumption about the number of share options that are expected to become exercisable. At the end of each reporting period, the entity revises its estimates of the number of share options that are expected to become exercisable. It recognises the impact of the revision of the original estimates, if any, in the consolidated statement of profit or loss and other comprehensive income, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the share options are exercised.

2.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation arising as a result of past events; it is probable that an outflow of resource will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2016

2. Summary of significant accounting policies *(continued)*

2.18 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sales of goods and services in the ordinary course of the Group's activities. Revenue is shown, net of value-added tax, returns, rebates and discounts and after eliminating the sales within the Group.

The Group recognises revenue when the amount of the revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sales have been resolved.

(a) Sale of goods

Sales of goods are recognised when the Group has delivered products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured.

(b) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

(c) Rental income from operating leases

Rental income receivable under operating leases is recognised in the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the period of lease. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(d) Other income

Other income not stated above is recognised whenever it is received or receivable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2016

2. Summary of significant accounting policies *(continued)*

2.19 Leases (as the lessee)

(a) *Operating lease*

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are expensed in the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease.

(b) *Finance lease*

Leases of assets where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding liabilities, net of finance charges, are included in current and non-current borrowings, as appropriate. The interest element of the finance cost is recognised in the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

2.20 Contingent liabilities and contingent assets

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

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

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

A contingent asset is not recognised but is disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable. When an inflow is virtually certain, an asset is recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2016

2. Summary of significant accounting policies *(continued)*

2.21 Equity instruments

Equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of an equity instrument.

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 recorded at the proceeds received, net of direct issue costs.

2.22 Related parties

A related party is a person or entity that is related to the Group in these consolidated financial statements, as follows:

- (a) A person, or a close member of that person's family, is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third entity.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2016

2. Summary of significant accounting policies *(continued)*

2.22 Related parties *(continued)*

- (b) An entity is related to the Group if any of the following conditions applies: *(continued)*
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

3. Financial risk management

The Group's activities expose to a variety of financial risks including foreign exchange risk, liquidity risk, cash flow and fair value interest rate risk and credit risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group regularly monitors its exposure and currently considers not necessary to hedge any of these financial risks.

(a) Foreign exchange risk

Majority of the Group's assets and liabilities were denominated in Renminbi, United States dollars and Hong Kong dollars. The management closely monitors the foreign currency assets and liabilities to minimise the currency risk.

The Company has executed guarantees with respect to certain banking facilities of its subsidiaries. Such facilities utilized as at 31st March, 2016 amounted to HK\$91,778,000 (2015: HK\$92,476,000). The Group entered into a derivative foreign exchange contract and would incur losses if exchange rate of RMB exceeds 6.60 against US\$1 on the expiration dates.

(b) Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents, loans and banking facilities deemed adequate by the management to finance the Group's operations and mitigate the effects of change in cash flow needs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2016

3. Financial risk management (continued)

(b) Liquidity risk (continued)

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

	2016				Total HK\$'000	Carrying amount at 31-Mar HK\$'000
	Contractual undiscounted cash outflow	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000	More than 5 years HK\$'000		
	Within 1 year or on demand HK\$'000					
Bank loans	82,162	2,723	6,958	3,989	95,832	90,593
Finance lease liabilities	600	265	381	—	1,246	1,185
Trade payables	2,407	—	—	—	2,407	2,407
Other payables and accrued charges	5,070	—	—	—	5,070	5,070
Derivative financial liability	4,499	—	—	—	4,499	4,499
	94,738	2,988	7,339	3,989	109,054	103,754

	2015				Total HK\$'000	Carrying amount at 31-Mar HK\$'000
	Contractual undiscounted cash outflow	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000	More than 5 years HK\$'000		
	Within 1 year or on demand HK\$'000					
Bank loans	80,107	7,323	3,501	5,904	96,835	91,275
Finance lease liabilities	568	558	112	—	1,238	1,201
Trade payables	892	—	—	—	892	892
Other payables and accrued charges	4,500	—	—	—	4,500	4,500
Derivative financial liability	—	—	—	—	—	—
	86,067	7,881	3,613	5,904	103,465	97,868

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2016

3. Financial risk management *(continued)*

(b) Liquidity risk *(continued)*

The Directors have given careful consideration on the measures currently undertaken by the Group in respect of the Group's liquidity position. As detailed in note 2, the Directors believe that the Group will be able to meet in full its financial obligations as they fall due for the foreseeable future.

(c) Cash flow and fair value interest rate risk

The Group's exposure to changes in interest rates is mainly attributable to its bank balances and bank borrowings. Bank balances and borrowings that are subject to floating rates expose the Group to cash flow interest rate risk. It has not hedged its cash flow and fair value interest rate risk. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk. The Group regularly seeks out the most favorable interest rates available for its bank borrowings.

The following table indicates the approximate change in the profit after tax in response to reasonably possible changes in interest rate to which the Group has significant exposure at the end of the reporting period. In determining the effect on profit after tax on the next accounting year, management of the Company assumed that the change in interest rate had occurred at the end of the reporting period and all other variables remain constant. There is no change in the methods and assumptions used in 2016 and 2015.

	2016 Effect on profit after tax HK\$'000	2015 Effect on profit after tax HK\$'000
HIBOR		
Increase by 100 basis point	-918	-925
Decrease by 100 basis point	+918	+925

(d) Credit risk

The Group is exposed to concentrations of credit risk. To minimise the risk, the Group regularly reviews the credit terms and credit limits granted to individual customers. There are policies in place to ensure that sales are made to customers with satisfactory credit record.

