
Leading Nutrition Brand

Annual Report 2015



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CORPORATE PROFILE

Incorporated in 1986, LottVision Limited (“LottVision” or “the Company”) started as a technology enabler of choice, providing state-of-the-art technology solutions, video hosting and web TV services in the People’s Republic of China (“PRC”).

Over the years, the Company and its subsidiaries (the “Group”) have developed expertise in multiple areas of disciplines. In 2012, the Group ventured into the nutrition and health food business with the acquisition of a 55% interest in NutryFarm Biomedicine International Limited (“NutryFarm”), which has provided the Group with a more stable income stream and improved growth prospects in this fast growing sector.

Headquartered in Hong Kong, LottVision has been listed on the Mainboard of the Singapore Exchange since December 2002.

VISION

To be a leading manufacturer and seller of nutrition and health food products, so as to generate long-term value for shareholders.

MISSION

To develop a sound business model and to continually seek and develop opportunities in high-growth markets.



Partnering with Nature

Merging our technological disposition with nature's finest is a partnership that has opened doors of opportunities for us as a company, enabling us to cater to growing markets, optimize our strengths and keep our forward direction. As vibrant as our products' herbal sources is our drive towards becoming the leading supplement manufacturer in China.



About Nutryfarm

Established in 2005 by award-winning scientist Dr. Chen Yao Ming, NutryFarm, through its wholly-owned subsidiary NutryFarm (Chengdu) Biomedicine Ltd. (“NFC”), focuses on research and development, manufacture and sale of nutrition and health food products. With a staff strength of over 33 highly-qualified researchers, nutritionists, sales and marketing professionals, NFC aims to provide the finest quality nutrition and health food products and services with the gentlest care to its customers to improve their quality of life.

Under the strong leadership of Dr. Chen, who is the President and Chief Scientist of NutryFarm, NFC has built a sound business model with a profitable track record since 2007. The Company also has a strong research and development team that is constantly innovating and improving its products to produce a series of competitively-priced nutrition and health food products for the PRC market. In addition, NFC has also jointly set up a special laboratory with the Chinese Academy of Sciences and National Physical Examination Centre to study the physical health status and dietary habits of consumers in the PRC, which has helped boost its product offerings.

Key Products

Manufactured in strict accordance to the requirements of the Good Manufacturing Practice guidelines prescribed by the PRC government, NFC counts collagen, Vitamin C, Vitamin E, fish oil, liquid calcium and royal jelly as some of its most popular products.

A vast majority of its products stem from traditional Chinese medicinal herbs, and NFC has to-date launched more than 40 nutritional products catered to the diverse nutritional needs of the population.

Growing Prospects

With the growing health awareness in the PRC creating a vast potential for growth in demand

for nutrition and health food products, NFC has developed and embarked on three key “Macro” strategies to enhance its branding and distribution channels to boost brand awareness and further expand its market share.

Macro Platform

- Focus on e-commerce platforms to enhance brand awareness
- Embark on trading of imported products through its e-commerce platforms
- Introduce a greater variety of the most advanced and trusted nutrition and health food products

Macro Brand

- Target traditional brick-and-mortar retail chains to build its Over-The-Counter distribution network
- Build brand equity through marketing and public relations activities
 - Celebrity brand endorsement
 - Team up with major media partners

Fast Moving Nutrition Consumer Goods (FMNCG)

- Identify high traffic supermarket chains to sell highly popular products
- Boost market awareness and sales by making products more visible and accessible within the supermarket

CEO's Message

Dear Shareholders,

It has been three years since LottVision took a 55% equity interest in NutryFarm and the result – we have successfully steered the Group back to profitability and revenue grew at a compound annual growth rate of 40% from FY2013 to FY2015.

The Group delivered a commendable set of results for financial year ended 31 March 2015 ("FY2015"). Once again, this has affirmed our decision to acquire NutryFarm and channel our resources to focus on the nutrition and health food business was a viable strategic move to build a sustainable long-term business with robust growth prospects.

FY2015 has been another year of progress for LottVision as we continued to work with NutryFarm to focus on building brand equity and increasing distribution channels to further penetrate the nutrition and health food market in China.

The Group has also, during the year, proposed a Capital Reorganisation exercise in conjunction with a proposed Placement exercise. The Capital Reorganisation exercise included a Share Consolidation exercise, to meet the minimum trading price requirement imposed by the Singapore Exchange Securities Trading Limited, where every 40 ordinary shares of HK\$0.07 each in the issued and unissued share capital of LottVision will be consolidated into one consolidated share of HK\$2.80 in the issued and unissued share capital of the Company.

Conditional upon the completion of the proposed Capital Reorganisation exercise, LottVision entered into Placement Agreements to place out 20,000,000 new Placement Shares at S\$0.32 per Placement Share. This will raise net proceeds of approximately S\$6,400,000, which will be used for business investments and working capital purposes.

These resolutions were duly passed by shareholders at the Special General Meeting held on 8 June 2015 and the consolidated shares have begun trading in board lots of 100 consolidated shares on 16 June 2015.

FY2015 Performance

Buoyed by the growing Chinese demand for nutrition and health food products, the Group's revenue, largely generated by our subsidiary NFC, rose 9% to HK\$99.8 million in FY2015 from HK\$91.2 million in FY2014. Signalling positive growth prospects for our business going forward, gross profit climbed 51% to HK\$51.0 million in FY2015 from HK\$33.8 million in FY2014, and gross profit margin also expanded by a strong 14 percentage points to 51% in FY2015 from 37% in FY2014.

Operationally, distribution expenses surged 134% to HK\$21.8 million in FY2015 from HK\$9.3 million in FY2014 as NFC continued to ramp up its advertising and marketing efforts to build greater brand recognition and expand market share.

Consequently, the Group registered a net profit attributable to equity holders of the Company of HK\$1.1 million in FY2015 compared to HK\$1.4 million in FY2014.

Notwithstanding this, the Group ended the year with a solid balance sheet, with cash and cash equivalents rising approximately 21% to HK\$39.1 million in FY2015 from HK\$32.3 million in FY2014, and gearing for the year stood at a healthy 0.23 times.

Sustaining Growth

With rising disposable incomes, an aging population and longer life expectancies, Chinese consumers are increasingly aware of nutritional and health issues. In addition, with the China government's backing in the form of the establishment of The National Strategic

Alliance for Food Nutrition and Health Industry Technology Innovation of China¹ and the Ministry of Agriculture's blueprint for food and nutrition² released in 2014, China's nutrition and health food products segment is primed for a significant wave of growth with demand expected to rise 20% every year. By 2016, spending in the Chinese health industry is expected to surpass the USA to come close to RMB3 trillion³.

With positive growth prospects, our vision is to grow NFC to be a leading player in the Chinese market for nutritional and health food products. To achieve this and to set NFC apart from the competition, we will continue to focus on building brand value and greater awareness, expanding distribution channels, investing in research and product development, adhering to stringent quality control procedures and utilising natural ingredients of the highest quality imported from countries such as Brazil and Canada.

NFC intends to inject more capital to research and development and cooperate with Sichuan University, one of the top universities in China, to further improve on product development. To ensure consistent and high product quality, NFC also intends to purchase advanced equipment and testing systems, enhance employee training and apply for the certificate of China National Accreditation Service for Conformity Assessment ("CNAS"), which is the national accreditation body in China.

In FY2015, NFC has continued to expand on its "Macro" strategy. With the famous Chinese movie star, Mrs Hai Qing as its brand ambassador, NFC also teamed up with Focus Media, one of the largest advertisement and marketing promotion companies in China, to create greater brand awareness in major markets. The new advertising strategy included creating tasteful marketing campaigns centring on building a socially conscious brand and adopting high frequency advertising in densely populated cities such as Changsha, Lanzhou, Harbin and Wenzhou.

To boost sales and to ensure easy accessibility of products, NFC has concentrated on developing its Over-The-Counter channels as well as building on its e-commerce business model. Going forward, NFC intends to expand its Over-The-Counter channels in more cities including Hunan, Gansu, Heilongjiang, Zhejiang and Shandong. We have also actively sought to add large pharmaceutical retail chains and

supermarket retail chains to strategically place our products and will continue to expand on this platform with a target to work with over 100 supermarkets by FY2016.

To-date, NFC has built a trusted brand with over 40 nutritional and health food products in distribution and a growing sales track record. We are confident of the value and quality of our products and will focus our efforts in brand equity and distribution channels to further penetrate the domestic market. In 2014, NFC received seven new licenses for the launch of new products that were primarily related to the treatment of diabetes, liver protection and immunity enhancements. To further expand our product line, NFC targets to obtain at least 10 new licenses for the launch of new products in FY2016.

At the same time, NFC will continuously look for other investment opportunities to raise profitability, turnover and marketability. This may include partnering with other high quality nutritional and health food product suppliers in both the domestic and overseas markets.

Acknowledgements

At this juncture, I would like to thank Mr. Terence Luk Chung Po, who has stepped down as Non-Executive Chairman of the Group during the year. He has served on the Board since September 2002 and his invaluable contributions and counsel has benefitted the Group greatly over the past 12 years, and I wish him all the best for his future endeavours. At the same time, Mr. Li Xue Feng has also retired as Non-Executive Director of the Group as at 31 March 2015 after eight successful years. He lent the Group his vast experience and counsel during a transitional period of the business, and I thank him for having stood by us and wish him all the best.

I also want to take this opportunity to thank our loyal shareholders for your unwavering support and firm believe in the Group. My sincere appreciation also extends to my fellow Board members, management team, employees and business partners for your commitment to the Group. I assure all of you that we will continue to do our utmost to exceed your expectations and ensure LottVision delivers value to all our stakeholders.

Paul Gao Xiang Nong
Chief Executive Officer

¹ China's National Strategic Alliance for Food Nutrition and Health Industry Technology Innovation established in Beijing
- http://english.agri.gov.cn/news/dqnf/201506/t20150604_25778.htm

² China Food and Nutrition Development Outline 2014 – 2020 – http://english.agri.gov.cn/news/dqnf/201402/t20140212_21191.htm

³ The 19th China international nutrition and health industry expo – <http://en.jianbohui.com/html/Downloads/InvLetter/>

Corporate Information

Board of Directors

Paul Gao Xiang Nong
Executive Director and
Chief Executive Officer

Xu Hai Min
Non-Executive Director

Ng Poh Khoon Jimmy
Independent Director

Neo Chee Beng
Independent Director

Management Team

Paul Gao Xiang Nong
Executive Director and
Chief Executive Officer

Andy Xu Peng
Chief Financial Officer

Audit Committee

Ng Poh Khoon Jimmy (Chairman)
Neo Chee Beng
Xu Hai Min

Nominating Committee

Ng Poh Khoon Jimmy (Chairman)
Neo Chee Beng
Xu Hai Min

Remuneration Committee

Neo Chee Beng (Chairman)
Ng Poh Khoon Jimmy
Xu Hai Min

Company Secretary

Andy Xu Peng

Deputy Company Secretary

Adrian Chan Pengee

Registered Office

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Principal Share Registrar

Appleby Management
(Bermuda) Ltd.
Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Share Transfer Office

Boardroom Corporate &
Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

Auditors

Baker Tilly TFW LLP
Chartered Accountants
of Singapore
600 North Bridge Road,
#05-01 Parkview Square,
Singapore 188778

Partner-in-charge:
Gilbert Lee Chee Sum
(Appointment effective from
financial year ended
31 March 2015)





Positioned on Fertile Ground

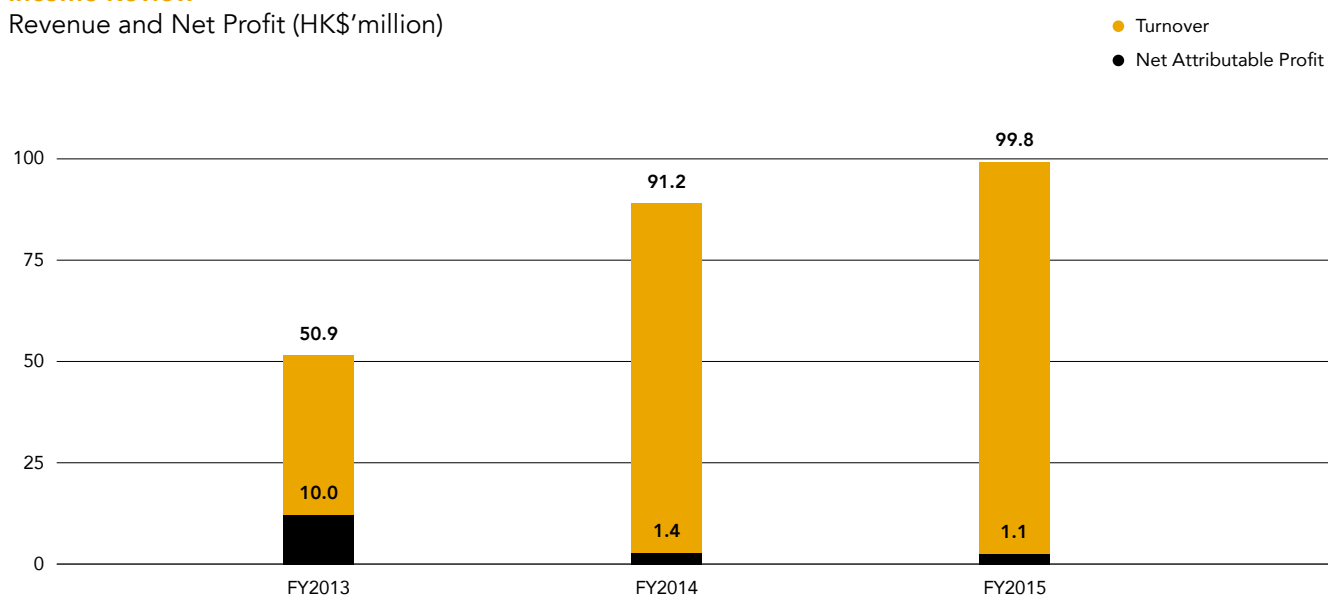
Since our acquisition of NutryFarm Biomedicine International Limited, we have revitalized our position and performance. Standing on a fertile and nourished ground, we utilize our resources strategically in high-growth areas and thereby generate stable value for our shareholders.



Financial Review

Income Review

Revenue and Net Profit (HK\$'million)



In FY2015, the Group continued to focus its resources on building brand equity and expanding its distribution channels for its nutrition and health food business operated by its subsidiary NFC. This aided in turning in a 9% year-on-year increase in sales to HK\$99.8 million, compared to HK\$91.2 million of the preceding year ("FY2014"), with majority of the revenue contributed by NFC.

On the back of this revenue growth, the Group's gross profit and gross profit margin improved substantially in FY2015, with gross profit surging 51% to HK\$51.0 million and gross profit margin increasing 14 percentage points to 51% compared to 37% in FY2014.

Other net income comprising a gain on disposal of property, plant and equipment, exchange gain and interest income, resulted in a gain of HK\$0.8 million in FY2015, compared to HK\$5.0 million recorded in FY2014 which was mainly due to the reversal of liabilities to the vendor of NFC because NFC did not

achieve its net profit guarantee for FY2014 as part of the acquisition terms.

On the cost front, the Group has no material other operating expenses for FY2015. However, due to higher advertising and marketing expenses incurred during the year in relation to the Group's intensified focus on brand building, distribution expenses rose 134% to HK\$21.8 million, while administrative expenses declined 4% to HK\$20.4 million due to a decrease in travel and entertainment expenses.

Finance costs comprising interest paid for bank loan stood at HK\$2.2 million and income tax climbed 9% to HK\$2.0 million as a result of the income tax charged to NFC for its operating profit in the PRC.

Overall, the Group achieved a net profit attributable to equity holders of the company of approximately HK\$1.1 million in FY2015, compared to HK\$1.4 million in FY2014.

HK\$'million	FY2014	FY2015
Net cash (outflow) / inflow from operating activities	(11.7)	11.6
Net cash (outflow) from investing activities	(0.4)	(2.5)
Net cash inflow / (outflow) from financing activities	8.4	(2.3)
Net (decrease) / increase in cash and cash equivalents	(3.7)	6.8
Cash and cash equivalents as at 31 March	32.3	39.1

Balanced Sheet Review

As at 31 March 2015, the Group's total assets stood at HK\$235.6 million compared to HK\$236.5 million a year ago. With intangible assets decreasing by HK\$2.8 million to HK\$52.6 million in FY2015 due to amortisation of intangible assets during the year, and long-term prepayment of HK\$1.6 million to acquire new product licenses for NFC, non-current assets declined 3% to HK\$108.7 million as at 31 March 2015.

Current assets expanded to HK\$126.9 million in FY2015 from HK\$124.0 million in FY2014 on the back of a 24% jump in inventories to HK\$22.0 million to cater to the increase in number of major customers during the year.

The Group's current liabilities declined HK\$11.0 million to HK\$53.7 million as at 31 March 2015 from HK\$64.7 million as at 31 March 2014, on the back of lower trade and other payables which amounted to HK\$28.4 million compared to HK\$36.2 million in FY2014. The bulk of the decrease was due to a HK\$6.1 million payment to the vendor of NFC for the realised portion of the profit of FY2015.

