Fairson Holdings Limited
鉦皓控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 8132

Annual Report 2013

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The Report, for which the directors (the "Directors") of Fairson Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in the Report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or the Report misleading.

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Corporate Information

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman, KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Flat A-B, 9th Floor
Yue Cheung Centre
1-3 Wong Chuk Yeung Street
Fotan, Shatin, New Territories
Hong Kong

PRINCIPAL PRODUCTION PLANT

Block Nos. 3, 4 and 5
Dong Feng Industrial Area
Song Gang Community
Song Gang Sub-district
Baoan District
Shenzhen
Guangdong Province
The People's Republic of China

COMPANY'S WEBSITES

www.sunfairw.com.hk
www.irasia.com/listco/hk/fairson

LEGAL ADVISER

Phillips
3506, Tower 1, Lippo Centre
89 Queensway, Central, Hong Kong

AUDITOR

ANDA CPA Limited
Unit D, 21/F., Max Share Centre
373 King's Road, North Point, Hong Kong

STOCK CODE

8132

BOARD OF DIRECTORS

Executive Directors

Mr. Yeung Tin Hung *(Chairman)*
Mr. Yeung Shing Wai
Mr. Chen Tian Gang
Mr. Ho Chun Kit Gregory

Non-executive Director

Mr. Wong Chi Yung

Independent Non-executive Directors

Mr. Li Hin Lung
Mr. Chua Hoon Chong
Mr. Chan Kai Wo

AUDIT COMMITTEE

Mr. Li Hin Lung *(Chairman)*
Mr. Chua Hoon Chong
Mr. Chan Kai Wo

NOMINATION COMMITTEE

Mr. Yeung Tin Hung *(Chairman)*
Mr. Li Hin Lung
Mr. Chua Hoon Chong

REMUNERATION COMMITTEE

Mr. Chua Hoon Chong *(Chairman)*
Mr. Yeung Tin Hung
Mr. Li Hin Lung

COMPANY SECRETARY

Ms. Cheung Sui Ping, Annie ACCA

COMPLIANCE OFFICER

Mr. Yeung Shing Wai

AUTHORISED REPRESENTATIVES

(for the purpose of the GEM Listing Rules)

Mr. Yeung Shing Wai
Ms. Cheung Sui Ping, Annie

Corporate Information

THE PRINCIPAL SHARE REGISTRAR IN THE CAYMAN ISLANDS

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

BRANCH SHARE REGISTRAR AND TRANSFER AGENT IN HONG KONG

Tricor Investor Services Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

COMPLIANCE ADVISER

Quam Capital Limited
18th Floor, AON China Building
29 Queen's Road Central
Hong Kong

Chairman's Statement

Dear Shareholders,

On behalf of the board of Directors (the "Board") of the Company and its subsidiaries (together the "Group"), I am pleased to present to our shareholders (the "Shareholders") the annual results of the Group for the year ended 31 March 2013 (the "Financial Year").

The Group encountered several significant challenges in 2012 but it was managed to offset these challenges through discontinuing the loss-making business unit, i.e. copper wires segment, and increasing resources utilisation and productivity in the growing business segment of power and data cords for mobile handsets which yielded improved results.

The telecommunications and smartphone market was prosperous and continued to expand which provided good opportunities for the Group to seize the market. As a recognized manufacturer of power and data cords in the industry, the Group's products are well received by the major mobile handset providers. It was substantiated by a significant increase of approximately 51% in the turnover of the power and data cords of mobile handsets and the enlarged scale of client base for the Financial Year.

In order to utilize the resources in a more efficient way, the Group ceased its operation of copper wires business since late September 2012 as the business unit could not achieve economies of scale and incurred a significant operating loss. It was subsequently disposed of in March 2013 and the resources shall be allocated strategically to the remaining business segments of the Group. The Board aims to maintain a stable development of the existing businesses and identify opportunity to grow its business.

Looking forward, the Group's strategy will be developing new customers on the base of consolidating the existing clientele and accelerating productivity. It is believed that the telecommunications and smartphone industry will continue to flourish in the coming years. Hence, a continuous upward trend for the demand for power and data cords for mobile handsets is anticipated. The Group shall concentrate its effort and capture the opportunities by fully utilizing the production capacity of its production plants in the People's Republic of China (the "PRC").

Further, the development of electrical appliance industry in the PRC in 2013 is expected to be better than that of 2012. The advanced technology and growing exports of Chinese electrical appliances shall bring great benefit to the Group's sales and profitability. The Group will also keep an eye on the expansion opportunities for overseas markets to enhance its business growth.

On 24 April 2013, the Company entered into the memorandum of understanding with an independent third party in relation to the proposed acquisition of 51% equity interest of United Success Global Limited and its subsidiaries (the "Proposed Acquisition"), which is engaged in the provision of client solutions for arranging financial leasing services in the areas of, amongst others, telecommunication, broadcasting and medical equipment business in the PRC. The Proposed Acquisition represents a good opportunity for the Company to diversify its business into the financial leasing industry in the PRC. The Group is actively exploring business opportunities in other sectors to diversify risks and broaden the source of income of the Group.

In order to fund its future growth, the Company entered into a placing agreement with a placing agent on 26 April 2013 of which a maximum of 110,000,000 placing shares at the placing price of HK$0.12 per placing share, representing approximately 20% of the existing issued share capital of the Company, will be placed. Subsequently, on 31 May 2013, the Company entered into another placing agreement with another placing agent of which promissory notes carrying an interest of 10% annually will be issued up to an aggregate principal amount of HK$50 million. The total of maximum net proceeds from the above placings will be estimated of approximately HK$62.5 million. These proceeds will be used as general working capital and/or for financing future investment opportunities of the Group.

Last but not least, on behalf of the Board, I would like to take this opportunity to extend my sincere gratitude to all fellow Directors and our staff for their dedication to the Group's development. I would also like to thank all of the Shareholders and business associates for their continuous support. The Group will continue to strive for sustainable growth in the future.

Yeung Tin Hung
Chairman
24 June 2013

Management Discussion and Analysis

FINANCIAL REVIEW

For the Financial Year, the turnover of the Group, including continuing and discontinued operations, was approximately HK$157.4 million, representing a decrease of approximately 10% compared with that of approximately HK$175.5 million from the previous financial year ended 31 March 2012 (the "Previous Financial Year"). The decrease in the turnover was mainly due to discontinued operation in the copper wires business since late September 2012. For the Financial Year, the loss of the Group attributable to owners of the Company was approximately HK$9.7 million, representing an increase compared to the loss for the Previous Financial Year of approximately HK$9.0 million. Such increase in loss was mainly due to: (i) the impairment loss on an available-for-sale financial asset; (ii) the fair value loss on a financial asset at fair value through profit or loss; (iii) the decrease in the profit margin as a result of the intensified market competition under the global economic downturn; and (iv) the increase in staff costs partly due to the increasing minimum wage level of the staff in the PRC.

The Board does not recommend the payment of dividend for the Financial Year.

BUSINESS REVIEW

For the Financial Year, the Group's turnover of its key product groups in continuing operations, including (i) power cords and inlet sockets for household electric appliances; (ii) power and data cords for mobile handsets and medical control devices; and (iii) raw cables; accounted for approximately 17%, 75% and 1% (2012: approximately 27%, 48% and 3%) of the total turnover of the Group, respectively. The operation of the copper wires business ceased since late September 2012 and its turnover accounted for approximately 7% (2012: approximately 22%) of the Group's total turnover.

Turnover arising from the Hong Kong and the PRC markets continued to be the key contributors to the Group, representing approximately 83% (2012: approximately 88%) of the total turnover of the Group for the Financial Year. The remaining turnover of approximately 17% (2012: approximately 12%) for the Financial Year was contributed from other overseas markets, including the United States.

For the Financial Year, the Group continued to implement its growth strategy and seized the golden opportunities offered by the expansion of the telecommunications and smartphone industry. Through rapid business expansion over the years, the Group has grown to become a recognised manufacturer of power and data cords in the industry and the products are well received by the major mobile handset providers.

Power cords and inlet sockets for household electric appliances

For the Financial Year under review, the Group's turnover from power cords and inlet sockets for household electric appliances was approximately HK$26.4 million (2012: approximately HK$46.8 million), representing a decrease of approximately 44% from the Previous Financial Year, and it accounted for approximately 17% (2012: approximately 27%) of the total turnover of the Group. The decrease in turnover was mainly due to a lower intensity of subsidies on household electric appliances by the PRC government and hence a drop in demand for household electric appliances and related products.

The Group's power cords and inlet sockets used in household electric appliances received safety approvals and/or certificates in many countries, many of which also received eleven types of international safety standards. The Group believes that the high standard of these products can fulfill the expectations and requirements of customers and benefit the Group's business expansion in the long run.

Power and data cords for mobile handsets and medical control devices

Taking into account the fast growth of the telecommunications and smartphone market, the mobile phone manufacturing and exporting industry in the PRC prospered in 2012. For the Financial Year under review, the Group's turnover from power and data cords for mobile handsets was approximately HK$99.0 million (2012: approximately HK$65.5 million), representing an increase of approximately 51% from the Previous Financial Year, and it accounted for approximately 63% (2012: approximately 37%) of the total turnover of the Group. The substantial increase was mainly contributed by the enlarged scale of existing clientele.

The power and data cords for mobile handsets are generally used for power charging and data transfer and are essential accessories for all mobile handsets. The enormous demand for telecommunication devices, especially in the PRC, facilitated the Group to produce power and data cords of different specifications, including high speed USB connectors and data cord products, which can support higher data transmission speeds and better audiovisual output quality. All our devices conform with the standards of mobile handset designs set by USB Implementers Forum, Inc.

For the Financial Year under review, the Group's turnover from power and data cords for medical control devices was approximately HK$19.2 million (2012: approximately HK$19.8 million), representing a decrease of approximately 3% from the Previous Financial Year, and it accounted for approximately 12% (2012: approximately 11%) of the total turnover of the Group.

The power and data cords for medical control devices are multi-functional products which are mainly exported to a customer in the United States. The devices are then used for further assembly and processed into final products (which include pillow speakers, bed controls, bed cables and call cords to be sold to hospitals and clinics).

Raw cables

For the Financial Year under review, the Group's turnover from raw cables was approximately HK$0.8 million (2012: approximately HK$4.7 million), representing a decrease of approximately 83% from the Previous Financial Year, and it accounted for approximately 1% (2012: approximately 3%) of the total turnover of the Group. The decrease in turnover from raw cables was mainly due to the Group's change of strategy to concentrate on integrated products with connectors rather than 2-pin raw cables. The Group is also engaged in the manufacturing of raw cables using halogen-free insulation materials as they are more environmentally friendly and are able to adapt to the changing needs and requirements of the market.

Copper wires

For the Financial Year under review, the Group's turnover from copper wires was approximately HK$11.4 million (2012: approximately HK$38.3 million) representing a decrease of approximately 70% from the Previous Financial Year, and it accounted for approximately 7% (2012: approximately 22%) of the total turnover of the Group. As the business unit could not achieve economies of scale in the near term, the Group incurred a significant operating loss and decided to streamline its business during the Financial Year. As a result, the Group had ceased its operation of copper wires since late September 2012 and this business unit incurred significant operating loss of approximately HK$9.8 million during the Financial Year (2012: approximately HK$5.0 million), and subsequently disposed of the subsidiaries engaging in this business unit in March 2013 and recognized a net gain on disposal of subsidiaries for this business unit of approximately HK$4.0 million.

Management Discussion and Analysis

OUTLOOK

Under the booming market of mobile phones and smart phones, the number of mobile phone users in the PRC has reached 1.146 billion by March 2013, according to the statistics from the Ministry of Industry and Information Technology of the PRC. The number of 3G mobile service users increased by 44.46 million in the first quarter of 2013, which demonstrated a rapid growth of demand for mobile accessories. A continuous upward trend for the demand for power and data cords for mobile handsets is anticipated and the Group shall capture the opportunities by fully utilizing the production capacity of its production plants in the PRC.

In addition, the development of the electrical appliance industry in the PRC in 2013 is expected to be better than that of 2012, according to the China Household Electrical Appliances Association. The upgrading of industrial structure and technological innovation shall stimulate the household electrical appliances market and hence the demand for related power cords and inlet sockets. It is anticipated that the household electrical appliance industry would expand at a rate of 10% in 2013. Moreover, exports of electrical appliances in the PRC shall grow at around 10% under the slow recovery of global economy and high inflation rates, which will greatly benefit the Group's sales and profitability.

Looking ahead, the Group is optimistic towards the macroeconomy of 2013. Apart from seeking expansion opportunities for overseas markets, the Group shall maintain a balanced and stable development of the existing businesses, including (i) power cords and inlet sockets for household electric appliances, and (ii) power and data cords for mobile handsets and medical control devices, in order to sustain a healthy and steady growth.

POTENTIAL ACQUISITION AND FUNDRAISING ACTIVITIES

On 24 April 2013, the Company entered into the memorandum of understanding with an independent third party in relation to the proposed acquisition of 51% equity interest of United Success Global Limited and its subsidiaries, which is engaged in the provision of client solutions for arranging financial leasing services in the areas of, amongst others, telecommunication, broadcasting and medical equipment business in the PRC. The Proposed Acquisition represents a good opportunity for the Company to diversify its business into the financial leasing industry in the PRC. The Group is actively exploring business opportunities in other sectors to diversify risks and broaden the source of income of the Group.

On 26 April 2013, the Company entered into the placing agreement with Yuanta Securities (Hong Kong) Company Limited to procure not less than six placees to subscribe up to 110,000,000 ordinary shares of HK$0.001 each in the share capital of the Company at the placing price of HK$0.12 per placing share. In addition, the Company entered into another placing agreement with ChangJiang Securities Brokerage (HK) Limited to procure the placees to subscribe for the 10% promissory notes up to the aggregate principal amount of HK$50 million on 31 May 2013. The total net proceeds from the above placings would be expected approximately HK$62.5 million, which will be used as general working capital and/or for financing future investment opportunities of the Group.

USE OF PROCEEDS

The net proceeds from the issue of new shares of the Company at the time of its listing on GEM on 18 May 2011 through a placement of 165,000,000 ordinary shares of HK$0.001 each in the share capital of the Company at the price of HK$0.30 per share, after deduction of the related underwriting fees and issuance expenses paid by the Company in connection thereto, were approximately HK$29.6 million (the “IPO proceeds”). Details of the utilization of the IPO proceeds in comparison to that envisaged in the prospectus of the Company dated 6 May 2011 (the “Prospectus”) are as follows:

	Proposed total use of proceeds as stated in the Prospectus HK$'000	Proposed use of proceeds up to 31 March 2013 HK$'000	Actual use of proceeds up to 31 March 2013 HK$'000
Construction of new production plant and enhancement of production utilization (Note)	23,000	–	**–**
Product development	3,000	3,000	**3,000**
Expansion of market coverage	2,000	2,000	**2,000**
Sub-total	28,000	5,000	**5,000**
Working capital (Note)	1,600	24,600	**24,600**
Total	29,600	29,600	**29,600**

Note: In order to increase the Group’s financial flexibility and better utilize the financial resources of the Group in preparation for the uncertain financial and economic environment, the Group announced on 8 November 2011 and 19 September 2012 respectively to adjust the proposed use of net proceeds from the placing of shares of the Company as previously set out in the Prospectus. Part of the net proceeds of approximately HK$23 million was adjusted, as stated in the relevant announcements and retained as working capital of the Group and for the expansion of the domestic sales channel in the PRC and other overseas regions, especially Southeast Asia. The Group believes that such expansion in the clientele and marketing network would help to increase the profitability of the Group.