(e) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31st March, 2016 and 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2016

4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of property, plant and equipment and leasehold land

Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset value may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell or net present value of future cash flows which are estimated based upon the continuing use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Group's financial position and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to recognise an impairment loss in the consolidated statement of profit or loss and other comprehensive income.

(b) Write-down of inventories

Inventories are written down to net realisable value based on an assessment of the realisability of inventories. The identification of write-down requires the use of judgements and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of inventories in the periods in which such estimate has been changed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2016

4. Critical accounting estimates and judgements *(continued)*

(c) Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the management has reviewed the Group's investment properties portfolios and concluded that while the Group's investment properties located in Hong Kong are depreciable, they are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in determining the Group's deferred taxation arising from these investment properties located in Hong Kong, the management determined that the presumption that these investment properties measured using the fair value model are recovered through sale is not rebutted.

For the Group's investment properties located in the PRC, the management concluded that they are depreciable and are being held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Group's deferred taxation arising from investment properties located in the PRC, the management determined that the presumption that these investment properties measured using the fair value model are recovered through sale is rebutted.

(d) Estimate of fair value of investment properties

The best evidence of fair value is current prices in an active market for similar properties. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making its judgement, the Group considers information from a variety of sources including:

- (i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), with adjustments to reflect those differences;
- (ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions occurred since the date of the relevant transactions; and
- (iii) discounted cash flow projections based on reliable estimates of future cash flows derived from the terms of any existing lease and other contracts and, where possible, from external evidence such as current market rents for similar properties in the same location and condition, using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2016

5. Revenue and segment information

The Group is principally engaged in the sourcing, subcontracting, marketing and selling of garments and sportswear products, and property investment. Revenue recognised during the year is as follows:

	Export business		Property investment		Consolidated	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Turnover						
Sales of goods/rental income	155,468	251,807	2,886	3,328	158,354	255,135
Other income						
Other interest income	154	149	—	—	154	149
Income from sample sales	121	—	—	—	121	—
Gain on disposal of property, plant and equipment	—	2	—	—	—	2
Sundry income	436	180	—	—	436	180
	711	331	—	—	711	331
Net (loss)/gain on foreign currency forward contracts	(8,262)	326	—	—	(8,262)	326
Changes in fair value of investment properties	—	—	(3,536)	1,904	(3,536)	1,904

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2016

5. Revenue and segment information *(continued)*

The Group operates mainly in Hong Kong and the People's Republic of China ("PRC") and in the following business segments:

Export business — Sales of outerwear and other garments to overseas customers.

Property investment — Investing and letting of properties.

Primary reporting format — business segments

	2016		
	Export business HK\$'000	Property investment HK\$'000	Total HK\$'000
Turnover	155,468	2,886	158,354
Segment operating loss	(194)	(14,320)	(14,514)
Unallocated corporate expenses			(6,104)
Operating loss			(20,618)
Finance costs	(2,622)	(89)	(2,711)
Loss before taxation			(23,329)
Income tax expense			(2,264)
Loss for the year			(25,593)
Segment assets	45,561	102,293	147,854
Unallocated assets			600
Total assets			148,454
Segment liabilities	88,333	18,455	106,788
Unallocated liabilities			1,746
Total liabilities			108,534
Capital expenditure	927	436	1,363
Depreciation of property, plant and equipment	656	334	990
Amortisation of leasehold land	—	492	492
Changes in fair value of investment properties	—	3,536	3,536
Net loss on foreign currency forward contracts	8,262	—	8,262

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2016

5. Revenue and segment information *(continued)*

Primary reporting format — business segments *(continued)*

	2015		Total HK\$'000
	Export business HK\$'000	Property investment HK\$'000	
Turnover	251,807	3,328	255,135
Segment operating profit/(loss)	13,865	(7,313)	6,552
Unallocated corporate expenses			(3,125)
Operating profit			3,427
Finance costs	(3,149)	(73)	(3,222)
Profit before taxation			205
Income tax credit			305
Profit for the year			510
Segment assets	60,747	106,768	167,515
Unallocated assets			549
Total assets			168,064
Segment liabilities	93,300	8,522	101,822
Unallocated liabilities			1,030
Total liabilities			102,852
Capital expenditure	189	321	510
Depreciation of property, plant and equipment	745	256	1,001
Amortisation of leasehold land	—	493	493
Changes in fair value of investment properties	—	(1,904)	(1,904)
Net gain on foreign currency forward contract	(326)	—	(326)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2016

5. Revenue and segment information *(continued)*

Secondary reporting format – geographical segments

	2016		
	Turnover <i>HK\$'000</i>	Specified non-current assets <i>HK\$'000</i>	Capital expenditure <i>HK\$'000</i>
Hong Kong	812	59,061	1,363
PRC	2,075	46,648	—
United States of America	150,949	—	—
Canada	4,518	—	—
	158,354	105,709	1,363
	2015		
	Turnover <i>HK\$'000</i>	Specified non-current assets <i>HK\$'000</i>	Capital expenditure <i>HK\$'000</i>
Hong Kong	1,212	60,614	510
PRC	2,116	48,875	—
United States of America	244,924	—	—
Canada	6,883	—	—
	255,135	109,489	510

Revenue is allocated based on the country in which the customers are located. Specified non-current assets and capital expenditure are allocated based on where the assets are located.

