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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Chu Chor Lup
Chiu Ngar Wing *FCCA, ACA, CPA (Practising)*
Leung Tai Wai, David
(resigned on 1st December, 2011)
George Leung
(appointed on 1st December, 2011)

COMPANY SECRETARY

Wu Kwok Lam *CPA, FCCA*

REGISTERED OFFICE

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

PRINCIPAL OFFICE

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

PRINCIPAL REGISTRAR AND TRANSFER OFFICE

Bank of Bermuda (Cayman) Limited
P.O. Box 513 GT
2nd Floor, Strathvale House
North Church Street, George Town
Grand Cayman, Cayman Islands
British West Indies

AUDITORS

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

HONG KONG BRANCH REGISTRAR

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

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking
Corporation Limited
1 Queen's Road Central
Hong Kong

Wing Hang Bank, Limited
161 Queen's Road Central
Hong Kong

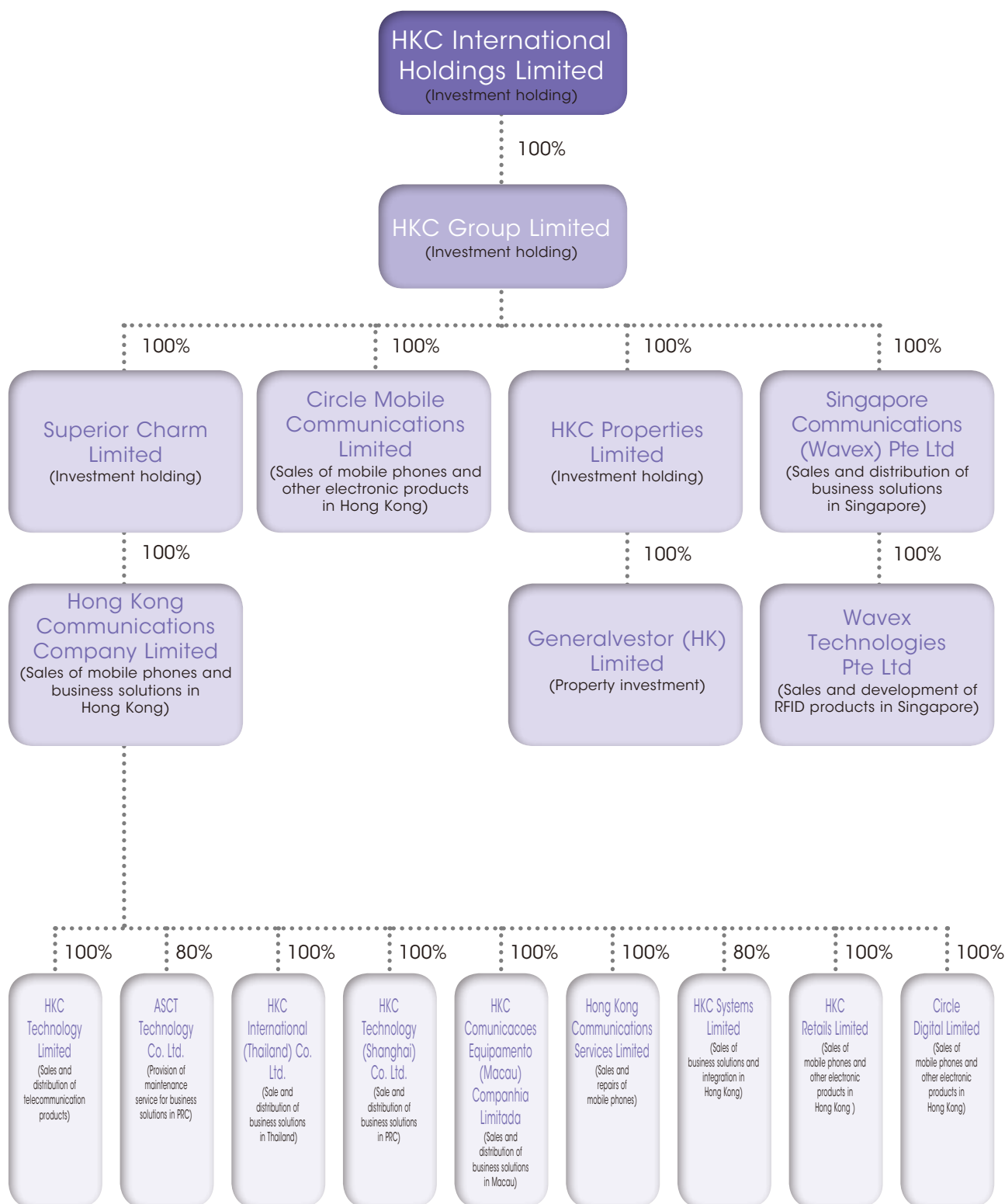
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WEBSITE ADDRESS

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

GROUP STRUCTURE



MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended 31st March, 2012, the group's turnover decreased by 62% to HK\$362 million (2011: HK\$940 million) and net loss attributable to equity holders of the company was HK\$6.6 million (2011: profit of HK\$33.3 million).

In previous years, the group's investment properties were carried in the balance sheet at historical cost less accumulated depreciation and impairment losses. The directors reassessed the appropriateness of this accounting policy during the year and concluded that by using the fair value model under HKAS 40, the financial statements would provide more appropriate and relevant information about the group's results and financial position. Excluding the fair value gain of HK\$27.5 million, the net loss attributable to equity holders of the company for the year would have been HK\$34.1 million.

SALES OF MOBILE PHONES

The turnover was substantially decreased from HK\$843 million to HK\$265 million due to the termination of agreement with Nokia (H.K.) Limited for distributing the mobile phones. Since the fixed costs for logistic facilities could not be cut within short period of time, this led to the loss of HK\$29.6 million compared with the profit of HK\$4.7 million last year.

SALES OF BUSINESS SOLUTIONS

During the year under review, the turnover decreased by 2% to HK\$92.7 million (2011: HK\$94.5 million). The division recorded loss of HK\$2.8 million compared with the loss of HK\$3.6 million last year.

PROPERTY INVESTMENT

The rental income increased from HK\$2.4 million to HK\$4.2 million and the profit of this division was HK\$1.4 million (2011: HK\$0.7 million).

PROSPECTS

Regarding the mobile phone business, the adverse effect for termination of distributing mobile phones business was one-off. The number of employees has gradually reduced to 170 from 290. The group will continually monitor costs closely.

In business solutions segment, we will launch some new products and solutions for home automation systems and other applications. We expect that the performance will be improved.

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

LIQUIDITY AND FINANCIAL RESOURCES

The group continues to maintain a strong financial position. As at 31st March, 2012, the group's cash and bank balances amounted to approximately HK\$57 million (2011: HK\$39 million) while the bank borrowing was HK\$38 million (2011: HK\$34 million).

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL STRUCTURE

There was no change to the group's capital structure for the year ended 31st March, 2012.

CAPITAL EXPENDITURE

The group invested HK\$8.5 million in property, plant and equipment during the year.

EMPLOYEES

As at 31st March, 2012, the total number of employees of the group was approximately 170 (2011: 290) and the aggregate remuneration of employees (excluding directors' emoluments) amounted to HK\$48 million (2011: HK\$54 million). The remuneration and bonus packages of the employees are based on the individual merits and performance and are reviewed at least annually. There is a share award plan in place designed to award employees for their performance at the discretion of the directors. The group maintains a good relationship with its employees.

PLEDGE OF ASSETS

As at 31st March, 2012, the group's general banking facilities were secured by (1) first legal charge on certain investment properties with total of fair value of HK\$131,670,000 (2011 (restated): HK\$105,000,000), (2) bank deposits of HK\$9,185,000 (2011: HK\$3,122,000) and (3) financial assets at fair value through profit or loss of HK\$Nil (2011: HK\$8,174,000).

GEARING RATIO

The gearing ratio was 12.6% (2011: 11.1%) which is expressed as a percentage of total borrowings to shareholders' funds.

FOREIGN EXCHANGE FLUCTUATIONS

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

CONTINGENT LIABILITIES

As at 31st March, 2012, the company had provided corporate guarantees of HK\$103 million (2011: HK\$102 million) to secure general banking facilities granted to the subsidiaries.

MANAGEMENT DISCUSSION AND ANALYSIS

DIVIDEND

The directors recommend the payment of a final dividend of HK\$0.01 (2011: HK\$0.01) per ordinary share payable to shareholders of the company whose names appear on the register of members of the company on Wednesday, 22nd August, 2012. Subject to the approval of the shareholders of the company at the forthcoming annual general meeting, the dividend will be paid about Friday, 5th October, 2012. The final dividend will be payable in cash but shareholders may elect to receive final dividend in the form of new shares of the company in lieu of cash or partly in shares and partly in cash. A circular containing details thereof and the election form are expected to be sent to shareholders about Monday, 10th September, 2012.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the company will be closed from Monday, 20th August, 2012 to Wednesday, 22nd August, 2012, both days inclusive, for the purpose of, among other things, establishing entitlements to the proposed final dividend, during which period no transfer of shares will be effected. In order to qualify for the final dividend, all transfers, accompanied by the relevant share certificates, should be lodged with the company's Share Registrars in Hong Kong, Pilare Limited, at 10th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 17th August, 2012.

APPRECIATION

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. CHAN Chung Yee, Hubert, aged 52, is the chairman of the company and is responsible for the formulation of corporate strategies and business development of the group and effective running of the board of directors. Mr. Chan is a director of each of the company's subsidiaries. He has over 20 years of experience in the trading and distribution of telecommunications equipment. Mr. Chan obtained a Bachelor's Degree in Industrial Engineering from the University of Hong Kong, an Executive Master of Business Administration from the Hong Kong University of Science and Technology and a DBA from the Hong Kong Polytechnic University. Mr. Chan is also very active in promoting the telecommunications industry in Hong Kong. He is currently the Chairman of the Communications Association of Hong Kong. He is the elder brother of Mr. Chan Chung Yin, Roy.

Mr. CHAN Chung Yin, Roy, aged 50, is the chief executive officer of the company. He is responsible for group's operations and implementing the group's strategies. He graduated from the University of Toronto, Canada with a Bachelor's Degree in Computer Science and has over 20 years of experience in the telecommunications industry. He is the younger brother of Mr. Chan Chung Yee, Hubert.

Mr. WU Kwok Lam, aged 50, joined the group in 1989 and is currently the general manager and chief financial officer of the group. He earned his MBA degree from Murdoch University, Australia and has over 20 years of extensive experience in the accounting and finance field. He is also an associate member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants and a full member of The Hong Kong Computer Society. Mr. Wu is also the company secretary of the company.

Mr. CHAN Man Min, aged 79, joined the group in 1971 with over 30 years of extensive experience in the telecommunications industry. He is the father of Mr. Chan Ming Him, Denny.

Mr. CHAN Ming Him, Denny, aged 53, joined the group in 1999 with over 15 years of experience in the telecommunications industry in China. He graduated from McMaster University, Canada with a Master's Degree in Engineering. He is the son of Mr. Chan Man Min.

Mr. IP Man Hon, aged 45, is the project director. He joined the group in 1991 with over 15 years of experience in product development and management. He obtained a Master Degree of Science from the University of Hong Kong and a Bachelor's Degree in Engineering from the Hong Kong Polytechnic University.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHIU Ngar Wing, aged 58, is a practising accountant. He is an associate member of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales and a fellow member of the Association of Chartered Certified Accountants. He is a director of T.C. Ng & Co. CPA Ltd. and has been practicing in the firm for more than 20 years.

Dr. CHU Chor Lup, aged 59, is a practising doctor. He is a fellow of Hong Kong College of Physician and Hong Kong Academy of Medicine and Royal College of Physician (Glasgow). He has been the member of the Hospital Governing Committee since 1997.

Dr. George Leung, aged 61, is seasoned dentist who has been practicing dentistry in Hong Kong for over 30 years. He is a Doctor of Dental Medicine of University of Philippines, Fellow of International College of Dentists and Member of Faculty General Dental Practice, Royal College of Surgeons of England (UK). He has been active in organised dentistry and held posts of Chairmanship of various committees in the Hong Kong Dental Association Limited and was also a past president of the Rotary Club of Hong Kong Island East.

SENIOR MANAGEMENT

Mr. CHOI Chun Yik, aged 51, joined the group in 1990 with over 25 years of experience in the telecommunications industry. He is responsible for overseeing the operations of sales, customer services and technical services departments in the business solutions division. He has attained an MBA Degree from Murdoch University, Australia.

Mr. NG Chi Hoi, Samuel, aged 54, is the general manager of Singapore Communications (Wavex) Pte Limited. Mr. Ng joined the group in 1993 with over 25 years of experience in the telecommunications industry. He obtained a Bachelor's Degree in Computing and Information Systems from University of London.