Management Discussion and Analysis

COMPARISON OF BUSINESS PLAN WITH ACTUAL BUSINESS PROGRESS

The following is a comparison of the Group's business plan as set out in the Prospectus with actual business progress for the Financial Year.

Business plan up to 31 March 2013 as set out in the Prospectus	Actual business progress up to 31 March 2013
1. Construction of new production plant and enhancement of production capability	
a. Apply for hi-tech enterprise qualification	The Group's PRC subsidiary was granted the hi-tech enterprise qualification in the PRC in November 2012
b. Establish product development for mini-HDMI data cord	The Group performed the feasibility study work on mini HDMI data cord and concluded to cease the product development during the Financial Year due to fierce market competition and the slim profitability of this business contributing to the Group
c. Finalise location of new production facility	The Group entered into a rental agreement in August 2012 for the leasing of a production plant in Hunan Province in the PRC, rather than to construct its own production plant, which will substantially lower the financial burden of the Group as to the capital commitment for such construction
d. (i) Lease production premises from Bao Xing and relocate assembly function of medical control devices (ii) Relocate wire stranding machinery to new production facility (iii) Install new wire extrusion machinery in new production facility	The Group decided to use its own existing premises, and plant and machinery, if required to make the new automated machinery, for production to reduce the costs of the Group

Business plan up to 31 March 2013 as set out in the Prospectus	Actual business progress up to 31 March 2013
2. Development, manufacture and sale of new products	
a. Develop micro-USB power and data cord with higher transmission speed	The Group developed and produced different specifications of mobile handset power and data cord products with micro-A and micro-B USB connectors, which facilitated a higher data transmission speed and audiovisual output quality, during the year ended 31 March 2012
b. Establish product development for mini-HDMI data cord	The Group performed the feasibility study work on mini-HDMI data cord and concluded to cease the product development during the Financial Year due to fierce market competition and the slim profitability of this business contributing to the Group
3. Expansion in clientele and sales network	
a. Expansion of sales department for mobile handset related products	The Group expanded the sales department for mobile handset related products during the year ended 31 March 2012
b. Development of other mobile handset brands	The Group continues to develop other mobile handset brands to meet market demand and competition
c. Commence marketing and sales of mini-HDMI data cord and micro-USB power and data cord	As product development for the mini-HDMI data cord ceased, the Group commenced marketing and sales of micro-USB power and data cord during the year ended 31 March 2012
d. Participate in trade fairs and exhibitions in the PRC and Hong Kong	The Group had participated in trade fairs and exhibitions in Southeast Asia
e. Commence establishment of a domestic sales channel in the PRC	The Group established the domestic sales channel in the PRC in the year ended 31 March 2012

ANNUAL GENERAL MEETING

The annual general meeting of the Company ("2013 Annual General Meeting") will be held on Wednesday, 31 July 2013.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the Shareholders who are entitled to attend and vote at the 2013 Annual General Meeting, the register of members of the Company will be closed from Friday, 26 July 2013 to Wednesday, 31 July 2013, both days inclusive, during which no transfer of shares of the Company will be effected. All transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar and Transfer Agent in Hong Kong, Tricor Investor Services Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, by no later than 4:30 p.m. on Thursday, 25 July 2013.

EMPLOYEES' REMUNERATION POLICY

As at 31 March 2013, the Group employed 808 (2012: 941) full time employees mainly in the PRC and Hong Kong. The Group's remuneration policy is reviewed periodically and determined by reference to market terms, the Group's performance, and the individual's qualifications and performance. Employee benefits include the mandatory provident fund scheme for Hong Kong employees and central pension schemes operated by the local municipal governments for employees in the PRC. The Group also provides training programs for its employees to equip themselves with the requisite skills and knowledge and offer a share option scheme to recognise the employees who make significant contributions to the Group.

Total staff costs (including Directors' remuneration) for the Financial Year amounted to approximately HK$42.0 million (2012: approximately HK$31.7 million).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

At at 31 March 2013, the indebtedness of the Group was approximately HK$6.7 million (2012: approximately HK$26.1 million). The borrowings are denominated in Hong Kong dollars. Details of the maturity profile of the borrowings of the Group are set out in Note 26 to the financial statements. The Group had bank and cash balances of approximately HK$12.7 million (2012: approximately HK$19.9 million).

At at 31 March 2013, the Group's trade receivables was approximately HK$42.2 million (2012: approximately HK$52.9 million), representing approximately 27% (2012: approximately 30%) of the Group's turnover of approximately HK$157.4 million (2012: approximately HK$175.5 million) for the Financial Year. The Group adopted a stringent credit policy to minimize credit risk.

As at 31 March 2013, the ratio of current assets to current liabilities of the Group was approximately 1.52 (2012: approximately 1.34).

Details of the capital structure of the Company as at 31 March 2013 are set out in Note 23 to the financial statements.

Commitments of the Group as at 31 March 2013 are set out in Note 29 to the financial statements.

EXPOSURE TO FOREIGN EXCHANGE RISK

The Group operates mainly in Hong Kong and the PRC and is exposed to minimal foreign exchange risks arising from various currency exposures, primarily with respect to the Renminbi ("RMB") and United States dollar ("US$"). The Group mitigates these risks by maintaining HK$, US$ and RMB bank accounts to pay for the transactions denominated in these currencies respectively. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

PLEDGE OF ASSETS

As at 31 March 2013, the Group's following assets are pledged to secure its bank borrowings:

(a) The Group's leasehold land and buildings with an aggregate carrying value of approximately HK$4,433,000 (2012: approximately HK$6,199,000);

(b) Pledge of the Group's bank deposits with an aggregate carrying value of approximately HK$1,511,000 (2012: approximately HK$5,510,000); and

(c) Corporate guarantees provided by the Company.

SIGNIFICANT DISPOSALS

On 21 September 2012, the Group entered into the provisional sale and purchase agreements with independent third parties respectively and conditionally agreed to dispose of the Group's leasehold land and buildings at an aggregate consideration of approximately HK$6,512,000 (the "Disposals of Properties"), which was completed on 29 November 2012. A gain on the Disposals of Properties of approximately HK$4,781,000 was recognised upon the completion of the Disposals of Properties. The net proceeds from the Disposals of Properties were used for the repayment of the bank borrowings of the Group in order to reduce its financial costs and increase the general working capital of the Group.

On 1 March 2013, the Group entered into the sale and purchase agreement with the minority shareholder of its subsidiaries and conditionally agreed to dispose of the 70% equity interest of the subsidiaries for the business segment of copper wires at a consideration of HK$1 (the "Disposal of Subsidiaries"), which was completed on 14 March 2013. A net gain on the Disposal of Subsidiaries of approximately HK$4,016,000 was recognised upon the completion of the Disposal of Subsidiaries. Since completion on 14 March 2013, the results, assets and liabilities and cash flows of these deconsolidated subsidiaries ceased to be consolidated to the Group. The sale proceeds from the Disposal of Subsidiaries were used as general working capital of the Group.

Save as disclosed above and under the heading "Potential Acquisition and Fundraising Activities" on page 8 of the Report, the Group had no other significant investments and disposals, nor has it made any material acquisition or disposal of the Group's subsidiaries or affiliated companies during the Financial Year.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities at 31 March 2013 (2012: HK$Nil).

SEGMENT INFORMATION

Details of the segment information are set out in Note 5 to the financial statements.

Report of the Directors

The Directors submitted their report together with the audited financial statements for the Financial Year.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The subsidiaries of the Company and their activities are set out in note 18 to the financial statements.

An analysis of the Group's performance for the year by operating segment is set out in Note 5 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the Financial Year are set out in the consolidated statement of comprehensive income on pages 29 and 30.

The Directors do not recommend the payment of dividend for the Financial Year.

RESERVES

Movements in the reserves of the Group and of the Company during the Financial Year are set out in the consolidated statement of changes in equity on page 34, and Note 24 to the financial statements respectively.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in Note 23 to the financial statements.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 March 2013 amounted to approximately HK$24,074,000 (2012: approximately HK$26,954,000), calculated under the Companies Law of the Cayman Islands.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association of the Company, or the Companies Law of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

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

Neither the Company nor any of its subsidiaries had purchased, sold, or redeemed any of the listed securities of the Company during the Financial Year.

Neither the Company nor any of its subsidiaries had issued or granted any convertible securities, options, warrants or similar rights or exercised any conversion or subscription rights under any convertible securities, options, warrants or similar rights during the Financial Year.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 86 of the Report.

SHARE OPTION SCHEME

The Company has a share option scheme (the "Scheme") which was adopted pursuant to a resolution of the sole Shareholder passed on 27 April 2011. The purpose of the Scheme is to attract, retain and motivate talented Participants (as defined below), to strive for future developments and expansion of the Group. The Scheme shall be an incentive to encourage the Participants to perform their best in achieving the goals of the Group and allow the Participants to enjoy the results of the Group attained through their efforts and contributions.

The Scheme became effective on 27 April 2011 and, unless otherwise cancelled or amended, will remain in force for 10 years from the adoption of the Scheme. The terms of the Scheme are in compliance with the provisions of Chapter 23 of the GEM Listing Rules.

Eligible participants (the "Participants") of the Scheme include the following:

a) any Executive or Non-executive Director including any Independent Non-executive Director or any employee (whether full-time or part-time) of any member of the Group;

b) any adviser or consultant (in the areas of legal, technical, financial or corporate managerial) to the Group;

c) any provider of goods and/or services to the Group;

d) any other person who the Board considers, in its sole discretion, has contributed to the Group; and

e) any trustee of a trust (whether family, discretionary or otherwise) whose beneficiaries or objects include any of those of (a), (b), (c) and (d) above;

As at the date of the Report, the total number of the shares of the Company (the "Shares") available for issue under the Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the Shares in issue of the Company on the day on which trading of the Shares commenced on the Stock Exchange, i.e. 55,000,000, representing 10% of the issued share capital of the Company as at the date of listing.

The number of the Shares issuable upon exercise of the options which may be granted under the Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each Participant (other than the substantial shareholder, chief executive or Director as explained below) in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being. Any further grant of share options in excess of this limit is subject to the Shareholders' approval in a general meeting.

Share options granted to a Director, chief executive or substantial Shareholder of the Company, or to any of their respective associates (as defined under the GEM Listing Rules), are subject to approval in advance by the Independent Non-executive Directors (excluding any Independent Non-executive Director who is the grantee of the options). In addition, any share options granted to a substantial Shareholder of the Company or an Independent Non-executive Director, or to any of their respective associates, in excess of 0.1% of the Shares in issue with an aggregate value (based on the closing price of the Shares at the date of the grant) in excess of HK$5 million, in the 12-month period up to and including the date of grant, are subject to the Shareholders' approval in the general meeting.

The offer of a grant of share options may be accepted by a Participant within 28 days from the date of offer upon payment of a nominal consideration of HK$1 by the grantee. The exercise period for the share options granted is determined by the Board, which may commence from the date of acceptance of the offer for the grant of share options but shall end in any event not later than 10 years from the date of the conditional adoption of the Scheme by the sole Shareholder subject to the provisions for early termination under the Scheme.

The subscription price for the Shares under the Scheme shall be a price determined by the Board at its sole discretion and shall be no less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer for the grant, which must be a business day, (ii) the average closing prices of the Shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of the offer for the grant; and (iii) the nominal value of the Share.

Subject to the earlier termination of the Scheme in accordance with the Scheme rules, the Scheme will remain effective until 26 April 2021.

As at the date of the Report, the Company had not granted any option to the Participants and there were no outstanding share options under the Scheme.

Apart from the aforesaid, at no time during the Financial Year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors and substantial Shareholders or any of their associates to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS

The Directors during the Financial Year and up to the date of the Report were:

Executive Directors

Mr. Yeung Tin Hung *(Chairman)*
Mr. Yeung Shing Wai
Mr. Chen Tian Gang
Mr. Zhou Yu Hui (resigned on 31 October 2012)
Mr. Ho Chun Kit Gregory (appointed on 8 May 2013)

Non-executive Director

Mr. Wong Chi Yung

Independent Non-executive Directors

Mr. Li Hin Lung
Mr. Chan Kai Wo
Mr. Chua Hoon Chong

In accordance with Article 83(3) of the Company's Articles of Association, Mr. Ho Chun Kit Gregory who was appointed subsequent to the annual general meeting of the Company held on 31 July 2012, shall hold office only until the 2013 Annual General Meeting and, being eligible, will offer himself for re-election at the 2013 Annual General Meeting.

In accordance with Article 84 of the Company's Articles of Association, Messrs. Yeung Shing Wai, Chen Tian Gang and Wong Chi Yung will retire by rotation at the 2013 Annual General Meeting and, being eligible, offer themselves for re-election save and except Mr. Chen Tian Gang who will not offer himself for re-election.

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the 2013 Annual General Meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's business to which the Company, any of its subsidiaries, fellow subsidiaries or its parent company was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the Financial Year or at any time during the Financial Year.

BIOGRAPHICAL DETAILS OF DIRECTORS

Brief biographical details of Directors are as follows:

Executive Directors

Mr. Yeung Tin Hung, aged 56, has been an Executive Director and the Chairman since 25 June 2010. Mr. Yeung Tin Hung has accumulated over 25 years of experience in the power and data cord industry. From 1982 to 1987, he worked at Ming Tak Electrical Co (which was principally engaged in the manufacture of power cords) and was responsible for the management and production. He then set up Sun Fair Electric Wire & Cable Company Limited in 1990 and was responsible for production management and products engineering and development. He is currently responsible for overall strategic planning and direction of the Group.

Mr. Yeung Shing Wai, aged 27, has been an Executive Director since 23 November 2010. He is also the compliance officer and authorised representative of the Company in compliance with the GEM Listing Rules. He is currently the senior manager of the Group and has been responsible for the management of finance, sales and marketing of the Group since February 2009. Mr. Yeung Shing Wai has about eight years of experience in the power and data cord industry since he joined the Group in 2004. He served as a manager in the sales and marketing department of the Group from January 2004 to February 2009. Mr. Yeung Shing Wai is the son of Mr. Yeung Tin Hung.

Mr. Chen Tian Gang, aged 39, has been an Executive Director since 23 November 2010. He has also been the deputy general manager of the Group since January 2002. He is responsible for the management of production and quality assurance of the Group. He also assists the general manager in the daily operation of the Group. Mr. Chen joined the Group after graduating from 福建農林大學(Fujian Agricultural and Forestry University formerly known as 福建農業大學), majoring in tea studies in 1995. He had served as the department head of the raw materials department and the head of production unit of the Group. Mr. Chen joined 寶安區松崗三輝電線廠(Baoan District Songgang Sun Fair Wire Factory) in 1995 and has over 15 years of experience in the power and data cord industry. Mr. Chen is the nephew of Mr. Yeung Tin Hung.

Mr. Ho Chun Kit Gregory, aged 35, has been an Executive Director since 8 May 2013. He holds a bachelor degree in business accounting from Monash University of Australia and is a member of the Certified Public Accountants of Australia. Mr. Ho worked for several international accounting and business advisory firms for more than 10 years in providing corporate finance, mergers and acquisition, accounting and tax, corporate restructuring and advisory services to corporate clients, including listed companies. Mr. Ho subsequently set up his own corporate advisory firm. Since January 2012, Mr. Ho has acted as an executive director of Seamless Green China (Holdings) Ltd. (stock code: 8150), a company listed on the Stock Exchange.

Non-executive Director

Mr. Wong Chi Yung, aged 29, has been an Non-executive Director since 3 June 2011. Mr. Wong started his career in an international accounting firm and for over 2 years focused on assurance and advisory business services. He was subsequently engaged as an operation controller in a company listed on the main board of the Stock Exchange, which is mainly engaged in the cinema business in the PRC. Mr. Wong holds a bachelor degree of business administration in Management of Organizations and Finance from the Hong Kong University of Science and Technology.