Information about major customers

Revenue from customers in the corresponding years contributing over 10% of the total sales of the Group from the export business is as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Customer A	123,961	174,790
Customer B	—	42,271

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2016

6. Finance costs

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Interest on bank loans and overdrafts	2,667	3,180
Interest element of finance lease obligations	39	42
Interest on other loan	5	—
	<u>2,711</u>	<u>3,222</u>

7. (Loss)/profit before taxation

(Loss)/profit before taxation is stated after charging/(crediting) the following:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Cost of inventories sold	118,680	209,608
Amortisation of leasehold land	492	493
Auditor's remuneration	550	343
Depreciation	990	1,001
Fair value change of investment properties	3,536	(1,904)
Net exchange loss	748	429
Loss/(gain) on disposal of property, plant and equipment	53	(2)
Operating lease rentals in respect of land and buildings	1,733	2,060
Staff costs, including directors' emoluments	<u>24,798</u>	<u>21,210</u>

8. Staff costs

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Salaries, wages and other benefits (including directors' emoluments)	24,216	20,667
Retirement benefit costs	582	543
	<u>24,798</u>	<u>21,210</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2016

9. Directors' and senior management's emoluments

(a) Directors' emoluments

The remuneration of each director of the Company for the year ended 31st March, 2016 is set out below:

	Fee HK\$'000	Salaries HK\$'000	Other benefits HK\$'000	Contributions to defined contribution scheme HK\$'000	Total HK\$'000
Wong Tek Sun, Takson	—	4,201	893	27	5,121
Pang Shu Yuk, Adeline Rita	—	6,576	893	27	7,496
Wong Tak Yuen	240	—	—	—	240
Chau Yu-lung, Jimmy [#]	60	—	—	—	60
Cunningham, James Patrick	120	—	—	—	120
Wong Kwok Tai	120	—	—	—	120
Motwani, Manoj Kumar [^]	65	—	—	—	65
Pang She Kwok, Szwina [^]	65	—	—	—	65
Total	670	10,777	1,786	54	13,287

[#] Resigned on 15th September, 2015

[^] Appointed on 15th September, 2015

The remuneration of each director of the Company for the year ended 31st March, 2015 is set out below:

	Fee HK\$'000	Salaries HK\$'000	Other benefits HK\$'000	Contributions to defined contribution scheme HK\$'000	Total HK\$'000
Wong Tek Sun, Takson	—	3,276	929	27	4,232
Pang Shu Yuk, Adeline Rita	—	6,078	929	27	7,034
Wong Tak Yuen	240	—	—	—	240
Chau Yu-lung, Jimmy	120	—	—	—	120
Cunningham, James Patrick	120	—	—	—	120
Wong Kwok Tai	120	—	—	—	120
Total	600	9,354	1,858	54	11,866

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2016

9. Directors' and senior management's emoluments (continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two (2015: two) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three (2015: three) individuals during the year are as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Salaries and other benefits	2,134	1,920
Pensions	54	58
	2,188	1,978

The emoluments fell within the following bands:

	Number of individuals	
	2016	2015
Emolument bands		
Nil — HK\$1,000,000	3	3

10. Income tax

- (a) The amount of taxation charged/(credited) to the consolidated statement of profit or loss and other comprehensive income represents:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Current tax — Hong Kong	—	—
Current tax — overseas	15	13
Deferred tax		
Unused tax losses recognised	1,914	(318)
Origination and reversal of temporary differences	335	—
	2,264	(305)

No provision for Hong Kong profits tax has been made as the current year's taxable profits has been set-off by previous years' loss (2015: Nil).

Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rate of taxation prevailing in the countries in which the Group operates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2016

10. Income tax (continued)

- (b) At the end of the reporting period, the Group has unused tax losses of HK\$153,872,000 (2015: HK\$137,006,000) available for offset against future profits that may be carried forward indefinitely.

The tax on the Group's profit before taxation differs from the theoretical amount that would arise using Hong Kong profits tax rate as follows:

	2016 HK\$'000	2015 HK\$'000
(Loss)/profit before taxation	(23,329)	205
Tax at Hong Kong profits tax rate of 16.5% (2015: 16.5%)	(3,849)	34
Effect of different tax rate in other countries	3	8
Tax effect of non-taxable revenue	(360)	(437)
Tax effect of non-deductible expenses	481	271
Tax effect of unused tax losses not recognised	5,228	2,552
Tax effect of origination and reversal of temporary differences	761	(612)
Tax effect of prior years' unrecognised tax losses utilised	—	(2,121)
Income tax	2,264	(305)

11. Dividends

The Directors do not recommend the payment of a final dividend for the year ended 31st March, 2016 (2015: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2016

12. Other comprehensive income

Tax effect relating to each component of other comprehensive income is as follows:

	2016			2015		
	Before tax amount <i>HK\$'000</i>	Tax expense <i>HK\$'000</i>	Net of tax amount <i>HK\$'000</i>	Before tax amount <i>HK\$'000</i>	Tax expense <i>HK\$'000</i>	Net of tax amount <i>HK\$'000</i>
Surplus on revaluation of buildings held for own use	360	(59)	301	2,260	(374)	1,886
Other comprehensive income	360	(59)	301	2,260	(374)	1,886

13. (Loss)/earnings per share

	2016	2015
(Loss)/profit attributable to equity holders of the Company (<i>HK\$'000</i>)	(25,593)	510
Weighted average number of ordinary shares in issue for the purpose of basic (loss)/earnings per share (<i>thousands</i>)	775,406	775,406
Basic (loss)/earnings per share (<i>HK cents</i>)	(3.30)	0.07
Diluted (loss)/earnings per share (<i>HK cents</i>)	(3.30)	0.07

No diluted loss per share has been calculated for the year ended 31st March, 2016 and 2015 as there was no dilutive potential ordinary shares outstanding during the years.