Mr. CHEUNG Ying Sum, Ray, aged 50, joined the group in 2010 with over 25 years of experience in the information and communication technology industry. He obtained an Executive Master of Business Administration from the City University of Hong Kong and was granted the status of Chartered Marketer by the Chartered Institute of Marketing in UK. Besides, he is now a Project Director of eHealth Consortium; a Board Governor of HL7 Hong Kong; a Council Member of Internet Professional Association and a Member of the Institution of Engineering & Technology.

CORPORATE GOVERNANCE REPORT

The board considers that good corporate governance is central to safeguarding the interests of the shareholders, customers, employees and other stakeholders of the group. The company had complied throughout the year ended 31st March, 2012 with the code provisions of the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), except for Code Provision A.2.1 which stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The company does not segregate the roles of chairman and chief executive officer until 16th March, 2012.

DIRECTORS' SECURITIES TRANSACTIONS

The company has adopted the Model Code for Security Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules as the code of conduct regarding directors' securities transactions.

Each of the directors of the company confirmed, following specific enquiry by the company, that he complied with the required standard as set in Model Code throughout the year ended 31st March, 2012.

BOARD OF DIRECTORS

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

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

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

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

CORPORATE GOVERNANCE REPORT

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

Executive directors:	Number of meetings attended
Chan Chung Yee, Hubert	9/9
Chan Chung Yin, Roy	9/9
Chan Man Min	0/9
Chan Ming Him, Denny	6/9
Wu Kwok Lam	9/9
Ip Man Hon	9/9
Independent non-executive directors:	
Chiu Ngar Wing	7/9
Chu Chor Lup	0/9
Leung Tai Wai, David (resigned on 1st December, 2011)	0/9
George Leung (appointed on 1st December, 2011)	0/9

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

TERMS OF APPOINTMENT OF NON-EXECUTIVE DIRECTORS

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

APPOINTMENT AND RE-ELECTION OF DIRECTORS

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

CORPORATE GOVERNANCE REPORT

REMUNERATION COMMITTEE

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

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

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

NOMINATION COMMITTEE

The company established a nomination committee at 12th March, 2012. The nomination committee comprises three independent non-executive directors namely, Mr. Chiu Ngar Wing, Dr. Chu Chor Lup and Dr. George Leung and Dr. Chu Chor Lup is the chairman of the nomination committee. The major duty of the committee is to review the structure, size and composition of the board and identify and nominate qualified individuals for appointment as additional directors or to fill vacancies as and when they arise. No meeting was held during the year.

AUDIT COMMITTEE

The company's audit committee comprises three independent non-executive directors namely, Mr. Chiu Ngar Wing, Dr. Chu Chor Lup and Dr. George Leung and Mr. Chiu Ngar Wing is the chairman of the audit committee. During the year, the audit committee reviewed the unaudited interim financial statements for the six months ended 30th September, 2011 and the audited financial statements for the year ended 31st March, 2012 with recommendations to the board for approval, reviewed reports on internal control system of the group, and discussed with the management and the external auditors the audit plans, the accounting policies and practices which may affect the group and financial reporting matters. A total of two meetings were held in the year under review and the individual attendance of members are as follows:

Name of members	Number of meetings attended
Chiu Ngar Wing	2/2
Chu Chor Lup	2/2
Leung Tai Wai, David (resigned on 1st December, 2011)	0/2
George Leung (appointed on 1st December, 2011)	0/2

CORPORATE GOVERNANCE REPORT

INTERNAL CONTROL

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

RESPONSIBILITY AND ACCOUNTABILITY OF THE BOARD

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

The board also acknowledges the responsibility for preparing all information and representation contained in the consolidated financial statements of the company for the year under review. In preparing the financial statements, the generally accepted accounting standards in Hong Kong have been adopted and the financial statements complied with accounting standards issued by the Hong Kong Institute of Certified Public Accountants. Appropriate accounting policies have also been used and applied consistently. As at 31st March, 2012, the directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the ability of the company to continue as a going concern basis. The statement of the external auditors of the company about the reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report on pages 23 and 24 of the annual report of the company for the year ended 31st March, 2012.

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

AUDITOR'S REMUNERATION

An analysis of the remuneration of the company's auditors, Li, Tang, Chen & Co and other auditors for the year ended 31st March, 2012 is set out below:

	HK\$'000
Audit services	580
Non-audit services	78
	<hr/>
	658
	<hr/> <hr/>

SHAREHOLDERS' RIGHTS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

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

CORPORATE GOVERNANCE REPORT

COMMUNICATION WITH SHAREHOLDERS

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

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

CONSTITUTIONAL DOCUMENTS

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

REPORT OF THE DIRECTORS

The directors have pleasure in presenting their annual report and the audited financial statements for the year ended 31st March, 2012.

PRINCIPAL ACTIVITIES

The company acts as an investment holding company. The principal activities of its subsidiaries are set out in note 41 to the financial statements.

RESULTS AND APPROPRIATIONS

The loss of the group for the year ended 31st March, 2012 are set out in the consolidated statement of comprehensive income on pages 25 and 26.

The directors recommend the payment of a final dividend of HK\$0.01 per ordinary share to the shareholders of the company whose names appear on the register of members on 22nd August, 2012.

Shareholders may elect to receive final dividend in the form of new shares of the company or cash or partly in shares and partly in cash.

PROPERTY, PLANT AND EQUIPMENT

During the year, the group spent HK\$8,456,000 on property, plant and equipment. The group also disposed of certain of its property, plant and equipment with the aggregate carrying amount of HK\$1,576,000.

Details of the movements in property, plant and equipment of the group during the year are set out in note 16 to the financial statements.

Particulars of the leasehold land and buildings of the group as at 31st March, 2012 are set out on page 96.

INVESTMENT PROPERTIES

During the year, the group spent HK\$13,993,000 on investment properties.

Details of the movements in investment properties of the group during the year are set out in note 17 to the financial statements.

Particulars of the investment properties of the group as at 31st March, 2012 are set out on pages 97 and 98.

LEASEHOLD LAND

Details of the movements in leasehold land of the group during the year are set out in note 18.

BORROWINGS

Particulars of the borrowings of the group at the balance sheet date are set out in note 29 to the financial statements.

REPORT OF THE DIRECTORS

SHARE CAPITAL

Details of the movements in share capital of the company during the year are set out in note 31 to the financial statements.

DONATIONS

Donations made by the group during the year amounted to HK\$278,000.

PRE-EMPTIVE RIGHTS

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

DIRECTORS AND SERVICE CONTRACTS

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

Executive directors:

Chan Chung Yee, Hubert – chairman
Chan Chung Yin, Roy – chief executive officer
Chan Man Min
Chan Ming Him, Denny
Wu Kwok Lam
Ip Man Hon

Independent non-executive directors:

Chiu Ngar Wing
Chu Chor Lup
George Leung (appointed on 1st December, 2011)
Leung Tai Wai, David (resigned on 1st December, 2011)

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

Mr. Ip Man Hon, Dr. George Leung, Mr. Chiu Ngar Wing and Dr. Chu Chor Lup have offered themselves for re-election and Mr. Chan Man Min does not offer himself for re-election and will retire from the board at the conclusion of the forthcoming annual general meetings.

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

DIRECTORS' INTERESTS IN CONTRACTS

Other than the interests disclosed in note 40 to the financial statements, no other contracts of significance to which the company or any of its subsidiaries was a party and in which a director of the company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

REPORT OF THE DIRECTORS

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

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

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

Name of Director	The company/ associated corporation	Capacity	Number and class of securities (long position)(Note 1)	Approximate percentage of interest
Chan Chung Yee, Hubert	The company	Interest of controlled corporation	257,862,888 Shares (L) (Note 2)	50.98%
	The company	Beneficial owner	9,260,000 Shares (L) (Note 3)	1.83%
	Matrix World Group Limited	Beneficial owner	1 share of US\$1.00 (L)	100.00%
Chan Chung Yin, Roy	The company	Interest of controlled corporation	60,000,000 Shares (L) (Note 4)	11.86%
	The company	Beneficial owner	100,000 Shares (L) (Note 5)	0.02%
	Star Global International Limited	Beneficial owner	1 share of US\$1.00 (L)	100.00%
Chan Man Min	The company	Interest of controlled corporation	24,709,650 Shares (L) (Note 6)	4.98%
	The company	Beneficial owner	1,000,000 Shares (L) (Note 7)	0.20%
Chan Ming Him, Denny	The company	Beneficial owner	1,000,000 Shares (L) (Note 8)	0.20%

REPORT OF THE DIRECTORS

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

Notes:

- (1) The Letter "L" represents the director's or chief executive's interests in the shares and underlying shares of the company or its associated corporations.
- (2) Among these Shares, 9,107,224 Shares were held by Light Emotion Limited, a company wholly owned by Matrix World Group Limited and 248,755,664 Shares were held by Matrix World Group Limited, a company wholly owned by Mr. Chan Chung Yee, Hubert. By virtue of the provisions of Divisions 7 and 8 of Part XV of the SFO, Matrix World Group Limited is deemed to be interested in the Shares held by Light Emotion Limited and Mr. Chan Chung Yee, Hubert is deemed to be interested in the Shares in which Matrix World Group Limited is interested.
- (3) These Shares are registered in the name of Mr. Chan Chung Yee, Hubert.
- (4) These Shares were held by Star Global International Limited, a company wholly owned by Mr. Chan Chung Yin, Roy. By virtue of the provisions of Divisions 7 and 8 of Part XV of the SFO, Mr. Chan Chung Yin, Roy is deemed to be interested in the Shares held by Star Global International Limited.
- (5) These Shares are registered in the name of Mr. Chan Chung Yin, Roy.
- (6) These Shares were held by Ocean Hope Group Limited, a company wholly owned by Mr. Chan Man Min. By virtue of the provisions of Divisions 7 and 8 of Part XV of the SFO, Mr. Chan Man Min is deemed to be interested in the Shares held by Ocean Hope Group Limited.
- (7) These Shares are registered in the name of Mr. Chan Man Min.
- (8) These Shares are registered in the name of Mr. Chan Ming Him, Denny.
- (9) Save as disclosed above, as at the Latest Practicable Date, none of the directors and chief executive of the company had any interest and short positions in the shares, underlying shares and debentures of the company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the company and the Stock Exchange.

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

As at 31st March, 2012, the interests and short positions of the substantial shareholders of the company (other than the directors and the chief executive of the company) in the shares and underlying shares of the company as recorded in the register required to be kept by the company pursuant to section 336 of the SFO were as follows:

Name	Number of Shares (long position) <i>(Note 1)</i>	Capacity/ nature of interest	Approximate percentage of interest
Matrix World Group Limited	248,475,664(L) <i>(Note 2)</i>	Beneficial owner	49.13%
	9,107,224(L) <i>(Note 2)</i>	Interest of controlled corporation	1.80%
Star Global International Limited <i>(Note 3)</i>	60,000,000(L)	Beneficial owner	11.86%
Ocean Hope Group Limited <i>(Note 4)</i>	24,709,650(L)	Beneficial owner	4.98%
Chan Low Wai Han, Edwina <i>(Note 5)</i>	60,100,000(L)	Interests of spouse	11.88%
Josephine Liu <i>(Note 6)</i>	266,842,888(L)	Interests of spouse	52.76%

Notes:

- (1) The Letter "L" represents the person's interests in Shares.
- (2) Among these Shares, 9,107,224 Shares were held by Light Emotion Limited, a company wholly owned by Matrix World Group Limited and 248,475,664 Shares were held by Matrix World Group Limited, a company wholly owned by Mr. Chan Chung Yee, Hubert. By virtue of the provisions of Divisions 7 and 8 of Part XV of the SFO, Matrix World Group Limited is deemed to be interested in the Shares held by Light Emotion Limited and Mr. Chan Chung Yee, Hubert is deemed to be interested in the Shares in which Matrix World Group Limited is interested. Mr. Chan Chung Yee, Hubert is a director of Light Emotion Limited and Matrix World Group Limited.
- (3) Star Global International Limited is a company wholly owned by Mr. Chan Chung Yin, Roy. Mr. Chan Chung Yin, Roy is a director of Star Global International Limited.
- (4) Ocean Hope Group Limited is a company wholly owned by Mr. Chan Man Min. Mr. Chan Man Min is a director of Ocean Hope Group Limited.