Independent Non-executive Directors

Mr. Li Hin Lung, aged 47, has been an Independent Non-executive Director since 27 April 2011. Mr. Li has over 12 years of experience in audit, tax advisory and company secretarial services. Mr. Li was employed by K.L Lee & Partners C.P.A. Limited as a senior auditor from 1997 to 2000. In 2000, Mr. Li started his own accounting firm, providing audit, tax advisory and company secretarial services. In 1991, Mr. Li obtained a higher certificate in accountancy from Hong Kong Polytechnic, currently known as the Hong Kong Polytechnic University. He is an associate of the Hong Kong Institute of Certified Public Accountants, an associate of the Association of Chartered Certified Accountants and a Certified Tax Adviser of the Taxation Institute of Hong Kong.

Mr. Chan Kai Wo, aged 51, has been an Independent Non-executive Director since 27 April 2011. He has been the director of the toys & hobbies department of The Refined Industry Co., Ltd since April 2011. In 1983, he obtained his higher diploma in mechanical engineering from Hong Kong Polytechnic, currently known as the Hong Kong Polytechnic University. He joined the group companies of Wong's International (Holdings) Limited in 1983 and from 1983 to 1993, he served in different positions such as mechanical engineer, assistant engineering manager, mechanical engineering manager and project manager and was responsible for products and parts mechanical designs, plastics and metal toolings fabrication, secondary process development such as electroless plating and paintings, worldwide customer communication and project co-ordinating. Wong's International (Holdings) Limited is listed on the Stock Exchange. In 1993, he was the engineering manager of Waysun Enterprise Co., Ltd. From 1994 to 2001, he joined The Refined Industry Co., Ltd. as a project engineering manager and the head of engineering department to monitor the design and engineering activities. From January 2002 to February 2011, he worked as a general manager for Ameroll Metal Products Co., Ltd and was responsible for overseeing all its functional departments and coordinating its strategic planning functions.

Mr. Chua Hoon Chong, aged 57, has been an Independent Non-executive Director since 27 April 2011. Mr. Chua has over 30 years of experience in the mechanical engineering industry. Mr. Chua was a mechanical engineer in the research and development department of Thomson Consumer Electronics Asia Pte Ltd. from 1980 to 1991. In 1992, Mr. Chua joined Emerson Network Power (Hong Kong) Limited (a subsidiary of Emerson Electric Co, a New York Stock Exchange listed company) as a principal mechanical engineer in the high power product design team, and was a mechanical engineering manager in the technical core engineering group when he left Emerson Network Power (Hong Kong) Limited in January 2009. Mr. Chua is a specialist in designing printed circuit boards, cabling and plastic boxes.

DIRECTORS' INTERESTS IN SHARES

As at 31 March 2013, the interests or short positions of the Directors, chief executives of the Company or their associates in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which are or were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors are as follows:

(i) Long position in the Shares

Name of Director	Capacity/ Nature of interest	Number of Shares held	Percentage of shareholding in the Company
Mr. Yeung Tin Hung	Settlor of a discretionary trust (Note)	385,000,000	70%
Mr. Yeung Shing Wai	Beneficiary of a trust (Note)	385,000,000	70%

(ii) Interest in associated corporation of the Company

Name of Director	Name of associated corporation	Capacity/ Nature of interest	Number of securities held	Percentage of shareholding in the Company
Mr. Yeung Tin Hung	Race Champion Holdings Limited	Settlor of a discretionary trust (Note)	2 shares	100%
Mr. Yeung Shing Wai	Race Champion Holdings Limited	Beneficiary of a trust (Note)	2 shares	100%

Note:

Fairson Holdings (BVI) Limited is a holding company interested in 70% of the issued share capital of the Company and is deemed to be an associated corporation pursuant to the SFO. The entire issued share capital of Fairson Holdings (BVI) Limited is wholly-owned by Race Champion Holdings Limited, which is in turn wholly-owned by TMF Trustees Singapore Limited, the trustee of The Race Champion Trust. The Race Champion Trust is a discretionary trust set up by Mr. Yeung Tin Hung as settlor and TMF Trustees Singapore Limited as trustee on 28 April 2011. Mr. Yeung Shing Wai is the beneficiary of The Race Champion Trust. Mr. Yeung Tin Hung as settlor of The Race Champion Trust and Mr. Yeung Shing Wai as beneficiary of The Race Champion Trust, are taken to be interested in the 385,000,000 Shares held by Fairson Holdings (BVI) Limited pursuant to Part XV of the SFO as at 31 March 2013. Mr. Yeung Tin Hung as settlor of The Race Champion Trust revoked The Race Champion Trust on 3 May 2013 and transferred the trust to himself through Race Champion Holdings Limited which is then wholly owned by him.

Saved as disclosed above, as at 31 March 2013, none of the Directors, chief executives of the Company nor their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of 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 Division 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under the provision of the SFO), or which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as the Directors are aware, as at 31 March 2013, the following entities or persons (not being a Director or chief executive of the Company) had an interest and short position of 5% or more in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provision of Division 2 and 3 of Part XV of the SFO, or which are required to be disclosed pursuant to section 336 of the SFO:

Long positions in the Shares

Name of Shareholder	Capacity/ Nature of interest	Number of Shares held	Percentage of shareholding in the Company
TMF Trustees Singapore Limited	Trustee	385,000,000	70%
Race Champion Holdings Limited	Interest in a controlled corporation	385,000,000	70%
Fairson Holdings (BVI) Limited	Registered owner	385,000,000	70%

Note:

These shares are registered in the name of and beneficially owned by Fairson Holdings (BVI) Limited. The entire issued share capital of Fairson Holdings (BVI) Limited is wholly-owned by Race Champion Holdings Limited, which is in turn wholly-owned by TMF Trustees Singapore Limited, the trustee of The Race Champion Trust. The Race Champion Trust is a discretionary trust set up by Mr. Yeung Tin Hung as settlor and TMF Trustees Singapore Limited as trustee on 28 April 2011. Mr. Yeung Shing Wai is the beneficiary of The Race Champion Trust. Mr. Yeung Tin Hung, as settlor of The Race Champion Trust and Mr. Yeung Shing Wai as beneficiary of The Race Champion Trust, are taken to be interested in the 385,000,000 Shares held by Fairson Holdings (BVI) Limited pursuant to Part XV of the SFO as at 31 March 2013. Mr. Yeung Tin Hung as settler of The Race Champion Trust revoked The Race Champion Trust on 3 May 2013 and transferred the trust to himself through Race Champion Holdings Limited which is then wholly owned by him.

INTERESTS OF OTHER PERSONS

So far as is known to any Directors or chief executive of the Company, as at 31 March 2013, no person other than the Directors and substantial shareholders, whose interests are set out above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to section 336 of the SFO.

MANAGEMENT CONTRACT

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

CHARITABLE DONATIONS

During the Financial Year, the Group made charitable donations amounting to approximately HK$10,000 (2012: HK$Nil).

MAJOR SUPPLIERS AND CUSTOMERS

The information in respect of the Group's total purchases and sales attributable to the Group's major suppliers and customers respectively during the Financial Year is as follows:

	Approximate percentage of the Group's total
Purchases	
– the largest supplier	17%
– five largest suppliers in aggregate	54%
Sales	
– the largest customer	23%
– five largest customers in aggregate	70%

None of the Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had an interest in any of the Group's five largest suppliers or customers.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation from each Independent Non-executive Director confirming his independence pursuant to rule 5.09 of the GEM Listing Rules. The Company considers all of the Independent Non-executive Directors to be independent.

CONNECTED TRANSACTIONS

A summary of the related parties transactions entered into by the Group during the Financial Year is disclosed in note 31 to the financial statements.

The following connected transactions between certain connected parties (as defined in the GEM Listing Rules) and the Group have been entered into during the Financial Year and/or are ongoing for which relevant announcements, if necessary, had been made by the Company in accordance with Chapter 20 of the GEM Listing Rules.

On 1 March 2013, the Group entered into the sale and purchase agreement with the minority shareholder of its subsidiaries and conditionally agreed to dispose of the 70% equity interest of the subsidiaries for the business segment of copper wires at a consideration of HK$1, which was completed on 14 March 2013. A net gain on the Disposal of Subsidiaries of approximately HK$4,016,000 was recognised upon the completion of the Disposal of Subsidiaries. The sale proceeds from the Disposal of Subsidiaries were used as general working capital of the Group.

To the best knowledge of the Directors, no other connected transactions entered into during the Financial Year fall under the definition of connected transactions under the GEM Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of the Report, the Directors believe that the number of securities of the Company which are on the hands of the public is above the relevant prescribed minimum percentage under the GEM Listing Rules.

COMPETING BUSINESS

Neither of the Directors, the compliance adviser of the Company, the substantial Shareholders nor their respective associates (as defined in the GEM Listing Rules) is or was interested in any business apart from the Group's business, that competes or competed or is or was likely to compete, either directly or indirectly, with the Group's business at any time during the Financial Year.

EMOLUMENTS POLICY

The emolument policy for the employees of the Group is set up by the management on the basis of their merit, qualifications and competence.

The emoluments of the Directors for the Financial Year are decided by the Board, having regard to the Group's operating results, their duties and responsibilities, individual performance and comparable market statistics, and have been reviewed by the remuneration committee of the Company during the Financial Year.

EVENTS AFTER THE REPORTING DATE

Details of significant events occurring after the reporting date are set out in Note 32 to the financial statements.

INTERESTS OF THE COMPLIANCE ADVISER

As notified by Quam Capital Limited ("Quam"), the compliance adviser of the Company, neither Quam nor any of its directors, employees or associates (as referred to in rule 6A.32 of the GEM Listing Rules) had any interests in the securities of the Company, or any rights to subscribe for or to nominate persons to subscribe for the securities of the Company as at 31 March 2013. Pursuant to the compliance advisory agreement dated 6 May 2011 entered into between Quam and the Company, Quam has received and will receive fees for acting as the compliance adviser of the Company.

AUDITOR

On 31 July 2012, PricewaterhouseCoopers, the auditor of the Company for the years ended 31 March 2011 and 2012 resigned and ANDA CPA Limited has been appointed as the auditor of the Company since then. The financial statements for the Financial Year have been audited by ANDA CPA Limited who will retire and, being eligible, offer themselves for re-appointment in the 2013 Annual General Meeting.

On behalf of the Board

Yeung Tin Hung
Chairman
Hong Kong, 24 June 2013

Pursuant to rule 18.44 of the GEM Listing Rules, the Board is pleased to present this corporate governance report for the Financial Year. This report highlights the key corporate governance practices of the Company.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high standards of corporate governance to safeguard the interests of the Shareholders and enhance its corporate value. The Company's corporate governance practices are based on the principles, code provisions and certain recommended best practices as set out in the Corporate Governance Code and Corporate Governance Report in Appendix 15 to the GEM Listing Rules (the "CG Code").

During the Financial Year, the Company had complied with the code provisions in the CG Code with the exception of the CG Code provision A.2.1 and A.6.7. Details of such deviation will be explained below.

BOARD OF DIRECTORS

The Company is governed by the Board, which is responsible for overseeing the overall strategy and development of the Company, as well as monitoring the internal control policies of the Group and evaluating the financial performance of the Group. The Board sets the overall strategies and directions for the Group with a view to developing its business and enhancing the shareholders' value. The Non-executive Director and Independent Non-executive Directors serve the relevant function of bringing independent judgement on the development, performance and risk management of the Group through their contributions in Board meetings. They are also serving on the audit committee, remuneration committee and nomination committee.

Minutes of Board meetings and meetings of Board committees are kept by duly appointed secretaries of the respective meetings and all Directors have access to Board papers and related materials, and are provided with adequate information on a timely manner, which enable the Board to make an informed decision on matters placed before it.

The Board currently comprises four Executive Directors, one Non-executive Director and three Independent Non-executive Directors. During the Financial Year, the Board held eighteen meetings. Individual attendance of each Board member at the Board meetings and general meeting held during the Financial Year is as follows:

Name		Attended/eligible to attend Board meeting	Attended/eligible to attend general meeting
Executive Directors			
Mr. Yeung Tin Hung	*(Chairman)*	18/18	1/1
Mr. Yeung Shing Wai		18/18	1/1
Mr. Chen Tian Gang		16/18	0/1
Mr. Zhou Yu Hui	(resigned on 31 October 2012)	10/18	0/1
Mr. Ho Chun Kit Gregory	(appointed on 8 May 2013)	0/0	0/0
Non-executive Director			
Mr. Wong Chi Yung		15/18	1/1
Independent Non-executive Directors			
Mr. Li Hin Lung		15/18	1/1
Mr. Chua Hoon Chong		15/18	0/1
Mr. Chan Kai Wo		9/18	0/1

Corporate Governance Report

In compliance with rules 5.05(1) and (2) of the GEM Listing Rules, the Company has appointed a sufficient number of Independent Non-executive Directors with at least one of them having appropriate professional qualifications or accounting or related financial management expertise. The Independent Non-executive Directors, together with the Executive Directors and Non-executive Director, ensure that the Board prepares its financial and other mandatory reports in strict compliance with the relevant standards and that appropriate systems are in place to protect the interests of the Company and the Shareholders.

The term of appointment of each Non-executive Director is for a period of three years, 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.

CG Code provision A.6.7 requires that Independent Non-executive Directors and other Non-executive Directors shall attend general meetings and develop a balanced understanding of the views of Shareholders. Messrs. Chua Hoon Chong and Chan Kai Wo, both being the Independent Non-executive Directors, did not attend the Company's annual general meeting during the Financial Year due to their other unexpected business engagement.

The biographical details of the Directors are set out in the section "Biographical Details of Directors" in the Report of the Directors of the Report. Their relationships are as follows: Mr. Yeung Shing Wai is the son of Mr. Yeung Tin Hung; Mr. Chen Tian Gang is the nephew of Mr. Yeung Tin Hung.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The CG Code provision A.2.1 stipulates that the roles of the chairman of the Board (the "Chairman") and the chief executive officer (the "CEO") should be separate and should not be performed by the same individual. Mr. Yeung Tin Hung was the Chairman and the CEO during the Financial Year, responsible for the management of the Board and the operation of the Group. The Board considered that Mr. Yeung Tin Hung has thorough understanding and expertise regarding the business operations of the Group and thus enabling him to make appropriate decisions which are in the interests of the Shareholders as a whole on a timely manner. Considering the present size of the Company and the scope of business of the Group, there is no imminent need to separate the roles of the Chairman and the CEO. However, the Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of the Chairman and the CEO is necessary.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the rules set out in rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for dealing in securities of the Company by the Directors (the "Required Standards of Dealings"). The Company has confirmed, having made specific enquiry of the Directors, all the Directors have complied with the Required Standards of Dealings during the Financial Year.

COMMITTEES

As part of the corporate governance practices, the Board has established the remuneration committee, nomination committee and audit committee. The composition of all the committees is set out below. The terms of reference of all committees are established in accordance with the principles set out in the CG Code.

REMUNERATION COMMITTEE

The Company established a remuneration committee on 27 April 2011 with written terms of reference. The remuneration committee currently comprises one Executive Director and two Independent Non-executive Directors.

The primary duties of the remuneration committee are formulating remuneration policies, determining the specific remuneration packages of Executive Directors and senior management and making recommendations to the Board on the remuneration of all Directors.

During the Financial Year, the remuneration committee has not held any meeting as the Company has not made any assessment for the remuneration of the Directors and senior management.