14. Retirement benefit costs

The retirement benefit costs charged to the consolidated statement of profit or loss and other comprehensive income represent gross contributions payable by the Group to the retirement scheme of HK\$582,000 (2015: HK\$543,000). At the end of the reporting period, there was no forfeited contribution available to reduce future contributions in both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2016

15. Property, plant and equipment

	Buildings HK\$'000	Leasehold improvements HK\$'000	Furniture and fixtures HK\$'000	Machinery, equipment and tools HK\$'000	Motor vehicles HK\$'000	Office and computer equipment HK\$'000	Total HK\$'000
At 31st March, 2014							
Cost or valuation	6,603	1,250	1,227	490	4,725	5,252	19,547
Accumulated depreciation	(1,577)	(1,119)	(1,003)	(315)	(1,419)	(4,678)	(10,111)
Net book amount	5,026	131	224	175	3,306	574	9,436
Year ended 31st March, 2015							
Opening net book amount	5,026	131	224	175	3,306	574	9,436
Surplus on revaluation	2,260	—	—	—	—	—	2,260
Additions	—	321	42	13	—	134	510
Disposals	—	—	—	—	—	(4)	(4)
Depreciation	(148)	(104)	(39)	(27)	(496)	(187)	(1,001)
Depreciation written back	—	—	—	—	—	3	3
Closing net book amount	7,138	348	227	161	2,810	520	11,204
At 31st March, 2015							
Cost or valuation	8,863	1,571	1,269	503	4,725	5,382	22,313
Accumulated depreciation	(1,725)	(1,223)	(1,042)	(342)	(1,915)	(4,862)	(11,109)
Net book amount	7,138	348	227	161	2,810	520	11,204
Year ended 31st March, 2016							
Opening net book amount	7,138	348	227	161	2,810	520	11,204
Surplus on revaluation	360	—	—	—	—	—	360
Additions	—	436	34	100	699	94	1,363
Disposals	—	—	—	(3)	(862)	—	(865)
Depreciation	(220)	(114)	(38)	(37)	(423)	(158)	(990)
Depreciation written back	—	—	—	2	378	—	380
Closing net book amount	7,278	670	223	223	2,602	456	11,452
At 31st March, 2016							
Cost or valuation	9,158	2,007	1,303	600	4,562	5,476	23,106
Accumulated depreciation	(1,880)	(1,337)	(1,080)	(377)	(1,960)	(5,020)	(11,654)
Net book amount	7,278	670	223	223	2,602	456	11,452

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2016

15. Property, plant and equipment *(continued)*

- (a) Buildings were pledged to secure certain banking facilities (Note 29) granted to the Group.
- (b) As at 31st March, 2016, the net book value of motor vehicles includes assets held by the Group under finance leases which amounted to HK\$1,971,000 (2015: HK\$2,068,000).
- (c) The Group's buildings were last revalued on 31st March, 2016 by an independent valuer. Valuations were carried out by RHL Appraisal Limited, an independent firm of The Hong Kong Institute of Surveyors. If the buildings were stated on the historical cost basis, the amounts would be as follows:

	2016 HK\$'000	2015 HK\$'000
Cost	6,972	6,972
Accumulated depreciation	(2,634)	(2,495)
	<hr/>	<hr/>
Net book amount	4,338	4,477

16. Leasehold land

The Group's interests in leasehold land represent prepaid operating lease payments and their net book value are analysed as follows:

	2016 HK\$'000	2015 HK\$'000
In Hong Kong held on:		
Leases of between 10 to 50 years		
At the beginning of the year	15,959	16,452
Amortisation	(492)	(493)
	<hr/>	<hr/>
At the end of the year	15,467	15,959

Leasehold land were pledged to secure certain banking facilities (Note 29) granted to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2016

17. Investment properties

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
At the beginning of the year	82,326	80,422
Changes in fair value included in profit or loss	<u>(3,536)</u>	<u>1,904</u>
At the end of the year	<u>78,790</u>	<u>82,326</u>

(a) Investment properties were revalued as at 31st March, 2016 on the basis of their open market value by RHL Appraisal Limited, an independent firm of The Hong Kong Institute of Surveyors. Revaluation loss recognised in the profit or loss for the year ended 31st March, 2016 amounted to HK\$3,536,000 (2015: gain of HK\$1,904,000).

(b) The investment properties were pledged to secure certain banking facilities (Note 29) granted to the Group.