REPORT OF THE DIRECTORS

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY (Cont'd)

- (5) Mrs. Chan Low Wai Han, Edwina is the wife of Mr. Chan Chung Yin, Roy. By virtue of the provisions of Divisions 2 and 3 of Part XV of the SFO, Mrs. Chan Low Wai Han, Edwina is deemed to be interested in all the Shares in which Mr. Chan Chung Yin, Roy is interested.
- (6) Ms. Josephine Liu is the wife of Mr. Chan Chung Yee, Hubert. By virtue of the provisions of Divisions 2 and 3 of Part XV of the SFO, Ms. Josephine Liu is deemed to be interested in all the Shares in which Mr. Chan Chung Yee, Hubert is interested.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

SHARE OPTION SCHEME AND SHARE AWARD PLAN

a) Share Option Scheme

The company's Share Option Scheme adopted on 23rd October, 2001 lapsed on 22nd October, 2011. No option was granted under the Share Option Scheme during the year ended 31st March, 2012 and there was no option outstanding held by any director, employee of the group or any eligible persons as defined in the Share Option Scheme as at 31st March, 2012.

b) Share Award Plan

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

SHARE OPTION SCHEME AND SHARE AWARD PLAN (Cont'd)

b) Share Award Plan (Cont'd)

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

Further details in relation to the Share Award Plan are set out in note 33 to the financial statements.

MANAGEMENT CONTRACTS

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

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31st March, 2012, the aggregate turnover attributable to the group's five largest customers accounted for approximately 31% by value of the group's total turnover and the sales attributable to the group's largest customer was approximately 10% of the total sales. The aggregate purchases attributable to the group's five largest suppliers accounted for approximately 78% by value of the group's total purchases and the purchases attributable to the group's largest supplier was approximately 63% by value of the total purchases.

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

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

There was no purchase, sale or redemption of the company's listed shares by the company or any of its subsidiaries during the year except the shares of the company acquired by the trustee of the Share Award Plan as disclosed in the section headed "Share Option Scheme and Share Award Plan" above.

CORPORATE GOVERNANCE

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

REPORT OF THE DIRECTORS

SUFFICIENCY OF PUBLIC FLOAT

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

AUDITORS

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

On behalf of the Board of Directors

Chan Chung Yee, Hubert

Chairman

Hong Kong, 22nd June, 2012

INDEPENDENT AUDITOR'S REPORT



TO THE SHAREHOLDERS OF HKC INTERNATIONAL HOLDINGS LIMITED

(incorporated in Cayman Islands with limited liability)

We have audited the consolidated financial statements of HKC International Holdings Limited (the “company”) and its subsidiaries (collectively “the group”) set out on pages 25 to 94, which comprise the consolidated and company balance sheets as at 31st March, 2012, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITY (Cont'd)

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the company and of the group as at 31st March, 2012 and of the group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Li, Tang, Chen & Co.

Certified Public Accountants (Practising)

10/F Sun Hung Kai Centre

30 Harbour Road

Wanchai

Hong Kong

22nd June, 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March, 2012

	Note	2012 HK\$'000	2011 HK\$'000 (restated)
TURNOVER	6	361,691	940,006
Cost of sales		(295,332)	(838,800)
GROSS PROFIT		66,359	101,206
Loss on disposal of property, plant and equipment		(1,214)	(20)
Other income and gains	7	2,625	8,745
Other losses	7	(3,187)	(204)
Fair value gain on investment properties		27,527	27,713
Selling and distribution expenses		(10,688)	(14,218)
Administrative and other operating expenses		(86,978)	(87,144)
Finance costs	8	(807)	(775)
(LOSS)/PROFIT BEFORE TAXATION	9	(6,363)	35,303
TAX EXPENSE	12(a)	(181)	(2,416)
(LOSS)/PROFIT FOR THE YEAR		(6,544)	32,887
OTHER COMPREHENSIVE (EXPENSE)/INCOME NET OF TAX			
Exchange differences on translation of overseas operations		(18)	(1,505)
Revaluation gain on properties transferred from property, plant and equipment and leasehold land to investment properties		3,130	28,948
Fair value (loss)/gain on available-for-sale financial assets		(770)	117
Reclassification adjustment of fair value loss to profit or loss on disposal of available-for-sale financial assets		–	350
OTHER COMPREHENSIVE INCOME FOR THE YEAR		2,342	27,910
TOTAL COMPREHENSIVE (EXPENSE)/INCOME FOR THE YEAR		(4,202)	60,797

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March, 2012

	Note	2012 HK\$'000	2011 HK\$'000 (restated)
(Loss)/profit attributable to			
Equity holders of the company		(6,601)	33,283
Non-controlling interests		57	(396)
		(6,544)	32,887
Total comprehensive (expense)/income attributable to			
Equity holders of the company		(4,259)	61,193
Non-controlling interests		57	(396)
		(4,202)	60,797
(LOSS)/EARNINGS PER SHARE – (HK CENTS)			
– basic	14	(1.33) cents	6.78 cents
– diluted	14	(1.32) cents	6.75 cents

BALANCE SHEETS

As at 31st March, 2012

	Note	The group			The company	
		31.3.2012 HK\$'000	31.3.2011 HK\$'000 (restated)	1.4.2010 HK\$'000 (restated)	31.3.2012 HK\$'000	31.3.2011 HK\$'000
NON-CURRENT ASSETS						
Property, plant and equipment	16	60,269	20,110	37,284	–	–
Investment properties	17	177,034	150,900	73,440	–	–
Leasehold land	18	364	22,468	22,427	–	–
Interests in subsidiaries	19	–	–	–	221,204	216,137
Available-for-sale financial assets	20	4,110	5,828	4,908	–	–
Deferred tax assets	30	–	–	57	–	–
Deposit paid for acquisition of investment properties		–	2,688	–	–	–
		241,777	201,994	138,116	221,204	216,137
CURRENT ASSETS						
Inventories	22	22,934	72,223	37,817	–	–
Gross amount due from customers for contract work	23	4,402	5,706	1,841	–	–
Debtors, deposits and prepayments	24	35,088	45,729	33,504	–	5
Financial assets at fair value through profit or loss	21	–	15,410	41,432	–	–
Tax recoverable		37	120	84	–	–
Cash and bank balances	25	57,202	39,376	62,116	71	53
		119,663	178,564	176,794	71	58
CURRENT LIABILITIES						
Creditors and accrued charges	26	19,003	33,913	23,679	55	42
Gross amount due to customers for contract work	23	435	489	266	–	–
Derivative financial instruments		–	–	48	–	–
Amount due to a director	27	–	–	684	–	–
Tax payable		619	838	1,263	–	–
Obligations under finance leases	28	86	81	69	–	–
Bank borrowings	29	38,143	34,394	35,624	–	–
		58,286	69,715	61,633	55	42
NET CURRENT ASSETS		61,377	108,849	115,161	16	16
TOTAL ASSETS LESS CURRENT LIABILITIES		303,154	310,843	253,277	221,220	216,153

BALANCE SHEETS

As at 31st March, 2012

	Note	The group			The company	
		31.3.2012 HK\$'000	31.3.2011 HK\$'000 (restated)	1.4.2010 HK\$'000 (restated)	31.3.2012 HK\$'000	31.3.2011 HK\$'000
NON-CURRENT LIABILITIES						
Obligations under finance leases	28	16	101	168	-	-
Deferred tax liabilities	30	168	168	117	-	-
		<u>184</u>	<u>269</u>	<u>285</u>	<u>-</u>	<u>-</u>
		302,970	310,574	252,992	221,220	216,153
CAPITAL AND RESERVES						
Share capital	31	5,058	4,951	4,901	5,058	4,951
Reserves	34	297,851	305,619	248,091	216,162	211,202
Equity attributable to equity holders of the company		<u>302,909</u>	<u>310,570</u>	<u>252,992</u>	<u>221,220</u>	<u>216,153</u>
Non-controlling interests		61	4	-	-	-
TOTAL EQUITY		302,970	310,574	252,992	221,220	216,153

The consolidated financial statements on pages 25 to 94 were approved and authorised for issue by the board of directors on 22nd June, 2012 and are signed on its behalf by:

Chan Chung Yee, Hubert

Director

Chan Chung Yin, Roy

Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March, 2012

	Attributable to equity holders of the company											
	Share capital HK\$'000	Share premium HK\$'000	Shares held for share award plan HK\$'000	Share award reserve HK\$'000	Investment Capital reserve HK\$'000	Property revaluation reserve HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000	
At 1st April, 2010												
As previously reported	4,901	41,404	(496)	660	28,325	1,492	-	421	147,212	223,919	-	223,919
Effect on changes in accounting policy (note 3b)	-	-	-	-	-	-	-	-	29,073	29,073	-	29,073
As restated	4,901	41,404	(496)	660	28,325	1,492	-	421	176,285	252,992	-	252,992
Profit/(loss) for the year	-	-	-	-	-	-	-	-	33,283	33,283	(396)	32,887
Other comprehensive income/(expense) for the year	-	-	-	-	-	467	28,948	(1,505)	-	27,910	-	27,910
Total comprehensive income/(expense) for the year	-	-	-	-	-	467	28,948	(1,505)	33,283	61,193	(396)	60,797
Shares purchased for Share Award Plan	-	-	(106)	-	-	-	-	-	-	(106)	-	(106)
Capital contribution from a non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	-	-	400	400
Shares issued pursuant to scrip dividend scheme	50	1,230	-	-	-	-	-	-	-	1,280	-	1,280
Dividend paid	-	-	-	-	-	-	-	-	(4,789)	(4,789)	-	(4,789)
At 31st March, 2011	<u>4,951</u>	<u>42,634</u>	<u>(602)</u>	<u>660</u>	<u>28,325</u>	<u>1,959</u>	<u>28,948</u>	<u>(1,084)</u>	<u>204,779</u>	<u>310,570</u>	<u>4</u>	<u>310,574</u>
At 1st April, 2011												
As previously reported	4,951	42,634	(602)	660	28,325	1,959	-	(1,084)	146,413	223,256	4	223,260
Effect on changes in accounting policy (note 3b)	-	-	-	-	-	-	28,948	-	58,366	87,314	-	87,314
As restated	4,951	42,634	(602)	660	28,325	1,959	28,948	(1,084)	204,779	310,570	4	310,574
(Loss)/profit for the year	-	-	-	-	-	-	-	-	(6,601)	(6,601)	57	(6,544)
Other comprehensive (expense)/income for the year	-	-	-	-	-	(770)	3,130	(18)	-	2,342	-	2,342
Total comprehensive (expense)/income for the year	-	-	-	-	-	(770)	3,130	(18)	(6,601)	(4,259)	57	(4,202)
Shares purchased for Share Award Plan	-	-	(588)	-	-	-	-	-	-	(588)	-	(588)
Recognition of equity settled share-based payment	-	-	-	147	-	-	-	-	-	147	-	147
Share awarded to staff under the Share Award Plan	-	-	149	(143)	-	-	-	-	(6)	-	-	-
Shares issued pursuant to scrip dividend scheme	107	1,867	-	-	-	-	-	-	-	1,974	-	1,974
Dividend paid	-	-	-	-	-	-	-	-	(4,935)	(4,935)	-	(4,935)
At 31st March, 2012	<u>5,058</u>	<u>44,501</u>	<u>(1,041)</u>	<u>664</u>	<u>28,325</u>	<u>1,189</u>	<u>32,078</u>	<u>(1,102)</u>	<u>193,237</u>	<u>302,909</u>	<u>61</u>	<u>302,970</u>

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31st March, 2012

	2012 HK\$'000	2011 HK\$'000 (restated)
OPERATING ACTIVITIES		
(Loss)/profit before taxation	(6,363)	35,303
Adjustments for:		
Depreciation	6,217	5,774
Amortisation of prepaid operating lease payments	7	666
Loss on disposal of property, plant and equipment	1,214	20
Gain on disposal of leasehold property	(937)	–
Loss on disposal of available-for-sale financial assets	–	204
Net realised and unrealised losses/(gains) on financial assets at fair value through profit or loss	584	(932)
Net gain on derivative financial instruments	–	(48)
Dividend income from listed investments	(224)	(842)
Changes in fair value of investment properties	(27,527)	(27,713)
(Write back)/write down of inventories	(1,809)	1,051
Reversal of impairment losses on trade debtors	(4)	(188)
Impairment loss on trade debtors	303	11
Impairment loss on available-for-sale financial assets	1,545	–
Bad debts written off	–	481
Waive of amount due to a director	–	(684)
Employee share-based compensation benefits	147	–
Interest income	(287)	(92)
Interest expenses	807	775
Exchange differences	(511)	(4,182)
Operating cash (outflows)/inflows before movements in working capital	(26,838)	9,604
Decrease/(increase) in inventories	51,050	(34,943)
Decrease/(increase) in gross amount due from customers for contract work	1,304	(889)
Decrease/(increase) in debtors, deposits and prepayments	9,626	(17,317)
(Decrease)/increase in creditors and accrued charges	(14,899)	9,582
(Decrease)/increase in gross amount due to customers for contract work	(54)	3,117
Net cash generated from/(used in) operations	20,189	(30,846)
Interest received	287	92
Interest paid on obligations under finance leases	(7)	(9)
Interest paid on bank borrowings	(800)	(766)
Tax (paid)/refunded:		
Hong Kong	(245)	(2,799)
Overseas	–	22
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	19,424	(34,306)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31st March, 2012