Based on 1,771,256,080 ordinary shares in issue as at 31 March 2015, the Group's net asset value per share was 6.21 Hong Kong cents compared to 5.81 Hong Kong cents in the last financial year.

Cash Flow Review

The Group achieved a net cash inflow of HK\$11.6 million from operating activities as compared to an outflow of HK\$11.7 million in FY2014. This was mainly attributable to NFC increasing its working capital in FY2015 by collecting outstanding trade and other receivables.

To manufacture more new products to meet increasing demand, net cash outflow from investing activities increased to HK\$2.5 million in FY2015 to pay for the purchase of property, plant and equipment for NFC.

In FY2015, the Group registered net cash outflow from financing activities of HK\$2.3 million compared to an inflow of HK\$8.4 million in FY2014. The inflow from FY2014 was due to HK\$8.8 million net proceeds from bank loan.

As a result, the Group remained in a healthy cash balance position of HK\$39.1 million as at 31 March 2015.





Promoting Wellness in Rewarding Ways

We endeavor sustainable wellness and growth for both our company and the markets we serve. We believe that life flows in a healthy environment where a harmony of foundational values and evolving strengths brings forth opportunities that lead to a rewarding, long-term journey.



Board of Directors

Mr. Paul Gao Xiang Nong

Executive Director and Chief Executive Officer

Mr. Paul Gao Xiang Nong was appointed as Executive Director on 9 January 2006, and is also the Chief Executive Officer of the Group.

Mr. Gao has been with the Group since August 2003, when he joined as Chief Financial Officer. He has more than 19 years of international experience having

worked in the USA, Hong Kong and China. Prior to joining the Group, Mr. Gao served as International Marketing Director at Platt College: Cerritos (now renamed Western College) in the USA and Chief Account Officer at Amdec LLC in the USA. Mr. Gao is a Certified Public Accountant with the State Board of Accountancy, Colorado, USA.

Mr. Li Xue Feng

Non-Executive Director

Mr. Li Xue Feng was appointed as Non-Executive Director on 27 February 2009 and has retired from the Board as at 31 March 2015.

He is the President and Director of Beijing IntraDak Systems Technology Ltd, a dominant point-of-sales systems supplier for the sports lottery in the PRC.

He oversees IntraDak's daily operations and is also responsible for forging new marketing and business opportunities. Mr. Li is also the Director of Beijing EasyLuck Marketing Development Limited since April 2005.

Mr. Li graduated from Tsinghua University, PRC.

Mr. Xu Hai Min

Non-Executive Director

Mr. Xu Hai Min was appointed as Non-Executive Director on 9 April 2014.

He is currently the Chief Financial Officer of Beijing Sinoix Communication Co., Ltd. since 2000. From 1996 to 2000, he served as Deputy General Manager at China United Assets Appraisal Group. Prior to

that, he was with state-run research institutions and was engaged in quantitative economics research from 1987 to 1995. He was awarded the prestigious National Science Progress Award and a number of provincial and ministerial level scientific and technological progress awards for his research works.

Mr. Ng Poh Khoo Jimmy
Independent Director

Mr. Ng Poh Khoo Jimmy was appointed as our Independent Director on 1 April 2008.

He is currently the Chief Financial Officer of Asia Fashion Holdings Limited, a functional knitted fabrics producer listed on Mainboard of SGX-ST. Prior to that, he was the IR Director for Youbisheng Green Paper AG, a linerboard producer listed on Frankfurt Prime Standard, with operations based in Quanzhou City, Fujian Province, PRC. From 2010 to 2011, he was the head of the export division for Passion Group which is based in Longyan City, Fujian Province, and is involved in design, production and sale of handicrafts, furniture and home furnishings. From November 2008 to December 2011, he was the Chief Financial Officer of Passion Holdings Limited, formerly a listed company quoted on the Mainboard of SGX-ST.

From October 2004 to October 2008, Mr. Ng was the Chief Financial Officer of the Sinoying group of

companies, which is primarily engaged in the business of shipping and oil trading having operations in Singapore, Hong Kong and China. He was also the Deputy Managing Director of Sinoying Logistics Pte. Ltd., the shipping arm of the Sinoying Group and assisted in its daily operations during the same period. Prior to that, Mr. Ng worked for 11 years in various accounting firms. He is currently the independent director and Chairman Audit Committee of Star Pharmaceutical Limited, which is listed on the SGX-ST.

Mr. Ng is a Chartered Accountant and a member of the Institute of Singapore Chartered Accountants and Singapore Institute of Directors. Mr. Ng is also a fellow member of the Association of Chartered Certified Accountants, UK.

Mr. Neo Chee Beng
Independent Director

Mr. Neo Chee Beng was appointed as Independent Director on 1 October 2009.

He is currently the Chief Investment Officer of Beijing Ruyi Media Group, a leading movie and TV series production company. Prior to that, Mr Neo was Chief Compliance Officer of Persistent Asset Management Pte Ltd, an asset management company with total assets of USD800 million under management. Mr. Neo was an Independent Business Consultant appointed to a number of companies listed on Catalyst and NASDAQ. From 1996 to early 2005, he was with

Vertex Management II Pte Ltd, a venture capital firm and was head of its Beijing office. A number of his investments were successfully listed on NASDAQ, New York Stock Exchange and Hong Kong Stock Exchange. Mr. Neo was previously the Finance Manager of the Cycle & Carriage Group and had years of working experience with international audit firms, Ernst & Young and Moores Rowland.

Mr. Neo is a Fellow of the Association of Chartered Certified Accountants, United Kingdom.



Management Team

Mr. Paul Gao Xiang Nong

Executive Director and Chief Executive Officer

Mr. Paul Gao Xiang Nong was appointed as the Chief Executive Officer of the Group on 9 January 2006. In this capacity, he is responsible for spearheading

the execution of the Group's strategic direction and charting the roadmap for its growth.

Mr. Andy Xu Peng

Chief Financial Officer

Mr. Andy Xu Peng was appointed as Chief Financial Officer on 1 February 2009. He is responsible for the finance, accounting and corporate secretarial functions of the Group.

Mr. Xu was previously the Chief Financial Officer of the Group's associate company, PAL (Beijing) Information and Technology Co., Ltd, where he oversaw the human resource and finance departments within the company. From 2005 to 2006, he was with Dell

(China) Co., Limited as Finance Manager. He has over five years of audit and financial consulting as well as finance and accounting management experience with Deloitte and Ernst & Young in the PRC.

Mr. Xu holds a Master Degree of Science in Business and Administration (Finance) from San Diego State University, California State University, USA. He also holds a Bachelor Degree of Economics from University of International Business and Economics, PRC.



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Corporate Governance Report

LottVision Limited (the “Company” and together with its subsidiaries, the “Group”) is committed to achieving a high standard of corporate governance which conforms to the principles set out in the Code of Corporate Governance 2012 (“Code”). The Board is pleased to report on the compliance of the Company with the Code (except as otherwise stated).

Principle 1: Board’s Conduct of its Affairs

Apart from its statutory duties and responsibilities, the Board is responsible for overseeing the management and affairs of the Group and approving the Group’s corporate and strategic directions. The Board is also responsible for implementing policies in relation to financial matters, which include risk management, internal controls, and compliance.

In accordance with the Code, the Board has, without abdicating its responsibility, delegated specific authority to three (3) Board Committees namely, the Audit Committee (“AC”), the Nominating Committee (“NC”) and the Remuneration Committee (“RC”), to assist the Board in discharging its responsibilities and to enhance the Group’s corporate governance framework. Each Board Committee is chaired by an Independent Director and has its own terms of references to address their respective areas of focus. The Board Committees have explicit authority to investigate any matter within their terms of reference, have full access to and co-operation by the Management, have resources to enable them to discharge their functions properly and full discretion to invite any Director or executive to attend their meetings. The composition and description of each Board Committee are set out in this Report.

The Board meets at least once a year to review and deliberate on the key activities and business strategies of the Group, including reviewing and approving internal guidelines on materiality of transactions, acquisitions, financial performance and to endorse the release of the quarterly and annual financial results. Additional meetings may be held to address significant transactions or issues, where necessary. The Company’s Bye-laws permit a Board meeting to be conducted by way of teleconference and video-conference. The record of the directors’ attendance at Board and the respective committee meetings during the financial year ended 31 March 2015 is set out below.

	Directors’ Attendance at Board and Other Committee Meetings			
	No. of meetings & attendance (for the period from 01/04/14 to 31/03/15)			
	Board	AC	NC	RC
Number of meetings held	9	4	2	2
Name of Director				
Terence Luk Chung Po ⁽¹⁾	4	-	1	-
Paul Gao Xiang Nong	9	4*	2*	2
Li Xue Feng	7	-	-	-
Ng Poh Khoon Jimmy	9	4	2	2
Neo Chee Beng	9	4	2	2
Xu Hai Min ⁽²⁾	8	3	-	1

Notes:

- Mr. Terence Luk Chung Po resigned as Non-Executive Chairman and as Director of the Company on 31 October 2014.
 - Mr. Xu Hai Min was appointed as a Non-Executive Director with effect from 09 April 2014 and appointed as a member of the AC, NC and RC in place of Mr. Terence Luk Chung Po with effect from 27 May 2014.
- * The Director is not a member of the respective Committees but has attended the meetings by invitation.

Corporate Governance Report

The principal functions of the board of directors of the Company ("Board" or "Directors") include:

1. providing entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the company to meet its objectives;
2. establishing a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the company's assets;
3. reviewing management performance;
4. identifying the key stakeholder groups and recognising that their perceptions affect the company's reputation;
5. setting the company's values and standards (including ethical standards), and ensuring that obligations to shareholders and other stakeholders are understood and met;
6. considering sustainability issues, e.g. environmental and social factors, as part of its strategic formulation;
7. approving policies, strategies, structure and direction of the Group;
8. approving annual budgets, key operational issues, major funding proposals, and investment and divestment proposals;
9. overseeing the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
10. approving the nominations of Board Directors, committee members and key personnel, recommended by the NC; and
11. providing oversight for the proper conduct of the Company's business and assuming responsibility for corporate governance.

The Board gives clear instructions to Management on the levels of authorization required and the Management team seeks Board approval on material transactions such as material acquisitions and disposals, joint ventures and other transactions that would materially impact the Company.

Prior to their respective appointments to the Board, each of the Directors are given comprehensive and tailored induction on joining the Board, including his duties as a director and how to discharge those duties, and an orientation on the Group's business strategies, operations and governance practices. A formal letter will also be issued to each director upon appointment, setting out the directors' duties and obligations. Newly appointed directors who have no prior experience as directors of a listed company will be given legal and accounting training, and training on the industry the Company operates in.

The Directors will receive, from time to time, further relevant training funded by the Company particularly on applicable new laws, regulations and changing commercial risks which are relevant to the business and operations of the Group. The Directors will also be updated on the business of the Group through regular presentations and meetings.

Principle 2: Board Composition and Balance

The Company believes that there should be a strong and independent element in the Board to exercise objective judgment on corporate affairs independently, in particular from Management and 10% shareholders. The Directors appointed are qualified professionals who possess a diverse range of expertise to provide a balanced view within the Board.

Corporate Governance Report

The Board is made up of five Directors of whom two are independent Non-Executive Directors. The majority of the Board members are Non-Executive, with forty percentage (40%) of the Board being independent.

The involvement of the Non-Executive Directors in setting and developing strategies and goals for management, and reviewing and assessing management's performance enables management to benefit from the external and objective perspective of issues that are tabled before the Board.

To facilitate a more effective check on the Executive Directors and the Management, the Non-Executive Directors meet at least once annually without the presence of the Management to discuss matters that they wish to raise privately. The Non-Executive Directors also constructively challenge the Executive Directors and the Management and help develop proposals on strategy and review the performance of the Management in meeting agreed goals and objectives and monitor the reporting of performance.

The independence of each Independent Director is reviewed annually by the NC based on the definition of independence as set out in the Code. The Independent Directors have abstained from voting on any resolutions and making any recommendations and/or participated in any deliberations of the Board in respect of the evaluation of his or her independence. Taking into account the views of the NC, the Board is satisfied as to the independence of Mr. Ng Poh Khoon Jimmy and Mr. Neo Chee Beng, both of whom do not have any material relationship with the Company, its related corporations, its Shareholders who have an interest of at least 10% of the Company's voting shares or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgment with a view to the best interests of the Company.

The Board has examined its size and is of the view that it is an appropriate size for effective decision making, taking into account the scope and nature of the operations of the Company, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and board committees.

The Board has also considered that its Directors as a group provide an appropriate balance and diversity of industry skills, knowledge of the Company and experience, and possess core competencies such as in accounting, finance, industry knowledge, strategic planning experience, customer-based experience or knowledge and business strategies.

Nominating Committee

The NC comprises Mr. Neo Chee Beng and Mr. Xu Hai Min, and is chaired by Mr. Ng Poh Khoon Jimmy.

The NC held two meetings during the financial year ended 31 March 2015.

The Board has approved the written terms of reference of the NC. The NC performs the following functions:

- a) reviewing and making recommendations to the Board on all candidates nominated for appointment to the Board;
- b) reviewing all candidates nominated for appointment as senior management staff;
- c) reviewing and recommending to the Board on an annual basis, the Board structure, size and composition, taking into account the balance between Executive and Non-Executive, Independent and Non-Independent Directors and having regard at all times for the principles of corporate governance and the Code;
- d) procuring that at least one-third of the Board shall comprise Independent Directors;
- e) making recommendations to the Board on continuation of service of any Director who has reached the age of 70;
- f) identifying and making recommendations to the Board as to the Directors who are to retire by rotation and to be put forward for re-election at each Annual General Meeting ("AGM") of the Company, having regard to the Directors' contribution and performance, including Independent Directors;
- g) determining whether a Director is independent (taking into account the circumstances set out in the Code and other salient factors); and
- h) proposing a set of objective performance criteria to the Board for approval and implementation, to evaluate the effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board.

Corporate Governance Report

Principle 4: Board Membership

The composition of the Board and Board Committees is as follows:

Directors	Board Membership	Date of First Appointment	Date of Last Re-Appointment	AC	RC	NC
Paul Gao Xiang Nong	Executive Director, Chief Executive Officer	09 January 2006	29 July 2014	-	-	-
Li Xue Feng	Non-Executive Director	27 February 2009	27 July 2012	-	-	-
Ng Poh Khoon Jimmy	Independent Director	01 April 2008	29 July 2013	Chairman	Member	Chairman
Neo Chee Beng	Independent Director	01 October 2009	29 July 2013	Member	Chairman	Member
Xu Hai Min	Non-Executive Director	09 April 2014	29 July 2014	Member	Member	Member

Notes:

1. Mr. Terence Luk Chung Po resigned as Non-Executive Chairman and as Director of the Company on 31 October 2014.
2. Mr. Xu Hai Min was appointed as a Non-Executive Director with effect from 09 April 2014 and appointed as a member of the AC, NC and RC in place of Mr. Terence Luk Chung Po with effect from 27 May 2014.

The Board recognises the importance of good succession planning. The NC is tasked to review the Board membership progressively and identify the potential successors to key positions. Succession and leadership development plans for the senior management will be implemented to ensure smooth transition. The review, if any, will be presented to the Board for its approval.

The search and nomination process for new directors, if any, will be through search agencies, contacts and recommendations to reach out to the largest pool of candidates as possible for the right candidate.

When considering a new Board member, the NC will review the curriculum vitae of the potential candidate and consider his or her experience and likely contribution to the Board. Interviews will then be subsequently conducted before the NC makes its recommendation to the Board. The Board will make the final determination for the appointment.

Pursuant to Article 104 of the Company's Bye-laws, other than the Managing Director, all Directors submit themselves for re-election at least once every three years. In addition, under Article 107(B), any Director appointed by the Board shall hold office only until the next AGM and shall then be eligible for re-election at the meeting.

The NC recommended to the Board that Mr. Ng Poh Khoon Jimmy will be nominated for re-appointment at the forthcoming AGM. In making their recommendations, the NC had considered the overall contribution and performance of Mr. Ng Poh Khoon Jimmy. Mr. Ng Poh Khoon Jimmy will abstain from making any recommendation in respect of each of their respective re-appointments.

Notwithstanding that some of the Directors have multiple board representations, the NC is satisfied that each Director is able to and has been adequately carrying out his or her duties as a director of the Company. The NC conducts a review of the time commitment of each director on an ongoing basis. The Board believes that each director has to personally determine the demands of his or her competing directorships and obligations and assess how much time is available to serve on the Board effectively. Accordingly, the Board has not made a determination of the maximum number of board representations a director may hold.

Key information regarding the Directors' academic and professional qualifications and other appointments is set out on pages 14 and 15 of the Annual Report.

Corporate Governance Report

Principle 3: Chairman and Chief Executive Officer

The Chairman and the Chief Executive Officer (“CEO”) perform separate functions to ensure that there is an appropriate balance of power and authority, and that accountability and independent decision making are not compromised.