NOMINATION COMMITTEE

The Company established a nomination committee on 27 April 2011 with written terms of reference. The nomination committee currently comprises one Executive Director and two Independent Non-executive Directors.

The primary duties of the nomination committee are reviewing the structure, size and composition of the Board, formulating relevant procedures for nomination of directors, identifying qualified individuals to become members of the Board and making recommendations to the Board on the appointment or re-appointment of Directors.

During the Financial Year, the nomination committee has not held any meeting as the Company has not nominated any directors during the Financial Year.

AUDIT COMMITTEE

The Company established an audit committee on 27 April 2011 with written terms of reference in compliance with rules 5.28 to 5.29 of the GEM Listing Rules. The audit committee currently comprises three Independent Non-executive Directors.

The audit committee has reviewed the results of the Group for the Financial Year. The audit committee considered that the relevant financial statements have been prepared in compliance with the applicable accounting principles and requirements of the Stock Exchange and disclosures have been fully made.

The primary duties of the audit committee are to review the internal control policies annually, the financial reporting systems and procedures of the Group, to review the financial statements and reports of the Group, and to review the terms of engagement and scope of audit work of the external auditors.

During the Financial Year, the audit committee held six meetings. Individual attendance of each member at the committee meetings held during the Financial Year is as follows:

Name	Attended/eligible to attend
Independent Non-executive Directors	
Mr. Li Hin Lung *(Chairman)*	6/6
Mr. Chua Hoon Chong	6/6
Mr. Chan Kai Wo	3/6

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for overseeing the preparation of the financial statements of the Company and the Group. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern.

EXTERNAL AUDITORS AND THEIR REMUNERATION

The statement of the external auditor of the Group about their reporting responsibilities on the consolidated financial statements for the Financial Year is set out in the Independent Auditor's Report included in the Report.

During the Financial Year, remuneration paid and payable to the external auditors of the Group are approximately HK$0.4 million and approximately HK$0.1 million for the audit and other professional services respectively.

INTERNAL CONTROL

The Board is responsible for maintaining a sound and effective internal control system in order to safeguard the interests of the Shareholders and the assets of the Group against unauthorised use or disposition, ensuring maintenance of proper books and records for the provision of reliable financial information, and ensuring compliance with the relevant rules and regulations.

The audit committee reviewed the overall effectiveness of the internal control system and reported its findings and made recommendations to the Board. The Directors have conducted a review of the effectiveness of the Group's internal control system for the Financial Year. The Board would continue to assess the effectiveness of internal controls by considering reviews performed by the audit committee and executive management.

CONTINUOUS PROFESSIONAL DEVELOPMENT

During the Financial Year, all Directors have participated in continuous professional development by attending training provided by the Company's legal advisers in relation to update of the change of GEM Listing Rules or reading the relevant materials to develop and refresh their knowledge and skills.

CORPORATE GOVERNANCE FUNCTIONS

The Board as a whole is responsible for performing the corporate governance duties including:

(a) to develop and review the Company's policies and practices on corporate governance;

(b) to review and monitor the training and continuous professional development of Directors and senior management;

(c) to review and monitor the Company's policies and practices in compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and

(e) to review the Company's compliance with the code and disclosure on the Corporate Governance Report.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with the Shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Company also recognizes the importance of transparency and timely disclosure of corporate information, which will enable the Shareholders and investors to make the best investment decisions.

The disclosure of the Group's information in a reasonable and timely manner by the Board is to facilitate the Shareholders as well as the investors to have a better understanding in relation to the business performance, operations and strategies of the Group.

The corporate websites of the Company (www.sunfairw.com.hk and www.irasia.com/listco/hk/fairson) which allow the Company's potential and existing investors as well as the public to assess and acquire the up-to-date company and financial information.

The Shareholders are provided with contact details of the Company, such as telephone number, fax number, email address and postal address, in order to enable them to make any query that they may have with respect to the Company. They can also send their enquiries to the Board through these means. The contact details of the Company are provided in the Report and the Company's website.

The Board welcomes views of the Shareholders and encourages them to attend general meetings to raise any concerns they might have with the Board or the management directly. Board members and appropriate senior management of the Group are available at the meetings to answer any questions raised by the Shareholders.

PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

To safeguard the Shareholders' interests and rights, separate resolutions are proposed at the Shareholders' meetings on each substantial issue, including the election of individual Directors, for the Shareholders' consideration and voting. Further, pursuant to the Articles of Association, any one or more Shareholder(s) holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition.

The Shareholders may send written enquiries to the principal place of business of the Company in Hong Kong for putting forward any enquiries or proposals to the Board.

For the avoidance of doubt, the Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the principal place of business of the Company in Hong Kong and provide their full name, contact details and identification in order to give effect thereto. The Shareholders' information may be disclosed as required by law.

CONSTITUTIONAL DOCUMENTS

There are no significant changes in the Company's constitutional documents during the Financial Year.

Independent Auditor's Report

ANDA
CPA Limited
安達會計師事務所有限公司

TO THE SHAREHOLDERS OF FAIRSON HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Fairson Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 29 to 85, which comprise the consolidated and Company statements of financial position as at 31 March 2013, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2013, and of the Group's results 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.

ANDA CPA Limited
Certified Public Accountants
Sze Lin Tang
Practising Certificate Number P03614

Hong Kong, 24 June 2013

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2013

	Note	2013 HK$	2012 HK$
Continuing operations			
Turnover	5	**146,068,544**	137,204,894
Cost of sales		**(120,939,652)**	(108,991,919)
Gross profit		**25,128,892**	28,212,975
Other gains/(losses) – net	6	**2,927,106**	(1,177,687)
Selling expenses		**(5,581,935)**	(4,340,505)
Administrative expenses		**(28,857,830)**	(26,469,752)
Operating loss	7	**(6,383,767)**	(3,774,969)
Finance income	9	**19,263**	15,289
Finance costs	9	**(652,510)**	(726,885)
Loss before income tax		**(7,017,014)**	(4,486,565)
Income tax credit/(expense)	10	**136,030**	(1,144,137)
Loss for the year from continuing operations		**(6,880,984)**	(5,630,702)
Discontinued operation			
Loss for the year from discontinued operation	11	**(5,807,398)**	(4,999,093)
Loss for the year		**(12,688,382)**	(10,629,795)
Other comprehensive income:			
Reclassification of change in fair value/(change in fair value) of available-for-sale financial assets		**191,847**	(191,847)
Currency translation differences		**28,084**	263,617
Total comprehensive loss for the year		**(12,468,451)**	(10,558,025)
Loss for the year attributable to:			
Owners of the Company			
Loss from continuing operations		**(6,880,984)**	(5,630,702)
Loss from discontinued operation		**(2,821,940)**	(3,371,720)
Loss attributable to owners of the Company		**(9,702,924)**	(9,002,422)
Loss from discontinued operation attributable to non-controlling interests		**(2,985,458)**	(1,627,373)
		(12,688,382)	(10,629,795)

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2013

	Note	2013 HK$	2012 HK$
Total comprehensive loss for the year attributable to:			
Owners of the Company			
Total comprehensive loss from continuing operations		**(6,661,053)**	(5,558,932)
Total comprehensive loss from discontinued operation		**(2,821,940)**	(3,434,469)
Total comprehensive loss attributable to owners of the Company		**(9,482,993)**	(8,993,401)
Total comprehensive loss from discontinued operation attributable to non-controlling interests		**(2,985,458)**	(1,564,624)
		(12,468,451)	(10,558,025)
Loss per share attributable to owners of the Company during the year (expressed in HK cents per share)			
– Basic and diluted	14		
From continuing operations		**(1.25)**	(1.05)
From discontinued operation		**(0.51)**	(0.62)
		(1.76)	(1.67)
Dividend	13	**–**	–

Consolidated Statement of Financial Position

As at 31 March 2013

	Note	2013 HK$	2012 HK$
ASSETS			
Non-current assets			
Property, plant and equipment	15	**21,021,641**	28,008,676
Goodwill	16	**5,363,566**	7,891,161
Available-for-sale financial assets	17	**1,110,739**	2,541,278
Other non-current assets	20	**878,435**	650,000
		28,374,381	39,091,115
Current assets			
Inventories	19	**17,760,397**	21,738,090
Trade and other receivables	20	**45,445,997**	56,147,289
Financial assets at fair value through profit or loss	21	**640**	839,660
Pledged deposits	22	**1,510,837**	5,510,226
Cash and cash equivalents	22	**12,709,788**	19,921,494
		77,427,659	104,156,759
Total assets		**105,802,040**	143,247,874
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	23	**550,000**	550,000
Reserves	24	**53,405,003**	63,034,410
		53,955,003	63,584,410
Non-controlling interests		**–**	835,376
Total equity		**53,955,003**	64,419,786

Consolidated Statement of Financial Position

As at 31 March 2013

	Note	2013 HK$	2012 HK$
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	27	**973,694**	973,694
Current liabilities			
Trade and other payables	25	**37,052,606**	39,736,598
Amount due to a director	31	**829,265**	4,207,422
Amount due to the minority shareholder of a subsidiary	31	**–**	1,241,812
Current income tax liabilities		**6,324,805**	6,576,464
Borrowings	26	**6,666,667**	26,092,098
		50,873,343	77,854,394
Total liabilities		**51,847,037**	78,828,088
Total equity and liabilities		**105,802,040**	143,247,874
Net current assets		**26,554,316**	26,302,365
Total assets less current liabilities		**54,928,697**	65,393,480

Approved and authorized for issue by the Board of Directors on 24 June 2013

Yeung Tin Hung
Director

Yeung Shing Wai
Director

Statement of Financial Position

As at 31 March 2013

	Note	2013 HK$	2012 HK$
ASSETS			
Non-current asset			
Investment in subsidiaries	18	**24,902,564**	28,067,442
Current assets			
Prepayments		**162,328**	161,353
Cash and cash equivalents	22	**18,844**	–
		181,172	161,353
Total assets		**25,083,736**	28,228,795
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	23	**550,000**	550,000
Reserves	24	**24,073,649**	26,954,095
Total equity		**24,623,649**	27,504,095
LIABILITIES			
Current liabilities			
Accruals and other payables		**155,887**	420,500
Amount due to a subsidiary	31	**304,200**	304,200
Total liabilities		**460,087**	724,700
Total equity and liabilities		**25,083,736**	28,228,795
Net current liabilities		**(278,915)**	(563,347)
Total assets less current liabilities		**24,623,649**	27,504,095

Approved and authorized for issue by the Board of Directors on 24 June 2013

Yeung Tin Hung
Director

Yeung Shing Wai
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2013

	Attributable to owners of the Company								
	Share capital HK$	Share premium HK$	Statutory reserve HK$	Other reserve HK$	Translation reserve HK$	Retained earnings HK$	Total HK$	Non-controlling interests HK$	Total HK$
Balance at 1 April 2011	–	–	2,181,559	–	–	40,315,837	42,497,396	–	42,497,396
Loss for the year	–	–	–	–	–	(9,002,422)	(9,002,422)	(1,627,373)	(10,629,795)
Other comprehensive income:									
Change in fair value of available-for-sale financial assets	–	–	–	(191,847)	–	–	(191,847)	–	(191,847)
Currency translation differences	–	–	–	–	200,868	–	200,868	62,749	263,617
Total comprehensive loss for the year	–	–	–	(191,847)	200,868	(9,002,422)	(8,993,401)	(1,564,624)	(10,558,025)
Issuance of shares upon placing, net of share issuance expenses (Note 23)	550,000	29,530,415	–	–	–	–	30,080,415	–	30,080,415
Capital contribution from non–controlling interests	–	–	–	–	–	–	–	2,400,000	2,400,000
Transfer to statutory reserve	–	–	320,476	–	–	(320,476)	–	–	–
Balance at 31 March 2012	550,000	29,530,415	2,502,035	(191,847)	200,868	30,992,939	63,584,410	835,376	64,419,786
Balance at 1 April 2012	**550,000**	**29,530,415**	**2,502,035**	**(191,847)**	**200,868**	**30,992,939**	**63,584,410**	**835,376**	**64,419,786**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(9,702,924)**	**(9,702,924)**	**(2,985,458)**	**(12,688,382)**
Other comprehensive income:									
Reclassification of change in fair value of available-for-sale financial assets	**–**	**–**	**–**	**191,847**	**–**	**–**	**191,847**	**–**	**191,847**
Currency translation differences	**–**	**–**	**–**	**–**	**28,084**	**–**	**28,084**	**–**	**28,084**
Total comprehensive loss for the year	**–**	**–**	**–**	**191,847**	**28,084**	**(9,702,924)**	**(9,482,993)**	**(2,985,458)**	**(12,468,451)**
Disposal of subsidiaries (Note 11)	**–**	**–**	**–**	**–**	**(146,414)**	**–**	**(146,414)**	**2,150,082**	**2,003,668**
Transfer to statutory reserve	**–**	**–**	**392,620**	**–**	**–**	**(392,620)**	**–**	**–**	**–**
Balance at 31 March 2013	**550,000**	**29,530,415**	**2,894,655**	**–**	**82,538**	**20,897,395**	**53,955,003**	**–**	**53,955,003**

Consolidated Statement of Cash Flows

For the year ended 31 March 2013

	Note	2013 HK$	2012 HK$
Cash flows from operating activities			
Cash generated from/(used in) operations	28	**7,658,278**	(5,574,387)
Income tax paid		**(115,629)**	(375,366)
Net cash generated from/(used in) operating activities		**7,542,649**	(5,949,753)
Cash flows from investing activities			
Purchase of property, plant and equipment	15	**(6,198,795)**	(16,786,194)
Proceeds from disposal of property, plant and equipment	28	**8,148,770**	15,210
Proceeds from disposal of financial assets through profit or loss		**–**	1,040,186
Decrease/(increase) in pledged deposits	22	**3,999,389**	(2,986,402)
Proceeds from disposal of subsidiaries	11	**1**	–
Expenses for disposal of subsidiaries	11	**(64,537)**	–
Net cash outflow on disposal of subsidiaries	11	**(349,439)**	–
Acquisition of financial assets		**–**	(3,777,277)
Payment for non-current assets	20	**(228,435)**	(650,000)
Interest received		**21,054**	16,529
Net cash generated from/(used in) investing activities		**5,328,008**	(23,127,948)
Cash flows from financing activities			
Proceeds from issuance of shares upon placing, net of share issuance expenses		**–**	30,080,415
Proceeds from borrowings		**11,023,513**	38,194,234
Repayments of borrowings		**(30,448,944)**	(27,406,905)
Capital contribution from non-controlling interests		**–**	2,400,000
Interest paid		**(652,510)**	(726,885)
Net cash (used in)/generated from financing activities		**(20,077,941)**	42,540,859
Net (decrease)/increase in cash and cash equivalents		**(7,207,284)**	13,463,158
Exchange differences		**(4,422)**	(49,005)
Cash and cash equivalents at beginning of year	22	**19,921,494**	6,507,341
Cash and cash equivalents at end of year	22	**12,709,788**	19,921,494

Notes to the Financial Statements

1 GENERAL INFORMATION

Fairson Holdings Limited (the "Company") was incorporated in the Cayman Islands on 25 June 2010 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is located at Flat A-B, 9th Floor, Yue Cheung Centre, 1-3 Wong Chuk Yeung Street, Fotan, Shatin, New Territories, Hong Kong.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in Note 18 to the financial statements.

The Company's shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

These financial statements are presented in Hong Kong dollars ("HK$"), unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). These financial statements have been prepared under the historical cost convention, as modified by the available-for-sale financial assets and financial assets at fair value through profit or loss.