(c) Fair value measurement of properties

(i) Fair value hierarchy

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2016

17. Investment properties (continued)

(c) Fair value measurement of properties (continued)

(i) Fair value hierarchy (continued)

Fair value at 31st March, 2016 HK\$'000	Fair value measurements as at 31st March, 2016 categorised into		
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
Recurring fair value measurement			
Investment properties:			
— Commercial — Mainland China	46,648	—	46,648
— Commercial — Hong Kong	32,142	—	32,142
	78,790	—	78,790
Properties held for own use:			
— Buildings — Hong Kong (Note 15)	7,278	—	7,278

The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur. There is no transfer of financial assets between level 1, level 2 and level 3 fair value hierarchy classifications.

Fair value at 31st March, 2015 HK\$'000	Fair value measurements as at 31st March, 2015 categorised into		
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
Recurring fair value measurement			
Investment properties:			
— Commercial — Mainland China	48,875	—	48,875
— Commercial — Hong Kong	33,451	—	33,451
	82,326	—	82,326
Properties held for own use:			
— Buildings — Hong Kong (Note 15)	7,138	—	7,138

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2016

17. Investment properties *(continued)*

(c) Fair value measurement of properties *(continued)*

(ii) Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of investment properties and properties held for own use located in Hong Kong and Mainland China is determined using market comparison approach by reference to recent sales price of comparable properties on a price per square foot basis using market data which is publicly available.

(d) The analysis of net book value of properties is as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
In Hong Kong		
— medium-term leases	54,887	56,548
Outside Hong Kong		
— medium-term leases	46,648	48,875
	101,535	105,423
Representing:		
Buildings and investment properties carried at fair value	86,068	89,464
Interest in leasehold land held for own use under operating leases	15,467	15,959
	101,535	105,423

18. Inventories

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Raw materials	1,233	6,339
Finished goods	27	—
	1,260	6,339

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2016

19. Trade and bills receivable and deposits, prepayments and other receivables

	2016 HK\$'000	2015 HK\$'000
Trade debtors and bills receivable	759	3,268
Trade deposits and other receivables	18,571	21,216
Prepayments	4,297	6,593
Rental, utility and sundry deposits	2,233	2,890
	25,101	30,699
Total	25,860	33,967

All of the trade and bills receivable and deposits, prepayments and other receivables are expected to be recovered or recognised as expense within one year except for rental, utility and sundry deposits of HK\$54,000 (2015: HK\$451,000) which are expected to be recovered after more than one year.

(a) Ageing analysis

As at the end of reporting period, the ageing analysis of trade debtors and bills receivable, based on the invoice date and net of allowance for doubtful debts, is as follows:

	2016 HK\$'000	2015 HK\$'000
0 to 30 days	—	109
1 to 3 months	—	800
Over 3 months	759	2,359
	759	3,268

All trade and bills receivable were denominated in US dollars.

Majority of the Group's export sales are generally on open account of 30 days and letter of credit at sight. The Group considers that the trade and bills receivable as at 31st March, 2016 are fully recoverable and believes that no impairment allowance is necessary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2016

19. Trade and bills receivable and deposits, prepayments and other receivables

(continued)

(b) Trade and bills receivable that are not impaired

As at the end of reporting period, trade and bills receivable of HK\$759,000 (2015: HK\$3,159,000) were past due but not impaired. The ageing analysis of these trade and bills receivable is as follows:

	2016 HK\$'000	2015 HK\$'000
Less than 1 month past due	—	800
1 to 2 months past due	759	2,359
	<u>759</u>	<u>3,159</u>

All of the trade debtors and bills receivable are not impaired and relate to two independent customers for whom there is no recent history of default.

20. Cash and cash equivalents and pledged bank deposit

	2016 HK\$'000	2015 HK\$'000
Cash and bank balances	8,009	8,413
Pledged bank deposit	4,509	4,500
	<u>12,518</u>	<u>12,913</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2016

20. Cash and cash equivalents and pledged bank deposit *(continued)*

Cash and cash equivalents and pledged bank deposit are denominated in the following currencies:

	2016 HK\$'000	2015 HK\$'000
United States dollars	3,973	2,953
Renminbi <i>(i)</i>	1,003	1,294
Hong Kong dollars	7,540	8,664
Euros and others	2	2
	12,518	12,913
Less: Pledged bank deposit <i>(ii)</i>	(4,509)	(4,500)
Total cash and cash equivalents	8,009	8,413

(i) The conversion of bank balances and cash of the Group denominated in Renminbi into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC.

(ii) As at 31st March, 2016, the pledged bank deposit mainly refers to a deposit placed at designated bank account as guarantee deposit to secure the bank borrowings of the Group.

21. Trade payables

As at the end of reporting period, the ageing analysis of trade payables is as follows:

	2016 HK\$'000	2015 HK\$'000
0 to 30 days	2,289	147
1 to 3 months	—	212
4 to 6 months	—	118
Over 6 months	118	415
	2,407	892

Trade payables as at 31st March, 2016 and 31st March, 2015 were all denominated in US dollars.

Payment terms with suppliers are generally on letters of credit and open account. Certain suppliers grant credit terms between 30 to 60 days.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2016

22. Other payables and accrued charges

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Rental deposits received	978	883
Accrued expenses	3,125	2,080
Other payables	967	1,537
	<u>5,070</u>	<u>4,500</u>

The carrying amounts of other payables and accrued charges at the end of the reporting period approximated their fair values. All of the other payables and accrued charges are expected to be settled or recognised as income within one year or are repayable on demand.