The former Chairman of the Company is Mr. Terence Luk Chung Po who resigned as Chairman and director with effect from 31 October 2014 due to family commitments. The Company presently does not have a Chairman for the time being. Although the Code provides that there should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company’s business, the Board considers the current leadership structure to be efficient taking into account, inter alia, the current needs of the Company as the Chairman’s responsibilities are equally shared and divided amongst the Directors.

The CEO sets the business strategies and directions for the Group and manages the business operations of the Group with the Executive Directors and other management staff.

Principle 5: Board Performance

The Board has implemented a process to be carried out by the NC to assess the performance and effectiveness of the Board as a whole, its Board Committees, the contribution of the Chairman and each individual director to the effectiveness of the Board.

In conducting the individual evaluation of Directors, the NC assesses on an individual basis whether each director continues to contribute effectively and demonstrate commitment to the role (including commitment of time for meetings of the Board and board committees, and any other duties). The Chairman will act on the results of the performance evaluation, and, in consultation with the NC, propose, where appropriate, new members to be appointed to the Board or seek the resignation of directors.

Each member of the NC shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the NC in respect of the assessment of his or her performance or re-nomination as a Director.

The assessment of the Board’s performance as a whole adopted both quantitative and qualitative criteria, such as return on equity, the success of the strategic and long-term objectives set by the Board and the effectiveness of the Board in monitoring the management’s performance against the goals that had been set by the Board.

The NC has assessed the Board’s performance to-date and is of the view that the performance of the Board as a whole was satisfactory.

Principle 6: Access to Information and Company Secretaries

To assist the Board in fulfilling its responsibilities, the Board will be provided with board papers and related materials, background or explanatory information relating to matters to be brought before the Board, and copies of disclosure documents, budgets, forecasts and monthly internal financial statements prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities. In respect of budgets, any material variance between the projections and actual results is also disclosed and explained.

The Board is provided with adequate and timely information prior to each Board meeting. Board papers are prepared for each Board meeting and are usually circulated at least three working days prior to each meeting. Directors are entitled to request from Management, and are provided with, such complete and adequate additional information in a timely manner as needed to make informed decisions. The Chief Financial Officer (the “CFO”), key management personnel of the Group and external professionals may also be invited to attend the meetings to provide further insight on specific matters or respond to queries from the Directors.

If any of the Directors require independent professional advice in the furtherance of their duties, the cost of such professional advice will be borne by the Company.

The Board has separate and independent access to management and the company secretaries at all times.

Corporate Governance Report

The company secretaries administer, attend and prepare minutes of Board meetings, assist the Chairman in ensuring that:-

- (i) Board procedures are followed and reviewed so that the Board functions effectively;
- (ii) the Company's Bye-laws and relevant rules and regulations, including requirements of the Companies Act and the SGX-ST, are complied with;
- (iii) ensuring good information flows within the Board and its Board Committees and between the Management and the Non-Executive Directors; and
- (iv) facilitating the orientation of incoming Directors and assist with professional development as required.

The appointment and removal of the company secretary is a matter for the Board as a whole to decide.

Principle 7: Procedures for Developing Remuneration Policies Remuneration Committee

The RC comprises Mr. Ng Poh Khoon Jimmy, Mr. Xu Hai Min and is chaired by Mr. Neo Chee Beng.

The RC held two meetings during the financial year under review.

The Board has approved the written terms of reference of the RC. The functions of the RC are as follows:

- a) recommending to the Board a general framework for remuneration for its members and the key executives of the Group including all aspects such as Directors fees, salaries, allowances, bonuses, options and benefits-in-kind;
- b) proposing to the Board, appropriate and meaningful measures for assessing the performance of Executive Directors;
- c) determining the specific remuneration package for each Director and key management personnel;
- d) considering the eligibility of Directors for benefits under long-term incentive schemes; and
- e) considering and recommending to the Board the disclosure of details of the Company's remuneration policy, level and mix of remuneration, the procedure for setting remuneration, and details of the specific remuneration packages of the Directors and key executives of the Company to those required by law or by the Code.

The RC will review the Company's obligations arising in the event of termination of the Executive Directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

In discharging its functions, the RC may obtain independent external legal and other professional advice as it deems necessary. The expenses for such advice shall be borne by the Company.

Principle 8: Level and Mix of Remuneration

In setting remuneration packages, the RC aligns the level and structure of remuneration with the long-term interest and risk policies of the Company and considers what is appropriate to attract, retain and motivate (i) the Directors to provide good stewardship of the Company, and (ii) the key management personnel to successfully manage the Company.

The Company sets remuneration packages which are competitive and sufficient to attract, retain and motivate Directors and senior management with adequate experience and expertise to manage the business and operations of the Group. The RC also takes into account the risk policies of the Company, and ensures that remuneration is symmetric with risk outcomes and is sensitive to the time horizon of risks.

Corporate Governance Report

The Company will continually evaluate the remuneration structure of Executive Directors and key management personnel and consider linking rewards to corporate and individual performance, to promote the long-term success of the company. The remuneration policy will take into account the risk policies of the Company, be symmetric with risk outcomes and be sensitive to the time horizon of risks. The Company has introduced the Scheme and an Incentive Share Scheme administered by the RC. Executive directors and key management personnel are encouraged to hold their shares beyond the vesting period, subject to the need to finance any cost of acquiring the shares and associated tax liability.

The remuneration of Non-Executive directors is measured against their level of contribution, taking into account factors such as effort and time spent, and the responsibilities undertaken. The RC ensures that Non-Executive Directors are not overcompensated to the extent that their independence may be compromised. Non-Executive Directors are also entitled to be offered shares under the Incentive Share Scheme.

The Company is entitled to reclaim incentive components of remuneration from executive directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the company.

Principle 9: Disclosure on Remuneration

The remuneration paid to the Directors and Executive Officers for services rendered during the financial year ended 31 March 2015 was as follows:

Remuneration bands	Salary (%)	Performance bonus (%)	Directors' fees (%)	Others (%)	Total (%)
Directors					
Below S\$250,000					
Paul Gao Xiang Nong	-	-	-	-	-
Terence Luk Chung Po	-	-	-	-	-
Li Xue Feng	-	-	-	-	-
Ng Poh Khoo Jimmy	-	-	100	-	100
Neo Chee Beng	-	-	100	-	100
Xu Hai Min	-	-	-	-	-

Notes:

1. Mr. Terence Luk Chung Po resigned as Non-Executive Chairman and as Director of the Company on 31 October 2014.
2. Mr. Xu Hai Min was appointed as a Non-Executive Director with effect from 09 April 2014 and appointed as a member of the AC, NC and RC in place of Mr. Terence Luk Chung Po with effect from 27 May 2014.

No termination, retrenchment and post-employment benefits were granted to the Directors and Key Management personnel during FY2015.

The RC and the Board are of the view that the remuneration of the Directors is adequate but not excessive in order to attract, retain and motivate them to run the Company successfully and also believes that the remuneration package of the Directors and Key Management is a competitive advantage of the Group and as such has chosen to make disclosure in relation thereto in bands of S\$250,000.

Mr. Paul Gao Xiang Nong, Mr. Terence Luk Chung Po, Mr. Li Xue Feng, and Mr. Xu Hai Min do not receive any compensation for services rendered as Directors during the financial year ended 31 March 2015.

The remuneration of the Independent Directors was in the form of a fixed fee subject to shareholders' approval at the AGM.

Executive Directors have service agreements with the Company. Their compensation consists of a salary, bonus and performance awards that are dependent on the performance of the Group.

Corporate Governance Report

The Company does not have any employees who are immediate family members of a Director or the Chief Executive Officer.

For FY2015, the top five key management personnel (who are not also Directors or CEOs) (in terms of remuneration paid) of the Company are Andy Xu Peng, Xia Li Min, Peng Li Hong, Yang Jun and Ma Ting.

A breakdown, showing the level and mix of the top five key management personnel who are not Directors or CEO in remuneration bands of S\$250,000 for FY2015, is as follows:-

Remuneration bands	Salary (%)	Performance bonus (%)	Benefits in kind (%)	Stock options, share based incentives and awards, and other long-term incentives (%)	Total (%)
Below S\$250,000					
Andy Xu Peng	100	-	-	-	100
Xia Li Min	100	-	-	-	100
Peng Li Hong	100	-	-	-	100
Yang Jun	100	-	-	-	100
Ma Ting	100	-	-	-	100

Principle 11: Risk Management & Internal Controls

The Company has instituted a system of internal controls for the Group. While no system can provide absolute assurance against material loss or financial misstatement, the Group's internal financial controls are designed to provide reasonable assurance that assets are safeguarded, that proper accounting records are maintained, and that financial information used within the business and for publication is reliable. In designing these controls, Management has had regard to the risks to which the business is exposed, the likelihood of such risks occurring and the costs of protecting against them. The Company seeks to improve internal control and risk management on an on-going basis to ensure that they remain sound and relevant.

The Board has in place a set of internal controls which sets out approval limits for expenditure, investments and divestments and cheque signatory arrangements. Approval sub-limits are also provided at management and committee levels to facilitate operational efficiency.

During the year under review, the Board has conducted an annual review of the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and information technology controls. The AC has also reviewed the effectiveness of the Group's system of internal controls in light of key business and financial risks affecting its business through discussion with Management and its external auditors.

The Board believes that the system of internal control and risk management established by the Company is adequate to provide reasonable assurance that the Company would not be adversely affected by any event that could be reasonably foreseen. However, the Board also notes that no system of internal controls and risk management could provide an absolute assurance in this regard, or absolute assurance against poor judgment in decision making, human error, losses, fraud or other irregularities.

Based on the internal controls established and maintained by the Group and reviews performed by management, various Board Committees and the Board, the AC and the Board are of the opinion that the Group's internal controls to address financial, operational, compliance and information technology risks were adequate as at 31 March 2015.

Corporate Governance Report

The Board has also received assurance from the CEO and CFO that the financial records have been properly maintained, the financial statements give a true and fair view of the Company's operations and finances, and the company's risk management and internal control systems are effective.

Principle 12: Audit Committee

The AC comprises Mr. Xu Hai Min, Mr. Neo Chee Beng and is chaired by Mr. Ng Poh Khoon Jimmy. None of the AC members were former partners or directors of the Company's existing auditing firm, and none of them have any financial interest in that firm.

The Board ensures that the members of the AC are appropriately qualified to discharge their responsibilities. In particular, Mr. Ng Poh Khoon Jimmy (the AC Chairman) and Mr. Neo Chee Beng have a wealth of experience in accounting.

The Board has approved the written terms of reference of the AC. The AC performs the following functions:

- a) reviewing with external auditors the audit plan, and their audit report;
- b) reviewing the overall internal control system;
- c) reviewing the Group's financial results and the announcements before submission to the Board for approval;
- d) reviewing the assistance given by management to external auditors;
- e) reviewing significant findings of internal investigations;
- f) considering the appointment/re-appointment of the external auditors;
- g) reviewing interested person transactions; and
- h) other functions as required by law or the Code.

The AC meets periodically and also holds informal meetings and discussions with the management from time to time. The AC has full discretion to invite any director or executive officer to attend its meetings, and has reasonable resources to discharge its functions properly.

During FY2015, the AC met four times to discuss and review the audit plan, the audit report and evaluate the system of internal controls.

The AC's primary role is to investigate any matter within its terms of reference, and it has explicit authority to investigate any matter within its terms of reference. It has full access to, and the co-operation of, the Management and has been given full access to and is provided with the co-operation of the Company's management. In addition, the AC has independent access to the external auditors. The AC meets with the external auditors without the presence of management at least annually.

The members of the AC also meet with the management, the CFO and external auditors to discuss and keep abreast of changes to accounting standards and issues which have direct impact on the financial statements.

The aggregate amount of fees paid to the external auditors of the Company for FY2015 is S\$163,333. No non-audit services are provided by the external auditors to the Company.

The Group has complied with Rules 712 and 715 of the Listing Manual issued by Singapore Exchange Securities Trading Limited in relation to its auditors.

The Company has put in place a "whistle-blowing" policy which enables employees who have major concerns over any wrongdoing within the Group relating to unlawful conduct, financial malpractice or dangers to the public or the environment to come forward and express these concerns without fear of any punitive action. The AC has reviewed and ensured that arrangements are in place for concerns to be raised and independently investigated, and for appropriate follow-up action to be taken.

Corporate Governance Report

Principle 13: Internal Audit

The Group currently does not have in place an internal audit function as the Board is of the view that this is not necessary taking into account the Group's current size and operations.

The Board recognises the importance of the internal audit function and will continue to monitor whether it is necessary to set up such function internally or outsource it to a professional body.

Principle 10: Accountability and Audit

The Board provides the shareholders with a detailed and balanced explanation and analysis of the Company's performance, position and prospects on a quarterly basis. This responsibility extends to interim and other price-sensitive public reports, and reports to regulators (if required).

The Board also takes adequate steps to ensure compliance with legislative and regulatory requirements, including requirements under the listing rules of the securities exchange, by establishing written policies where appropriate.

The management provides the Board with appropriately detailed management accounts of the Group's performance, position and prospects and such explanation and information on a quarterly basis to enable the Board to make a balanced and informed assessment of the company's performance, position and prospects. Where the Board requires any additional information, the Board will request for such information from Management.

Principle 14: Shareholder Rights

Principle 15: Communication with Shareholders

The Company recognises that effective communication can highlight transparency and enhance accountability to its shareholders. The Company provides information to its shareholders on a timely basis via SGXNET announcements and press releases. Such information is also available on the Company's website. If inadvertent disclosure is made to a select group of shareholders, the Company will make the same disclosure publicly to all others as promptly and possible. The Company ensures that price-sensitive information is publicly released, and announced on an immediate basis where required under the Listing Manual of the SGX-ST. Such information includes information relating to changes in the company or its business which would be likely to materially affect the price or value of the Company's shares. Where an immediate announcement is not possible, the announcement is made as soon as possible to ensure that shareholders and the public have fair access to the information. At shareholders' meetings, the Board also seeks for the views, comments and input of the Company's shareholders, to better understand and address their specific concerns.

For FY2015, the Company will not be paying dividends to shareholders. Due to the ongoing challenges in the economic and business environment, there is a need to conserve cash.

Principle 16: Conduct of Shareholder Meetings

The Company encourages shareholders to participate and vote at AGMs. Shareholders are informed of the rules, including voting procedures, that govern the AGMs, and all shareholders are given the opportunity to voice their views and to direct queries regarding the Group to Directors, including the chairperson of each of the Board Committees.

All shareholders of the Company will receive the Annual Report and the notice of the AGM. The notice is also advertised in a local newspaper and made available on the SGXNET.

The Company's Bye-Laws allow the Shareholders to appoint proxies to attend and vote in their stead at general meetings. Pursuant to Bye-Law 84 of the Company's Bye-Laws, the Shareholders holding two (2) or more shares may appoint not more than two (2) proxies to attend and vote at the same general meeting. When a Shareholder appoints more than one (1) proxy, he or she shall specify the proportion of his or her shareholding to be represented by each proxy.

Corporate Governance Report

The Company has not amended its Bye-Laws to provide for absentia voting methods. Voting in absentia and by electronic mail may only be possible following careful study to ensure that integrity of the information and authentication of the Shareholders' identities through the web are maintained.

The Company ensures that there are separate resolutions at general meetings on each distinct issue, and puts each resolutions to poll, with an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages.

All minutes of general meetings that include substantial and relevant comments or queries from the Shareholders and responses from the Board and the Management are made available to the Shareholders upon their request.

MATERIAL CONTRACTS

(Listing Manual Rule 1207(8))

Save for the service agreement between the Executive Directors and the Company, there are no material contracts entered into by the Company or its subsidiaries and in which the Chief Executive Officer, or any Director or controlling shareholders were interested subsisting at the end of the financial year ended 31 March 2015.

RISK MANAGEMENT

(Listing Manual Rule 1207(4)(b)(iv))

The Company does not have a Risk Management Committee. However, the management regularly reviews the Company's business and operational activities to identify areas of significant business risk as well as appropriate measures to control and mitigate these risks. The management also reviews all significant control policies and procedures and highlights all significant matters to the Directors and the AC.

The Group has identified the various financial risks, details of which are found on pages 82 to 86 of the Annual Report.

EMPLOYEE SHARE OPTION SCHEME ("ESOS")

(Listing Manual Rule 852(1))

The ESOS is administered by a committee comprising Mr. Xu Hai Min, Mr. Ng Poh Khoon Jimmy and Mr. Neo Chee Beng.

There are no share options granted during the financial year ended 31 March 2015. Details of the ESOS is set out on page 77 and 78 of the Annual Report.

DEALINGS IN SECURITIES

(Listing Manual Rule 1207(19))

The Group has adopted the SGX-ST's Best Practices Guide with respect to dealings in securities by the Directors and its executive officers. Officers of the Company should not deal in the securities of the Company on short-term considerations. Directors, management and officers of the Group who have access to price-sensitive, financial or confidential information are not permitted to deal in the Company's shares during the periods commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year, or one month before the financial year-end, as the case may be, and ending on the date of announcement of the relevant results, or when they are in possession of unpublished price-sensitive information on the Group.