	2012	2011
	HK\$'000	HK\$'000 (restated)
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(8,456)	(8,775)
Purchases of investment properties	(11,305)	–
Purchases of available-for-sale financial assets	(597)	(1,599)
Purchases of financial assets at fair value through profit or loss	–	(7,538)
Proceeds from disposal of property, plant and equipment	139	2
Proceeds from disposal of leasehold property	3,232	–
Dividend received from listed investments	224	842
Proceeds from disposal of available-for-sale financial assets	–	942
Proceeds from disposal of financial assets at fair value through profit or loss	14,826	34,492
(Increase)/decrease in pledged time deposits	(5,503)	4,954
Decrease in short-term bank deposits with maturity over three months	–	50
Deposit paid for acquisition of investment properties	–	(2,688)
	(7,440)	20,682
FINANCING ACTIVITIES		
Proceeds from shares issued pursuant to scrip dividend scheme	1,974	1,280
Bank loan obtained	6,720	–
Repayment of obligations under finance leases	(80)	(55)
Repayment of bank loans	(2,216)	(1,930)
Capital contribution from minority shareholders of a subsidiary	–	400
Purchase of shares of the company under Share Award Plan	(588)	(106)
Dividend paid	(4,935)	(4,789)
	875	(5,200)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31st March, 2012

	2012 HK\$'000	2011 HK\$'000 (restated)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	12,859	(18,824)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	32,613	51,104
Effect of foreign exchange rates changes	219	333
CASH AND CASH EQUIVALENTS AT END OF YEAR	45,691	32,613
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Time deposits with maturity within three months	24,595	13,198
Cash and bank balances	21,096	20,170
Bank overdraft	-	(755)
	45,691	32,613

NOTES TO THE FINANCIAL STATEMENTS

I. GENERAL

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

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

The principal activity of the company is that of investment holding. The principal activities of the subsidiaries are set out in note 41.

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

- a) The Hong Kong Institute of Certified Public Accountants (“HKICPA”) has issued a number of amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the group and the company.

The following developments are relevant to the group’s financial statements:

- HKAS 24 (revised 2009), Related party disclosures
- Improvements to HKFRSs (2010)

The impacts of the above developments are discussed below:

Hong Kong Accounting Standards 24 (“HKAS 24”) (revised 2009) revises the definition of a related party. As a result, the group has re-assessed the identification of related parties and concluded that the revised definition does not have any material impact on the group’s related party disclosures in the current and previous periods. HKAS 24 (revised 2009) also introduces modified disclosure requirements for government-related entities. This does not impact the group because the group is not a government-related entity.

Improvements to HKFRSs (2010) omnibus standard introduces a number of amendments to the disclosure requirements in HKFRS 7, Financial instruments: Disclosures. The disclosures about the group’s financial instruments in note 4B(a) have been conformed to the amended disclosure requirements. These amendments do not have any material impact on the classification, recognition and measurements of the amounts recognised in the financial statements in the current and previous periods.

NOTES TO THE FINANCIAL STATEMENTS

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Cont’d)

- b) Amendments to HKAS 12 “Income Taxes” (applied in advance of their effective date)

The group has applied amendments to HKAS 12 titled “Deferred Tax: Recovery of Underlying Assets” in advance of their effective date (annual periods beginning on or after 1st January, 2012). Under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 “Investment Property” are presumed to be recovered through sale for the purposes of measuring deferred tax, unless the presumption is rebutted in certain circumstances.

As a result, the group’s investment properties that are measured using the fair value model have been presumed to be recovered through sale for the purpose of measuring deferred tax in respect of such properties. The adoption of the amendments have no impact on the result and financial position of the group.

- c) Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and new interpretations which are not yet effective for the year ended 31st March, 2012 and which have not been adopted in these financial statements except for amendment to HKAS 12 as mentioned in note 2(b) above.

The group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the group’s results of operations and financial position.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

- a) **Basis of preparation**

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

NOTES TO THE FINANCIAL STATEMENTS

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

b) Changes in accounting policies

In previous years, the group's investment properties were carried in the balance sheet at historical cost less accumulated depreciation and impairment losses. The directors reassessed the appropriateness of this accounting policy during the year and concluded that by using the fair value model under HKAS 40, the financial statements would provide more appropriate and relevant information about the group's results and financial position.

Consequently, the group changed its accounting policy on investment properties to follow the fair value model under HKAS 40 with effect from 1st December, 2011.

The changes in accounting policy of the investment property has been accounted for retrospectively and the comparative figures for the prior years have been restated.

Such changes in accounting policy has no impact on deferred assets, as mentioned in note 2(b), the group has also early adopted amendment to HKAS 12 "Deferred Tax: Recovery of Underlying Assets".

The effect of the changes in accounting policies to the financial statements is as follows:

Effect on consolidated balance sheet

	31st March, 2012 HK\$'000	31st March, 2011 HK\$'000	1st April, 2010 HK\$'000
Increase in property, plant and equipment	38,205	–	–
Increase in investment properties	106,593	90,792	32,640
Decrease in leasehold land	(22,667)	(3,389)	(3,478)
Decrease in debtors, deposits and prepayments	(753)	(89)	(89)
Increase in property revaluation reserve	32,078	28,948	–
Increase in retained profits	89,300	58,366	29,073

NOTES TO THE FINANCIAL STATEMENTS

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

b) Changes in accounting policies (Cont'd)

Effect on consolidated statement of comprehensive income

	For the year ended 31st March, 2012 HK\$'000	For the year ended 31st March, 2011 HK\$'000
Profit for the year		
Increase in fair value gain on investment properties	27,527	27,713
Decrease in administrative and other operating expenses	3,407	1,580
	30,934	29,293
Other comprehensive income		
Increase in property revaluation reserve	3,130	28,948
	34,064	58,241

c) Subsidiaries

A subsidiary is a company whose financial and operating policies the company controls, directly or indirectly, so as to obtain benefits from its activities.

An investment in a controlled subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests at the balance sheet date, being the portion of the net assets of subsidiaries attributable to equity interests that are not owned by the company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet and statement of changes in equity within equity, separately from equity attributable to the equity shareholders of the company. Non-controlling interests in the results of the group are presented on the face of the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income or expense for the year between non-controlling interests and the equity shareholders of the company.

In the company's balance sheet, investments in subsidiaries are stated at cost less any impairment losses. The results of subsidiaries are accounted for by the company on the basis of dividend received and receivable.

NOTES TO THE FINANCIAL STATEMENTS

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

d) Goodwill

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

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

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

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

Where goodwill forms part of a cash-generating unit, or group of cash-generating units and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

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

e) Property, plant and equipment

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

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

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

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

f) Investment properties

As described in note 3(b) above, the group changed its accounting policy on investment properties to the fair value model under HKAS 40 with effect from 1st December, 2011. The change in accounting policy of the investment properties have been accounted for retrospectively.

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

f) Investment properties (Cont'd)

For a transfer of investment property carried at fair value to leasehold property, the property's deemed cost for subsequent accounting in accordance with note 3(e) shall be its fair value at the date of change in use.

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

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

g) Financial instruments

i) Classification

Available-for-sale financial assets

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

Financial assets at fair value through profit or loss

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

Loans and Receivables

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

NOTES TO THE FINANCIAL STATEMENTS

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

g) Financial instruments (Cont'd)

ii) *Recognition and initial measurement*

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

iii) *Derecognition*

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

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

Available-for-sale financial assets

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

Financial assets at fair value through profit or loss

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

Loans and receivables

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

NOTES TO THE FINANCIAL STATEMENTS

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

g) Financial instruments (Cont'd)

v) *Fair value measurement principles*

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

vi) *Impairment*

The group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets are impaired. If any such evidence exists for the available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on the financial assets previously recognised in profit or loss – is removed from investment revaluation reserve and recognised in profit or loss.

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

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

h) Derivative financial instruments

The group invests in derivative financial instruments for trading purposes. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives are taken directly to profit or loss for the year.

NOTES TO THE FINANCIAL STATEMENTS

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

i) Inventories

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

j) Construction contract

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

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

k) Leases

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

l) Cash and cash equivalents

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

m) Payables

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

n) Revenue recognition

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

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

Contract revenue:

When the outcome of a construction contract can be estimated reliably:

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

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

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

Interest income is recognised using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

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

o) Employee benefits

Equity-settled share-based payment transactions

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

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

Pension schemes and other retirement benefits

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

p) Borrowing costs

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

q) Income tax expense

Income tax expense comprises current and deferred tax.

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

Deferred taxation is recognised on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except where the deferred tax liabilities arise from the initial recognition of assets or liabilities and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Conversely, previously unrecognised deferred tax assets are recognised to the extent that it is probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

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

NOTES TO THE FINANCIAL STATEMENTS

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

r) Impairment

i) *Impairment of receivables*

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

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

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

ii) *Impairment of other assets*

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

r) Impairment (Cont'd)

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

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

- Calculation of recoverable amount

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

- Recognition of impairment losses

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

- Reversals of impairment losses

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

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

s) Foreign currency transaction

i) *Functional and presentation currency*

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

ii) *Transactions and balances*

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

NOTES TO THE FINANCIAL STATEMENTS

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

s) Foreign currency transaction (Cont'd)

ii) Transactions and balances (Cont'd)

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

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

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

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

t) Related parties

- a) A person, or a close member of that person's family, is related to the group if that person:
 - i) has control or joint control over the group;
 - ii) has significant influence over the group; or
 - iii) is a member of the key management personnel of the group or the group's parent.

NOTES TO THE FINANCIAL STATEMENTS

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

t) Related parties (Cont'd)

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

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

u) Contingent liabilities

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

v) Segment reporting

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

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

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

4A SUMMARY OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

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

	The group	
	2012	2011
	HK\$'000	HK\$'000
Financial assets		
Loan and receivables		
Debtors and deposits	34,238	37,929
Cash and bank balances	57,202	39,376
	91,440	77,305
Available-for-sale financial assets	4,110	5,828
Financial assets at fair value through profit or loss	–	15,410

NOTES TO THE FINANCIAL STATEMENTS

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

4A SUMMARY OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY (Cont'd)

	The group	
	2012	2011
	HK\$'000	HK\$'000
Financial liabilities		
At amortised cost		
Creditors and accrued charges	19,003	31,103
Bank borrowings	38,143	34,394
Obligations under finance leases		
– current liabilities	86	81
– non-current liabilities	16	101
	57,248	65,679
The company		
	2012	2011
	HK\$'000	HK\$'000
Financial assets		
Loan and receivables		
Amount due from a subsidiary	89,000	79,000
Debtors and deposits	–	5
Cash and bank balances	71	53
	89,071	79,058
Financial liabilities		
At amortised cost		
Amounts due to subsidiaries	33,601	28,521
Accrued charges	55	42
	33,656	28,563

NOTES TO THE FINANCIAL STATEMENTS

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

4B FINANCIAL RISK MANAGEMENT

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

a) *Credit risk*

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

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

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

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

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

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

b) *Liquidity risk*

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

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

Prudent liquidity risk management implies maintaining sufficient bank balances.

NOTES TO THE FINANCIAL STATEMENTS

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

4B FINANCIAL RISK MANAGEMENT (Cont'd)

b) Liquidity risk (cont'd)

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

	The group									
	2012					2011				
	Total contractual	Within 1 year or	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total contractual	Within 1 year or	More than 1 year but less than 2 years	More than 2 years but less than 5 years		
	Carrying amount	undiscounted cash flow	on demand	than 2 years	Carrying amount	undiscounted cash flow	on demand	than 2 years	than 5 years	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Creditors and accrued charges	19,003	(19,003)	(19,003)	-	-	31,103	(31,103)	(31,103)	-	-
Obligations under finance leases	102	(106)	(90)	(16)	-	182	(193)	(89)	(100)	(4)
Bank borrowings	38,143	(38,929)	(38,929)	-	-	34,394	(35,133)	(35,133)	-	-
	57,248	(58,038)	(58,022)	(16)	-	65,679	(66,429)	(66,325)	(100)	(4)

	The company							
	2012				2011			
	Total contractual	Within 1 year or	More than 1 year	Total contractual	Within 1 year or	More than 1 year		
	Carrying amount	undiscounted cash flow	on demand	Carrying amount	undiscounted cash flow	on demand	than 1 year	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Amounts due to subsidiaries	33,601	33,601	-	33,601	28,521	28,521	-	28,521
Creditors and accrued charges	55	55	55	-	42	42	42	-
	33,656	33,656	55	33,601	28,563	28,563	42	28,521

NOTES TO THE FINANCIAL STATEMENTS

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

4B FINANCIAL RISK MANAGEMENT (Cont'd)

c) Interest rate risk

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

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

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

d) Foreign currency risk

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

Sensitivity analysis

The following table indicates the instantaneous change in the group's profit after tax (and retained profits) and other components of consolidated equity that would arise if foreign exchange rates to which the group has significant exposure at the balance sheet date had changed at that date, assuming all other risk variables remained constant.