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

(a) Amendments to existing standards effective for the financial year beginning on 1 April 2012 but have no impact to the Group's results and financial position;

- HKAS 12 (Amendment), 'Deferred tax: Recovery of underlying asset'
- HKFRS 7 (Amendment), 'Financial instruments: Disclosures – Transfers of financial assets'

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

(b) The following new and revised standards, amendments and interpretations which have been issued but are not yet effective for the financial year beginning on 1 April 2012 and have not been early adopted. The Group is assessing the impact of these standards. The Group will apply these standards from their effective dates.

		Effective for annual periods beginning on or after
HKAS 1 (Amendment)	Presentation of Items of Other Comprehensive Income	1 July 2012
HKFRSs (Amendment)	Annual Improvements to HKFRS 2009-2011 Cycle	1 January 2013
HKFRS 7 (Amendment)	Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
HKFRS 10	Consolidated Financial Statements	1 January 2013
HKFRS 11	Joint Arrangements	1 January 2013
HKFRS 12	Disclosures of Interest in Other Entities	1 January 2013
HKFRS 10, 11 and 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosures of Interest in Other Entities: Transition Guidance	1 January 2013
HKFRS 13	Fair Value Measurement	1 January 2013
HKAS 19 (as revised in 2011)	Employee Benefits	1 January 2013
HKAS 27 (as revised in 2011)	Separate Financial Statements	1 January 2013
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures	1 January 2013
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
HKFRS 10, 12 and HKAS 27 (Amendments)	Investment Entities	1 January 2014
HKAS 32 (Amendment)	Offsetting Financial Assets and Financial Liabilities	1 January 2014
HKFRS 9	Financial Instruments	1 January 2015
HKFRS 7 and 9 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transitional Disclosures	1 January 2015

The Group is in the process of making an assessment of what the impact of these amendments, revised, new standards and new interpretations would be in the period of initial application, but is not yet in a position to state whether they would have a significant impact to the Group's results and financial position.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Consolidation

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise from circumstances such as enhanced minority rights or contractual terms between shareholders, etc.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets and liabilities are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Except for business combination under common control, the Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest’s proportionate share of the recognised amounts of acquiree’s identifiable net assets.

Acquisition-related costs are expensed as incurred.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (the “CODM”). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors who makes strategic decisions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). These financial statements is presented in HK$, which is also the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents, trade and other receivables and trade and other payables are presented in the profit or loss within 'other gains/(losses) – net'.

Translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary assets, such as equities classified as available-for-sale, are included in other comprehensive income.

(c) Group companies

The results and financial position of all the Group's entities (none of which has the currency of a hyper-inflationary 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 statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) Income and expenses for the consolidated statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) All resulting exchange differences are recognised in other comprehensive income.

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. Exchange differences arising are recognised in other comprehensive income. When a foreign entity is sold, such exchange differences are recognized in consolidated profit or loss as part of the gain or loss on disposal.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Property, plant and equipment

Leasehold land classified as finance lease and all other property, plant and equipment are stated in the consolidated statement of financial position at cost less accumulated depreciation and impairment losses (see Note 2.7). Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Leasehold land classified as finance lease commences amortisation from the time when the land interest becomes available for its intended use. Amortisation on leasehold land classified as finance lease and depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Leasehold land classified as finance lease	Unexpired term of land lease
Buildings	Shorter of the unexpired term of land lease and 40 years
Moulding and equipment	5 years
Motor vehicles	4 years
Furniture and office equipment	4 years
Leasehold improvements	Shorter of 4 years and the term of lease

The property, plant and equipment's residual value and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The property, plant and equipment's carrying amount is written down immediately to its recoverable amount if the property, plant and equipment's carrying amount is greater than its estimated recoverable amount (see Note 2.7).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in consolidated profit or loss on the date of retirement or disposal.

2.6 Goodwill

The excess of the cost of acquisition over the Company's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Company.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Goodwill (Continued)

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2.7 Impairment of non-financial assets

Assets that have an indefinite useful life is not subject to amortisation and is tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.8 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If the collections of loans and receivables are expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables' in the consolidated statement of financial position (Note 2.12).

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Financial assets (Continued)

(b) Recognition and measurement

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

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in consolidated profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in consolidated profit or loss.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the consolidated profit or loss within 'other gains/(losses) – net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated profit or loss as part of other income when the Group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in the consolidated profit or loss as 'other gains/(losses) – net'.

Dividends on available-for-sale equity instruments are recognised in the consolidated profit or loss as part of other income when the Group's right to receive payments is established.

2.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Impairment of financial assets

(a) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is an objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is an objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is an objective evidence of an impairment loss include:

– significant financial difficulty of the issuer or obligor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– the Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;

– it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;

– the disappearance of an active market for that financial asset because of financial difficulties; or

– observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

  (i) adverse changes in the payment status of borrowers in the portfolio;

  (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether an objective evidence of impairment exists.

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the impairment loss is recognised in the consolidated profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Impairment of financial assets (Continued)

(b) Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is an objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for 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 that financial asset previously recognised in the consolidated profit or loss – is removed from other comprehensive income and recognised in the consolidated profit or loss. Impairment losses recognised in the consolidated profit or loss on equity instruments are not reversed through the consolidated profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the consolidated profit or loss, the impairment loss is reversed through the consolidated profit or loss.

2.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.12 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.13 Cash and cash equivalents

Cash and cash equivalents includes deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2.14 Share capital

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

2.15 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated profit or loss over the period of the borrowings using the effective interest method.

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

2.17 Borrowing costs

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

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

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

2.18 Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Income tax is recognised in the consolidated profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the income tax is recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Current and deferred income tax (Continued)

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

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.19 Employee benefits

(a) Pension obligations

The Group operates a defined contribution plan, the mandatory provident fund scheme for all qualifying employees in Hong Kong, the assets of which are held in separate trustee-administered funds. The Group's contributions to the defined contribution plan are calculated at 5% of the salaries and wages subject to a monthly maximum amount of mandatory contribution of HK$1,250 per employee and vested fully with employees when contributed into the mandatory provident fund scheme. The contributions paid by the Group are charged to the consolidated profit or loss in the year incurred.

Pursuant to the relevant local regulations in the PRC, the PRC subsidiaries of the Group participate in government retirement benefit schemes and are required to contribute to the scheme to fund the retirement benefits of the eligible employees. Contributions made to the schemes are calculated based on certain percentages of the applicable payroll costs or fixed sums for each employee with reference to a salary scale, as stipulated under the relevant local regulations in the PRC. The Group has no further obligation beyond the required contributions. The contributions under the schemes are expensed in the consolidated profit or loss as incurred.

(b) Bonus plan

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's owners after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(c) Other employee benefits

Salaries, paid annual leave and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. The amount recognised as a liability and an expense should be measured at the cost of providing the benefits.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Provisions

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

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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

2.21 Revenue recognition

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

The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities as, described below. The Group bases its estimates of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sale of goods

Sale of goods is recognised when products have been delivered to the Group's customer. Delivery does not occur until the products have been transported to the specified location, the risks of obsolescence and loss have been transferred to the customer, regardless of whether the customer has accepted the products in accordance with the sales invoice, the acceptance provisions have lapsed, or the Group has an objective evidence that all criteria for acceptance have been satisfied.

(b) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

2.22 Operating Leases

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating lease. Lease payments (net of any incentives received from the lessor) are recognized as an expense on a straight-line basis over the lease term.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Dividend distribution

Dividend distribution to the Company's owners is recognised as a liability in the financial statements in the period in which the dividend is approved by the Company's shareholders.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to reduce certain risk exposures.

(a) Market risk

(i) Foreign exchange risk

The Group operates mainly in Hong Kong and the PRC and is exposed to minimal foreign exchange risk arising from various currency exposures, primarily with respect to the Renminbi ("RMB") and United States dollar ("US$"). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities which are denominated in a currency that is not the functional currency of the Company and its subsidiaries.

The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(ii) Cash flow and fair value interest rate risk

Other than bank deposits with variable interest rate, the Group has no other significant interest-bearing assets. Management does not anticipate significant impact to interest-bearing assets resulted from the changes in interest rates, because the interest rates of bank deposits are not expected to change significantly.

The Group's interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. The Group has not hedged its cash flow interest rate risk. The interest rate and terms of repayments of borrowings are disclosed in Note 26.

As at 31 March 2013, if the interest rate on borrowings had been 100 basis points higher/lower with all other variables held constant, the Group loss after tax for the year would have been increased/decreased by approximately HK$56,000 (2012: approximately HK$129,000), mainly as a result of higher/lower interest expense on borrowings with floating interest rates.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk

The Group's credit risk is primarily attributable to deposits with banks, trade and other receivables, investments and cash transactions entered into for risk management purposes. Management has credit policies in place and exposures to these credit risks are monitored on an ongoing basis.

Trade receivables have a normal credit period ranging up to 120 days from the end of the month of invoice unless there is a separate mutual agreement on extension of the credit period. The Group maintains a well-defined credit policy and individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Debtors who have overdue payable are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables are set out in Note 20.

Other receivables are continuously monitored by assessing the credit quality of the counterparties, taking into account its financial position, past experience and other factors. Where necessary, impairment loss is made for estimated irrecoverable amounts. As at 31 March 2013, other receivables are fully performing.

Investments and cash transactions are executed with financial institutions or investment counterparties with sound credit ratings and the Group does not expect any significant counterparty risk.

As at 31 March 2013, the Group had a concentration of credit risk as the top 5 customers accounted for 63% (2012: 43%) of the Group's total year end trade receivables balance. However, the Group does not expect that the credit risk in relation to these customers is significant because they have no history of default in recent years.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with debt covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from banks and other financial institutions to meet their liquidity requirements in the short and longer term. Management believes there is no significant liquidity risk as the Group has sufficient committed facilities to fund their operations.

The following table details the remaining contractual maturities at the consolidated statement of financial position date to the contractual maturity date of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates at the year end date and the earliest date the Group can be required to pay):

	Within 1 year or on demand HK$
At 31 March 2013	
Trade and other payables	**37,052,606**
Amount due to a director	**829,265**
Borrowings	**6,717,958**
Total	**44,599,829**
At 31 March 2012	
Trade and other payables	39,736,598
Amount due to a director	4,207,422
Amount due to the minority shareholder of a subsidiary	1,241,812
Borrowings	26,532,011
Total	71,717,843

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

As at 31 March 2013, the banks have unconditional right to demand repayment of the bank borrowings. However, management does not expect the banks to exercise their unconditional rights to demand repayment of the bank borrowings immediately since the Group has complied with all the conditions, undertakings and bank covenants of the banking facilities. Based on the expected repayment dates with reference to the schedule of repayments set out in the term loan agreements, the Group has summarised the expected maturities at the year end date of the financial liabilities, which are based on undiscounted cash flows as follows:

	Within 1 year or on demand HK$	More than 1 year but within 2 years HK$	More than 2 years but within 5 years HK$	More than 5 years HK$	Total HK$
At 31 March 2013					
Trade and other payables	**37,052,606**	**–**	**–**	**–**	**37,052,606**
Amount due to a director	**829,265**	**–**	**–**	**–**	**829,265**
Borrowings	**6,051,291**	**708,115**	**–**	**–**	**6,759,406**
Total	**43,933,162**	**708,115**	**–**	**–**	**44,641,277**
At 31 March 2012					
Trade and other payables	39,736,598	–	–	–	39,736,598
Amount due to a director	4,207,422	–	–	–	4,207,422
Amount due to the minority shareholder of a subsidiary	1,241,812	–	–	–	1,241,812
Borrowings	16,424,989	5,700,651	3,889,196	961,554	26,976,390
Total	61,610,821	5,700,651	3,889,196	961,554	72,162,222

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital risk management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders, to support the Group's stability and growth; to earn a margin commensurate with the level of business and market risks in the Group's operation and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as 'Equity' as shown in the consolidated statement of financial position plus net debt.

During 2013, the Group's strategy, which was unchanged from 2012, was to lower the gearing ratio to an acceptable level of less than 30%. The gearing ratios at 31 March 2013 and 2012 were as follows:

	2013 HK$	2012 HK$
Total borrowings (Note 26)	**6,666,667**	26,092,098
Less: Cash and cash equivalents (Note 22)	**(12,709,788)**	(19,921,494)
Net (cash)/debt	**(6,043,121)**	6,170,604
Total equity	**53,955,003**	64,419,786
Total capital	**53,955,003**	70,590,390
Gearing ratio	**N/A**	8.7%

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation

All financial instruments are carried at amounts not materially different from their fair values as at 31 March 2013.

The financial instruments measured at fair value are disclosed by the following measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The fair value of financial instruments that are not traded in an active market, which primarily represented the investment funds, unlisted security and share call option are determined by using valuation techniques based on unobservable market data. The fair value measurement for these financial assets is included in level 3.

The following table presents the Group's assets that are measured at fair value at 31 March 2013 and 2012:

	Level 3 HK$
At 31 March 2013	
Available-for-sale financial assets	
– equity securities	**1,110,739**
Financial assets at fair value through profit or loss	
– call option	**640**
	1,111,379
At 31 March 2012	
Available-for-sale financial assets	
– equity securities	2,541,278
Financial assets at fair value through profit or loss	
– call option	839,660
	3,380,938

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

The following table presents the changes in level 3 financial instruments for the years ended 31 March 2013 and 2012.

	Financial assets at fair value through profit or loss HK$	Equity securities at available-for-sale financial assets HK$	Total HK$
At 1 April 2011	1,016,838	–	1,016,838
Disposals	(1,040,186)	–	(1,040,186)
Additions	1,044,152	2,733,125	3,777,277
Fair value loss recognised in other comprehensive income (Note)	–	(191,847)	(191,847)
Fair value loss recognised in consolidated profit or loss	(181,144)	–	(181,144)
At 31 March and 1 April 2012	**839,660**	**2,541,278**	**3,380,938**
Fair value/impairment loss recognised in consolidated profit or loss	**(839,020)**	**(1,430,539)**	**(2,269,559)**
At 31 March 2013	**640**	**1,110,739**	**1,111,379**

Note: The Group has reclassifed the fair value loss of HK$191,847 from other comprehensive income to consolidated profit or loss during the year ended 31 March 2013.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment. For the purposes of impairment reviews, the recoverable amount of goodwill is determined based on value-in-use calculations. The value-in-use calculations primarily use cash flow projections based on one to four-year financial budgets approved by management and estimated terminal value at the end of the one to four-year period. There are a number of assumptions and estimates involved in the preparation of cash flow projections for the period covered by the approved budgets. Key assumptions include the growth rates and selection of discount rates to reflect the risks involved. Management prepares the financial budgets reflecting actual and prior year performance and market development expectations. Judgment is required to determine key assumptions adopted in the cash flow projections and changes to key assumptions could affect these cash flow projections and therefore the results of the impairment reviews.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

(b) Useful lives of property, plant and equipment

The Group has significant investments in property, plant and equipment. The Group is required to estimate the useful lives of property, plant and equipment in order to ascertain the amount of depreciation charge for each reporting period.

Useful lives are estimated at the time of purchase of these assets after considering future technology changes, business developments and the Group's strategies. The Group performs annual reviews to assess the appropriateness of the estimated useful lives. Such review takes into account any unexpected adverse changes in circumstances or events, including declines in projected operating results, negative industry or economic trends and rapid advancement in technology. The Group extends or shortens the useful lives and/or makes impairment provisions according to the results of the review.

(c) Impairment of property, plant and equipment

Impairment of property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on fair value less costs to sell or value-in-use calculations. These calculations require the use of judgments and estimates.