23. Derivative financial liability

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Derivative financial liability:		
— Foreign currency forward contract	<u>4,499</u>	—

For the year ended 31st March, 2016, the Group entered into a RMB/USD net-settled structured foreign currency forward contract of US\$1.2 million notional amount with 14 equal monthly settlements (the "Settlement") to manage its foreign currency risk. The market value of the contract as at 31st March, 2016 was a loss of HK\$4.5 million and the same amount was fully provided for and included in net loss on foreign currency forward contract in the consolidated statement of profit or loss and other comprehensive income for the year.

With respect to each Settlement:

- (a) if, at or about the expiration time on the expiration date, the spot rate of RMB against USD equals to or is lower than the capped rate, then the bank shall pay to the Group by RMB1.2 million * (6.60 – 6.57); or
- (b) If, at or about the expiration time on the expiration date, the spot rate of RMB against USD equals to or is lower than the forward rate but greater than the capped rate, then the bank shall pay to the Group by RMB1.2 million * (6.60 – spot rate); or
- (c) if, at or about the expiration time on the expiration date, the spot rate of RMB against USD is greater than the forward rate, then the Group shall pay to the bank by RMB2.4 million * (spot rate – 6.60).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2016

23. Derivative financial liability (continued)

Fair value measurement of derivative financial liability

The Group's derivative financial liability is measured at fair value at the end of each reporting period. The following table gives information about how the fair value of this financial instrument is determined.

Fair value at 31st March, 2016 HK\$'000	Fair value measurements as at 31st March, 2016 categorised into		
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
Financial liability			
Foreign currency forward contract	—	4,499	—
	4,499	—	—

Fair value at 31st March, 2015 HK\$'000	Fair value measurements as at 31st March, 2015 categorised into		
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
Financial liability			
Foreign currency forward contract	—	—	—
	—	—	—

Valuation techniques and key inputs

Valuation techniques: Discounted cash flow and option pricing model.

Key inputs: Forward exchange rate, contracted exchange rate and discount rate.

There is no transfer of financial liability between level 1, level 2 and level 3 fair value hierarchy classifications.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2016

24. Share capital

(a) Authorised and issued capital

	Number of shares	Ordinary shares HK\$'000
Authorised:		
At 31st March, 2016 and 2015		
Ordinary shares of HK\$0.1 each	<u>3,000,000,000</u>	<u>300,000</u>
Issued and fully paid:		
At 31st March, 2016 and 2015	<u>775,406,000</u>	<u>77,540</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(b) 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 shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of equity attributable to equity holders of the Company comprising share capital and reserves.

The Board of the Company reviews the capital structure periodically. As part of the review, the Board assesses the annual budget prepared by the finance department taking into account the provision of funding.

(c) Share option scheme

The share option scheme (the "Share Option Scheme") which became effective on 4th October, 2006 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. The maximum number of shares in respect of which options may be granted must not exceed 10% of the issued share capital of the Company as at the date of adoption of the Share Option Scheme. The offer of a grant may be accepted upon payment of a nominal consideration of HK\$1 per acceptance. The exercise period of the share options granted is determinable by the Board, and commences on a specified date and ends on a date which is not later than 10 years from the date of grant of the share options. The exercise price will be determined by the Board, but shall not be less than the highest of (i) the closing prices of the Company's shares as stated in the daily quotation sheet of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the date of grant, which must be a trading day; (ii) the average closing prices of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

No share options were granted nor exercised during each of the two years ended 31st March, 2016 and 31st March, 2015. No share options were outstanding as at 31st March, 2016 and 31st March, 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2016

25. Reserves

	Share Premium (Note a) HK\$'000	Revaluation Reserve (Note b) HK\$'000	Share Option Reserve (Note c) HK\$'000	Consolidation Reserve (Note d) HK\$'000	Translation Reserve (Note e) HK\$'000	Accumulated Losses HK\$'000	Total HK\$'000
Balance at 1st April, 2014	66,894	9,276	2,880	2,214	(988)	(95,000)	(14,724)
Transfer to accumulated losses	—	—	(2,880)	—	—	2,880	—
Total comprehensive income for the year	—	1,886	—	—	—	510	2,396
Balance at 31st March, 2015	66,894	11,162	—	2,214	(988)	(91,610)	(12,328)
Balance at 1st April, 2015	66,894	11,162	—	2,214	(988)	(91,610)	(12,328)
Total comprehensive income/(loss) for the year	—	301	—	—	—	(25,593)	(25,292)
Balance at 31st March, 2016	66,894	11,463	—	2,214	(988)	(117,203)	(37,620)

Nature and purpose of reserves

a) *Share premium*

The application of the share premium is governed by section 40 of the Companies Act 1981 of Bermuda.

b) *Revaluation reserve*

It represents gains/losses arising on the revaluation of the Group's leasehold land and buildings (other than investment properties). The balance on this reserve is wholly non-distributable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2016

25. Reserves (continued)

Nature and purpose of reserves (continued)

c) *Share option reserve*

It represents premium received from issuance of share options.

d) *Consolidation reserve*

It represents the difference between the nominal value of the shares of the subsidiaries acquired and the nominal value of the shares issued by the Company as consideration thereof pursuant to the exchange of shares on group reorganisation.

e) *Translation reserve*

It represents all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 2.4 (c).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2016

26. Notes to the Consolidated Statement of Cash Flows

(a) Reconciliation of (loss)/profit before taxation to net cash inflow/(outflow) from operations