	The group					
	2012			2011		
	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax and retained profits HK\$'000	Effect on other components of equity HK\$'000	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits HK\$'000	Effect on other components of equity HK\$'000
United States Dollars	0.5% (0.5%)	13 (13)	- -	0.5% (0.5%)	13 (13)	- -
Japanese Yen	10.0% (10.0%)	1 (1)	- -	10.0% (10.0%)	22 (22)	- -
Chinese Renminbi	2.0% (2.0%)	303 (303)	- -	2.0% (2.0%)	373 (373)	- -
Swiss Franc	- -	- -	- -	7.0% (7.0%)	9 (9)	- -

NOTES TO THE FINANCIAL STATEMENTS

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

4B FINANCIAL RISK MANAGEMENT (Cont'd)

d) Foreign currency risk (cont'd)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the group entities' profit/(loss) after tax and equity measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the balance sheet date for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the group which expose the group to foreign currency risk at the balance sheet date, including inter-company payables and receivables within the group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the group's presentation currency. The analysis is performed on the same basis for 2011.

e) Price risk

The group is exposed to price changes arising from available-for-sale financial assets and financial assets at fair value through profit or loss (see notes 20 and 21). Except as disclosed in note 20, all of these investments are measured at fair value at each balance sheet date with reference to the quoted price. Management monitors this exposure and takes appropriate actions when it is required.

The following table indicates the approximate change in the group's profit/(loss) after tax and retained profits and other components of consolidated equity in response to reasonably possible changes of 15% (2011: 15%) in price in respect of listed equity and debt securities.

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

	The group			
	Increase/(decrease) in profit/(loss) after tax and retained profits		Increase/(decrease) in investment revaluation reserve	
	15% increase	15% decrease	15% increase	15% decrease
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31st March, 2012	<u>–</u>	<u>–</u>	<u>505</u>	<u>(505)</u>
At 31st March, 2011	<u>1,930</u>	<u>(1,930)</u>	<u>596</u>	<u>(596)</u>

The sensitivity analysis has been determined assuming that the reasonably possible changes in price had occurred as at the balance sheet date and had been applied to the exposure to price risk for the financial instruments in existence at that date and that all other variables remain constant. The stated changes represent management's assessment of reasonably possible changes in price over the period until the next balance sheet date. The analysis has been performed on the same basis for 2011.

NOTES TO THE FINANCIAL STATEMENTS

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

4B FINANCIAL RISK MANAGEMENT (Cont'd)

f) *Fair values*

i) Financial instruments carried at fair value

The following table presents the carrying value of financial instruments measured at fair value at the balance sheet date across the three levels of the fair value hierarchy defined in HKFRS 7, *Financial Instruments: Disclosures*, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments.
- Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data.
- Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data.

31.3.2012	The group			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
Financial assets				
Available-for-sale financial assets	3,202	163	–	3,365

31.3.2011	The group			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
Financial assets				
Available-for-sale financial assets	3,972	163	–	4,135
Financial assets at fair value through profit or loss	15,410	–	–	15,410

During the years ended 31st March, 2012 and 31st March, 2011, there were no transfers between instruments in Level 1 and Level 2.

NOTES TO THE FINANCIAL STATEMENTS

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

4B FINANCIAL RISK MANAGEMENT (Cont'd)

f) *Fair values (cont'd)*

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

The carrying amounts of the group's other financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31st March, 2012 and 31st March, 2011.

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

g) *Estimation of fair values*

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments.

Listed equity securities

Fair value is based on quoted market prices at the balance sheet date without any deduction for transaction costs.

Unlisted debt securities and investment fund

Fair value is based on the valuation provided by banks.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the process of applying the group's accounting policies which are described in note 3, management has made the following estimates that have significant effect on the amounts recognised in the financial statements. The key assumptions concerning the future, and other key sources of estimation and judgements at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also discussed below.

Useful lives of property, plant and equipment

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

NOTES TO THE FINANCIAL STATEMENTS

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

Allowances for inventories

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

Impairment of trade debtors

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

Construction contracts

As explained in note 3(j), revenue and profit recognition on an uncompleted contract is dependent on estimating the total outcome of the construction contract, as well as the work done to date. Based on the group's recent experience and the nature of the construction activity undertaken by the group, the group makes estimates of the point at which it considers the work is sufficiently advanced such that the costs to complete and revenue can be reliably estimated. As a result, until this point is reached the gross amounts due from/(to) customers for contract work as disclosed in note 23 will not include profit which the group may eventually realise from the work done to date. In addition, actual outcomes in terms of total cost or revenue may be higher or lower than estimated at the balance sheet date, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

Estimated fair value of investment properties

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

NOTES TO THE FINANCIAL STATEMENTS

6. TURNOVER/SEGMENTAL INFORMATION

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

a) Segment results, assets and liabilities

The reportable segments for the year ended 31st March, 2012 are as follows:

	Sales of mobile phones in Hong Kong HK\$'000	Sales of business solution in Hong Kong HK\$'000	Sales of business solution in Mainland China and other countries in South East Asia HK\$'000	Property investment HK\$'000	Total HK\$'000
REVENUES					
Revenue from external customers	264,785	45,825	46,849	4,232	361,691
Inter-segment sales	251	14	1,319	-	1,584
Reportable segment revenue	<u>265,036</u>	<u>45,839</u>	<u>48,168</u>	<u>4,232</u>	<u>363,275</u>
Reportable segment (loss)/profit	<u>(29,578)</u>	<u>6,068</u>	<u>(8,906)</u>	<u>1,406</u>	<u>(31,010)</u>
Interest income from bank deposits	268	-	19	-	287
Finance cost	-	-	(8)	(799)	(807)
Depreciation and amortisation for the year	(4,077)	(491)	(1,644)	(12)	(6,224)
Reportable segment assets	<u>124,054</u>	<u>25,912</u>	<u>64,826</u>	<u>142,538</u>	<u>357,330</u>
Additions to non-current assets during the year	6,893	371	1,192	13,993	22,449
Reportable segment liabilities	<u>4,852</u>	<u>7,182</u>	<u>7,402</u>	<u>38,866</u>	<u>58,302</u>

NOTES TO THE FINANCIAL STATEMENTS

6. TURNOVER/SEGMENTAL INFORMATION (Cont'd)

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

The reportable segments for the year ended 31st March, 2011 are as follows:

	Sales of mobile phones in Hong Kong HK\$'000 (restated)	Sales of business solution in Hong Kong HK\$'000	Sales of business and other countries in South East Asia HK\$'000	Property investment HK\$'000 (restated)	Total HK\$'000 (restated)
REVENUES					
Revenue from external customers	843,061	36,912	57,607	2,426	940,006
Inter-segment sales	485	1,861	7,079	–	9,425
Reportable segment revenue	<u>843,546</u>	<u>38,773</u>	<u>64,686</u>	<u>2,426</u>	<u>949,431</u>
Reportable segment profit/(loss)	<u>4,722</u>	<u>654</u>	<u>(4,225)</u>	<u>662</u>	<u>1,813</u>
Interest income from bank deposits	71	–	21	–	92
Finance cost	–	–	(11)	(764)	(775)
Depreciation and amortisation for the year	(2,484)	(545)	(2,552)	(859)	(6,440)
Reportable segment assets	169,929	7,083	63,827	118,481	359,320
Additions to non-current assets during the year	8,095	462	218	–	8,775
Reportable segment liabilities	<u>18,839</u>	<u>5,792</u>	<u>11,259</u>	<u>33,926</u>	<u>69,816</u>

The accounting policies of the reportable segments are the same as the group's accounting policies described in note 3. Segment profit/(loss) represents the profit/(loss) earned by each segment without allocation of revenues from investment in financial assets, exchange gain and tax (expense)/income. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

NOTES TO THE FINANCIAL STATEMENTS

6. TURNOVER/SEGMENTAL INFORMATION (Cont'd)

b) Geographic information

	Revenues from external customers		Non-current assets*	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000 (restated)
Hong Kong (place of domicile)	314,842	882,399	201,580	163,335
Mainland China	20,097	18,398	33,698	30,132
Singapore	21,371	31,436	2,383	2,689
Other countries in South East Asia	5,381	7,773	6	10
	46,849	57,607	36,087	32,831
	361,691	940,006	237,667	196,166

* Non-current assets excluding available-for-sales financial assets and deferred tax assets

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

	2012 HK\$'000	2011 HK\$'000 (restated)
REVENUES		
Reportable segment revenue	363,275	949,431
Elimination of inter-segment revenue	(1,584)	(9,425)
Consolidated turnover	361,691	940,006
PROFIT OR LOSS		
Reportable segment (loss)/profit	(31,010)	1,813
Unallocated other income and gains	937	6,001
Fair value gain on investment properties	27,527	27,713
Loss on disposal of property, plant and equipment	(1,214)	(20)
Other losses	(2,603)	(204)
Consolidated (loss)/profit before taxation	(6,363)	35,303

NOTES TO THE FINANCIAL STATEMENTS

6. TURNOVER/SEGMENTAL INFORMATION (Cont'd)

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

	2012 HK\$'000	2011 HK\$'000 (restated)
ASSETS		
Reportable segment assets	357,330	359,320
Non-current financial assets	4,110	5,828
Unallocated corporate assets	–	15,410
	<hr/>	<hr/>
Consolidated total assets	361,440	380,558
	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES		
Reportable segment liabilities	58,302	69,816
Deferred tax liabilities	168	168
	<hr/>	<hr/>
Consolidated total liabilities	58,470	69,984
	<hr/> <hr/>	<hr/> <hr/>

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

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

d) Information about major customers

For the year ended 31st March, 2012, revenue from a major customer contributed to the group's revenue of approximately HK\$34,576,000 (2011: HK\$308,638,000) was included in reportable segment "sales of mobile phones in Hong Kong" which individually accounted for 10% or more of the group's total revenue during the year.

NOTES TO THE FINANCIAL STATEMENTS

7. OTHER INCOME AND GAINS

	2012 HK\$'000	2011 HK\$'000
OTHER INCOME		
Bank interest income	287	92
Computer service fee income	89	154
Commission income	35	69
Rental income for application software provider	360	320
Bad debts recovered	4	957
Dividend income from listed equity securities	224	842
Waiver of amount due to a director	–	684
Others	689	280
	1,688	3,398
OTHER GAINS		
Gain on disposal of leasehold property	937	–
Reversal of impairment loss on trade debts	–	188
Net realised and unrealised gains and interest income on financial assets at fair value through profit or loss		
– listed equity and debt securities	–	932
Net gain on derivative financial instruments	–	48
Net exchange gains	–	4,179
	937	5,347
TOTAL OTHER INCOME AND GAINS		
	2,625	8,745
OTHER LOSSES		
Net exchange loss	1,058	–
Impairment loss on available-for-sale financial assets		
– unlisted equity investment	1,545	–
Loss on disposal of available-for-sale financial assets		
– unlisted investment fund	–	204
Loss on disposal of financial assets at fair value through profit or loss	584	–
	3,187	204

NOTES TO THE FINANCIAL STATEMENTS

8. FINANCE COSTS

	2012 HK\$'000	2011 HK\$'000
Interest on		
– Bank borrowings not wholly repayable within five years	800	766
– Interest on obligations under finance leases	7	9
	<u>807</u>	<u>775</u>

9. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation has been arrived at after charging:

	2012 HK\$'000	2011 HK\$'000 (restated)
Auditor's remuneration	580	583
Depreciation		
– Owned assets	6,128	5,678
– Leased assets	89	96
	6,217	5,774
Amortisation of prepaid operating lease payments	7	666
Operating lease rentals in respect of rented premises		
– Minimum lease payments	14,654	10,831
– Contingent rent	590	632
	15,244	11,463
Employee benefits expenses (including directors' remuneration)		
– Salaries, allowances and benefits in kind	47,945	54,467
– Retirement benefit scheme contributions	3,999	4,460
– Equity-settled share-based payment expenses	147	–
Total staff costs	52,091	58,927
(Write back)/write down of inventories – note 22	(1,809)	1,051
Loss on disposal of property, plant and equipment	1,214	20
Impairment loss on trade debtors	303	11
Bad debts written off	–	481
Donations	278	591
	<u>4,232</u>	<u>2,426</u>
and after crediting:		
Gross rental income from investment properties under operating leases less outgoings	<u>4,232</u>	<u>2,426</u>