To provide further guidance to employees on dealings in the Company's shares, the Company has adopted a code of conduct on transactions in the Company's shares. The code of conduct is modeled after the Best Practices Guide with some modifications.

INTERESTED PERSON TRANSACTIONS

(Listing Manual Rule 907)

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

The Company sold one vehicle amounted to HK\$250,267 to Mr. Paul Gao Xiang Nong in FY2015.

Corporate Governance Report

CORPORATE SOCIAL RESPONSIBILITY

The Company is aware of the effects of its operations and the role it plays in preserving the environment. The Company intends to encourage a more environmentally responsible culture, including implementing policies for paper recycling, reducing the unnecessary use of paper and reducing electricity consumption.

USE OF PROCEEDS

In FY2013, the Company undertook a placement of 846 million ordinary shares which was completed on 4 May 2012 (the “2013 Placement”). The Company received proceeds of HK\$67.3 million from the 2013 Placement.

Pursuant to the NutryFarm acquisition, HK\$45.3 million has been paid to the vendor as consideration and HK\$1.0 million was incurred as expenses in relation thereto. Accordingly, as at 31 March 2013, 68.8% of the net proceeds from the 2013 Placement have been utilised for the NutryFarm acquisition, and 1.8% of the net proceeds from the 2013 Placement have been utilised for working capital requirements.

HK\$19.4 million of the remaining consideration for the acquisition of NutryFarm remains to be paid to the vendor under the terms of the acquisition, pending the satisfaction of the profit guarantee relating to NutryFarm as at 31 March 2013. In addition, HK\$8.6 million has been paid for the remaining consideration for acquisition of NutryFarm as NutryFarm achieved profit guarantee from 1 April 2012 to 31 March 2013. HK\$6.2 million has been paid for the remaining consideration for acquisition of NutryFarm as NutryFarm realised profit from 1 April 2013 to 31 March 2014. For more details relating to the acquisition of NutryFarm, please refer to the Company's circular to shareholder dated 21 July 2014. HK\$1.5 million was incurred as working capital expenses.

As a result, as at 31 March 2015, 89.3% of the net proceeds from the 2013 Placement have been utilised for the NutryFarm acquisition, and 3.7% of the net proceeds from the 2013 Placement have been utilised for working capital requirements. HK\$3.1 million proceeds have not been utilised yet.

The Company's cash balance as at 31 March 2015 is HK\$39.1 million. The Company undertook a placement of 10,526,316 shares at the subscription price of S\$0.019 per placement share, which was completed on 11 June 2014. The net proceeds of HK\$1,210,000 raised from the placement have not been utilised.

The Company undertook a placement of 20,000,000 shares at the subscription price of S\$0.32 per placement share, which was completed on 24 June 2015. The net proceeds of S\$6,400,000 raised from the placement have not been utilised.

Directors' Report

We submit herewith this annual report together with the audited consolidated financial statements for the financial year ended 31 March 2015.

DIRECTORS

The Directors in office during the financial year were as follows:

Terence Luk Chung Po⁽¹⁾
 Paul Gao Xiang Nong
 Ng Poh Khoon Jimmy
 Li Xue Feng⁽³⁾
 Neo Chee Beng
 Xu Hai Min⁽²⁾

Notes:

1. Mr. Terence Luk Chung Po resigned as Non-Executive Chairman and Director of the Company on 31 October 2014.
2. Mr. Xu Hai Min was appointed as a Non-Executive Director with effect from 09 April 2014 and appointed as a member of the AC, NC and RC in place of Mr. Terence Luk Chung Po with effect from 27 May 2014.
3. Mr. Li Xue Feng retired as a Non-Executive Director of the Company on 31 March 2015.

The Directors of the Company, including the Non-Executive Directors, are subject to retirement and re-election at the forthcoming Annual General Meeting in accordance with the Company's Bye-laws.

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings kept by the Company, particulars of interests of the Directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations are as follows:

	Holdings registered in the name of director or nominee		Holdings in which the director is deemed to have an interest	
	At 1 April 2014	At 31 March 2015	At 1 April 2014	At 31 March 2015
Ordinary shares of HK\$0.07 each fully paid				
Terence Luk Chung Po ⁽¹⁾	125,600	125,600	-	-
Paul Gao Xiang Nong	174,100,000	174,100,000	89,794,200	89,794,200

Note:

1. Mr. Terence Luk Chung Po resigned as Non-Executive Chairman and Director of the Company on 31 October 2014.

The directors' interest in the ordinary shares of the Company as at 21 April 2015 were the same as those at 31 March 2015.

Except as disclosed in this report, no other Directors who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year, or at the date of appointment if later, or at the end of the financial year.

Directors' Report

Except as disclosed above and under the "Share Options" and "Incentive Shares" sections of this report, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Except for salaries, bonuses and fees and those benefits that are disclosed in this report and in notes 7 and 8 to the financial statements, since the end of the last financial year, no Director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which he is a member or with a company in which he has substantial financial interest.

SHARE OPTIONS

The LottVision Share Option Scheme (the "Scheme") was approved and adopted by its members on 22 October 2002.

The Scheme is administered by a Committee comprising the following directors:

Neo Chee Beng
Xu Hai Min
Ng Poh Khoon Jimmy

The principal terms of the Scheme are as follows:

(a) Eligibility

Under the rules of the Scheme, executive and non-executive Directors and employees of the Group, who are not controlling shareholders of the Company or their associates, are eligible to participate in the Scheme.

(b) Maximum Entitlement

The number of options to be offered to a participant of the Scheme shall be determined at the absolute discretion of the Committee, who shall take into account criteria such as rank, past performance, years of service and potential for future development of that participant.

(c) Size of Scheme

The aggregate number of shares over which the Committee may grant options on any date, when aggregated with the number of shares issued and issuable in respect of all options granted under the Scheme and any other share option schemes of the Company, shall not exceed fifteen per cent (15%) of the issued shares of the Company on the day preceding the date of the relevant grant.

(d) Exercise Price

The exercise price of the options may be the market price at the date of grant of the options or a price set at a discount to the market price at the date of grant of the options provided that the maximum discount shall not exceed twenty per cent (20%) of the market price.

(e) Option Period

Up to fifty per cent (50%) of the Market Price Options/ Incentive Options is exercisable after the expiry of one/two year(s) from the relevant option grant date and the balance of the options is exercisable at any time after the second/ third anniversary of the date of grant provided always that such option shall be exercised before the tenth anniversary of the relevant offer date, failing which all unexercised options would immediately lapse and become null and void.

The life span of options granted is 10 years from the offer date.

Directors' Report

OPTIONS GRANTED DURING THE YEAR

During the financial year, there were no options granted under the Scheme.

ISSUE OF SHARES UNDER OPTION

No shares were issued under the Scheme during the financial year ended 31 March 2015.

UNISSUED SHARES UNDER THE SCHEME

Details of the options granted under the Scheme on the unissued ordinary shares of HK\$0.07 each of the Company were as follows:

Date of grant of options	Exercise price per share	Options outstanding at 1 April 2007	Options granted	Options exercised	Options cancelled/ lapsed	Options outstanding at 31 March 2015	Number of option holders at 31 March 2015	Exercise period
10 April 2007	S\$0.297	-	22,051,592	-	22,051,592	-	-	10 April 2008 – 10 April 2017
10 April 2007	S\$0.297	-	22,051,593	-	22,051,592	-	-	10 April 2009 – 10 April 2017

Except as disclosed above, there were no unissued shares of the Company or its subsidiaries under options granted by the Company or its subsidiaries as at the end of the financial year.

Name of Participant	Options granted during the financial year under review	Aggregate options granted since commencement of scheme to 31 March 2015	Options lapsed during the financial year under review	Aggregate options exercised since commencement of scheme to 31 March 2015	Aggregate options outstanding as at 31 March 2015
(i) Directors					
Li Xue Feng	-	3,000,000	3,000,000	-	-
(ii) Participants who are controlling shareholders of the issuer and their associates					
-	-	-	-	-	-
(iii) Participants, other than those in (i) and (ii) above, who receive 5% or more of the total number of options available under the scheme;					
-	-	-	-	-	-

INCENTIVE SHARES

The LottVision Incentive Share Scheme (the "Incentive Share Scheme") was approved by the shareholders on 29 July 2009.

The Incentive Share Scheme is administered by a Committee comprising the following directors:

Neo Chee Beng
Xu Hai Min
Ng Poh Khoon Jimmy

Directors' Report

The principal terms of the Incentive Share Scheme are as follows:

- (a) **Eligibility**
Under the rules of the Incentive Share Scheme, executive and non-executive Directors and employees of the Group, who are not controlling shareholders of the Company and their associates, are eligible to participate in the Incentive Share Scheme.
- (b) **Size of duration**
The aggregate number of shares which may be issued under the incentive Share Scheme, when added to the number of shares issued and/or issuable in respect of all awards granted thereunder and other shares issued and/or issuable under other share-based incentive scheme of the Company, shall not exceed fifteen per cent (15%) of the issued shares capital of the Company on the day preceding in the relevant date of award.

The Incentive Share Scheme shall continue in force at the discretion of the Committee, subject to a maximum period of 10 years commencing on the date on which the Incentive Share Scheme is adopted by the Company in general meeting, provided always that the Incentive Share Scheme may continue beyond the above stipulated period with the approval of shareholders in general meeting and of any relevant authorities which may then be required.
- (c) **Entitlement to awards**
Awards represent the right of a participant to receive fully shares free of charge upon the participant satisfying the performance conditions (if any).

SHARES GRANTED DURING THE YEAR

No shares were issued under the Scheme during the financial year ended 31 March 2015.

WARRANTS

There were no warrants granted by the Company during the financial year.

AUDIT COMMITTEE

The Audit Committee at the date of this report comprises three members, who are independent of management within the meaning of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("Listing Manual"):

Ng Poh Khoon Jimmy (Chairman)
Xu Hai Min
Neo Chee Beng

The Audit Committee held four meetings since the last Directors' report. In performing its function, the Audit Committee met with the management and the Company's external auditors to discuss and review the following:

- i. the audit plan of the external auditors of the Group and the results of their examination;
- ii. the Group's financial and operating results and accounting policies;
- iii. that no restrictions were being placed by the management upon the work of the external auditors;
- iv. the Group's transactions with related parties and interested persons; and
- v. the independence of the external auditors.

Directors' Report

AUDIT COMMITTEE (CONT'D)

The Audit Committee performed the functions specified in the Listing Manual which included a review of the financial statements of the Group and the Company for the financial year ended 31 March 2015 and the auditors' report thereon.

The Audit Committee is authorised to investigate any matters within its terms of reference, has full access to management and also full discretion to invite any Director or executive officer to attend its meetings, as well as reasonable resources to enable it to discharge its functions properly.

AUDITORS

The current auditors of the Company, Baker Tilly TFW LLP were appointed since 27 July 2012. The Audit Committee has recommended to the Board of Directors that Baker Tilly TFW LLP be nominated for re-appointment as the auditors of the Company at the forthcoming Annual General Meeting of the Company. A resolution for the re-appointment of Baker Tilly TFW LLP as auditors of the Company will be proposed at the forthcoming Annual General Meeting of the Company.

On behalf of the Board of Directors

Paul Gao Xiang Nong
Executive Director

Xu Hai Min
Non-Executive Director

Hong Kong, 26 June 2015

Statement by Directors

We, being Directors of the Company, do hereby state that in our opinion:

- (i) the consolidated financial statements of the Group and the balance sheet of the Company as set out on pages 37 to 87 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2015 and of the results, changes in equity and cash flows of the Group for the financial year then ended in accordance with International Financial Reporting Standards; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors

Paul Gao Xiang Nong
Executive Director

Xu Hai Min
Non-Executive Director

Hong Kong, 26 June 2015

Independent Auditors' Report to the Members of LottVision Limited and its Subsidiaries

Report on the Financial Statements

We have audited the accompanying financial statements of LottVision Limited (the "Company") and its subsidiaries (the "Group") set out on pages 37 to 87, which comprise the balance sheets of the Group and the Company as at 31 March 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards ("IFRS"), and for such internal control as management determines is necessary to enable the preparation of 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 financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 management, as well as evaluating the overall presentation of the 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 of the Group and the balance sheet of the Company are properly drawn up in accordance with International Financial Reporting Standards so as to present fairly, in all material respects the state of affairs of the Group and the Company as at 31 March 2015 and the results, changes in equity and cash flows of the Group for the financial year ended on that date.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

26 June 2015

Consolidated Statement of Profit or Loss And Other Comprehensive Income

For the financial year ended 31 March 2015

		Group	
		2015	2014
	Note	HK\$'000	HK\$'000
Revenue	4	99,803	91,163
Cost of sales		(48,758)	(57,347)
Gross profit		51,045	33,816
Other income	5	760	4,953
Other expenses		–	(26)
Distribution expenses		(21,833)	(9,335)
Administrative expenses		(20,446)	(21,369)
Finance costs	6	(2,158)	(2,177)
Profit before income tax	7	7,368	5,862
Income tax expense	9	(1,956)	(1,787)
Profit for the year		5,412	4,075
Other comprehensive income/(loss)			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Currency translation differences arising on consolidation		1,117	(255)
Other comprehensive income/(loss) for the year, net of tax		1,117	(255)
Total comprehensive income for the year		6,529	3,820

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Profit or Loss And Other Comprehensive Income

For the financial year ended 31 March 2015

		Group	
		2015	2014
	Note	HK\$'000	HK\$'000
Profit attributable to:			
Equity holders of the Company		1,124	1,352
Non-controlling interest		4,288	2,723
Profit for the year		5,412	4,075
Total comprehensive income attributable to:			
Equity holders of the Company		2,241	1,097
Non-controlling interest		4,288	2,723
Total comprehensive income for the year		6,529	3,820
Earnings per share attributable to equity holders of the Company (cents per share)			
Basic and Diluted	10	0.06	0.08

The accompanying notes form an integral part of these financial statements.

Balance Sheets

At 31 March 2015

		Group		Company	
		2015	2014	2015	2014
	Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets					
Interests in subsidiaries	11	–	–	66,435	66,435
Other investments	12	–	–	–	–
Property, plant and equipment	13	47,876	48,659	–	–
Intangible assets	14	52,595	55,357	–	–
Non-current prepayments	15	1,589	1,858	–	–
Land use rights	16	6,651	6,665	–	–
		108,711	112,539	66,435	66,435
Current assets					
Inventories	17	21,976	17,726	–	–
Trade receivables	18	53,417	52,524	–	–
Prepayments, deposits and other receivables	19	12,419	20,789	–	–
Amounts due from subsidiaries	11	–	–	1,193	8,734
Cash and bank balances	20	39,081	32,956	299	2,233
		126,893	123,995	1,492	10,967
Current liabilities					
Trade and other payables	21	28,432	36,183	2,462	9,200
Short term loans	22	25,249	26,574	–	–
Obligations under finance lease	23	–	208	–	–
Amount due to subsidiary	11	–	–	135	–
Tax payable		46	1,688	–	–
		53,727	64,653	2,597	9,200
Net current assets/(liabilities)		73,166	59,342	(1,105)	1,767
Non-current liabilities					
Dividend payable	21	71,928	69,528	–	–
Obligations under finance lease	23	–	143	–	–
		71,928	69,671	–	–
Net assets		109,949	102,210	65,330	68,202
Equity					
Capital and reserves attributable to equity holders of the Company					
Share capital	25	123,988	123,251	123,988	123,251
Reserves		(44,799)	(47,513)	(58,658)	(55,049)
		79,189	75,738	65,330	68,202
Non-controlling interest		30,760	26,472	–	–
Total equity		109,949	102,210	65,330	68,202

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the financial year ended 31 March 2015

Group	Share capital HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Equity settled share- based transaction reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non- controlling interest HK\$'000	Total equity HK\$'000
Balance at 1 April 2013	123,251	267,634	1,172	3,368	(320,784)	74,641	23,749	98,390
Profit for the year	–	–	–	–	1,352	1,352	2,723	4,075
Other comprehensive loss for the year, net of tax:								
- Currency translation differences	–	–	(255)	–	–	(255)	–	(255)
Total comprehensive (loss)/ income for the year	–	–	(255)	–	1,352	1,097	2,723	3,820
Balance at 31 March 2014	123,251	267,634	917	3,368	(319,432)	75,738	26,472	102,210
Profit for the year	–	–	–	–	1,124	1,124	4,288	5,412
Other comprehensive income for the year, net of tax:								
- Currency translation differences	–	–	1,117	–	–	1,117	–	1,117
Total comprehensive income for the year	–	–	1,117	–	1,124	2,241	4,288	6,529
Issuance of shares	737	473	–	–	–	1,210	–	1,210
Cancellation of share options	–	–	–	(3,368)	3,368	–	–	–
Balance at 31 March 2015	123,988	268,107	2,034	–	(314,940)	79,189	30,760	109,949

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 March 2015

		Group	
		2015	2014
	Note	HK\$'000	HK\$'000
Cash flows from operating activities			
Profit before income tax		7,368	5,862
Adjustments for:			
Interest income	5	(193)	(65)
Gain on disposals of property, plant and equipment	5	(250)	(28)
Finance costs	6	2,158	2,177
Impairment losses on intangible assets	7	–	1,552
Amortisation of land use rights	7	145	146
Amortisation of intangible assets	7	3,455	3,419
Depreciation of property, plant and equipment	7	4,655	4,959
Operating cash flows before changes in working capital		17,338	18,022
Changes in operating assets and liabilities			
Inventories		(3,837)	796
Trade and other receivables		8,665	(15,254)
Trade and other payables		(7,570)	(15,245)
Currency translation adjustments		628	(129)
Cash generated from/(used in) operations		15,224	(11,810)
Tax (paid)/refunded		(3,613)	114
Net cash generated from/(used in) operating activities		11,611	(11,696)
Cash flows from investing activities			
Interest received		193	65
Proceeds from disposals of property, plant and equipment		250	60
Purchases of property, plant and equipment		(2,874)	(495)
Deposit paid for purchases of intangible assets		(72)	–
Net cash used in investing activities		(2,503)	(370)

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 March 2015

	Group	
	2015	2014
Note	HK\$'000	HK\$'000
Cash flows from financing activities		
Interest paid	(2,158)	(2,177)
Proceeds from issuance of new shares	1,210	1,488
Repayment of obligations under finance lease	(117)	(615)
Drawdown of short term loans	24,937	27,015
Repayment of short term loans	(26,807)	(18,219)
Decrease in bank deposits	618	898
Net cash (used in)/generated from financing activities	(2,317)	8,390
Net increase/(decrease) in cash and cash equivalents	6,791	(3,676)
Cash and cash equivalents at beginning of the financial year	32,338	35,991
Effect of foreign exchange rates changes	(48)	23
Cash and cash equivalents at end of the financial year	39,081	32,338
Cash and cash equivalents comprise:		
Cash and bank balances	39,081	32,956
Less: Pledged bank deposits	–	(618)
	39,081	32,338

The accompanying notes form an integral part of these financial statements.