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
(Loss)/profit before taxation	(23,329)	205
Amortisation of leasehold land	492	493
Depreciation	990	1,001
Loss/(gain) on disposal of property, plant and equipment	53	(2)
Unrealised loss on foreign currency forward contract	4,499	—
Changes in fair value of investment properties	3,536	(1,904)
Other interest income	(154)	(149)
Interest on bank loans and overdrafts	2,667	3,180
Interest element of finance lease obligations	39	42
Interest on other loan	5	—
	(11,202)	2,866
Operating (loss)/profit before working capital changes		
Decrease/(increase) in inventories	5,079	(4,930)
Decrease/(increase) in trade and bills receivable, deposits, prepayments and other receivables	8,107	(2,899)
Increase in trade payables, other payables and accrued charges	1,822	2,700
Net cash inflow/(outflow) from operations	3,806	(2,263)

(b) Analysis of the balances of cash and cash equivalents

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Cash and cash equivalents (<i>Note 20</i>)	8,009	8,413

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2016

27. Bank borrowings and obligations under finance leases

- (a) At 31st March, 2016, the Group's bank loans and obligations under finance leases are repayable as follows:

	2016 HK\$'000	2015 HK\$'000
Obligations under finance leases (<i>note d</i>)	1,185	1,201
Bank loans — secured	<u>90,593</u>	<u>91,275</u>
	<u>91,778</u>	<u>92,476</u>
Obligations under finance leases repayable		
Within one year	571	542
Between one and two years	249	548
Between two and five years	<u>365</u>	<u>111</u>
	<u>1,185</u>	<u>1,201</u>
Secured bank loans that contain a repayable on demand clause		
— repayable within one year	79,134	77,496
— repayable after one year (shown under current liabilities)	<u>11,459</u>	<u>13,779</u>
	<u>90,593</u>	<u>91,275</u>
	<u>91,778</u>	<u>92,476</u>
Amount repayable within one year included under current liabilities	<u>(91,164)</u>	<u>(91,817)</u>
Amount repayable after one year	<u>614</u>	<u>659</u>

- (b) The carrying amounts of the bank borrowings and obligations under finance leases are denominated in the following currencies:

	2016 HK\$'000	2015 HK\$'000
Hong Kong dollars	37,185	37,201
United States dollars	<u>54,593</u>	<u>55,275</u>
	<u>91,778</u>	<u>92,476</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2016

27. Bank borrowings and obligations under finance leases *(continued)*

- (c) The effective interest rates for the Group's bank loans at the end of the reporting period were as follows:

	2016	2015
Hong Kong dollars	3.3%	3.3%
United States dollars	3.5%	3.2%

All of the Group's banking facilities are subject to the fulfilment of covenants relating to certain of the Group's balance sheet ratios, as are commonly found in lending arrangements with financial institutions. If the Group was to breach the covenants, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 3(b). As at 31st March, 2016, none of the covenants relating to the drawn down facilities had been breached (2015: Nil).

(d) Obligations under finance leases

At 31st March, 2016, the Group had obligations under finance leases repayable as follows:

	2016		2015	
	Present value of the minimum lease payments HK\$'000	Total minimum lease payments HK\$'000	Present value of the minimum lease payments HK\$'000	Total minimum lease payments HK\$'000
Within 1 year	571	600	542	567
After 1 year but within 2 years	249	265	548	559
After 2 years but within 5 years	365	381	111	112
	614	646	659	671
	1,185	1,246	1,201	1,238
Less: total future interest expenses		(61)		(37)
Present value of lease obligations		1,185		1,201

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2016

28. Deferred taxation

Deferred taxation is calculated in full on temporary differences under the liability method using a principal tax rate of 16.5% (2015: 16.5%) for the subsidiaries operating in Hong Kong. Deferred taxation for subsidiaries operating in overseas is calculated at the rates of taxation prevailing in the countries in which the subsidiaries operate.

The movements on the deferred tax liabilities/(assets) are as follows:

	Depreciation allowance in excess of the related depreciation <i>HK\$'000</i>	Revaluation of properties <i>HK\$'000</i>	Unused tax losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st April, 2014	(875)	3,815	(3,630)	(690)
Charge to reserve	—	373	—	373
Charge/(credit) to profit or loss	—	533	(851)	(318)
At 31st March, 2015 and 1st April, 2015	(875)	4,721	(4,481)	(635)
Charge to reserve	—	59	—	59
Charge to profit or loss	335	—	1,914	2,249
At 31st March, 2016	(540)	4,780	(2,567)	1,673
			2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Deferred tax assets recognised			(3,107)	(5,356)
Deferred tax liabilities recognised			4,780	4,721

29. Banking facilities

As at 31st March, 2016, the Group's banking facilities amounting to approximately HK\$146,967,000 (2015: HK\$139,262,000) were secured by the following:

- first legal charge over the Group's investment properties and leasehold land and buildings in Hong Kong and the PRC with an aggregate carrying value of approximately HK\$101,535,000 (2015: approximately HK\$105,423,000) and a fixed deposit of HK\$4,509,000 (2015: HK\$4,500,000); and
- corporate guarantees from the Company and certain of its subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2016

30. Commitments

(a) Capital commitments

As at 31st March, 2016 and 2015, the Group did not have any material capital commitments.