NOTES TO THE FINANCIAL STATEMENTS

10. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules and section 161 of the Hong Kong Companies Ordinance, is as follows:

	2012				
	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary bonuses HK\$'000	Retirement benefit scheme contributions HK\$'000	Total remuneration HK\$'000
Executive directors:					
Chan Chung Yee, Hubert	-	1,165	-	24	1,189
Chan Chung Yin, Roy	-	930	-	12	942
Chan Man Min	-	36	-	-	36
Chan Ming Him, Denny	-	157	-	12	169
Wu Kwok Lam	-	751	-	24	775
IP Man Hon	-	549	-	24	573
	-	3,588	-	96	3,684
Independent non-executive directors:					
Chiu Ngar Wing	85	-	-	-	85
Chu Chor Lup	30	-	-	-	30
George Leung (appointed on 1st December, 2011)	-	-	-	-	-
Leung Tai Wai, David (resigned on 1st December, 2011)	20	-	-	-	20
	135	-	-	-	135

NOTES TO THE FINANCIAL STATEMENTS

10. DIRECTORS' REMUNERATION (Cont'd)

	2011				Total remuneration HK\$'000
	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary bonuses HK\$'000	Retirement benefit scheme contributions HK\$'000	
Executive directors:					
Chan Chung Yee, Hubert	–	1,356	–	12	1,368
Chan Chung Yin, Roy	–	1,262	–	12	1,274
Chan Man Min	–	36	–	–	36
Chan Ming Him, Denny	–	151	–	8	159
Wu Kwok Lam	–	803	–	24	827
Tsui Hon Wing	–	366	142	6	514
IP Man Hon	–	187	–	4	191
	–	4,161	142	66	4,369
Non-executive director:					
Ng Ching Wah	35	–	–	–	35
Independent non-executive directors:					
Chiu Ngar Wing	85	–	–	–	85
Chu Chor Lup	30	–	–	–	30
Leung Tai Wai, David	20	–	–	–	20
	135	–	–	–	135

Note:

There was no arrangement under which a director waived or agreed to waive any remuneration during the years ended 31st March, 2012 and 31st March, 2011.

NOTES TO THE FINANCIAL STATEMENTS

11. EMPLOYEES' EMOLUMENTS

The five highest paid individuals of the group include three directors (2011: three directors), details of whose emoluments are included in the amounts disclosed in note 10 above. The emoluments of the remaining highest paid employees, other than directors of the company, are as follows:

	2012 HK\$'000	2011 HK\$'000
Salaries and allowances	1,616	1,295
Retirement benefit schemes contributions	59	48
	1,675	1,343

Their emoluments were within the following band:

	2012 Number of employees	2011 Number of employees
Nil to HK\$1,000,000	2	2

12. TAX EXPENSE

- a) Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

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

	2012 HK\$'000	2011 HK\$'000
Hong Kong		
Charge for the year	117	2,305
Underprovision in respect of prior years	64	3
Deferred tax		
Charge for the year	–	108
Tax expense for the year	181	2,416

NOTES TO THE FINANCIAL STATEMENTS

12. TAX EXPENSE (Cont'd)

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

	2012 HK\$'000	2011 HK\$'000 (restated)
(Loss)/profit before taxation	(6,363)	35,303
Tax at the income tax rate of 16.5% (2011: 16.5%)	(1,050)	5,825
Tax effect of income not taxable	(4,334)	(5,349)
Tax effect of expenses that are not deductible in determining taxable income	978	680
Tax effect of unrecognised tax losses	4,798	2,493
Tax effect of different tax rates in other jurisdiction	(135)	(319)
Tax effect of utilisation of tax losses previously unrecognised	(234)	(671)
Underprovision of profits tax in respect of prior year	64	3
Others	94	(246)
Tax expense for the year	181	2,416

13. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The consolidated profit attributable to equity holders of the company includes a profit of HK\$8,468,000 (2011: HK\$3,710,000) which has been dealt with in the financial statements of the company.

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

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

	2012 HK\$'000	2011 HK\$'000 (restated)
(Loss)/profit attributable to equity holders of the company	(6,601)	33,283

NOTES TO THE FINANCIAL STATEMENTS

14. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (Cont'd)

	Number of shares	Number of shares
Basic		
Weighted average number of ordinary shares in issue less shares held for Share Award Plan for the purposes of calculating basic (loss)/earnings per share	495,747,146	490,621,831
Diluted		
Weighted average number of ordinary shares in issue less shares held for Share Award Plan	495,747,146	490,621,831
Effect of dilutive potential ordinary shares: Awarded shares	4,776,000	2,136,000
Weighted average number of ordinary shares for the purpose of calculating diluted (loss)/earnings per share	500,523,146	492,757,831

15. DIVIDEND

	2012 HK\$'000	2011 HK\$'000
Final dividend for the year 2011 of HK\$0.01 per ordinary share (2011: final dividend for the year 2010 of HK\$0.01 per ordinary share)	4,951	4,901
Less: Dividends for shares held by Share Award Plan	(16)	(112)
	4,935	4,789

Final dividend of HK\$0.01 (2011: HK\$0.01) per ordinary share for the year ended 31st March, 2012 has been proposed by the directors and is subject to the approval by the shareholders in annual general meeting.

Shareholders may elect to receive final dividend in the form of new shares of the company or cash or partly in shares and partly in cash.

NOTES TO THE FINANCIAL STATEMENTS

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK\$'000	Motor vehicles HK\$'000	Computer equipment HK\$'000	Office equipment, leasehold improvements and furniture and fixtures HK\$'000	Moulds HK\$'000	Plant and machinery HK\$'000	Total HK\$'000
Cost							
At 1st April, 2010	30,954	1,451	12,079	15,427	2,800	1,270	63,981
Currency realignment	479	50	292	302	-	-	1,123
Additions	-	532	1,076	7,124	43	-	8,775
Disposals	-	-	(446)	(911)	-	-	(1,357)
Transfer to investment properties	(22,918)	-	-	-	-	-	(22,918)
At 31st March, 2011	8,515	2,033	13,001	21,942	2,843	1,270	49,604
Accumulated depreciation							
At 1st April, 2010	(2,403)	(966)	(9,782)	(9,858)	(2,423)	(1,265)	(26,697)
Currency realignment	(86)	(22)	(199)	(170)	-	-	(477)
Charge for the year	(1,055)	(232)	(1,307)	(3,088)	(88)	(4)	(5,774)
Written back on disposal	-	-	445	890	-	-	1,335
Transfer to investment properties	2,119	-	-	-	-	-	2,119
At 31st March, 2011	(1,425)	(1,220)	(10,843)	(12,226)	(2,511)	(1,269)	(29,494)
Net book value							
At 31st March, 2011	7,090	813	2,158	9,716	332	1	20,110

NOTES TO THE FINANCIAL STATEMENTS

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

	Leasehold land and buildings HK\$'000	Motor vehicles HK\$'000	Computer equipment HK\$'000	Office equipment, leasehold improvements and furniture and fixtures HK\$'000	Moulds HK\$'000	Plant and machinery HK\$'000	Total HK\$'000
Cost							
At 1st April, 2011	8,515	2,033	13,001	21,942	2,843	1,270	49,604
Currency realignment	162	25	96	190	–	–	473
Additions	–	3	944	7,267	242	–	8,456
Transfer from investment properties	45,000	–	–	–	–	–	45,000
Transfer to investment properties	(6,105)	–	–	–	–	–	(6,105)
Disposals	(107)	(174)	(500)	(4,462)	–	–	(5,243)
	<u>47,465</u>	<u>1,887</u>	<u>13,541</u>	<u>24,937</u>	<u>3,085</u>	<u>1,270</u>	<u>92,185</u>
	-----	-----	-----	-----	-----	-----	-----
Accumulated depreciation							
At 1st April, 2011	(1,425)	(1,220)	(10,843)	(12,226)	(2,511)	(1,269)	(29,494)
Currency realignment	(58)	(14)	(60)	(118)	–	–	(250)
Charge for the year	(367)	(261)	(1,148)	(4,341)	(99)	(1)	(6,217)
Written back on transfer to investment properties	378	–	–	–	–	–	378
Written back on disposal	4	174	356	3,133	–	–	3,667
	<u>(1,468)</u>	<u>(1,321)</u>	<u>(11,695)</u>	<u>(13,552)</u>	<u>(2,610)</u>	<u>(1,270)</u>	<u>(31,916)</u>
	-----	-----	-----	-----	-----	-----	-----
Net book value							
At 31st March, 2012	<u>45,997</u>	<u>566</u>	<u>1,846</u>	<u>11,385</u>	<u>475</u>	<u>–</u>	<u>60,269</u>
	=====	=====	=====	=====	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

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

Note:

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

	2012 HK\$'000	2011 HK\$'000
Land and buildings held under long lease		
– Hong Kong	45,287	632
– Overseas	710	968
	45,997	1,600
Property held under medium-term lease		
– Mainland China	–	5,490
	45,997	7,090

- ii) At 31st March, 2012, the aggregate net book value of property, plant and equipment held under finance lease was HK\$103,000 (at 31.3.2011: HK\$189,000).
- iii) During the year ended 31st March, 2012, a property with carrying value of HK\$26,484,000 (2011: HK\$20,799,000) was transferred from property, plant and equipment and leasehold land to investment properties due to change in use from owner occupation to earning rental from outsiders. At the date of change in use, the fair value of the property was HK\$29,614,000 (2011: HK\$49,747,000), the excess of fair value over the carrying date of the property at that value of HK\$3,130,000 (2011: HK\$28,948,000) was recognised in property revaluation reserve. In addition, an investment property with carrying value of HK\$45,000,000 (2011: HK\$ Nil) was transferred to property, plant and equipment due to change in use from earning rental from outsiders to owner occupation.

17. INVESTMENT PROPERTIES

	The group	
	2012 HK\$'000	2011 HK\$'000 (restated)
At the beginning of the year, as previously reported	60,108	40,800
Change in accounting policies (Note 3(b))	90,792	32,640
At the beginning of the year, as restated	150,900	73,440
Transfer from property, plant and equipment	4,468	49,747
Transfer from leasehold land	25,146	–
Addition	13,993	–
Fair value gain	27,527	27,713
Transfer to property, plant and equipment	(45,000)	–
At the end of the year	177,034	150,900

NOTES TO THE FINANCIAL STATEMENTS

17. INVESTMENT PROPERTIES (Cont'd)

The fair value of the group's investment properties at 31st March, 2012 and 31st March, 2011 has been arrived at the basis of the valuations carried out by LCH (Asia-Pacific) Surveyors Limited, an independent firm of professional property valuer. Valuations were made on the basis of investment approach by capitalising the net rental income receivable from the existing tenancies and the reversionary rental income potentials.

The group has pledged some of its investment properties with a total of fair value of HK\$131,670,000 (2011 (restated): HK\$105,000,000) to secure the group's general banking facilities.

18. LEASEHOLD LAND

	The group	
	2012	2011
	HK\$'000	HK\$'000 (restated)
At the beginning of the year, as previously reported	26,624	26,649
Change in accounting policies (Note 3(b))	(3,478)	(3,567)
At the beginning of the year, as restated	23,146	23,082
Currency realignment	13	730
Transfer to investment properties	(20,757)	–
Disposals	(2,023)	–
Amortisation	(7)	(666)
At the end of the year	372	23,146

	The group	
	2012	2011
	HK\$'000	HK\$'000 (restated)
Leasehold land in Mainland China		
Long lease	–	2,023
Medium-term lease	–	20,750
Leasehold land in Overseas		
Long lease	372	373
	372	23,146

NOTES TO THE FINANCIAL STATEMENTS

18. LEASEHOLD LAND (Cont'd)

The interests in leasehold land represent prepaid operating lease payments.

	The group	
	2012	2011
	HK\$'000	HK\$'000 (restated)
Analysed for reporting purposes as		
Non-current portion	364	22,468
Current portion included in debtors, deposits and prepayments	8	678
	372	23,146

19. INTERESTS IN SUBSIDIARIES

	The company	
	2012	2011
	HK\$'000	HK\$'000
Unlisted shares, at cost	163,654	163,654
Capital contribution in respect of employee share-based compensation	2,151	2,004
Amount due from a subsidiary	89,000	79,000
	254,805	244,658
Amounts due to subsidiaries	(33,601)	(28,521)
	221,204	216,137

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

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

Particulars of the subsidiaries as at 31st March, 2012 are set out in note 41.