Notes to the Consolidated Financial Statements

For the financial year ended 31 March 2015

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 GENERAL INFORMATION

LottVision Limited (the "Company") is a company incorporated in Bermuda with limited liability under the Bermuda Companies Act 1981 and has its registered office at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda. The Company's principal office in Hong Kong is located at Unit 3606-7, 36th Floor, AIA Tower, 183 Electric Road, North Point, Hong Kong.

The principal activity of the Company consist of investment holding. The principal activities of the subsidiaries are set out in Note 11.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB"). These financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in Hong Kong Dollar ("HK\$") and all values in the tables are rounded to the nearest thousand (HK\$'000) as indicated.

The preparation of financial statements in conformity with IFRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and contingent liabilities at the year end date, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from these estimates.

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

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

The carrying amounts of cash and bank balances, trade and other current receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

2.2 Adoption of new and revised International Financial Reporting Standards and interpretations of the International Financial Reporting Interpretations Committee

In the current financial year, the Group has adopted all the new and revised IFRS and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") that are relevant to its operations and effective for the current financial year. The adoption of these new/revised IFRS and IFRIC did not have any material effect on the financial results or position of the Group and the Company.

Notes to the Consolidated Financial Statements

For the financial year ended 31 March 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Adoption of new and revised International Financial Reporting Standards and interpretations of the International Financial Reporting Interpretations Committee (cont'd)

New standards, amendments to standards and interpretations that have been issued at the balance sheet date but are not yet effective for the financial year ended 31 March 2015 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company, except as disclosed below:

IFRS 9 Financial Instruments

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 9.

IFRS 15 Revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for determining whether how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programmes*.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 15.

2.3 Revenue recognition

Revenue comprises the fair value of the consideration received or receivables for the sale of goods and rendering of services, net of goods and services tax, rebates and discounts, and after eliminating sales within the Group. Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the entity, and the amount of revenue and related cost can be reliably measured.

Sale of goods

Revenue from the sale of goods is recognised when a Group entity has delivered the products to the customer and significant risks and rewards of ownership of the goods have been passed to the customer.

Interest income

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

Rental income

Rental income from operating leases are recognised on a straight-line basis over the lease term.

Notes to the Consolidated Financial Statements

For the financial year ended 31 March 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. Goodwill is accounted for in accordance with the accounting policy for goodwill stated in Note 2.6(a). In instances where the latter amount exceeds the former and the measurement of all amounts has been reviewed, the excess is recognised as gain on bargain purchase in profit or loss on the date of acquisition.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interest based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners) and therefore, no gain or loss is recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the financial year ended 31 March 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation (cont'd)

When a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to accumulated profits if required by a specific IFRS.

Any retained equity interest in the previous subsidiary is remeasured at fair value at the date that control is lost. The difference between the carrying amount of the retained interest at the date control is lost, and its fair value is recognised in profit or loss.

Consolidation of the subsidiary companies in PRC are based on the subsidiary companies' financial statements prepared in accordance with IFRS. Profits reflected in the financial statements prepared in accordance with IFRS may differ from those reflected in the PRC statutory financial statements of the subsidiary companies, prepared for PRC reporting purposes. In accordance with the relevant laws and regulations, profits available for distribution by the PRC subsidiary companies are based on the amounts stated in the PRC statutory financial statements.

2.5 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, 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.

In the Company's balance sheet, investments in subsidiaries are accounted for at cost less accumulated impairment losses. On disposal of the investment, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.6 Intangible assets

(a) Goodwill

Goodwill is initially measured at cost and is subsequently measured at cost less any accumulated impairment losses.

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

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGU") expected to benefit from the synergies of the combinations. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Notes to the Consolidated Financial Statements

For the financial year ended 31 March 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Intangible assets (cont'd)

(b) Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost are recognised separately from goodwill and are initially measured at their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets are not capitalised and the expenditure is charged against profits in the year in which the expenditure is incurred.

Club membership with indefinite useful life is stated at cost less impairment loss.

Intangible assets with finite lives are amortised on a straight line basis over their estimated useful lives. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible asset with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

The estimated useful lives are as follows:

	Years
Software	5
Customer relationship	5
Patent	10

2.7 Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and any impairment in value. The cost of property, plant and equipment initially recognised includes its purchase price, and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the assets.

Expenditure incurred after the property, plant and equipment are put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the profit or loss in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditure is capitalised as an additional cost of property, plant and equipment.

Notes to the Consolidated Financial Statements

For the financial year ended 31 March 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Property, plant and equipment (cont'd)

Construction in progress is stated at cost less impairment losses. The cost comprises direct costs of materials and the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located during the periods of construction and installation. Capitalisation of these costs ceases and the construction in progress is transferred to property, plant and equipment when the asset is substantially ready for its intended use. No depreciation is provided in respect of construction in progress until it is completed and ready for its intended use.

On disposal of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

Depreciation is calculated on a straight-line basis to write off the cost of all property, plant and equipment over their expected useful lives, at the following annual rate:

Buildings	5%
Leasehold improvements	20%
Furniture, fixtures and office equipment	20% - 33%
Plant and machinery	10%
Motor vehicles	25% - 30%

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

2.8 Impairment of non-financial assets excluding goodwill

At the end of each reporting period, the Group assesses the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is recognised in other comprehensive income up to the amount of any previous revaluation.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A previously recognised impairment loss for an asset other than goodwill is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Notes to the Consolidated Financial Statements

For the financial year ended 31 March 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Financial assets

Classification

The Group classifies its financial assets according to the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting period. The Group's only financial assets are loans and receivables and available-for-sale financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the reporting period which are classified as non-current assets. Loans and receivables comprise trade and other receivables (excluding prepayments), amounts due from subsidiaries and cash and bank balances.

Financial assets, available-for-sale

Financial assets, available-for-sale include equity and debt securities that are non-derivatives and are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the assets within 12 months after the end of the reporting period.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a financial asset, the difference between the net sale proceeds and its carrying amount is recognised in profit or loss. Any amount in the fair value reserve relating to that asset is also transferred to profit or loss.

Initial measurement

Loans and receivables and available-for-sale financial assets are initially recognised at fair value plus transaction costs.

Subsequent measurement

Available-for-sale investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measurable, are measured at cost less impairment loss. Loans and receivables are carried at amortised cost using the effective interest method, less impairment.

Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and the other changes are recognised in fair value reserve/other comprehensive income. Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in fair value reserve/other comprehensive income, together with the related currency translation differences.

Interest and dividend income are recognised separately in profit or loss.

Notes to the Consolidated Financial Statements

For the financial year ended 31 March 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Financial assets (cont'd)

Impairment

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Loans and 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 receivable is impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account, and the amount of the loss is recognised in profit or loss. The allowance amount 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. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

If in subsequent periods, the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversed date.

Financial assets, available-for-sale

For available-for-sale financial assets carried at cost, the amount of impairment loss is measured as the differences between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. The amount of impairment loss is recognised in profit or loss and such losses are not reversed in subsequent periods.

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads based on normal operating capacity but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

2.11 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and deposits with financial institutions which are subject to insignificant risk of change in value and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and excludes pledged bank deposits.

2.12 Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

Notes to the Consolidated Financial Statements

For the financial year ended 31 March 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Borrowing costs

Borrowing costs, which comprise interest and other costs incurred in connection with the borrowing of funds, are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the asset is substantially completed for its intended use or sale. All other borrowing costs are recognised in the profit or loss using the effective interest method.

2.14 Financial liabilities

Financial liabilities include trade and other payables (excluding receipt in advance and withholding tax on dividend declared), short term loans and amount due to subsidiary. Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, derivatives are measured at fair value. Other financial liabilities are measured at amortised cost using the effective interest method.

For financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in profit or loss. Net gains or losses on derivatives include exchange differences. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

2.15 Land use rights

Land use rights are initially recognised at cost and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Land use rights are amortised on a straight line basis over the remaining years of rights allocated to use the land of 50 years.

The amortisation period and amortisation method are reviewed at the end of each reporting period.

2.16 Leases

When a group entity is the lessee

Operating leases

Leases where 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 taken to profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Notes to the Consolidated Financial Statements

For the financial year ended 31 March 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Leases (cont'd)

When a group entity is the lessee (cont'd)

Finance leases

Leases of property, plant and equipment where the Group assumes substantially all the risks and rewards incidental of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between reduction of the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in obligations under finance lease. The interest element of the finance cost is taken to 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. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

When a group entity is the lessor

Operating leases

Leases where the Group retains substantially all the risks and rewards incidental of ownership of the asset are classified as operating leases. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

2.17 Income taxes

Income tax on the profit or loss for the financial year comprises current and deferred tax. Income tax is recognised in the profit or loss except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable or recoverable on the taxable income for the current year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable or recoverable in respect of previous years.

Deferred income tax is provided using the liability method, on all temporary differences at the end of the reporting period arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except where the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither the accounting nor taxable profit or loss.

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on currently enacted or substantively enacted tax rates at the end of the reporting period.

Deferred taxes are charged or credited to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

Notes to the Consolidated Financial Statements

For the financial year ended 31 March 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material.

When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost in profit or loss.

2.19 Employee benefits

Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

Such state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

Employee share option plans

Employees of the Group received remuneration in the form of share options as consideration for services rendered ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which the share options are granted. In valuing the share options, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ("market conditions"), if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in the equity settled share-based transaction reserve, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied. The equity settled share-based transaction reserve is transferred to accumulated profits upon expiry of the options.

2.20 Foreign currencies

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional currency is Renminbi due to its financial reliance on the operation of its subsidiaries in the People's Republic of China. The financial statements of the Group and the Company are presented in Hong Kong dollar.

Notes to the Consolidated Financial Statements

For the financial year ended 31 March 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Foreign currencies (cont'd)

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation 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 profit or loss, except for currency translation differences on net investment in foreign operations and borrowings and other currency instruments qualifying as net investment hedges for foreign operations, which are included in the exchange reserve within equity in the consolidated financial statements. The exchange reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Translation of Group entities' financial statements

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

- (i) Assets and liabilities are translated at the closing rates at the end of the reporting period;
- (ii) Income and expenses are translated at average exchange rates (unless the 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 using the exchange rates at the dates of the transactions); and
- (iii) All resulting exchange differences are recognised in the exchange reserve within equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the exchange reserve.

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

On disposal of a foreign group entity, the cumulative amount of the exchange reserve relating to that particular foreign entity is reclassified from equity and recognised in profit or loss when the gain or loss on disposal is recognised.

2.21 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

Notes to the Consolidated Financial Statements

For the financial year ended 31 March 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Dividends

Interim dividends are recorded during the financial year in which they are declared payable.

Final dividends are recorded in the financial statements in the period in which they are approved by the Company's shareholders.

2.23 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Where the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

3 CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgment in applying the accounting policies

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period.

In the process of applying the Group's accounting policies, which are described in Note 2, management has made the following judgments that have the most significant effect on the amounts recognised in the financial statements.

Functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgment is required by management to determine the primary economic environment in which the entities operate, the entities' process of determining sales prices and the currency of the country whose competitive forces and regulations mainly influences the prices of its goods and services. Management has assessed that prices are mainly denominated and settled in the respective local currency of the entities of the Group. In addition, most of the entities' cost base is mainly denominated in their respective local currency. Therefore, management concluded that the functional currency of the entities of the Group is their respective local currency.

Key sources of estimation uncertainty

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

Notes to the Consolidated Financial Statements

For the financial year ended 31 March 2015

3 CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Key sources of estimation uncertainty (cont'd)

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. The directors estimate the useful lives of these property, plant and equipment to be between 3 to 20 years. The Group assesses whether there are indicators of impairment of property, plant and equipment at the end of each reporting period and other times when such indicators exist. The carrying amount of the Group's property, plant and equipment as at 31 March 2015 was HK\$47,876,000 (2014: HK\$48,659,000). The Group assesses at least annually the residual value and the useful lives of the property, plant and equipment and if the expectation differs from the original estimate due to changes in the expected level of usage and/or technological developments, such difference will impact the depreciation charge in the year in which such estimate is changed and in future periods.

Estimated impairment of goodwill

The carrying value of goodwill at 31 March 2015 amounted to HK\$45,042,000 (2014: HK\$45,042,000). Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units to which goodwill has been allocated. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. Details of the calculation of the recoverable amount are set out in Note 14(a).

Amortisation of other intangible assets

Patent, customer relationship and software are amortised on a straight-line basis over their estimated useful lives. The directors estimate the useful lives of these other intangible assets to be between 5 to 15 years. The carrying amount of other intangible assets as at 31 March 2015 was HK\$7,553,000 (2014: HK\$10,315,000). The Group assesses annually the useful lives of the patent, customer relationship and software and if the expectation differs from the original estimate due to changes in the expected level of usage and/or technological developments, such difference will impact the amortisation charge in the year in which such estimate is changed.

Impairment of other intangible assets

Other intangible assets are allocated to respective cash-generating unit for the purpose of impairment testing whenever there is indication that the other intangible assets may be impaired. The recoverable amount of the cash-generating unit has been determined based on value-in-use calculation. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. Details of the calculation of the recoverable amount are set out in Note 14(b). The carrying amount of the other intangible assets as at 31 March 2015 was HK\$7,553,000 (2014: HK\$10,315,000).

Allowance for doubtful receivables

The Group makes allowance for doubtful receivables based on an assessment of the recoverability of its trade receivables. Allowances are applied to trade receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful debts requires the use of judgment and estimates, including creditworthiness and the past collection history of each debtor. Where the expectation is different from the original estimate, such difference will impact the carrying value of trade receivables and doubtful debts expenses in the period in which such estimate has been changed. The carrying amounts of trade receivables are disclosed in Note 18.

Notes to the Consolidated Financial Statements

For the financial year ended 31 March 2015

3 CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Key sources of estimation uncertainty (cont'd)

Impairment of interests in subsidiaries

Determining whether interests in subsidiaries are impaired requires an estimation of the value-in-use of those investments. The value-in-use calculation requires the Company to estimate the future cash flows expected from these investments and an appropriate discount rate in order to calculate the present value of the future cash flows. Management has evaluated the recoverability of the investment based on such estimates and is confident that the allowance for impairment, where necessary, is adequate. The carrying amount of the Company's interests in subsidiaries at the end of the reporting period are disclosed in Note 11.

4 REVENUE AND SEGMENT REPORTING

	2015 HK\$'000	2014 HK\$'000
Sale of nutrition, health food and related health products	<u>99,803</u>	<u>91,163</u>

(a) Segment results, assets and liabilities

The Group manages its business by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment. The Group has presented the following four reportable segments.

Internet management:	The provision of technical support services relating to internet and web-TV business.
Investment holding:	The management of the Group's available-for-sale investments, financial instruments and other treasury operations.
Nutrition, health food and related health products:	Manufacturing and trading of nutrition, health food and related health products.
Others:	Entities with no significant activities.