(b) Commitments under operating leases

(i) At 31st March, 2016, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of leasehold land and buildings as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Not later than one year	463	448
Later than one year and not later than five years	54	—
	517	448

(ii) At 31st March, 2016, the Group had future aggregate minimum lease receivables under non-cancellable operating leases in respect of investment properties as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Not later than one year	3,641	2,882
Later than one year and not later than five years	1,594	3,582
	5,235	6,464

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2016

31. Summary financial information of the Company

	2016 HK\$'000	2015 HK\$'000
ASSETS		
Non-current assets		
Interests in subsidiaries	11,895	21,378
Current assets		
Deposits, prepayments and other receivables	516	509
Cash and cash equivalents	3	34
	519	543
Total assets	12,414	21,921
EQUITY		
Capital and reserves attributable to the Company's equity holders		
Share capital	77,540	77,540
Reserves (Note)	(66,785)	(56,595)
Total equity	10,755	20,945
LIABILITIES		
Current liabilities		
Other payables and accrued charges	1,659	976
Total liabilities	1,659	976
Total equity and liabilities	12,414	21,921
Net current liabilities	(1,140)	(433)
Total assets less current liabilities	10,755	20,945

The Company's statement of financial position was approved and authorised for issue by the Board of Directors on 29th June, 2016 and are signed on its behalf by:

Wong Tek Sun, Takson
Chairman

Pang Shu Yuk, Adeline Rita
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2016

31. Summary financial information of the Company (continued)

Note: The Company's reserves movement are as follows:

	Share Premium	Contributed Surplus Reserve <i>(Note a)</i>	Share Option Reserve	Accumulated Losses <i>(Note b)</i>	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance at 1st April, 2014	66,894	67,992	2,880	(213,681)	(75,915)
Transfer to accumulated losses	—	—	(2,880)	2,880	—
Total comprehensive income for the year	—	—	—	19,320	19,320
Balance at 31st March, 2015	66,894	67,992	—	(191,481)	(56,595)
Balance at 1st April, 2015	66,894	67,992	—	(191,481)	(56,595)
Total comprehensive loss for the year	—	—	—	(10,190)	(10,190)
Balance at 31st March, 2016	66,894	67,992	—	(201,671)	(66,785)

Nature and purpose of reserves

a) *Contributed surplus reserve*

It represents the excess of the consolidated net assets value of Takson (B.V.I.) Limited upon its merger with the Company over the nominal value of the Company's shares issued in the exchange thereof. Under the Companies Act 1981 of Bermuda (as amended) and the Bye-laws of the Company, the contributed surplus is distributable to the equity holders, unless there are reasonable grounds for believing that (i) the Company is, or would after the payment be, unable to pay its liabilities as they become due; (ii) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

b) *Accumulated losses*

At 31st March, 2016, the Company had no reserves available for distribution to shareholders.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2016

32. Particulars of subsidiaries

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group:

Name of subsidiary	Country/Place of incorporation/ establishment	Principal activities and place of operation (if different from place of incorporation/establishment)	Particulars of issued share capital/ registered capital	Attributable equity interest
<i>Interest held directly</i>				
Global Sportswear Inc.	British Virgin Islands ("BVI")	Investment holding	1 ordinary share of US\$1	100%
Takson (B.V.I.) Limited	BVI	Investment holding	1,000 ordinary shares of US\$1 each	100%
<i>Interest held indirectly</i>				
Takson Garment Manufacturing Company, Limited	Hong Kong	Sourcing and sales of outerwear garments, property holding in the PRC and provision of management and accounting services to fellow subsidiaries	20 ordinary shares	100%
Takson Sportswear Limited	BVI	Properties holding in Hong Kong	1 ordinary share of US\$1	100%
Takson Sourcing Limited	Hong Kong	Sourcing, subcontracting and selling of garments	500 ordinary shares	100%
Global Sportswear Corporation	USA	Garment trading	Registered capital of US\$50,000	100%

33. Immediate and ultimate controlling party

At 31st March, 2016, the directors consider the immediate parent of the Group to be Takson International Holdings Limited and the ultimate controlling party of the Group to be Wangkin Investments (PTC) Inc., which are both incorporated in the British Virgin Islands. These entities did not produce financial statements available for public use.

34. Event after reporting period

No significant events occurred after the end of the reporting period and up to the approval date of the financial statements.

35. Comparatives

Certain comparative figures have been reclassified in order to conform with the current year's presentation.

FIVE-YEAR FINANCIAL SUMMARY

The results, assets and liabilities of the Group for each of the last five financial years are as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Turnover	158,354	255,135	183,726	153,464	76,515
(Loss)/profit attributable to equity holders	(25,593)	510	1,248	13,935	(7,493)
Assets and Liabilities					
Total assets	148,454	168,064	155,045	143,535	110,501
Total liabilities	(108,534)	(102,852)	(92,229)	(82,105)	(63,043)
Net assets	39,920	65,212	62,816	61,430	47,458

INVESTMENT PROPERTIES

Particulars of investment properties held by the Group at 31st March, 2016 are as follows:

Location	Gross floor area (sq. ft.)	Type	Tenure
Workshop Unit No. 11 On 5th Floor, South Wing, Harbour Centre, Tower One, 1 Hok Cheung Street, Hung Hom, Kowloon, Hong Kong	7,068	Commercial	Medium Lease
中華人民共和國上海市 延安西路726號 華敏翰尊國際大廈東樓 23層E室，F室，G室，H室， I室及L室	11,116	Commercial	Medium Lease