NOTES TO THE FINANCIAL STATEMENTS

20. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The group	
	2012	2011
	HK\$'000	HK\$'000
Financial assets stated at fair value		
Equity securities listed in Hong Kong	3,202	3,972
Unlisted debt securities	163	163
	3,365	4,135
Financial assets stated at cost		
Unlisted debt securities	335	335
Financial assets stated at cost less impairment loss		
Unlisted equity securities	410	1,358
	4,110	5,828
Representing:		
Equity securities		
Corporate entities	3,612	5,330
Unlisted debt securities		
Club debenture	335	335
Unlisted debt securities		
Bank	163	163

The club debenture and unlisted equities securities are accounted for at cost less accumulated impairment losses as such investments do not have a quoted market price in active markets and the range of reasonable fair value estimated is so significant that the directors are of the opinion that whose fair value cannot be reliably measured.

As at 31st March, 2012, the group's unlisted equity securities were individually reviewed for impairment by management. Consequently, provision for impairment of HK\$1,545,000 (2011: HK\$ Nil) recognised in the profit or loss for the year ended 31st March, 2012. The group does not hold any collateral over these balances.

NOTES TO THE FINANCIAL STATEMENTS

20. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Cont'd)

Included in available-for-sale financial assets are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	The group	
	2012 '000	2011 '000
Chinese Renminbi	RMB 140	RMB 140

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	The group	
	2012 HK\$'000	2011 HK\$'000
Analysis of financial assets at fair value through profit or loss:		
Held for trading		
– Equity securities listed in Hong Kong	–	11,899
– Debt securities listed in Hong Kong	–	3,511
	–	15,410

Included in financial assets at fair value through profit or loss are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	The group	
	2012 '000	2011 '000
Chinese Renminbi	RMB –	RMB 2,951

NOTES TO THE FINANCIAL STATEMENTS

22. INVENTORIES

	The group	
	2012	2011
	HK\$'000	HK\$'000
Raw materials	2,899	2,818
Work in progress	584	1,044
Office telephone systems, mobile phones and other electronic products and accessories	19,451	68,361
	22,934	72,223

The inventories stated at net realisable value amounted to HK\$2,630,000 (2011: HK\$3,710,000).

The cost of inventories recognised in profit or loss during the year amounted to HK\$293,187,000 (2011: HK\$832,161,000).

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

	The group	
	2012	2011
	HK\$'000	HK\$'000
Carrying amount of inventories sold	294,996	831,110
(Write back)/write down of inventories	(1,809)	1,051
	293,187	832,161

NOTES TO THE FINANCIAL STATEMENTS

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

	The group	
	2012 HK\$'000	2011 HK\$'000
Contract costs incurred	26,915	15,633
Recognised profits	7,933	3,450
	34,848	19,083
Progress billings	(30,881)	(13,866)
Due from customers	3,967	5,217
Classified as:		
Gross amount due from customers	4,402	5,706
Gross amount due to customers	(435)	(489)

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

In respect of construction contracts in progress at the balance sheet date, the amount of retentions receivable from customers, recorded within "Trade debtors" as at 31st March, 2012 was HK\$2,130,000 (2011: HK\$2,931,000).

24. DEBTORS, DEPOSITS AND PREPAYMENTS

	The group		The company	
	2012 HK\$'000	2011 HK\$'000 (restated)	2012 HK\$'000	2011 HK\$'000
Trade debtors	25,260	34,882	-	-
Less: allowance for doubtful debts	(2,425)	(2,937)	-	-
	22,835	31,945	-	-
Deposits, other debtors and prepayments	12,253	13,784	-	5
	35,088	45,729	-	5

NOTES TO THE FINANCIAL STATEMENTS

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

a) Ageing analysis

The ageing analysis of trade debtors of HK\$22,835,000 (2011: HK\$31,945,000) which are included in the debtors, deposits and prepayments are as follows:

	The group	
	2012 HK\$'000	2011 HK\$'000
0-30 days	12,069	20,095
31-60 days	1,909	3,765
61-90 days	742	853
91-120 days	2,137	1,122
121-360 days	3,191	2,906
Over 360 days	2,787	3,204
	22,835	31,945
	22,835	31,945

b) Trade debtors that are not impaired

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

	The group	
	2012 HK\$'000	2011 HK\$'000
Neither overdue nor impaired	11,678	22,193
Less than 1 month overdue	2,222	3,950
1 to 3 months overdue	2,349	1,560
More than 3 months overdue	6,586	4,242
	11,157	9,752
	22,835	31,945
	22,835	31,945

NOTES TO THE FINANCIAL STATEMENTS

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

b) Trade debtors that are not impaired (Cont'd)

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

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

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

c) Impairment of trade debtors

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

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

	The group	
	2012	2011
	HK\$'000	HK\$'000
At 1st April	2,937	2,970
Reversal of impairment losses	(4)	(188)
Impairment losses recognised	303	11
Uncollectable amount written off	(897)	–
Currency realignment	86	144
At 31st March	2,425	2,937

At 31st March, 2012, the group's trade debtors of HK\$2,425,000 (2011: HK\$2,937,000) were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed that such trade receivables cannot be fully recovered. Consequently, specific allowances for doubtful debts of HK\$2,425,000 (2011: HK\$2,937,000) were recognised. The group does not hold any collateral over these balances.

NOTES TO THE FINANCIAL STATEMENTS

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

c) Impairment of trade debtors (Cont'd)

The amount of the group's deposits, other debtors and prepayments expected to be recovered or recognised as expense after more than one year is HK\$4,346,000 (2011: HK\$5,704,000). All of the remaining deposits, other debtors and prepayments are expected to be recovered or recognised as expense within one year.

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

25. CASH AND BANK BALANCES

	The group		The company	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Pledged time deposits	9,185	3,682	–	–
Time deposits with a bank with maturity over 3 months	2,326	2,326	–	–
Time deposits with banks with maturity within 3 months	24,595	13,198	–	–
Cash and bank balances	21,096	20,170	71	53
	57,202	39,376	71	53

The effective interest rates on all of the time deposits with banks ranged from 0.01% to 3.1% (2011: 0.01% to 2.08%) per annum at 31st March, 2012.

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

Included in the amount of HK\$57,202,000 (2011: HK\$39,376,000) are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	The group			2011 '000
	2012 '000			
United States Dollars	USD 416		USD	488
Japanese Yen	JPY 53		JPY	2,794
Chinese Renminbi	RMB 14,655		RMB	15,881

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

NOTES TO THE FINANCIAL STATEMENTS

26. CREDITORS AND ACCRUED CHARGES

The ageing analysis of trade creditors of HK\$7,826,000 (2011: HK\$25,551,000) which is included in the group's creditors and accrued charges is as follows:

	The group	
	2012	2011
	HK\$'000	HK\$'000
0 – 30 days	5,957	19,515
31 – 60 days	559	2,946
61 – 90 days	14	461
Over 90 days	1,296	2,629
	7,826	25,551

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

Included in trade creditors are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	The group	
	2012	2011
	'000	'000
United States Dollars	USD 2	USD 61
Chinese Renminbi	RMB 14	RMB 14

27. AMOUNT DUE TO A DIRECTOR

The amount due to a director is non-interest bearing, unsecured and repayable on demand. It had been waived by the director during the year ended 31st March, 2011.

NOTES TO THE FINANCIAL STATEMENTS

28. OBLIGATIONS UNDER FINANCE LEASES

	The group			
	Minimum lease payments		Present value of minimum lease payments	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Amounts payable under finance leases				
Within one year	90	89	86	81
In the second year	16	100	16	97
In the third to fifth years	-	4	-	4
	<u>106</u>	<u>193</u>	<u>102</u>	<u>182</u>
Less: future finance charges	(4)	(11)		
Present value of finance leases	<u>102</u>	<u>182</u>		
Less: amount due for settlement within one year shown under current liabilities			(86)	(81)
Amount due for settlement after one year			<u>16</u>	<u>101</u>

The effective interest rate on obligations under finance leases was 7.5% (2011: 7.5%) per annum at 31st March, 2012.

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

NOTES TO THE FINANCIAL STATEMENTS

29. BANK BORROWINGS

	The group	
	2012 HK\$'000	2011 HK\$'000
Bank borrowings comprise:		
Bank overdraft (unsecured)	–	755
Bank loans (secured)	38,143	33,639
	38,143	34,394

The effective interest rates of bank borrowings were 1.14% – 2.35% (2011: 1.95% – 2.35%) per annum at 31st March, 2012.

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

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

	The group	
	2012 HK\$'000	2011 HK\$'000
Due within one year	2,304	1,971
Due more than one year, but not exceeding two years	2,355	2,014
Due more than two years, but not exceeding five years	7,382	6,317
Due more than five years	26,102	23,337
	38,143	33,639

NOTES TO THE FINANCIAL STATEMENTS

30. DEFERRED TAX

The followings are the major deferred tax assets and liabilities recognised and movements thereon during the current and prior years:

Deferred tax assets:

	The group Deductible temporary differences
	HK\$'000
At 1st April, 2010	57
Charged to profit or loss	(57)
	<hr/>
At 31st March, 2011 and 31st March, 2012	–
	<hr/> <hr/>

Deferred tax liabilities:

	The group Accelerated tax depreciation
	HK\$'000
At 1st April, 2010	117
Charged to profit or loss	51
	<hr/>
At 31st March, 2011 and 31st March, 2012	168
	<hr/> <hr/>

At the balance sheet date, the group has unused tax losses of HK\$97,756,000 (2011: HK\$74,715,000) available to offset against future profits. No deferred tax asset has been recognised in respect of such tax losses (2011: HK\$ Nil) due to the unpredictability of future profit streams.

The tax losses can be carried forward to offset against the taxable profits of subsequent years. There is no restriction on their expiry except the unused tax losses of PRC subsidiaries of HK\$16,977,000 (2011: HK\$18,390,000) can only be carried forward for five years from the year of the incurrence.

At the balance sheet date, the company had unused tax losses of HK\$8,499,000 (2011: HK\$7,858,000) available to offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

NOTES TO THE FINANCIAL STATEMENTS

31. SHARE CAPITAL

	Number of shares		Amount	
	2012	2011	2012 HK\$'000	2011 HK\$'000
Ordinary shares of HK\$0.01 each				
Authorised:				
At beginning of the year and at end of the year	2,000,000,000	2,000,000,000	20,000	20,000
Issued and fully paid:				
At beginning of the year	495,114,831	490,113,057	4,951	4,901
Issued pursuant to scrip dividend scheme for				
2010 final dividend	-	5,001,774	-	50
2011 final dividend	10,669,693	-	107	-
At end of the year	505,784,524	495,114,831	5,058	4,951

32. SHARE OPTION SCHEME

The company's Share Option Scheme adopted on 23rd October, 2001 lapsed on 22nd October, 2011. No option was granted under the Share Option Scheme during the year ended 31st March, 2012 and there was no option outstanding held by any director, employee of the group or any eligible persons as defined in the Share Option Scheme as at 31st March, 2012.

NOTES TO THE FINANCIAL STATEMENTS

33. SHARE AWARD PLAN

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

On 23rd March, 2011, the directors awarded shares to certain employees of the group pursuant to the terms of the Share Award Scheme. During the year ended 31st March, 2012, 3,168,000 (2011: 400,000) shares of the company were acquired from the market at the total cost of HK\$588,000 (2011: HK\$106,000) by the Trustee. 528,000 (2011: Nil) shares of the company of fair value of HK\$147,000 were transferred to those eligible employees at nil consideration on 4th April, 2011. The remaining 4,776,000 (2011: 2,136,000) shares of the company will be held by the trustee for the purpose of share award in future.

The fair value of the awarded shares for the year ended 31st March, 2012 was based on the market value of the shares of the company at the date of grant.

NOTES TO THE FINANCIAL STATEMENTS

34. RESERVES

The group

The amounts of the group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 29.