Management judgment is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset value may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell or net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could affect the net present value used in the impairment test and as a result affect the Group's financial position and results of the operations.

(d) Impairment of inventories

The Group reviews the carrying value of its inventories to ensure that they are stated at the lower of cost and net realisable value. In assessing the net realisable value and making appropriate allowances, management identifies, using their judgment, inventories that are slow moving or obsolete, and considering their physical conditions, age, market conditions and market price for similar items.

(e) Impairment of receivables

Management determines the provision for impairment of trade and other receivables. This estimate is based on the credit history of its customers and the current market condition. Management reassesses the provision at each reporting date.

Significant judgment is exercised on the assessment of the collectability of trade receivables from each customer. In making the judgment, management considers a wide range of factors such as results of follow-up procedures performed by sales personnel, customer payment trends including subsequent payments and customers' financial positions. If the financial conditions of the customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

(f) Income tax

The Group is subject to current income tax in various jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred income tax provision in the period in which such determination is made.

In response to the change in the PRC transfer pricing requirement, the Group had conducted a transfer pricing study and made transfer pricing adjustments to re-allocate the profit of the Group attributable to the relative subsidiaries respectively in accordance with a transfer pricing benchmarking study with reference to Guo Shui Fa 2009 No. 2. Accordingly, current income tax provision has been made based on each of the subsidiaries' profit before tax after such transfer pricing adjustments. The Directors consider that sufficient tax provision has been made during the year.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

(g) Fair values of available-for-sale financial assets and financial assets at fair value through profit or loss

The Group makes reference to the independent valuer's valuations to determine the fair value of available-for-sale financial assets and financial assets at fair value through profit or loss which in turn are determined using various valuation techniques, including discounted cash flow models and option pricing models. Judgment is required in the calculation of such valuations. Changes in the underlying assumptions could materially impact consolidated profit or loss.

5 SEGMENT INFORMATION

The CODM has been identified collectively as the Executive Directors. The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports.

Management regularly reviews the operating results of the Group from a product category perspective. The reportable operating segments derive their turnover primarily from the manufacture and sales of power and data cords. Management assesses the performance of the following segments:

- Power cords and inlet sockets for household electric appliances
- Power and data cords for mobile handset and medical control devices
- Raw cables
- Copper wires (discontinued operation)

5 SEGMENT INFORMATION (CONTINUED)

Management assesses the performance of the operating segments based on the measure of gross profit.

The sales from trading of plant and equipment and other cables are not included in the reportable operating segments as the information is not reviewed by the CODM. The turnover and results of these operations are included in the 'all other segments' column.

The segment information provided to the CODM for the reportable segments for the years ended 31 March 2013 and 2012 is as follows:

	Continuing operations					Discontinued operation	
	Power cords and inlet sockets for household electric appliances	Power and data cords for mobile handsets and medical control devices	Raw cables	All other segments	Sub-total	Copper wires	Total
	HK$	HK$	HK$	HK$	HK$	HK$	HK$
For the year ended 31 March 2013							
Segment revenue	**26,428,978**	**118,196,997**	**34,430,085**	**675,961**	**179,732,021**	**15,346,264**	**195,078,285**
Inter-segment revenue	**–**	**–**	**(33,663,477)**	**–**	**(33,663,477)**	**(3,989,653)**	**(37,653,130)**
Segment revenue (from external customers)	**26,428,978**	**118,196,997**	**766,608**	**675,961**	**146,068,544**	**11,356,611**	**157,425,155**
Segment results	**3,438,784**	**21,530,417**	**7,557**	**152,134**	**25,128,892**	**(2,029,326)**	**23,099,566**
For the year ended 31 March 2012							
Segment revenue	46,817,794	85,254,755	28,043,051	449,791	160,565,391	38,292,737	198,858,128
Inter-segment revenue	–	–	(23,360,497)	–	(23,360,497)	–	(23,360,497)
Segment revenue (from external customers)	46,817,794	85,254,755	4,682,554	449,791	137,204,894	38,292,737	175,497,631
Segment results	7,917,411	20,185,120	(238,874)	349,318	28,212,975	(1,877,978)	26,334,997

Sales between segments are carried out in accordance with the terms mutually agreed between the respective parties. The revenue from external parties reported to the Group's senior management is measured in a manner consistent with that in the consolidated statement of comprehensive income.

5 SEGMENT INFORMATION (CONTINUED)

A reconciliation of segment results to loss before income tax is provided as follows:

	2013 HK$	2012 HK$
Segment results	**23,099,566**	26,334,997
Other gains/(losses) – net	**6,944,033**	(1,594,050)
Selling and administrative expenses	**(42,236,555)**	(33,516,249)
Operating loss	**(12,192,956)**	(8,775,302)
Finance costs – net	**(631,456)**	(710,356)
Loss before income tax	**(12,824,412)**	(9,485,658)

The total revenue from external customers in the PRC and Hong Kong is approximately HK$129,948,000 for the year ended 31 March 2013 (2012: approximately HK$154,565,000). The total revenue from external customers in the United States is approximately HK$19,176,000 for the year ended 31 March 2013 (2012: approximately HK$20,047,000). The total revenue from external customers in other countries is approximately HK$8,301,000 for the year ended 31 March 2013 (2012: approximately HK$886,000).

The total non-current assets located in Hong Kong are approximately HK$10,025,000 as at 31 March 2013 (2012: approximately HK$17,849,000). The total non-current assets located in other countries are approximately HK$18,349,000 as at 31 March 2013 (2012: approximately HK$21,242,000).

Details of the customers accounting for 10% or more of total revenue are as follows:

	2013 HK$	2012 HK$
Customer A	**36,348,808**	28,588,872
Customer B	**3,813,251** [1]	26,832,461
Customer C	**28,041,495**	26,520,549
Customer D	**19,174,261**	19,910,292
Customer E	**1,015,009** [1]	12,784,176
Customer F	**18,795,068**	8,470,086 [1]

1 Sales to these customers did not exceed 10% of total revenue in the respective years. These amounts were shown for comparative purpose.

5 SEGMENT INFORMATION (CONTINUED)

Breakdown of revenues from all activities is as follows:

	2013 HK$	2012 HK$
Sales of power cables, electric cords, raw cables and copper wires		
– third parties	**156,749,194**	175,047,840
Others	**675,961**	449,791
	157,425,155	175,497,631

6 OTHER GAINS/(LOSSES) – NET

	2013 HK$	2012 HK$
Continuing operations		
Foreign exchange loss, net	**(253,483)**	(1,250,439)
Gain on disposal of property, plant and equipment	**5,101,647**	–
Impairment loss on available-for-sale financial assets	**(1,622,386)**	–
Fair value loss on financial assets at fair value through profit or loss	**(839,020)**	(181,144)
Sundry income	**540,348**	253,896
	2,927,106	(1,177,687)
Discontinued operation		
Foreign exchange loss, net	**(354)**	(416,363)
Net gain on disposal of subsidiaries (Note 11)	**4,015,530**	–
Sundry income	**1,751**	–
	4,016,927	(416,363)
Total continuing and discontinued operations	**6,944,033**	(1,594,050)

7 OPERATING LOSS

Operating loss for the year is stated after charging/(crediting) the following:

	2013 HK$	2012 HK$
Continuing operations		
Raw materials and consumables used	73,262,099	73,798,209
Changes in inventories of finished goods and work in progress	208,579	(823,367)
Operating lease payments in respect of factories	2,464,292	2,012,400
Depreciation (Note 15)	6,070,103	4,648,172
Provision for obsolescence of inventories (Note 19)	771,426	2,324,794
Impairment of goodwill (Note 16)	2,527,595	3,150,306
Impairment loss on available-for-sale financial assets (Note 17)	1,622,386	–
Fair value loss on financial assets at fair value through profit or loss (Note 21)	839,020	181,144
Employee benefit expense (Note 8)	39,791,150	29,261,913
Auditors' remuneration – Current Year	430,000	880,000
– Underprovision in prior year	324,070	–
Discontinued operation		
Raw materials and consumables used	8,032,262	38,004,346
Changes in inventories of finished goods and work in progress	1,720,221	(1,851,603)
Operating lease payments in respect of factories	674,040	810,000
Depreciation (Note 15)	1,250,364	1,124,746
Employee benefit expense (Note 8)	2,173,454	2,453,234
Auditors' remuneration	–	200,000
Bad debts written off	1,969,395	–
Loss on disposal of property, plant and equipment	2,850,745	10,790

8 EMPLOYEE BENEFIT EXPENSE – INCLUDING DIRECTORS' EMOLUMENTS

	2013 HK$	2012 HK$
Continuing operations		
Salaries, wages and allowances	36,679,732	26,304,793
Pension costs – defined contribution plans	2,218,203	1,270,986
Other benefits	893,215	1,686,134
	39,791,150	29,261,913
Discontinued operation		
Salaries, wages and allowances	1,914,015	2,212,006
Pension costs – defined contribution plans	119,421	41,726
Other benefits	140,018	199,502
	2,173,454	2,453,234
Total continuing and discontinued operations	41,964,604	31,715,147

9 FINANCE INCOME AND COSTS

	2013 HK$	2012 HK$
Continuing operations		
Finance costs:		
– Bank borrowings	336,826	445,531
– Trust receipt bank loans	315,684	281,354
	652,510	726,885
Finance income:		
– Short-term bank deposits	19,263	15,289
Discontinued operation		
Finance income:		
– Short-term bank deposits	1,791	1,240
Total continuing and discontinued operations		
Finance costs:		
– Bank borrowings	336,826	445,531
– Trust receipt bank loans	315,684	281,354
	652,510	726,885
Finance income:		
– Short-term bank deposits	21,054	16,529

10 INCOME TAX (CREDIT)/EXPENSE

	2013 HK$	2012 HK$
Current income tax		
– Hong Kong profits tax	**138,460**	116,842
– PRC corporate income tax	**(274,490)**	927,186
Deferred income tax (Note 27)	**–**	100,109
	(136,030)	1,144,137

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the year ended 31 March 2013 (2012: 16.5%). As the hi-tech enterprise qualification license in the PRC was granted to a Group's PRC subsidiary in November 2012, it would get the tax incentive for the PRC corporate income tax of 15% for the financial periods from 1 January 2012 to 31 December 2014. This PRC subsidiary is provided for PRC corporate income tax at the rate of 15% for the year ended 31 March 2013 (2012: 23%) and adjusted for the over-provision for the periods before the years ended 31 March 2010. The Group's other PRC subsidiary is subject to PRC corporate income tax at the rate of 25%.

The income tax on the Group's loss before income tax differs from the theoretical amount that would arise using the enacted tax rate of the home country of the companies comprising the Group as follows:

	2013 HK$	2012 HK$
Loss before income tax	**(12,824,412)**	(9,485,658)
Tax calculated at domestic tax rates applicable to profit or loss in the respective countries	**(3,353,647)**	(1,304,037)
Income not subject to tax	**(962,853)**	(93,694)
Expenses not deductible for tax purposes	**1,091,362**	889,615
Over-provision for previous years	**(774,223)**	–
Unrecognised tax losses	**3,863,331**	1,652,253
Income tax (credit)/expense	**(136,030)**	1,144,137

11 DISCONTINUED OPERATION AND DISPOSAL OF SUBSIDIARIES

As economies of scale could not be achieved in the near term, the Group incurred a significant operating loss and streamlined its business during the Financial Year so that the Group ceased its operation of the copper wire business since late September 2012 and disposed the subsidiaries of this business unit in March 2013.

The results of the discontinued operation related to copper wires for the Financial Year, which have been included in the consolidated profit or loss, are set out below.

	2013 HK$	2012 HK$
Turnover (Note 5)	11,356,611	38,292,737
Cost of sales	(13,385,937)	(40,170,715)
Gross loss	(2,029,326)	(1,877,978)
Other gains/(losses) – net (Note 6)	4,016,927	(416,363)
Selling expenses	(169,228)	(417,790)
Administrative expenses	(7,627,562)	(2,288,202)
Operating loss	(5,809,189)	(5,000,333)
Finance income (Note 9)	1,791	1,240
Loss for the year from discontinued operation	(5,807,398)	(4,999,093)

On 1 March 2013, the Group entered into the sale and purchase agreement with the minority shareholder of the subsidiary, namely Zing Fair Electrical Supplies Limited ("Zing Fair HK") and conditionally agreed to dispose the 70% equity interest of Zing Fair HK (the "Disposal"). Zing Fair HK, together with its wholly owned subsidiary registered in the PRC, namely 東莞正輝電工材料有限公司, were engaged in the business segment of copper wires. The Disposal was completed on 14 March 2013 at a consideration of HK$1.

11 DISCONTINUED OPERATION AND DISPOSAL OF SUBSIDIARIES (CONTINUED)

Consideration received

	HK$
Consideration received in cash and cash equivalents	1

Analysis of assets and liabilities of the subsidiaries disposed on 14 March 2013

	HK$
Current assets	
Cash and cash equivalents	349,439
Current liabilities	
Accruals and other payables	(745,441)
Amounts due to the Group	(1,515,925)
Amount due to a director	(4,013,201)
Amount due to the minority shareholder	(1,241,812)
Net liabilities disposed of	(7,166,940)

Net gain on disposal of subsidiaries

	HK$
Consideration received	1
Expenses incurred for disposal of subsidiaries	(64,537)
Net liabilities disposed of	7,166,940
Non-controlling interests	(2,150,082)
Impairment of amount due from the disposed subsidiaries	(1,083,206)
Cumulative exchange differences in respect of the net liabilities of the disposed subsidiaries reclassified from other comprehensive income to profit or loss on disposal of subsidiaries	146,414
Net gain on disposal	4,015,530

The net gain on disposal of subsidiaries is included in the loss for the year from discontinued operation.

Net cash outflow on disposal of subsidiaries

	HK$
Consideration received in cash and cash equivalents	1
Expenses incurred for disposal of subsidiaries	(64,537)
Less: cash and cash equivalents disposed of	(349,439)
	(413,975)

12 DIRECTORS' EMOLUMENTS

(a) Directors' emoluments

The emoluments of the Directors in the Group for the years ended 31 March 2013 and 2012 are set out below:

	Fee HK$	Salaries, allowances and benefits in kind HK$	Retirement benefit contributions HK$	Total HK$
Year ended 31 March 2013				
Executive Directors:				
Yeung Tin Hung	**–**	**1,251,600**	**14,500**	**1,266,100**
Yeung Shing Wai	**–**	**651,600**	**14,500**	**666,100**
Chen Tian Gang	**–**	**226,301**	**4,173**	**230,474**
Zhou Yu Hui	**–**	**112,826**	**2,464**	**115,290**
Non-Executive Director:				
Wong Chi Yung	**120,000**	**–**	**–**	**120,000**
Independent Non-Executive Directors:				
Li Hin Lung	**120,000**	**–**	**–**	**120,000**
Chan Kai Wo	**60,000**	**–**	**–**	**60,000**
Chua Hoon Chong	**60,000**	**–**	**–**	**60,000**
	360,000	**2,242,327**	**35,637**	**2,637,964**
Year ended 31 March 2012				
Executive Directors:				
Yeung Tin Hung	–	1,183,533	14,437	1,197,970
Yeung Shing Wai	–	626,867	12,000	638,867
Chen Tian Gang	–	229,003	6,974	235,977
Zhou Yu Hui	–	195,902	6,974	202,876
Non-Executive Director:				
Wong Chi Yung	100,000	–	–	100,000
Independent Non-Executive Directors:				
Li Hin Lung	105,000	–	–	105,000
Chan Kai Wo	52,500	–	–	52,500
Chua Hoon Chong	52,500	–	–	52,500
	310,000	2,235,305	40,385	2,585,690

During the year ended 31 March 2013, no directors received any emolument from the Group as an inducement to join or leave the Group or compensation for loss of office. No directors waived or have agreed to waive any emoluments (2012: Nil).