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

- Segment assets include all current and non-current assets. Segment liabilities include all liabilities with the exception of corporate liabilities. Corporate liabilities consist of short term loans and obligations under finance lease.
- Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

Notes to the Consolidated Financial Statements

For the financial year ended 31 March 2015

4 REVENUE AND SEGMENT REPORTING (CONT'D)

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

- The Group's senior executive management assesses the performance of the operating segments based on a measure of earnings before interest and income tax.

There were no inter-segments trade transactions during the years ended 31 March 2015 and 2014.

Information regarding the Group's reportable segments as provided to the Group's senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 March 2015 and 2014 is set out below:

	Internet management	Investment holding	Nutrition, health food and related health products	Others	Elimination	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
2015						
Reportable segment revenue from external customers	–	–	99,803	–	–	99,803
Segment results	(454)	(2,726)	13,439	(1,176)	250	9,333
Interest income						193
Finance costs						(2,158)
Profit before income tax						7,368
Income tax						(1,956)
Profit for the year						5,412
Assets						
Segment assets	12,541	11,913	233,876	281	(23,007)	235,604
Liabilities						
Segment liabilities	10,973	2,596	93,558	16,286	(23,007)	100,406
Unallocated liabilities						25,249
						125,655
Other segment information						
Depreciation and amortisation	130	–	8,120	5	–	8,255
Gain on disposals of property, plant and equipment	–	–	–	(250)	–	(250)
Capital expenditure	–	–	2,874	–	–	2,874

Notes to the Consolidated Financial Statements

For the financial year ended 31 March 2015

4 REVENUE AND SEGMENT REPORTING (CONT'D)

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

	Internet management	Investment holding	Nutrition, health food and related health products	Others	Elimination	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
2014						
Reportable segment revenue from external customers	–	–	91,163	–	–	91,163
Segment results	(598)	3,468	9,960	(1,680)	(3,176)	7,974
Interest income						65
Finance costs						(2,177)
Profit before income tax						5,862
Income tax						(1,787)
Profit for the year						4,075
Assets						
Segment assets	14,236	12,216	224,755	131	(14,804)	236,534
Liabilities						
Segment liabilities	17,356	9,200	93,568	2,079	(14,804)	107,399
Unallocated liabilities						26,925
						134,324
Other segment information						
Depreciation and amortisation	185	–	8,213	126	–	8,524
Impairment of intangible assets	–	–	1,552	–	–	1,552
Gain on disposals of property, plant and equipment	–	–	(28)	–	–	(28)
Capital expenditure	–	–	495	–	–	495

Notes to the Consolidated Financial Statements

For the financial year ended 31 March 2015

4 REVENUE AND SEGMENT REPORTING (CONT'D)

(b) Geographic information

The Group's operations are substantially located in the PRC and substantially all of the Group's non-current assets are located in the PRC. The Group's revenue from external customers are generated from the PRC.

(c) Information about major customers

Revenue of approximately HK\$72,447,000 (2014: HK\$65,992,000) are derived from 4 (2014: 3) major external customers who individually contributed 10 percent or more of the Group's revenue (attributable to nutrition, health food and related health products segment) and are tabled below:

	2015 HK\$'000	2014 HK\$'000
Customer 1	23,384	31,017
Customer 2	16,565	17,368
Customer 3	17,983	17,607
Customer 4	14,515	–
	<u>72,447</u>	<u>65,992</u>

5 OTHER INCOME

	2015 HK\$'000	2014 HK\$'000
Interest income	193	65
Gain on disposals of property, plant and equipment	250	28
Gain on foreign currency exchanges	251	12
Government subsidies	63	25
Rental income under operating lease	–	53
Reversal of provision for contingent liabilities	–	4,770
Others	3	–
	<u>760</u>	<u>4,953</u>

Notes to the Consolidated Financial Statements

For the financial year ended 31 March 2015

6 FINANCE COSTS

	2015 HK\$'000	2014 HK\$'000
Finance charges on obligations under finance lease	16	45
Interest expense on short term loans	2,142	2,132
	2,158	2,177

7 PROFIT BEFORE INCOME TAX

	2015 HK\$'000	2014 HK\$'000
Profit before income tax is arrived at after charging:		
Advertising and promotion fees	14,567	4,820
Auditors' remuneration paid/payable to:		
- auditor of the Company	360	384
- other auditors*	620	500
Amortisation of intangible assets	3,455	3,419
Amortisation of land use rights	145	146
Depreciation of property, plant and equipment	4,655	4,959
Impairment losses on intangible assets	–	1,552
Operating lease charges	117	395
Research and development expenses	4,168	2,719
Staff costs (Note 8)	11,457	9,164

* Includes independent member firms of the Baker Tilly International network.

Notes to the Consolidated Financial Statements

For the financial year ended 31 March 2015

8 STAFF COSTS

	2015 HK\$'000	2014 HK\$'000
Directors of the Company:		
- Directors' fees	524	477
Directors of the subsidiary companies:		
- Directors' remuneration and related costs	1,044	693
- Defined contribution benefits	27	3
Other key management personnel (non-directors):		
- Salaries and related costs	-	371
Other personnel:		
- Salaries and related costs	9,008	6,961
- Defined contribution benefits	854	659
	11,457	9,164
Staff costs recognised in line items of profit or loss:		
- Cost of sales	2,836	2,665
- Administrative expenses	6,449	5,163
- Distribution expenses	2,172	1,336
	11,457	9,164

9 INCOME TAX EXPENSE

	2015 HK\$'000	2014 HK\$'000
Income tax expense attributable to profit is made up of:		
- Current income tax	1,956	1,787

- (a) Pursuant to the rules and regulations of Bermuda and the British Virgin Islands ("BVI"), the companies incorporated in the Bermuda and the BVI are not subject to any income tax in Bermuda and the BVI.

Notes to the Consolidated Financial Statements

For the financial year ended 31 March 2015

9 INCOME TAX EXPENSE (CONT'D)

- (b) The income tax expense on the results of the financial year differs from the amount of income tax determined by applying the domestic rates applicable to profit/(loss) in the countries where the Group operates due to the following factors:

	2015 HK\$'000	2014 HK\$'000
Profit before income tax expense from:	<u>7,368</u>	<u>5,862</u>
Notional tax credit on profit before income tax expense, calculated at the rates applicable in the tax jurisdictions concerned	1,966	1,358
Income not subject to tax	(413)	(209)
Tax effect of non-deductible expenses	57	185
Deferred tax assets not recognised	374	451
Others	(28)	2
	<u>1,956</u>	<u>1,787</u>

As at 31 March 2015, the Group has not recognised deferred tax assets in respect of tax losses of HK\$64,263,000 (2014: HK\$62,307,000) as it is not probable that future taxable profits will be available against which the Group can utilise the benefits. Under the current tax legislation in the PRC, the tax losses can be carried forward up to five years.

10 EARNINGS PER SHARE

- (a) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	2015	2014
Group		
Net profit attributable to equity holders of the Company (HK\$'000)	<u>1,124</u>	<u>1,352</u>
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	<u>1,769,208</u>	<u>1,760,730</u>
Basic earnings per share (cents per share)	<u>0.06</u>	<u>0.08</u>

- (b) Diluted earnings per share

The diluted earnings per share for the years ended 2015 and 2014 was the same as basic earnings per share as the assumed exercise of the outstanding share options granted to staff to purchase 3,300,000 ordinary shares had an anti-dilutive effect.

On 8 January 2015, the Company announced the cancellation of the employee share option scheme which was approved by the shareholders of the Company on 22 October 2002.

Diluted earnings per share is same as basic earnings per share as there were no potential dilutive ordinary shares for the financial year ended 31 March 2015.

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For the financial year ended 31 March 2015

11 INTERESTS IN SUBSIDIARIES

	Company	
	2015	2014
	HK\$'000	HK\$'000
Interest in subsidiaries		
Unlisted shares, at cost	<u>66,435</u>	66,435
Amounts due from subsidiaries		
Gross amounts	353,981	360,166
Less: impairment loss	<u>(352,788)</u>	<u>(351,432)</u>
	<u>1,193</u>	8,734
Amount due to subsidiary	<u>135</u>	–

The amounts due from/(to) subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand.

The movements in the provision for impairment loss in respect of the amounts due from subsidiaries during the financial year is as follows:

	Company	
	2015	2014
	HK\$'000	HK\$'000
At 1 April	351,432	353,821
Additional provision	1,356	–
Reversal	–	(2,389)
At 31 March	<u>352,788</u>	<u>351,432</u>

Notes to the Consolidated Financial Statements

For the financial year ended 31 March 2015

11 INTERESTS IN SUBSIDIARIES (CONT'D)

(a) Particulars of subsidiaries in the Group are as follows:

Name of Company	Place of Incorporation	Particulars of issued and paid up capital	Principal activities	Effective equity holdings	
				2015	2014
<i>Held by the Company</i>					
Nutryfarm Biomedicine International Limited ^(iv)	BVI	10,000 ordinary shares of US\$1	Investment holding	55	55
LottVision Holdings Limited ⁽ⁱ⁾	BVI	1 ordinary share of US\$1	Investment holding	100	100
<i>Held by subsidiaries</i>					
Le Dream Land Limited ⁽ⁱ⁾	BVI	1 ordinary share of US\$1	Investment holding	100	100
LottVision GTech Management Limited ⁽ⁱ⁾	BVI	1 ordinary share of US\$1	Investment holding	100	100
LottVision (Hong Kong) Limited ⁽ⁱⁱⁱ⁾	Hong Kong	1 ordinary share of HK\$1	Provision of liaison services	100	100
LottVision Investments Holdings Limited ⁽ⁱ⁾	BVI	1 ordinary share of US\$1	Investment holding	100	100
LottVision Internet Management Limited ⁽ⁱ⁾	BVI	100 ordinary shares of US\$1	Development and sale of digital video surveillance products and solutions	100	100
WiVision Network Digital Video Technology (Beijing) Co., Limited ^(v)	The PRC	Registered capital of HK\$15,000,000	Provision of internet related support services	100	100
Nutryfarm (Chengdu) Biomedicine Limited ^(iv)	The PRC	Registered capital of US\$1,500,000	Research and development production of health food, sale of self-produced products and provision of related technical services	55	55

Notes:

- (i) The financial statements of these entities are not required to be audited under the laws of the BVI, the country of incorporation.
- (ii) Audited by Baker Tilly TFW LLP, Singapore for subsidiaries mentioned in (i) for the purpose of preparation of financial statements of the Group.
- (iii) Audited by Baker Tilly Hong Kong Limited.

Notes to the Consolidated Financial Statements

For the financial year ended 31 March 2015

11 INTERESTS IN SUBSIDIARIES (CONT'D)

(a) Particulars of subsidiaries in the Group are as follows (cont'd):

- (iv) Audited by Baker Tilly Hong Kong Limited for the purpose of preparation of financial statements of the Group.
- (v) Audited by Baker Tilly TFW LLP, Singapore for the purpose of preparation of financial statements of the Group.

In accordance to Rule 716 of The Singapore Exchange Securities Trading Limited - Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries would not compromise the standard and effectiveness of the audit of the Group.

(b) **Significant restrictions**

Cash and cash equivalents of HK\$31,063,000 (2014: HK\$16,311,000) are held in the People's Republic of China and are subject to local exchange control regulations. These regulations place restrictions on the amount of currency being exported from the country, other than through dividends.

(c) **Summarised financial information of subsidiaries with material non-controlling interests ("NCI")**

The Group has the following subsidiary that have NCI that are considered by management to be material to the Group:

Name of subsidiary	Principal place of business/ Country of incorporation	Ownership interests held by NCI
31 December 2015:		
Nutryfarm (Chengdu) Biomedicine Limited	The PRC	45%
31 December 2014:		
Nutryfarm (Chengdu) Biomedicine Limited	The PRC	45%

The following are the summarised financial information of each of the Group's subsidiary with NCI that is considered by management to be material to the Group. These financial information include consolidation adjustments but before inter-company eliminations.

Nutryfarm (Chengdu) Biomedicine Limited

Summarised Balance Sheets

	2015 HK\$'000	2014 HK\$'000
Non-current assets	56,583	56,574
Current assets	124,860	111,790
Non-current liabilities	(71,928)	(69,528)
Current liabilities	(46,879)	(50,614)
Net assets	62,636	48,222
Net assets attributable to NCI	28,186	21,700

Notes to the Consolidated Financial Statements

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11 INTERESTS IN SUBSIDIARIES (CONT'D)

(c) Summarised financial information of subsidiaries with material non-controlling interests ("NCI") (cont'd)

Nutryfarm (Chengdu) Biomedicine Limited

Summarised Income Statements

	2015 HK\$'000	2014 HK\$'000
Revenue	99,803	91,163
Profit before tax	15,172	13,075
Income tax expense	(1,956)	(1,787)
Profit after tax from continuing operations	13,216	11,288
Other comprehensive income	–	–
Total comprehensive income	13,216	11,288
Profit allocated to NCI	5,947	5,080

Summarised Cash Flows

	2015 HK\$'000	2014 HK\$'000
Cash flows from operating activities	20,045	(7,104)
Cash flows from investing activities	(1,186)	506
Cash flows from financing activities	(4,012)	6,225
Net increase/(decrease) in cash and cash equivalents	14,847	(373)

12 OTHER INVESTMENTS

	Group	
	2015 HK\$'000	2014 HK\$'000
Available-for-sale equity securities		
- Unlisted equity securities, at cost	45,505	45,505
Less: impairment loss	(45,505)	(45,505)
	–	–

At the balance sheet date, unlisted equity securities have been fully impaired.

Notes to the Consolidated Financial Statements

For the financial year ended 31 March 2015

13 PROPERTY, PLANT AND EQUIPMENT

	Buildings	Plant and machinery	Leasehold improvements	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Group - 2015							
Cost							
At 1 April 2014	41,302	9,256	1,634	3,748	3,222	98	59,260
Additions	–	1,106	–	357	–	1,411	2,874
Disposals	–	–	–	–	(1,088)	–	(1,088)
Transfer from construction in progress	1,384	–	–	–	–	(1,384)	–
Exchange differences	903	209	27	76	21	–	1,236
At 31 March 2015	43,589	10,571	1,661	4,181	2,155	125	62,282
Accumulated depreciation and impairment losses							
At 1 April 2014	2,691	1,364	1,634	3,064	1,848	–	10,601
Charge for the year	2,064	1,044	–	782	765	–	4,655
Disposals	–	–	–	–	(1,088)	–	(1,088)
Exchange differences	82	41	27	78	10	–	238
At 31 March 2015	4,837	2,449	1,661	3,924	1,535	–	14,406
Net carrying value							
31 March 2015	38,752	8,122	–	257	620	125	47,876

Notes to the Consolidated Financial Statements

For the financial year ended 31 March 2015

13 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Buildings	Plant and machinery	Leasehold improvements	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Group - 2014							
Cost							
At 1 April 2013	41,383	9,035	1,637	3,526	4,292	98	59,971
Additions	16	246	–	233	–	–	495
Disposals	–	–	–	–	(1,083)	–	(1,083)
Exchange differences	(97)	(25)	(3)	(11)	13	–	(123)
At 31 March 2014	41,302	9,256	1,634	3,748	3,222	98	59,260
Accumulated depreciation and impairment losses							
At 1 April 2013	647	374	1,637	2,126	1,977	–	6,761
Charge for the year	2,079	1,007	–	957	916	–	4,959
Disposals	–	–	–	–	(1,051)	–	(1,051)
Exchange differences	(35)	(17)	(3)	(19)	6	–	(68)
At 31 March 2014	2,691	1,364	1,634	3,064	1,848	–	10,601
Net carrying value							
31 March 2014	38,611	7,892	–	684	1,374	98	48,659

At 31 March 2015, buildings of the Group with net carrying value of HK\$23,564,000 (2014: HK\$31,668,000) are secured for short term loans (Note 22).

Notes to the Consolidated Financial Statements

For the financial year ended 31 March 2015

14 INTANGIBLE ASSETS

	Group	
	2015	2014
	HK\$'000	HK\$'000
Goodwill	45,042	45,042
Other intangible assets	7,553	10,315
	52,595	55,357

(a) Goodwill

	Group	
	2015	2014
	HK\$'000	HK\$'000
Cost and carrying value		
At 1 April and 31 March	45,042	45,042

Goodwill acquired in a business combination is allocated to the cash generating units ("CGU") that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated to a CGU, being nutrition and health food.

Key assumptions used in value-in-use calculation

The recoverable amounts of the CGUs are determined from value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on budgeted growth. Changes in selling prices and direct costs are based on past performances and expectations developments in the market.

The Group's value-in-use calculations used cash flow forecasts derived from the most recent financial budgets approved by management covering a ten-year period based on estimated annual growth rate of 6% (2014: 11%).

The rate used to discount the forecast cash flows is 15% (2014: 15%).

With regards to the assessment of value-in-use, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the CGU to materially exceed its recoverable amount.