The company

	Share premium	Shares held for share award plan	Shares award reserve	Special reserve	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st April, 2010	41,404	(496)	660	163,453	6,136	211,157
Shares purchased for Share Award Plan	–	(106)	–	–	–	(106)
Shares issued pursuant to scrip dividend scheme	1,230	–	–	–	–	1,230
Profit and total comprehensive income for the year	–	–	–	–	3,710	3,710
Dividend paid	–	–	–	–	(4,789)	(4,789)
	<u>42,634</u>	<u>(602)</u>	<u>660</u>	<u>163,453</u>	<u>5,057</u>	<u>211,202</u>
At 31st March, 2011	42,634	(602)	660	163,453	5,057	211,202
At 1st April, 2011	42,634	(602)	660	163,453	5,057	211,202
Shares purchased for Share Award Plan	–	(588)	–	–	–	(588)
Recognition of equity-settled share-based payment	–	–	147	–	–	147
Shares awarded to employees under the Share Award Plan	–	149	(143)	–	(6)	–
Shares issued pursuant to scrip dividend scheme	1,867	–	–	–	–	1,867
Profit and total comprehensive income for the year	–	–	–	–	8,469	8,469
Dividend paid	–	–	–	–	(4,935)	(4,935)
	<u>44,501</u>	<u>(1,041)</u>	<u>664</u>	<u>163,453</u>	<u>8,585</u>	<u>216,162</u>
At 31st March, 2012	44,501	(1,041)	664	163,453	8,585	216,162

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

NOTES TO THE FINANCIAL STATEMENTS

34. RESERVES (Cont'd)

The company's reserves available for distribution represent the share premium, share award reserve, special reserve and retained profits. Under the Companies Laws of the Cayman Islands, the share premium of the company is available for paying distributions or dividends to shareholders subject to the provisions of memorandum and articles of association of the company and provided that immediately following the distribution or dividend the company is able to pay its debt as they fall due in the ordinary course of business. The company's reserves available for distributions to shareholders as at 31st March, 2012 amounted to HK\$212,203,000 (2011: HK\$211,804,000).

35. CAPITAL MANAGEMENT

The group's objectives when managing capital are:

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

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

As in prior years, the group monitors capital by reviewing the level of capital that is at the disposal of the group. Capital comprises all components of equity. The capital of the group at 31st March, 2012 was HK\$302,909,000 (2011 (restated): HK\$310,570,000).

36. PLEDGE OF ASSETS

As at 31st March, 2012, the group's general banking facilities were secured by (1) first legal charge on certain investment properties with total of fair value of HK\$131,670,000 (2011 (restated): HK\$105,000,000), (2) bank deposits of HK\$9,185,000 (2011: HK\$3,122,000) and (3) financial assets at fair value through profit or loss of HK\$ Nil (2011: HK\$8,174,000).

NOTES TO THE FINANCIAL STATEMENTS

37. OPERATING LEASE ARRANGEMENTS

a) The group as lessee:

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

	The group	
	2012 HK\$'000	2011 HK\$'000
Within one year	10,129	9,938
In the second to fifth years, inclusive	5,258	10,872
	15,387	20,810

Operating lease payments represent rentals payable by the group for its office premises and shops. Leases are negotiated for terms ranging from one to five years (2011: one to four years). In addition to the minimum rental payments disclosed above, the group has commitments to pay additional rent of a proportion of turnover for certain leased shops if the turnover generated from these leased shops exceeds the predetermined levels. Contingent rentals are not included in the above commitments as it is not possible to estimate the amounts which may be payable.

b) The group as lessor:

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

	The group	
	2012 HK\$'000	2011 HK\$'000
Within one year	4,019	832
In the second to fifth years, inclusive	7,707	97
	11,726	929

The properties held have committed tenants in terms of two to five years (2011: two years).

c) The company had no operating lease commitments as at 31st March, 2012 and 31st March, 2011.

NOTES TO THE FINANCIAL STATEMENTS

38. CAPITAL COMMITMENTS

Contracted but not provided for at the balance sheet date:

	The group	
	2012 HK\$'000	2011 HK\$'000
Acquisition of investment properties	-	10,751

39. CONTINGENT LIABILITIES

	The group		The company	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Guarantees for general banking facilities granted to subsidiaries	-	-	102,595	101,595
Counter-indemnity given to a bank in respect of guarantee given to a supplier of the subsidiary	1,500	1,500	-	-
	1,500	1,500	102,595	101,595

The group and the company have not recognised any deferred income in respect of guarantees as their fair values cannot be reliably measured and their transaction prices were HK\$ Nil (2011: HK\$ Nil).

40. RELATED PARTY TRANSACTIONS

a) Key management personnel compensation

	2012 HK\$'000	2011 HK\$'000
Salaries and other short-term employee benefits	5,804	6,244
Post-employment benefits	166	166
Equity-settled share-based payment	56	-
	6,026	6,410

NOTES TO THE FINANCIAL STATEMENTS

40. RELATED PARTY TRANSACTIONS (Cont'd)

- b) An amount of HK\$684,000 due to a director had been waived by the director Mr. Chan Chung Yee, Hubert during the year ended 31st March, 2011. Details are mentioned in note 27 to the financial statements.
- c) Included in bad debts recovered is an amount of HK\$450,000 during the year ended 31st March, 2011 were recovered from a related company, namely Hong Kong Communications Holdings Limited in which, Mr. Chan Chung Yee, Hubert has equity interest.

41. SUBSIDIARIES

Particulars of the principal subsidiaries at 31st March, 2012 are as follows:

Name	Place of incorporation/ registration	Principal place of operation	Issued and fully paid share capital/ registered capital	Percentage of effective interest attributable to the group		Principal activities
				2012	2011	
HKC Group Limited	British Virgin Islands	Hong Kong	Ordinary shares US\$100,000	100%	100%	Investment holding
HKC Properties Limited	British Virgin Islands	Hong Kong	Ordinary shares US\$30	100%	100%	Investment holding
Superior Charm Limited	British Virgin Islands	Hong Kong	Ordinary shares US\$1,200	100%	100%	Investment holding
Hong Kong Communications Company Limited	Hong Kong	Hong Kong	Ordinary shares HK\$10,560	100%	100%	Sales of mobile phones and business solutions
Circle Mobile Communications Limited	Hong Kong	Hong Kong	Ordinary shares HK\$1,000,000	100%	100%	Sales of mobile phones and other electronic products
Generalvestor (H.K.) Limited	Hong Kong	Hong Kong	Ordinary shares HK\$10,000,000	100%	100%	Property investment

NOTES TO THE FINANCIAL STATEMENTS

41. SUBSIDIARIES (Cont'd)

Name	Place of incorporation/ registration	Principal place of operation	Issued and fully paid share capital/ registered capital	Percentage of effective interest attributable to the group		Principal activities
				2012	2011	
HKC Technology Limited	Hong Kong	Hong Kong	Ordinary shares HK\$6,000,100	100%	100%	Sales and distribution of telecommunication products
HKC International (Thailand) Co. Ltd.	Thailand	Thailand	Preference shares THB9,999,990 Ordinary shares THB10,000,010	100%	100%	Sales and distribution of business solutions
Singapore Communications (Wavex) Pte. Ltd. (formerly known as Singapore Communications Equipment Co. Pte Ltd.)	Singapore	Singapore	Ordinary shares S\$160,000	100%	100%	Sales and distribution of business solutions
HKC Technology (Shanghai) Co. Ltd. (note 1)	PRC	PRC	Contributed capital US\$5,850,000	100%	100%	Sales and distribution of business solutions
ASCT Technology Co. Ltd. (note 2)	PRC	PRC	Contributed capital US\$610,000	80%	80%	Provision of maintenance service for business solutions
HKC Comunicacoes Equipamento (Macau) Companhia Limitada	Macau	Macau	Contributed capital MOP 100,000	100%	100%	Sales and distribution of business solutions

NOTES TO THE FINANCIAL STATEMENTS

41. SUBSIDIARIES (Cont'd)

Name	Place of incorporation/ registration	Principal place of operation	Issued and fully paid share capital/ registered capital	Percentage of effective interest attributable to the group		Principal activities
				2012	2011	
HKC Mobile Technology Limited	Hong Kong	Hong Kong	Ordinary shares HK\$20,000,000	100%	100%	Dormant
Wavex Technologies Pte. Ltd.	Singapore	Singapore	Ordinary shares S\$1,026,000	100%	100%	Sales and development of RFID products
Hong Kong Communications Services Limited	Hong Kong	Hong Kong	Ordinary shares HK\$1	100%	100%	Sales and repairs of mobile phone
HKC Systems Limited	Hong Kong	Hong Kong	Ordinary shares HK\$2,000,000	80%	80%	Sales of business solutions and integration
HKC Retails Limited	Hong Kong	Hong Kong	Ordinary shares HK\$1	100%	100%	Sales of mobile phones and other electronic products
Circle Digital Limited	Hong Kong	Hong Kong	Ordinary shares HK\$1	100%	100%	Sales of mobile phones and other electronic products

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

None of the subsidiaries had any debt securities subsisting at 31st March, 2012 and 31st March, 2011 or at any time during the year.

Note 1: The subsidiary is a wholly foreign owned enterprise.

Note 2: The subsidiary is a sino-foreign owned enterprise.

FIVE YEAR FINANCIAL SUMMARY

	2008 HK\$'000 (restated)	2009 HK\$'000 (restated)	2010 HK\$'000 (restated)	2011 HK\$'000 (restated)	2012 HK\$'000
RESULTS					
Turnover	1,156,355	1,109,970	870,594	940,006	361,691
Profit/(loss) before taxation	15,228	(41,296)	22,966	35,303	(6,363)
Tax (expense)/income	(2,178)	2,299	(3,271)	(2,416)	(181)
Profit/(loss) for the year	13,050	(38,997)	19,695	32,887	(6,544)
Attributable to:					
Equity holders of the company	12,971	(38,834)	19,768	33,283	(6,601)
Non-controlling interests	79	(163)	(73)	(396)	57
	13,050	(38,997)	19,695	32,887	(6,544)
ASSETS/(LIABILITIES) AND NON-CONTROLLING INTERESTS					
Total assets	349,883	310,697	314,910	380,558	361,440
Total liabilities	(64,834)	(69,700)	(61,918)	(69,984)	(58,470)
Non-controlling interests	(2,308)	(2,108)	–	(4)	(61)
	282,741	238,889	252,992	310,570	302,909

PARTICULARS OF PROPERTIES

(I) PROPERTIES HELD FOR OWNER OCCUPATION

	Use	Lease term	Group's interest
Location in Hong Kong			
Block A on 14th Floor Vita Tower No. 29 Wong Chuk Hang Road Wong Chuk Hang Hong Kong	Commercial	Long lease	100%
Block B on 14th Floor Vita Tower No. 29 Wong Chuk Hang Road Wong Chuk Hang Hong Kong	Commercial	Long lease	100%
Location in Singapore			
The whole of the strata unit #02-09 Kewalram House No. 8, Jalan Kilang Timor Singapore	Commercial	Long lease	100%

PARTICULARS OF PROPERTIES

(2) INVESTMENT PROPERTIES

	Use	Lease term	Group's interest
Location in Hong Kong			
Workshop 05 on 5th Floor Kwong Sang Hong Centre Nos. 151-153 Hoi Bun Road Kwun Tong, Kowloon Hong Kong	Commercial	Medium-term lease	100%
Flat E, 11th Floor with Balcony and Utility Platform Splendid Place No. 39 Taikoo Shing Road Quarry Bay, Hong Kong	Residential	Long lease	100%
Flat E, 22nd Floor with Balcony and Utility Platform Splendid Place No. 39 Taikoo Shing Road Quarry Bay, Hong Kong	Residential	Long lease	100%
Shop No. 8, 9 and 23B on Ground Floor National Court Nos. 240-252 Nathan Road Nos. 16A-16F Jordan Road Nos. 19-24 Tak Hing Street, Mongkok, Kowloon, Hong Kong	Commercial	Long lease	100%
Flat C on 37th Floor of Tower 8 Phase II (known as Le Point) of Metro Town No. 8 King Ling Road Tseung Kwan O New Territories, Hong Kong	Residential	Medium-term lease	100%
Flat G on 45th Floor of Tower 10 Phase II (known as Le Point) of Metro Town No. 8 King Ling Road Tseung Kwan O New Territories, Hong Kong	Residential	Medium-term lease	100%
Flat C on 37th Floor of Tower 6 of Larvotto No. 8 Ap Lei Chau Praya Road Hong Kong	Residential	Medium-term lease	100%

PARTICULARS OF PROPERTIES

(2) INVESTMENT PROPERTIES (Cont'd)

	Use	Lease term	Group's interest
Location in the Mainland China			
Flat 19B on Level 19 Sea of Clouds Gardens No. 138 Qing Hai Road Jiangan District, Shanghai The People's Republic of China	Residential	Medium-term lease	100%
Units 1101, 1102, 1103, 1104, 1105, 1106, 1107 and 1108 on Level 11 East Huai Hai International Building Nos. 45-49 Huai Hai Road East Huang Pu District, Shanghai The People's Republic of China	Commercial	Medium-term lease	100%