12 DIRECTORS' EMOLUMENTS (CONTINUED)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two (2012: two) directors. Their emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three (2012: three) individuals during the year are as follows:

	2013 HK$	2012 HK$
Salaries, wages and allowances	1,788,861	1,289,544
Pension costs – defined contribution plans	43,500	32,500
	1,832,361	1,322,044

The emoluments fell within the following bands:

	Number of individuals	
	2013	2012
HK$Nil to HK$1,000,000	3	3

13 DIVIDEND

No dividend had been paid or declared by the Company during the year (2012: Nil).

14 LOSS PER SHARE

(a) Basic

For continuing and discontinued operations – Basic

Basic loss per share is calculated by dividing the loss attributable to owners of the Company of HK$9,702,924 (2012: HK$9,002,422) by the weighted average number of ordinary shares of 550,000,000 (2012: 538,278,689) in issue for the year ended 31 March 2013.

For continuing operations – Basic

Basic loss per share for continuing operations is calculated by dividing the loss attributable to owners of the Company from continuing operations of HK$6,880,984 (2012: HK$5,630,702) by the weighted average number of ordinary shares of 550,000,000 (2012: 538,278,689) in issue for the year ended 31 March 2013.

For discontinued operation – Basic

Basic loss per share for discontinued operation is calculated by dividing the loss attributable to owners of the Company from discontinued operation of HK$2,821,940 (2012: HK$3,371,720) by the weighted average number of ordinary shares of 550,000,000 (2012: 538,278,689) in issue for the year ended 31 March 2013.

(b) Diluted

No diluted earnings/(loss) per share is presented as the Company did not have any dilutive potential ordinary shares outstanding during the year (2012: Nil).

15 PROPERTY, PLANT AND EQUIPMENT – THE GROUP

	Leasehold land HK$	Buildings HK$	Leasehold improvements HK$	Moulding and equipment HK$	Motor vehicles HK$	Furniture and office equipment HK$	Total HK$
At 1 April 2011							
Cost	4,540,000	2,080,200	1,300,244	14,023,612	3,366,157	2,263,585	27,573,798
Accumulated depreciation	(161,866)	(84,722)	(705,533)	(7,196,479)	(1,671,682)	(1,044,738)	(10,865,020)
Net book amount	4,378,134	1,995,478	594,711	6,827,133	1,694,475	1,218,847	16,708,778
Year ended 31 March 2012							
Opening net book amount	4,378,134	1,995,478	594,711	6,827,133	1,694,475	1,218,847	16,708,778
Additions	–	–	4,739,835	10,088,853	1,059,909	897,597	16,786,194
Exchange differences	–	–	120,889	164,916	14,749	12,068	312,622
Disposal	–	–	–	–	(26,000)	–	(26,000)
Depreciation charge (Note 7)	(120,408)	(54,465)	(613,277)	(3,683,581)	(720,432)	(580,755)	(5,772,918)
Closing net book amount	4,257,726	1,941,013	4,842,158	13,397,321	2,022,701	1,547,757	28,008,676
At 31 March 2012							
Cost	4,540,000	2,080,200	6,164,647	24,328,439	4,412,590	3,174,220	44,700,096
Accumulated depreciation	(282,274)	(139,187)	(1,322,489)	(10,931,118)	(2,389,889)	(1,626,463)	(16,691,420)
Net book amount	4,257,726	1,941,013	4,842,158	13,397,321	2,022,701	1,547,757	28,008,676
Year ended 31 March 2013							
Opening net book amount	**4,257,726**	**1,941,013**	**4,842,158**	**13,397,321**	**2,022,701**	**1,547,757**	**28,008,676**
Additions	**–**	**–**	**1,298,938**	**2,708,524**	**951,144**	**1,240,189**	**6,198,795**
Exchange differences	**–**	**–**	**10,924**	**20,292**	**(27)**	**1,316**	**32,505**
Disposal	**(780,746)**	**(829,321)**	**(2,089,720)**	**(1,926,439)**	**(67,716)**	**(203,926)**	**(5,897,868)**
Depreciation charge (Note 7)	**(111,088)**	**(44,723)**	**(1,106,182)**	**(4,476,280)**	**(791,878)**	**(790,316)**	**(7,320,467)**
Closing net book amount	**3,365,892**	**1,066,969**	**2,956,118**	**9,723,418**	**2,114,224**	**1,795,020**	**21,021,641**
At 31 March 2013							
Cost	**3,660,000**	**1,160,200**	**4,885,866**	**23,910,536**	**4,046,184**	**4,109,352**	**41,772,138**
Accumulated depreciation	**(294,108)**	**(93,231)**	**(1,929,748)**	**(14,187,118)**	**(1,931,960)**	**(2,314,332)**	**(20,750,497)**
Net book amount	**3,365,892**	**1,066,969**	**2,956,118**	**9,723,418**	**2,114,224**	**1,795,020**	**21,021,641**

15 PROPERTY, PLANT AND EQUIPMENT – THE GROUP (CONTINUED)

Leasehold land and buildings with net book amount of approximately HK$4,433,000 (2012: approximately HK$6,199,000) were pledged to a bank to secure general banking facilities granted to the Group as at 31 March 2013.

Depreciation expense of the Group's property, plant and equipment has been charged to the consolidated profit or loss as follows:

	2013 **HK$**	2012 HK$
Cost of sales	**5,321,040**	4,299,912
Administrative expenses	**1,999,427**	1,473,006
	7,320,467	5,772,918

The Group's interest in leasehold land is analysed as follows:

	2013 **HK$**	2012 HK$
In Hong Kong, held on:		
Leases of between 10 and 50 years	**3,365,892**	4,257,726

Motor vehicles include the following amounts where the Group is a lessee under a finance lease:

	2013 **HK$**	2012 HK$
Cost – capitalised finance lease	**–**	609,952
Accumulated depreciation	**–**	(228,732)
Net book amount	**–**	381,220

16 GOODWILL – THE GROUP

	HK$
At 1 April 2011	
Cost	14,284,967
Accumulated impairment	(3,243,500)
Net book amount	11,041,467
Year ended 31 March 2012	
Opening net book amount	11,041,467
Impairment	(3,150,306)
Closing net book amount	7,891,161
At 31 March 2012	
Cost	14,284,967
Accumulated impairment	(6,393,806)
Net book amount	7,891,161
Year ended 31 March 2013	
Opening net book amount	**7,891,161**
Impairment	**(2,527,595)**
Closing net book amount	**5,363,566**
At 31 March 2013	
Cost	**14,284,967**
Accumulated impairment	**(8,921,401)**
Net book amount	**5,363,566**

16 GOODWILL – THE GROUP (CONTINUED)

Impairment tests for goodwill

Goodwill is allocated to the Group's CGU identified according to the operating segments of raw cables for power and data cords.

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a four-year period. Cash flows beyond the four-year period are extrapolated using the estimated terminal growth rates stated below. Management estimates the pre-tax discount rate that reflects market assessment of the time value of money and specific risk relating to the industry.

Key assumptions of the financial budgets covering the four-year period and other key assumptions used for value-in-use calculations are as follows:

	2013	2012
Estimated average sales growth rate (Note a)	**1.4%**	1.4%
Estimated terminal growth rate	**2%**	3%
Discount rate (Note b)	**14.91%**	16.06%

Notes:

(a) Estimated average sales growth rate used in the budget for the four-year period ending 31 March 2017 (2012: 31 March 2016).

(b) Discount rate applied to the cash flow projection.

Due to changes in market condition, the Group has revised its cash flow projections for this CGU. As a result, during the year ended 31 March 2013, the carrying amount of the goodwill has been reduced to its recoverable amount through recognition of an impairment loss against goodwill of approximately HK$2,528,000 (2012: approximately HK$3,150,000). This loss has been included in the administrative expenses in the consolidated profit or loss.

The sensitivity analysis shows the goodwill of this CGU is further impaired by approximately HK$396,000 if the key assumptions of estimated average sales growth rate and terminal growth rate are reduced by 0.5%.

17 AVAILABLE-FOR-SALE FINANCIAL ASSETS – THE GROUP

	2013 HK$	2012 HK$
At 1 April	**2,541,278**	–
Addition	**–**	2,733,125
Fair value loss (Note)	**–**	(191,847)
Impairment	**(1,430,539)**	–
At 31 March	**1,110,739**	2,541,278

Note: The Group has reclassified the fair value loss of HK$191,847 from other comprehensive income to consolidated profit or loss during the year ended 31 March 2013.

Available-for-sale financial assets include the following:

	2013 HK$	2012 HK$
Unlisted securities:		
– Equity securities in Singapore	**1,110,739**	2,541,278

Available-for-sale financial assets are denominated in Singaporean dollars ("SG$").

On 11 August 2011, the Group entered into a conditional sale and purchase agreement with an independent third party to acquire a 19.5% equity interest of MEMS Solutions Pte. Ltd. ("MEMS SG"), a private entity incorporated in Singapore, at a consideration of SG$540,000 (equivalent to approximately HK$3,367,000). The transaction was completed on 31 October 2011. The Group also has an option to further acquire a 40.5% equity interest of MEMS SG, which is exercisable on or before 30 June 2014, at a consideration of SG$1,120,000 (equivalent to approximately HK$7,088,000). The investment in MEMS SG is accounted for as an available-for-sale financial asset, which is recorded as fair value at each period end date. The option is accounted for as a derivative which is carried at fair value through profit or loss as disclosed in Note 21.

The fair values of the available-for-sale financial assets as at 31 March 2013 and 2012 are valued by an independent valuer. The fair value is determined based on discounted cash flows calculations.

These calculations use pre-tax cash flow projections based on financial budgets approved by management of MEMS SG covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated terminal growth rates stated below. Management of MEMS SG estimates the pre-tax discount rate that reflects market assessment of the time value of money and specific risk relating to the industry.

17 AVAILABLE-FOR-SALE FINANCIAL ASSETS – THE GROUP (CONTINUED)

Key assumptions of the financial budgets covering the five-year period and other key assumptions used for value-in-use calculations are as follows:

	2013	2012
Estimated average sales growth rate (Note a)	**27%**	21%
Estimated terminal growth rate	**3%**	3%
Discount rate (Note b)	**17.89%**	24.54%

Notes:

(a) Estimated average sales growth rate used in the budget for the five-year period ending 31 December 2017 (2012: 31 December 2016).

(b) Discount rate applied to the cash flow projection.

Due to changes in market condition, and decrease in the revenue and profit margin, the management of MEMS SG has revised its cash flow projections. As a result, during the year ended 31 March 2013, the carrying amount of the available-for-sale financial assets has been reduced to its recoverable amount through recognition of an impairment loss against available-for-sale financial assets of approximately HK$1,431,000 (2012: approximately HK$192,000). This loss has been included in the 'other gains/(losses) – net (Note 6)', in the consolidated profit or loss.

18 INVESTMENT IN SUBSIDIARIES – THE COMPANY

	2013 HK$	2012 HK$
Unlisted shares, at cost	**23**	23
Amount due from a subsidiary (Note 31)	**24,902,541**	28,067,419
	24,902,564	28,067,442

Amount due from a subsidiary represents equity funding by the Company to the subsidiary and is measured in accordance with the Company's accounting policy for investment in the subsidiary.

18 INVESTMENT IN SUBSIDIARIES – THE COMPANY (CONTINUED)

As at 31 March 2013, the Company has direct and indirect interests in the following subsidiaries:

Name	Place of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest Direct	Attributable equity interest Indirect	Principal activities
Able One Investments Limited	British Virgin Islands ("BVI")	3 ordinary shares of US$1 each	100%	–	Investment holding
Brave Champ Holdings Limited	BVI	1 ordinary share of US$1 each	–	100%	Investment holding
Brave Lead International Limited	BVI	1 ordinary share of US$1 each	–	100%	Investment holding
MEMS Solutions International Limited	BVI	1 ordinary share of US$1 each	–	100%	Investment holding
Capital Convoy Limited	BVI	1 ordinary share of US$1 each	–	100%	Investment holding
Joint Market Limited	BVI	1 ordinary share of US$1 each	–	100%	Investment holding
Sun Fair Electric Wire & Cable (HK) Company Limited ("SunFair HK")	Hong Kong	3,000,000 ordinary shares of HK$1 each	–	100%	Trading of power and data cords
MEMS Solutions (Hong Kong) Limited	Hong Kong	10,000 ordinary shares of HK$1 each	–	100%	Inactive
Logic Dynamic Limited	Hong Kong	10,000 ordinary shares of HK$1 each	–	100%	Trading of power and data cords for medical control devices
Sun Fair Electric Wire & Cable Industrial Co., Limited	Hong Kong	10,000 ordinary shares of HK$1 each	–	100%	Manufacturing and trading of raw cables for power and data cords
Sun Fair Electric Wire & Cable (Shenzhen) Company Limited ("SunFair SZ")	The PRC	HK$10,000,000	–	100%	Manufacturing and trading of power and data cords
Sun Fair Electric Wire & Cable (Chenzhou) Company Limited	The PRC	HK$10,000,000	–	100%	Manufacturing of power and data cords

18 INVESTMENT IN SUBSIDIARIES – THE COMPANY (CONTINUED)

Sun Fair SZ is a wholly foreign-owned enterprise established in the PRC on 19 December 2005 for a period of 30 years.

Sun Fair Electric Wire & Cable (Chenzhou) Company Limited is a wholly foreign-owned enterprise established in the PRC on 16 January 2012 for a period of 50 years.

19 INVENTORIES – THE GROUP

	2013 HK$	2012 HK$
Raw materials	**8,874,313**	10,151,783
Work in progress	**4,887,503**	5,718,910
Finished goods	**8,295,485**	9,392,875
	22,057,301	25,263,568
Less: Provision for obsolescence (Note 7)	**(4,296,904)**	(3,525,478)
	17,760,397	21,738,090

The cost of inventories recognised as an expense and included in 'cost of sales' amounted to approximately HK$83,231,000 for the year (2012: approximately HK$110,235,000).

20 TRADE AND OTHER RECEIVABLES – THE GROUP

	2013 HK$	2012 HK$
Trade receivables		
– third parties	**42,229,832**	52,924,271
Prepayments, deposits and other receivables	**4,094,600**	3,873,018
	46,324,432	56,797,289
Less: Non-current portion	**(878,435)**	(650,000)
	45,445,997	56,147,289

20 TRADE AND OTHER RECEIVABLES – THE GROUP (CONTINUED)

The majority of the Group's sales are on credit terms up to 120 days from the end of the month of invoice. As at 31 March 2013, trade receivables of approximately HK$7,196,000 (2012: approximately HK$13,278,000) were past due but not impaired. The aging analysis of these trade receivables is as follows:

	2013 **HK$**	2012 HK$
Not yet due	**35,033,687**	39,645,776
1 – 30 days past due	**5,268,100**	11,046,231
31 – 60 days past due	**544,793**	1,673,071
61 – 90 days past due	**1,315,054**	35,856
91 – 150 days past due	**68,198**	523,337
Past due but not impaired	**7,196,145**	13,278,495
	42,229,832	52,924,271

Trade receivables that were past due but not impaired relate to customers that have a good record with the Group or a sound credit quality. Based on past experience and regular credit risk assessment performed on all significant outstanding trade receivables, management believes that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and it received some post-dated cheques so that the balances are still considered fully recoverable. The maximum exposure to credit risk at the year end is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral over these balances.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2013 **HK$**	2012 HK$
HK$	**20,972,206**	32,768,677
US$	**15,912,580**	7,702,545
RMB	**9,439,646**	16,326,067
	46,324,432	56,797,289

21 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS – THE GROUP

	2013 HK$	2012 HK$
Unlisted securities		
– Call option	**640**	839,660

As at 31 March 2013 and 2012, financial assets at fair value through profit or loss represents a call option to acquire a 40.5% equity interest of MEMS SG which is exercisable on or before 30 June 2014 at a consideration of SG$1,120,000 (equivalent to approximately HK$7,088,000). The fair value of the call option is based on valuation carried out by an independent valuer by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Changes in fair values of the financial assets were recorded in 'other gains/(losses) – net (Note 6)' in the consolidated profit or loss.