Notes to the Consolidated Financial Statements

For the financial year ended 31 March 2015

14 INTANGIBLE ASSETS (CONT'D)

(b) Other intangible assets

Group	Software HK\$'000	Patent HK\$'000	Customer relationship HK\$'000	Total HK\$'000
Cost				
At 1 April 2013	2,455	524	16,756	19,735
Exchange differences	–	(1)	–	(1)
At 31 March 2014	2,455	523	16,756	19,734
Additions	–	677	–	677
Exchange differences	–	20	–	20
At 31 March 2015	2,455	1,220	16,756	20,431
Accumulated amortisation and impairment losses				
At 1 April 2013	2,455	39	1,955	4,449
Charge for the year	–	68	3,351	3,419
Impairment loss	–	–	1,552	1,552
Exchange differences	–	(1)	–	(1)
At 31 March 2014	2,455	106	6,858	9,419
Charge for the year	–	104	3,351	3,455
Exchange differences	–	4	–	4
At 31 March 2015	2,455	214	10,209	12,878
Net carrying value				
At 31 March 2015	–	1,006	6,547	7,553
At 31 March 2014	–	417	9,898	10,315

The amortisation charge for the year is included in “administrative expenses” in the consolidated statement of profit or loss and other comprehensive income.

Customer relationship arose from acquisition of Nutryfarm Biomedicine International Limited and its subsidiary during the financial year ended 31 March 2013.

During the financial year ended 31 March 2014, the management conducted an impairment assessment on the customer relationship, and an impairment loss of HK\$1,552,000 was recognised.

The recoverable amount of the customer relationship has been determined based on a value-in-use calculation. This calculation uses cash projections based on financial budgets approved by the management for next ten years based on estimated annual growth rate of 6% (2014: 11%). The discount rate applied to cash flow projections was 15%.

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For the financial year ended 31 March 2015

15 NON-CURRENT PREPAYMENTS

At the balance sheet date, non-current prepayments relates to amounts paid to a third party vendor for purchase of intangible assets.

16 LAND USE RIGHTS

	Group	
	2015	2014
	HK\$'000	HK\$'000
Cost		
At 1 April	6,892	6,907
Exchange differences	137	(15)
At 31 March	7,029	6,892
Accumulated amortisation		
At 1 April	227	83
Charge for the year	145	146
Exchange differences	6	(2)
At 31 March	378	227
Net carrying value		
At 31 March	6,651	6,665
Amount to be amortised:		
- Not later than one year	147	143
- Between two and five years	585	573
- Later than five years	5,919	5,949
	6,651	6,665

Land use rights represent the rights to use a piece of land which is located in the PRC, and is valid for a period of 50 years from respective dates of grant and will be expiring in 2060.

At 31 March 2015, the land use rights of the Group with a net carrying value of HK\$6,651,000 (2014: HK\$6,665,000) is secured for short term loans (Note 22).

Location	Description and tenure	Gross land area (sqm)	Gross built-in area (sqm)	Use of property
彭州市业开发区 PY2010-12-2457 (Pharmaceutical Park, Industrial Development Zone, Pengzhou, Chengdu, Sichuan Province)	Valid for a period of 50 years from respective dates of grant and will be expiring in 2060	34,165.33	9,175.07	Industrial

Notes to the Consolidated Financial Statements

For the financial year ended 31 March 2015

17 INVENTORIES

	Group	
	2015	2014
	HK\$'000	HK\$'000
Raw materials	14,849	10,471
Work in progress	822	1,030
Finished goods	6,305	6,225
	<u>21,976</u>	<u>17,726</u>

During the financial year, raw materials, consumables and changes in finished goods and work in progress included as cost of sales amounted to HK\$40,308,000 (2014: HK\$48,169,000).

18 TRADE RECEIVABLES

	Group	
	2015	2014
	HK\$'000	HK\$'000
Amounts due from third parties	54,442	53,549
Less: allowance for doubtful receivables	(1,025)	(1,025)
	<u>53,417</u>	<u>52,524</u>

All of the trade receivables are expected to be recovered within one year.

The movements in the allowance for doubtful trade receivables during the financial year are as follows:

	2015	2014
	HK\$'000	HK\$'000
At 1 April	1,025	4,110
Uncollectible amounts written off	–	(3,085)
At 31 March	<u>1,025</u>	<u>1,025</u>

Notes to the Consolidated Financial Statements

For the financial year ended 31 March 2015

18 TRADE RECEIVABLES (CONT'D)

The ageing analysis of trade receivables is as follows:

	2015			Group		
	Gross HK\$'000	Impairment HK\$'000	Net HK\$'000	Gross HK\$'000	Impairment HK\$'000	Net HK\$'000
Past due but not impaired						
Past due < 3 months	20,220	–	20,220	35,632	–	35,632
Past due 3 to 12 months	30,187	–	30,187	15,965	–	15,965
Past due over 1 year	4,035	(1,025)	3,010	1,952	(1,025)	927
	<u>54,442</u>	<u>(1,025)</u>	<u>53,417</u>	<u>53,549</u>	<u>(1,025)</u>	<u>52,524</u>

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

The individually impaired trade receivables relate to customers that were in financial difficulties or in default in repayments and were not expected to be recovered.

In determining the recoverability of a trade receivable, management considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. Accordingly, management believes that there are no further credit allowance required in excess of the allowance for doubtful receivables.

The Group's exposure to credit risk related to trade receivables is disclosed in Note 27.

19 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group	
	2015 HK\$'000	2014 HK\$'000
Deposits	851	691
Prepayments	3,873	9,671
Advances to third parties	6,329	8,921
Other receivables	1,366	1,506
	<u>12,419</u>	<u>20,789</u>

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20 CASH AND BANK BALANCES

	Group		Company	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cash and bank balances	39,081	32,338	299	2,233
Bank deposits	–	618	–	–
	39,081	32,956	299	2,233

In the previous financial year, bank deposits earn interest at average floating rates of 2.54% per annum. Bank deposits were placed with banks and mature within 3 months after 31 March 2014.

Bank deposits include an amount of HK\$Nil (2014: HK\$618,000) which were pledged to the bank as collateral for bill payables facility given to a subsidiary and trade payables.

21 TRADE AND OTHER PAYABLES

	Group		Company	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<i>Current</i>				
Trade payables	7,902	10,090	–	–
Other payables and accruals	10,174	8,562	2,104	2,709
Amount due to director of a subsidiary	607	884	–	–
Receipt in advance	1,448	2,379	–	–
Consideration payable to non-controlling shareholder of a subsidiary	358	6,491	358	6,491
Withholding tax on dividend declared	7,943	7,777	–	–
	28,432	36,183	2,462	9,200
<i>Non-current</i>				
Dividend payable	71,928	69,528	–	–

The amount due to director of a subsidiary was unsecured, interest free and without fixed terms of repayment.

Dividend payable will not be paid to the non-controlling shareholder of subsidiaries in 10 years from the date of acquisition pursuant to the Sales and Purchase Agreement on acquisition of subsidiaries. The fair value of the dividend payable is not determinable due principally to a lack of fixed repayment terms. As such, the dividend payable is stated at cost.

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22 SHORT TERM LOANS

The short term loans bear interests at floating rate ranging from 7.1% to 7.6% (2014: 6.8% to 10.5%) per annum.

As at 31 March 2015, the short term loans of the Group were secured by:

- (i) the Group's buildings and land use rights of net carrying value HK\$23,564,000 (2014: HK\$31,668,000) (Note 13) and HK\$6,651,000 (2014: HK\$6,665,000) (Note 16) respectively; and
- (ii) the personal guarantees provided by one director of a subsidiary.

23 OBLIGATIONS UNDER FINANCE LEASE

The Group leases certain motor vehicles from non-related parties under finance leases. The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of the lease term.

As at 31 March 2015, the Group had obligations under a finance lease repayable as follows:

	Group			
	2015		2014	
	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
Not later than one year	–	–	208	221
Between two and five years	–	–	143	147
	–	–	351	368
Less: Total future interest expense	–	–	–	(17)
Present value of lease obligations	–	–	351	351

Representing obligations under finance lease:

Current	–	208
Non-current	–	143
	–	351

In previous financial year, the obligations under finance lease bore interest rate at approximately 4.73% per annum. The finance lease was guaranteed by two directors of the Company and a director of a subsidiary.

During the financial year, the Company sold the motor vehicle to the director of the Company and the remaining finance liability was fully settled by the director on 17 March 2015.

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24 EQUITY COMPENSATION BENEFITS

(i) LottVision Share Option Scheme

The Company operates an employee share option scheme (the "LottVision Share Option Scheme") which was approved by the shareholders of the Company on 22 October 2002 for a term of 10 years. The purpose of this scheme is to provide eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty. Eligible participants include employees of the Group and executive and non-executive directors, who are not controlling shareholders of the Company or their associates.

The LottVision Share Option Scheme is administered by a committee comprising three directors of the Company (the "Option Committee"). The number of options to be offered to a participant is determined at the discretion of the Option Committee which has to take into account criteria such as rank, performance, years of service and potential for future development of the participant. However, a member of the Option Committee who is also a participant of the LottVision Share Option Scheme is not to be involved in its deliberation in respect of options granted or to be granted to that member. The total number of shares over which options may be granted may not exceed 15% of the issued share capital of the Company on the date preceding the date of the relevant grant.

The exercise prices of the options are, at the Option Committee's discretion, set at a discount to a price equal to the average of the last trade prices for the shares on the Main Board of Singapore Exchange Securities Trading Limited for the 5 consecutive market days immediately preceding the date of grant of the relevant option, subject to a maximum discount of 20% ("Incentive Options"), or are fixed at the market price ("Market Price Options"). In no circumstances can the exercise price be less than the par value of the share. A nominal consideration of HK\$1 is paid by the participants for each lot of options granted.

Up to 50% of the Market Price Options/Incentive Options is exercisable after the expiry of one/two year(s) from the relevant option grant date and the balance of the options is exercisable at any time after the second/third anniversary of the date of grant provided always that such option shall be exercised before the tenth anniversary of the relevant offer date, failing which all unexercised options would immediately lapse and become null and void.

(a) Terms of unexpired and unexercised options at the balance sheet date

Date granted	Exercise period	Exercise price	Contractual life of options	Number of options	
				2015	2014
10 April 2007	10/4/2008 - 10/4/2017	S\$0.297	10 years	–	1,650,000
10 April 2007	10/4/2009 - 10/4/2017	S\$0.297	10 years	–	1,650,000
				–	3,300,000

Notes to the Consolidated Financial Statements

For the financial year ended 31 March 2015

24 EQUITY COMPENSATION BENEFITS (CONT'D)

(i) LottVision Share Option Scheme (cont'd)

(b) The number and weighted average exercise prices of options are as follows:

	2015		2014	
	Exercise price	Number of options	Exercise price	Number of options
Outstanding at the beginning of the year	S\$0.297	3,330,000	S\$0.297	3,330,000
Options forfeited during the year	S\$0.297	(3,330,000)	S\$0.297	–
Outstanding at the end of the year		<u>–</u>	S\$0.297	<u>3,330,000</u>
Exercisable at the end of the year		<u>–</u>	S\$0.297	<u>3,330,000</u>

The options outstanding as at 31 March 2014 had an exercise price of S\$0.297 and a remaining contractual life of 3 years.

The options have been forfeited during the financial year.

(ii) LottVision Incentive Share Scheme

Pursuant to a resolution of shareholders on 29 July 2009, an employee incentive scheme (the “LottVision Incentive Share Scheme”) was adopted for a term of 10 years. The purpose of this scheme is to provide incentives to employees of the Group and executive and non-executive directors to excel in their performance as well as to enhance their loyalty and dedication to the Group.

The LottVision Incentive Share Scheme is administered by the Remuneration Committee or such other committee comprising the directors appointed by the board of directors (the “Incentive Committee”). Under the LottVision Incentive Share Scheme, the Incentive Committee may grant awards of shares in the Company to the employees of the Group and executive and non-executive directors, who are not the controlling shareholders of the Company or their associates, as the Incentive Committee may select, in its absolute discretion, which shall take into account the rank, job performance level of responsibility, year of services and such other criteria as the Incentive Committee may consider appropriate. The selected employees are not required to pay for the grant of award of the shares.

The total number of shares issued and to be issued in respect of the awards granted under the LottVision Incentive Share Scheme and in respect of the options under the LottVision Share Option Scheme shall not, in aggregate, exceed 15% of the issued share capital of the Company on the date preceding the date of the relevant grant.

During the financial years ended 31 March 2015 and 31 March 2014, no award of share was granted.

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25 CAPITAL AND RESERVES

(a) Share capital

Authorised and issued share capital

	Group and Company			
	2015		2014	
	Number of shares	Par value HK\$'000	Number of shares	Par value HK\$'000
Authorised:				
Ordinary shares of HK\$0.07 each at 1 April and 31 March	2,500,000,000	175,000	2,500,000,000	175,000
Issued:				
At 1 April	1,760,729,764	123,251	1,760,729,764	123,251
Issuance of shares	10,526,316	737	–	–
At 31 March	1,771,256,080	123,988	1,760,729,764	123,251

During the current financial year, 10,526,316 new ordinary shares of the Company were issued at a price of S\$0.019 (equivalent to HK\$0.107) per ordinary share by way of placement. Details of the placement are set of in an announcement issued by the Company on 11 June 2014. As at 31 March 2015, 10,526,316 of the new shares have been fully paid up.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

Notes to the Consolidated Financial Statements

For the financial year ended 31 March 2015

25 CAPITAL AND RESERVES (CONT'D)

(b) Statement of changes in equity

Details of the changes in the Company's individual components of equity between the beginning and the end of the financial year are set out below:

	Share capital HK\$'000	Share premium HK\$'000	Equity settled share-based transaction reserve HK\$'000	Accumulated losses HK\$'000	Total equity HK\$'000
Company					
At 1 April 2013	123,251	267,634	3,368	(329,519)	64,734
Total comprehensive income for the year	–	–	–	3,468	3,468
At 31 March 2014	123,251	267,634	3,368	(326,051)	68,202
Total comprehensive loss for the year	–	–	–	(4,082)	(4,082)
Issuance of new shares	737	473	–	–	1,210
Cancellation of share options	–	–	(3,368)	3,368	–
At 31 March 2015	123,988	268,107	–	(326,765)	65,330

(c) Nature and purpose of reserves

(i) Share premium

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

(ii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in Note 2.20.

(iii) Equity settled share-based transaction reserve

The equity settled share-based transaction reserve comprises the fair value of the actual or estimated number of unexercised options granted to employees of the Group recognised in accordance with the accounting policy adopted for equity settled share-based transaction in Note 2.19.

Notes to the Consolidated Financial Statements

For the financial year ended 31 March 2015

25 CAPITAL AND RESERVES (CONT'D)

(c) Nature and purpose of reserves (cont'd)

(iv) Distributability of reserves

As at 31 March 2015, the Company does not have reserves available for distribution to equity holders of the Company (2014: Nil).

(d) Capital management

The board of directors' (the "Board") policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business. The Board monitors the return on capital, which the Group defines as net profit for the year divided by total shareholders' equity, excluding non-controlling interests. The Board also monitors the level of dividends to ordinary shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Group defines "capital" as including all components of equity.

Consistent with the capital management practices of the Group, the Group's capital structure is monitored on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debts are defined as the total debts (which includes short term trade and other payables, short term loans and obligations under finance lease), less cash and cash equivalents.

The adjusted net debt-to-capital ratio as at 31 March 2015 and 2014 are as follows:

	Group	
	2015	2014
	HK\$'000	HK\$'000
Short term loans	25,249	26,574
Trade and other payables	28,432	36,183
Obligations under finance lease	–	351
Less: cash and cash equivalents	(39,081)	(32,338)
Adjusted net debts	14,600	30,770
Total capital	109,949	102,210
Adjusted net debt-to-capital ratio	13%	30%

Notes to the Consolidated Financial Statements

For the financial year ended 31 March 2015

26 RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Key management personnel are directors and those person having authorities and responsibilities for planning, directing and controlling the activities of the Group, directly or indirectly. Remuneration for key management personnel, including amounts paid to the Company's directors are disclosed in Note 8.

The amounts do not include compensation of any of the key management personnel and directors who received compensation from related corporations outside the Group in their capacity as directors and/or executives of those related corporation. Total remuneration is included in "Staff costs" (Note 8).

(b) Other related party transactions

In addition to information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties during the financial year on terms agreed by the parties concerned:

	Group	
	2015	2014
	HK\$'000	HK\$'000
With director of the Company		
Sales of motor vehicle	250	–
With director of a subsidiary		
Advances received	–	260

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

(a) Financial risk management

As at 31 March 2015, the Group's financial assets comprised mainly available-for-sale equity securities, trade receivables, deposits and other receivables and cash and bank balances. The Group's financial liabilities comprised trade and other payables, obligations under finance lease and short term loans.

Exposures to credit risk, liquidity risk and foreign currency risk arise in the normal course of the Group's business. The risks are limited by the Group's financial management policies and practices described below.