22 CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	The Group		The Company	
	2013 HK$	2012 HK$	**2013 HK$**	2012 HK$
Cash and cash equivalents				
Cash at bank and on hand	**12,709,788**	19,921,494	**18,844**	–
Pledged deposits	**1,510,837**	5,510,226	**–**	–
Maximum exposure to credit risk	**13,827,414**	25,039,926	**18,844**	–

The carrying amounts of the cash and cash equivalents and pledged deposits are denominated in the following currencies:

	The Group		The Company	
	2013 HK$	2012 HK$	**2013 HK$**	2012 HK$
HK$	**7,022,544**	18,638,438	**18,844**	–
RMB	**5,379,529**	2,897,428	**–**	–
US$ and SG$	**1,818,552**	3,895,854	**–**	–
	14,220,625	25,431,720	**18,844**	–

22 CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS (CONTINUED)

The conversion of Renminbi denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

Cash at bank and pledged deposits earn interest at floating rates based on daily bank deposit rates.

Pledged deposits were used to secure general banking facilities granted to the Group as at 31 March 2013 and 2012, respectively (Note 26).

23 SHARE CAPITAL

	Number of shares	Amount HK$
Authorised:		
Ordinary shares of HK$0.001 each		
At 1 April 2011	380,000,000	380,000
Increase of authorised shares (Note b)	620,000,000	620,000
At 31 March 2012 and 2013	**1,000,000,000**	**1,000,000**
Issued and fully paid:		
Ordinary shares of HK$0.001 each		
At 1 April 2011	1	1
Issue of new shares (Note a)	34,999,999	34,999
Capitalisation issue (Note c)	350,000,000	350,000
Issue of shares by way of placing (Note d)	165,000,000	165,000
At 31 March 2012 and 2013	**550,000,000**	**550,000**

Notes:

(a) On 27 April 2011, the shareholder, Mr Yeung Tin Hung sold the aggregated 3 shares of Able One Investments Limited of US$1 each, to the Company. The consideration was satisfied by allotment and issue of 34,999,999 shares of HK$0.001 each in the capital of the Company to Fairson Holdings (BVI) Limited, credited as fully paid as directed by Mr. Yeung Tin Hung.

(b) On 18 May 2011, the authorised share capital of the Company was increased from HK$380,000 to HK$1,000,000 by the creation of an additional 620,000,000 shares of HK$0.001 each.

(c) As a result of the placing (the "Placing") on 18 May 2011, the sum of 350,000,000 shares of HK$0.001 each was capitalised.

(d) On 18 May 2011, the Company completed its Placing of 165,000,000 shares, which were listed on GEM on the same date. The shares were issued at a price of HK$0.30 per share for a total cash consideration of approximately HK$47.8 million, net of share issuance expenses of approximately HK$18.2 million.

24 RESERVES

(a) The Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of comprehensive income and consolidated statement of changes in equity.

In accordance with the relevant regulations and the article of association, the Group's subsidiaries registered in the PRC are required to allocate at least 10% of the after-tax profit according to the PRC accounting standards and regulations to general statutory reserve until such reserve has reached 50% of registered capital. This reserve can only be used for specific purposes and is not distributable or transferable to the loans, advances, cash dividends. Appropriation to the general statutory reserve for the year ended 31 March 2013 amounted to approximately HK$393,000 (2012: approximately HK$320,000).

(b) The Company

	Share premium HK$	Accumulated losses HK$	Total HK$
At 1 April 2011	–	(155,000)	(155,000)
Total comprehensive loss for the year	–	(2,421,335)	(2,421,335)
Issuance of shares (Note 23)	29,530,430	–	29,530,430
At 31 March and 1 April 2012	**29,530,430**	**(2,576,335)**	**26,954,095**
Total comprehensive loss for the year	**–**	**(2,880,446)**	**(2,880,446)**
At 31 March 2013	**29,530,430**	**(5,456,781)**	**24,073,649**

25 TRADE AND OTHER PAYABLES – THE GROUP

Payment terms granted by suppliers are mainly 30 to 120 days after end of the month in which the relevant purchase occurred.

	2013 HK$	2012 HK$
Trade payables	**22,395,570**	22,744,199
Other payables	**8,145,464**	8,955,483
Deposit received	**3,565**	813,737
Accruals	**6,508,007**	7,223,179
	37,052,606	39,736,598

25 TRADE AND OTHER PAYABLES – THE GROUP (CONTINUED)

The aging analysis of trade payables based on the due date was as follows:

	2013 HK$	2012 HK$
Not yet due	**11,272,750**	16,500,860
1 – 30 days past due	**5,969,666**	6,122,196
31 – 60 days past due	**4,999,512**	84,859
61 – 90 days past due	**147,453**	30,204
91 – 180 days past due	**6,189**	6,080
	22,395,570	22,744,199

The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

	2013 HK$	2012 HK$
HK$	**21,572,602**	20,134,512
RMB	**14,815,569**	16,384,441
US$	**664,435**	3,217,645
	37,052,606	39,736,598

26 BORROWINGS – THE GROUP

	2013 HK$	2012 HK$
Trust receipt bank loans	**5,000,000**	10,533,419
Bank borrowings (Note a)	**1,666,667**	15,413,648
Finance lease liabilities	**–**	145,031
	6,666,667	26,092,098

Note a: The balance includes portion of term loans due for repayment after one year which contain a repayment on demand clause and that is classified as a current liability.

The carrying amounts of the Group's borrowings are denominated in HK$.

26 BORROWINGS – THE GROUP (CONTINUED)

The weighted average effective interest rates as at 31 March 2013 are as follows:

	2013	2012
Trust receipt bank loans	6.25%	3.69%
Bank borrowings	4.25%	3.36%
Finance lease liabilities	–	3.00%

	2013 HK$	2012 HK$
Gross finance lease liabilities – minimum lease payments		
No later than 1 year	–	148,048
Future finance charges on finance lease	–	(3,017)
Present value of finance lease liabilities	–	145,031

	2013 HK$	2012 HK$
The present value of finance lease liabilities:		
No later than 1 year	–	145,031

As at 31 March 2013, the Group had aggregate banking facilities of approximately HK$24,250,000 (2012: approximately HK$46,250,000) for loans and trade financing transactions. Unused facilities as at the same dates amounted to approximately HK$17,583,000 (2012: approximately HK$20,302,000). These facilities are secured by:

(a) The Group's leasehold land and buildings with an aggregate net book value of approximately HK$4,433,000 (2012: approximately HK$6,199,000) (Note 15);

(b) Pledge of the Group's bank deposits with an aggregate carrying value of approximately HK$1,511,000 (2012: approximately HK$5,510,000) (Note 22); and

(c) Corporate guarantees provided by the Company.

27 DEFERRED INCOME TAX – THE GROUP

The following tables show the deferred income tax liabilities movements during the year:

	Accelerated tax depreciation HK$	Withholding tax on undistributed earnings HK$	Total HK$
At 1 April 2011	(57,332)	(816,253)	(873,585)
Charged to consolidated profit or loss	(100,109)	–	(100,109)
At 31 March 2012, 1 April 2012 and 31 March 2013	**(157,441)**	**(816,253)**	**(973,694)**

As at 31 March 2013, deferred income tax liabilities of approximately HK$1,700,000 (2012: approximately HK$1,530,000) have not been recognised for the withholding tax that would be payable on the unremitted earnings of a subsidiary.

Deferred income tax assets are recognised for tax loss carryforwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. As at 31 March 2013, deferred income tax assets of approximately HK$2,547,000 (2012: approximately HK$1,652,000) has not been recognised in respect of loss that can be carried forward against future taxable profits. The tax loss has an expiry period of five years.

28 CASH GENERATED FROM/(USED IN) OPERATIONS – THE GROUP

	2013 HK$	2012 HK$
Loss before income tax	**(12,824,412)**	(9,485,658)
Adjustments for:		
– Depreciation	**7,320,467**	5,772,918
– (Profit)/loss on disposal of property, plant and equipment	**(2,250,902)**	10,790
– Profit on disposal of subsidiaries	**(4,015,530)**	–
– Provision for obsolescence on inventories	**771,426**	2,324,794
– Provision for impairment of goodwill	**2,527,595**	3,150,306
– Provision for impairment of available-for-sale financial assets	**1,622,386**	–
– Bad debts written off	**1,969,395**	–
– Fair value loss on financial assets at fair value through profit or loss	**839,020**	181,144
– Finance costs	**652,510**	726,885
– Finance income	**(21,054)**	(16,529)
Cash (used in)/generated from operations before changes in working capital	**(3,409,099)**	2,664,650
Changes in working capital:		
– Inventories	**3,206,268**	(6,400,563)
– Trade and other receivables	**8,731,897**	(13,735,938)
– Trade and other payables	**(1,505,832)**	6,198,202
– Amount due from a related company	**–**	7,128
– Amount due to the minority shareholder of a subsidiary	**–**	1,241,812
– Amount due to a director	**635,044**	4,450,322
Cash generated from/(used in) operations	**7,658,278**	(5,574,387)

In the consolidated statement of cash flows, proceeds from disposal of property, plant and equipment comprise:

	2013 HK$	2012 HK$
Net book amount (Note 15)	**5,897,868**	26,000
Profit/(loss) on disposal of property, plant and equipment	**2,250,902**	(10,790)
Proceeds from disposal of property, plant and equipment	**8,148,770**	15,210

29 COMMITMENTS – THE GROUP

(a) Capital commitments

Capital expenditure contracted of the Group for but not yet incurred is as follows:

	2013 HK$	2012 HK$
Property, plant and equipment	**527,000**	380,000

(b) Operating lease commitments

The total future minimum lease payments of the Group under non-cancellable operating leases are payable as follows:

	2013 HK$	2012 HK$
Within 1 year	**2,635,563**	4,127,073
In the second to fifth years inclusive	**2,948,929**	9,586,556
Over five years	**–**	344,400
	5,584,492	14,058,029

30 CONTINGENT LIABILITIES

The Group and the Company had no significant contingent liabilities as at 31 March 2013 (2012: Nil).

31 RELATED PARTY TRANSACTIONS

Transactions between the companies comprising the Group have been eliminated on and are not disclosed. Details of transactions between the Group and other related parties are disclosed below.

For the significant transactions of the Group with its related parties/connected party during the year ended 31 March 2013 were as follows:

	2013 HK$	2012 HK$
Proceeds on disposal of subsidiaries of discontinued operation (Note 11) to – Mr. Chen Wei Chuan (Note i)	**1**	–
Consultancy fee to MEMS SG	**451,171**	–

Note i: Mr. Chen Wei Chuan was the minority shareholder of the Group's subsidiary "Zing Fair HK", which held 30% equity interest of a discontinued operation, copper wire business before the Group's disposal of Zing Fair HK on 14 March 2013. Accordingly, Mr. Chen Wei Chuan was a connected person but not a related party to the Group.

31 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) The transactions carried out between the Group and the related party are in the ordinary course of business and on the basis of estimated market value as determined by the Directors.

(b) The emoluments of the Directors during the year are set out in Note 12.

(c) The Group and the Company had the following balances with related parties/connected party:

	2013 HK$	2012 HK$
The Group		
Payable to a related party:		
– Mr. Yeung Tin Hung (Note (i))	**829,265**	4,207,422
Payable to a connected party:		
– Mr. Chen Wei Chuan (Note (i))	**–**	1,241,812
The Company		
Receivable from a related party:		
– SunFair HK (Note 18)	**24,902,541**	28,067,419
Payables to a related party:		
– SunFair SZ	**304,200**	304,200

Note:

(i) Balances as at 31 March 2012 represented amounts paid by the related party and connected party on behalf of the Group with respect to the start-up of the copper wires business.

Receivables and payables from/to related parties/connected party are unsecured, interest free and are repayable on demand. None of the receivables from related parties is either past due or impaired. The balances with related parties/connected party as at 31 March 2013 and 2012 are denominated in RMB except for the Company's receivable from a related party which is denominated in HK$.

32 EVENTS AFTER THE REPORTING DATE

On 24 April 2013, the Company entered into the memorandum of understanding with an independent third party in relation to the proposed acquisition of 51% equity interest of United Success Global Limited and its subsidiaries, which provide client solutions for arranging financial leasing services in the areas of, amongst others, telecommunication, broadcasting and medical equipment business in the PRC.

On 26 April 2013, the Company entered into the placing agreement with Yuanta Securities (Hong Kong) Company Limited which conditionally agreed to procure not less than six placees to place up to 110,000,000 ordinary shares of HK$0.001 each in the share capital of the Company at the placing price of HK$0.12 per share. The expected net proceeds would be approximately HK$13.0 million, which will be used as general working capital of the Group and/or for financing future investment opportunities.

On 31 May 2013, the Company entered into the placing agreement with ChangJiang Securities Brokerage (HK) Limited which conditionally agreed to procure the places to subscribe the 10% promissory notes (the "Promissory Notes") up to aggregate principal amount of HK$50 million. The maturity date of the Promissory Notes would be the first anniversary date of the date of issue of the Promissory Notes. The estimated net proceeds would be approximately HK$49.5 million, which will be used as general working capital and/or for financing future investment opportunities of the Group.

33 RECLASSIFICATION OF COMPARATIVE FIGURES

Some expenses presented in the consolidated statement of comprehensive income was re-classified from cost of sales to administrative expenses as the Directors consider that the new presentation is more appropriate for the financial statements of the Group.

Financial Summary

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

RESULTS

	For the years ended 31 March				
	2013	2012	2011	2010	2009
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**157,425**	175,498	160,213	160,012	184,407
(Loss)/profit before income tax	**(12,824)**	(9,486)	21,029	28,530	8,008
Income tax credit/(expense)	**136**	(1,144)	(3,006)	(4,520)	(1,071)
(Loss)/profit for the year	**(12,688)**	(10,630)	18,023	24,010	6,937
Attributable to:					
Owners of the Company	**(9,703)**	(9,003)	18,023	24,010	6,937
Non-controlling interest	**(2,985)**	(1,627)	–	–	–
	(12,688)	(10,630)	18,023	24,010	6,937

	As at 31 March				
	2013	2012	2011	2010	2009
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS, EQUITY AND LIABILITIES					
ASSETS					
Non-current assets	**28,374**	39,091	27,750	15,982	12,142
Current assets	**77,428**	104,157	70,372	75,310	57,082
Total assets	**105,802**	143,248	98,122	91,292	69,224
EQUITY AND LIABILITIES					
Total equity	**53,955**	64,420	42,497	34,474	10,465
Non-current liabilities	**974**	974	1,019	850	439
Current liabilities	**50,873**	77,854	54,606	55,968	58,320
Total liabilities	**51,847**	78,828	55,625	56,818	58,759
Total equity and liabilities	**105,802**	143,248	98,122	91,292	69,224
Attributable to:					
Owners of the Company	**53,955**	63,585	42,497	34,474	10,465
Non-controlling interest	**–**	835	–	–	–
	53,955	64,420	42,497	34,474	10,465