Credit risk

The Group's and the Company's credit risk is primarily attributable to trade receivables, deposits and other receivables and deposits with banks.

Management has a credit policy in place over the trade receivables, deposits and other receivables and the exposures to these credit risks are monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount and advance to business partners. Trade receivables are due on the date of billing. With respect to fund advances to third parties, the repayment terms are set out in each fund advance agreement and normally are repayable within 1 year. The Group does not obtain collaterals from both the customers and the business partners.

Notes to the Consolidated Financial Statements

For the financial year ended 31 March 2015

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONT'D)

(a) Financial risk management (cont'd)

Credit risk (cont'd)

At the reporting date, approximately 94% (2014: 88%) of the Group's trade receivables were due from 7 (2014: 6) major customers located in PRC. In 2014, out of 6 major customers, 2 of these major customers were companies related to employees of the Group.

Further details of credit risk on trade receivables are disclosed in Note 18.

Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority.

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

	2015			2014		
	Carrying amount	Total contractual undiscounted cash flow	Within 2 years or on demand	Carrying amount	Total contractual undiscounted cash flow	Within 2 years or on demand
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Group						
Trade and other payables	26,984	26,984	26,984	33,804	33,804	33,804
Obligations under finance lease	–	–	–	351	368	368
Short term loans	25,249	25,967	25,967	26,574	27,553	27,553
	52,233	52,951	52,951	60,729	61,725	61,725
Company						
Trade and other payables	2,462	2,462	2,462	9,200	9,200	9,200
Amount due to subsidiary	135	135	135	–	–	–
	2,597	2,597	2,597	9,200	9,200	9,200

Notes to the Consolidated Financial Statements

For the financial year ended 31 March 2015

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONT'D)

(a) Financial risk management (cont'd)

Foreign currency risk

The Group operates in the People's Republic of China ("PRC") and Hong Kong.

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as the Singapore Dollar ("SGD") and Hong Kong Dollar ("HKD"). Currency risk arises when transactions are denominated in foreign currencies. This risk is mitigated to certain extent by the natural hedge between sales receipts and purchases, and operating expenses disbursement.

In addition, the Group is exposed to currency translation risk on the net assets in foreign operations. Currency exposure to the net assets of the Group's foreign operations in PRC are managed primarily through borrowings denominated in the relevant foreign currency.

The Group's currency exposure based on the information provided to key management is as follows:

Denominated in	HKD HK\$'000	SGD HK\$'000
2015		
Group		
<i>Financial assets</i>		
Cash and bank balances	202	–
<i>Financial liabilities</i>		
Trade and other payables	801	1,458
Net financial liabilities	(599)	(1,458)
Company		
<i>Financial assets</i>		
Cash and bank balances	202	–
<i>Financial liabilities</i>		
Trade and other payables	801	1,458
Net financial liabilities	(599)	(1,458)

Notes to the Consolidated Financial Statements

For the financial year ended 31 March 2015

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONT'D)

(a) Financial risk management (cont'd)

Foreign currency risk (cont'd)

Denominated in	HKD HK\$'000	SGD HK\$'000
2014		
Group		
<i>Financial assets</i>		
Cash and bank balances	2,233	–
<i>Financial liabilities</i>		
Trade and other payables	1,575	1,492
Net financial assets/(liabilities)	658	(1,492)
Company		
<i>Financial assets</i>		
Cash and bank balances	2,233	–
<i>Financial liabilities</i>		
Trade and other payables	1,575	1,492
Net financial assets/(liabilities)	658	(1,492)

Notes to the Consolidated Financial Statements

For the financial year ended 31 March 2015

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONT'D)

(a) Financial risk management (cont'd)

Foreign currency risk (cont'd)

If foreign currencies change against the functional currency which is Renminbi (2014: Renminbi) by 5% (2014: 5%) with all other variables including tax rate being held constant, the effect arising from the net monetary assets/(liabilities) position will be as follows:

	Increase/(decrease) in profit after tax			
	Group		Company	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
HKD against RMB				
- strengthened	(33)	27	(33)	27
- weakened	33	(27)	33	(27)
SGD against RMB				
- strengthened	(61)	(62)	(61)	(62)
- weakened	61	62	61	62

(b) Categories of financial instruments

	Group		Company	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<i>Financial assets</i>				
Loans and receivables (including trade and other receivables and cash and bank balances)	99,765	93,239	1,492	10,967
<i>Financial liabilities</i>				
At amortised cost (including trade and other payables)	44,290	52,592	2,597	9,200

(c) Fair values

The carrying amounts of financial assets and financial liabilities are reasonable approximation of fair values due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date, except as disclosed in Note 21 to the financial statements.

Notes to the Consolidated Financial Statements

For the financial year ended 31 March 2015

28 COMMITMENTS

(a) Operating lease commitments

As at 31 March 2015, the total future minimum lease payments under non-cancellable operating leases in respect of office premises are payable as follows:

	Group	
	2015	2014
	HK\$'000	HK\$'000
Not later than one year	19	83
Between two and five years	128	–
	147	83

The Group leases a number of properties under operating leases. The leases typically run for an initial period of one to five years, with an option to renew the lease upon expiry when all terms are renegotiated. No contingent rents are payable.

(b) Capital commitments

Capital expenditures contracted for at the end of the reporting period but not recognised in the consolidated financial statements are as follows:

	Group	
	2015	2014
	HK\$'000	HK\$'000
Approved and contracted for purchase of intangible assets	659	1,056

29 EVENTS AFTER THE END OF THE REPORTING PERIOD

Subsequent to the financial year ended 31 March 2015, the Company completed the proposed capital reorganisation and proposed placement of an aggregate of 20,000,000 new placement shares to Deng Jiaoyan, Li Xiaomin, Tian Heng and Zhu Lin in the manner set out in its circular to shareholders dated 15 May 2015.

30 CHANGE OF NAME TO NURTYFARM INTERNATIONAL LIMITED

The Company intends to change its name from “LottVision Limited” to “NutryFarm International Limited” at its Annual General Meeting to reflect the Group’s current corporate and business profile.

31 AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements of the Group and balance sheet of the Company for the financial year ended 31 March 2015 were authorised for issue in accordance with a resolution of the Board of Directors dated 26 June 2015.

Statistics of Shareholdings

As at 24 June 2015

Authorised share capital: HK\$175,000,000

Issued and fully paid up: HK\$ 6,428,140.2

Class of shares: ordinary

Voting rights: One vote per share

DISTRIBUTION OF SHAREHOLDINGS

<u>Size of Shareholdings</u>	<u>No. of Shareholders</u>	<u>%</u>	<u>No. of Shares</u>	<u>%</u>
1 - 99	197	3.67	9,819	0.02
100 - 1,000	3,040	56.58	1,350,732	2.10
1,001 - 10,000	1,768	32.90	5,703,507	8.87
10,001 - 1,000,000	356	6.63	13,221,752	20.57
1,000,001 AND ABOVE	12	0.22	43,995,592	68.44
TOTAL :	5,373	100.00	64,281,402	100.00

TWENTY LARGEST SHAREHOLDERS

<u>No.</u>	<u>Name</u>	<u>No. of Shares</u>	<u>%</u>
1	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	6,872,237	10.69
2	HSBC (SINGAPORE) NOMINEES PTE LTD	6,613,355	10.29
3	DENG JIAOYAN	5,000,000	7.78
4	LI XIAOMIN	5,000,000	7.78
5	TIAN HENG	5,000,000	7.78
6	ZHU LIN	5,000,000	7.78
7	CHENG XING YUAN	2,115,000	3.29
8	DENG CHENG LING	2,115,000	3.29
9	WEI ZHEN YU	2,115,000	3.29
10	ZHANG LI PING	2,115,000	3.29
11	RAO XIAO LI	1,025,000	1.59
12	WANG GUANG QUAN	1,025,000	1.59
13	OCBC SECURITIES PRIVATE LIMITED	776,172	1.21
14	YANG RUI PEI	615,000	0.96
15	MAYBANK KIM ENG SECURITIES PTE. LTD.	390,057	0.61
16	PHILLIP SECURITIES PTE LTD	330,779	0.51
17	UOB KAY HIAN PRIVATE LIMITED	325,087	0.51
18	QUEK SWEE SIANG	250,000	0.39
19	LOW SIEW FATT	216,325	0.34
20	TAN NGOK PENG	207,500	0.32
TOTAL		47,106,512	73.29

Statistics of Shareholdings

As at 24 June 2015

Substantial Shareholders (as recorded in the Register of Substantial Shareholders) as at 24 June 2015.

Substantial shareholders	Direct interest number of shares	%	Deemed interest number of shares	%	Total number shares	%
Paul Gao Xiang Nong	6,597,355	10.26	-	-	6,597,355	10.26

FREE FLOAT

As at 24 June 2015, approximately 89.74% of the shareholding in the Company was held in the hands of the public (on the basis of information available to the Company).

Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Notice of Annual General Meeting

LOTTVISION LIMITED
(Incorporated in Bermuda)

NOTICE IS HEREBY GIVEN that the 2015 Annual General Meeting of LOTTVISION LIMITED (the "Company") will be held at Maxwell Chambers Pte Ltd, Rm 307 Henderson Room, Level 3, 32 Maxwell Road #03-01, Singapore 069115 on 28 July 2015 at 10.00 a.m. (Singapore time) and any adjournment thereof (the "**Annual General Meeting**") for the following purposes:

AS ORDINARY BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

1. To receive and adopt the directors' report and audited financial statements of the Company for the financial year ended 31 March 2015 together with the auditors' report thereon.

(Resolution 1)

2. To approve the payment of Directors' fees of S\$80,000 for the financial year ended 31 March 2015.

(Resolution 2)

3. To re-appoint Baker Tilly TFW LLP as the Company's auditors, to hold office until the close of the next annual general meeting of the Company, at a fee to be agreed between the directors of the Company and Baker Tilly TFW LLP.

(Resolution 3)

4. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

5. General authority to the directors of the Company to allot and issue Shares

That, pursuant to the Bye-Laws of the Company and the rules, guidelines and measures issued by the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the directors of the Company to:

- (i) issue ordinary shares in the capital of the Company ("Shares");
- (ii) convertible securities;
- (iii) additional convertible securities issued pursuant to adjustments; or
- (iv) Shares arising from the conversion of the securities in (ii) and (iii) above,

(whether by way of rights, bonus or otherwise or in pursuance of any offer, agreement or option made or granted by the directors of the Company during the continuance of this authority or thereafter) at any time and upon such terms and conditions and for such purposes and to such persons as the directors of the Company may in their absolute discretion deem fit (notwithstanding that such issue of Shares pursuant to the offer, agreement or option or the conversion of the convertible securities may occur after the expiration of the authority contained in this Resolution),

provided always that:

- (1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of convertible securities made or granted pursuant to this Resolution) does not exceed fifty per cent. (50%) of the total number of issued Shares (excluding treasury shares), provided further that the aggregate number of Shares to be issued other than on a pro-rata basis to members of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty per cent. (20%) of the total number of issued Shares (excluding treasury shares);
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of issued Shares shall be based on the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, after adjusting for:
 - (i) new Shares arising from the conversion or exercise of any convertible securities;
 - (ii) (where applicable) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with the SGX-ST Listing Manual; and
 - (iii) any subsequent bonus issue, consolidation or subdivision of Shares;

Notice of Annual General Meeting

LOTTVISION LIMITED
(Incorporated in Bermuda)

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the rules, guidelines and measures issued by the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act 1981 of Bermuda (as amended) and otherwise and the Bye-Laws of the Company for the time being; and
- (4) unless revoked or varied by the Company in a general meeting of the Company, the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier. (See Explanatory Note (i))

(Resolution 4)

6. Authority to the directors of the Company to allot and issue Shares and grant options under the LottVision Incentive Share Scheme and the LottVision Employee Share Option Scheme

That the directors of the Company be and are hereby authorised to offer and grant:

- (a) awards in accordance with the provisions of the LottVision Incentive Share Scheme and to allot and issue from time to time such number of fully-paid Shares as may be required to be issued pursuant to the vesting of the awards under the LottVision Incentive Share Scheme; and
- (b) options under the LottVision Employee Share Option Scheme, and to allot and issue from time to time such number of fully-paid Shares as may be required to be issued pursuant to the exercise of options granted under the LottVision Employee Share Option Scheme,

provided always that the aggregate number of Shares, (i) to be allotted and issued pursuant to the LottVision Incentive Share Scheme; (ii) to be allotted and issued pursuant to exercise of options granted under the LottVision Employee Share Option Scheme; and / or (iii) to be allotted and issued under any other share based incentive schemes of the Company, shall not exceed fifteen per cent (15%) of the total number of issued Shares of the Company (excluding treasury shares) from time to time. For the avoidance of doubt, shareholders' pre-emptive right under Bye-law 10 of the Bye-Laws of the Company does not apply. (See Explanatory Note (ii))

(Resolution 5)

By Order of the Board

Andy XU Peng
Company Secretary

Adrian CHAN
Deputy Secretary

3 July 2015

Explanatory Notes:

- (i) Mr. Li Xue Feng is scheduled to retire as a director of the Company by rotation at the Annual General Meeting pursuant to Bye-law 104 of the Bye-Laws of the Company, but has notified the board of directors of the Company that, upon such retirement, he will not offer himself for re-election at the Annual General Meeting.
- (ii) Resolution 4 is to authorise the directors of the Company from the date of the Annual General Meeting until the next annual general meeting of the Company to allot and issue Shares (including Shares arising pursuant to convertible securities) in the Company up to an amount not exceeding fifty per cent. (50%) of the total number of issued Shares (excluding treasury shares) of the Company, of which the total number of Shares (including Shares arising pursuant to convertible securities) issued other than on a pro-rata basis to existing shareholders shall not exceed twenty per cent. (20%) of the total number of issued Shares (excluding treasury shares) of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company.
- (iii) Resolution 5, if passed, will empower the directors of the Company, to allot and issue Shares pursuant to the vesting of the awards under the LottVision Incentive Share Scheme, and to grant options and to allot and issue Shares upon the exercise of such options under the LottVision Employee Share Option Scheme. The authority will, unless previously revoked or varied at a general meeting, expire at the conclusion of the next annual general meeting of the Company or the expiration of the period within which the annual general meeting of the Company is required by law to be held, whichever is the earlier. This authority is in addition to the general authority to allot and issue Shares sought under Resolution 4.

Notice of Annual General Meeting

LOTTVISION LIMITED
(Incorporated in Bermuda)

Notes:

1. If a Shareholder who is not a Depositor is unable to attend the Annual General Meeting and wishes to appoint a proxy/proxies to attend and vote on his behalf, he could complete, sign and return the proxy form the proxy form despatched to Shareholders who are not Depositors ("AGM Shareholder Proxy Form") in accordance with the instructions printed thereon. With the exception of the Central Depository (Pte) Ltd. (the "**CDP**") who may appoint more than two proxies, a Shareholder entitled to attend and vote at the Annual General Meeting who holds two (2) or more shares is entitled to appoint no more than two proxies to attend and vote on his behalf. A proxy need not be a Shareholder.
2. Where a form of proxy appoints more than one proxy (including the case where such appointment results from a nomination by the CDP), the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
3. If a Depositor who is an individual and whose name appears in the Depository Register (as defined in Section 130A of the Companies Act) as at a time not earlier than forty-eight (48) hours before the time appointed for the Annual General Meeting and is unable to attend the Annual General Meeting personally and wishes to appoint a proxy/proxies to attend and vote on his behalf, he should complete, sign and deposit the proxy form despatched together with this Notice of Annual General Meeting to Depositors (the "AGM Depositor Proxy Form") in accordance with the instructions printed thereon.
4. A Depositor who is not an individual can only be represented at the Annual General Meeting if its nominee is/are appointed as CDP's proxy/proxies. To appoint its nominee/nominees as proxy/proxies of the CDP and to enable its nominee/nominees to attend and vote at the Annual General Meeting, such Depositor should complete, execute and deposit the AGM Depositor Proxy Form in accordance with the instructions at the Annual General Meeting.
5. A corporation which is a Shareholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its corporate representative at the Annual General Meeting.
6. To be valid, the AGM Shareholder Proxy Form or the AGM Depositor Proxy Form, together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, must be deposited at the office of Singapore Share Transfer Agent, Boardroom Corporate & Advisory Service Pte. Ltd at 50 Raffles Place, #32-01 Singapore Land Tower Singapore 048623 not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting or at any adjournment thereof. Detailed instructions can be found on the AGM Shareholder Proxy Form and AGM Depositor Proxy Form.
7. The completion and return of an AGM Shareholder Proxy Form by a Shareholder who is not a Depositor, or an AGM Depositor Proxy Form by a Depositor, shall not preclude him from attending and voting in person at the Annual General Meeting if he wishes to do so, in place of his proxy/proxies.
8. By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a Shareholder of the Company (i) consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the Shareholder discloses the personal data of the Shareholder's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the Shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Shareholder's breach of warranty.



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