ZHIDAO INTERNATIONAL (HOLDINGS) LIMITED

志道國際(控股)有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1220)

Annual Report 2012

* For identification purpose only

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Mung Hing Choy, *Chairman*
Mr. Chau Shing Yim, David
Ms. Cheung Oi Chun

Non-executive Director

Mr. Tsoi Tong Hoo, Tony

Independent Non-executive Directors

Mr. Choi Wing Koon
Mr. Li Kam Chung
Mr. Kwok Lap Fung, Beeson

AUDIT COMMITTEE

Mr. Choi Wing Koon *(Chairman)*
Mr. Li Kam Chung
Mr. Kwok Lap Fung, Beeson

REMUNERATION COMMITTEE

Mr. Li Kam Chung *(Chairman)*
Mr. Choi Wing Koon
Ms. Cheung Oi Chun

NOMINATION COMMITTEE

Mr. Choi Wing Koon *(Chairman)*
Mr. Li Kam Chung
Mr. Tsoi Tong Hoo, Tony

COMPANY SECRETARY

Mr. Lee Cheuk Man

LEGAL ADVISORS

D.S. Cheung & Co.

AUDITORS

Ray W.H. Chan & Co.
Certified Public Accountants

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

PRINCIPAL OFFICE IN HONG KONG

Unit C&D, 16th Floor
China Overseas Building
139 Hennessy Road
Wanchai, Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Bank of Communications Co., Ltd.
Hong Kong Branch

STOCK CODE

01220

COMPANY WEBSITE

www.zdihl.com

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

On behalf of the Board of Directors (the "**Board**") of Zhidao International (Holdings) Limited (formerly known as Ocean Grand Holdings Limited) (the "**Company**"), I am pleased to present the results and operations of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 March 2012 (the "**Year**").

BUSINESS REVIEW

The Group was principally engaged in trading of aluminium products and raw materials and in supply of aluminium products to construction projects.

The turnover of the Group for the Year was HK$343.2 million compared to HK$414.9 million for the last year. Throughout the Year, the Group has been following its strategies to create value from its operations. With the strategic shift of focus from the trading to the higher-margin business of supplying aluminium products to construction projects, the turnover of the trading business dropped from HK$285.6 million last year to HK$154.4 million for the Year while the turnover of the supply of aluminium products to construction projects business increased from HK$129.3 million last year to HK$188.8 million for the Year.

The Company has completed the restructuring exercise (please refer to the section of "RESTRUCTURING" below for more details) during the Year. The profit attributable to shareholders of the Company for the Year was HK$1,921.7 million, compared to a profit of HK$11.3 million last year. As the Company completed its Restructuring (as defined below) in January 2012, a non-recurring gain on disposal of subsidiaries of HK$1,930.5 million was recognized during the Year. The cost of restructuring was HK$25.0 million. The Group's profit before gain on debt restructuring and restructuring cost for the Year was HK$16.2 million.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the Year (2011: Nil).

RESTRUCTURING

As a result of the application by the Company voluntarily, the trading in the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") was suspended since 17 July 2006. Provisional liquidators were appointed for the Company by the order of the High Court of The Hong Kong Special Administrative Region (the "**High Court**") on 24 July 2006 and by the order of the Supreme Court of Bermuda (the "**Bermuda Court**") on 25 July 2006.

On 20 December 2007, the Company entered into a restructuring plan of the Group, involving capital restructuring, debt restructuring, open offer, subscription of new shares and preference shares and group reorganization (the "**Restructuring**").

In December 2011, upon the successful implementation of the restructuring plan, court orders for the discharge of the provisional liquidators of the Company were granted on 19 December 2011 by the High Court and on 23 December 2011 by the Bermuda Court. Details of the Restructuring are set out in note 3 to the consolidated financial statements.

On 11 January 2012, the shares of the Company resumed trading on the Stock Exchange after a suspension period of over five years. The success could only be materialized by collective and dedicated efforts from our employees who share the same vision as the management of the Group and was an appropriate reflection the commitment from all members of the Group.

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

CHANGE OF COMPANY NAME

Pursuant to a special resolution passed at a special general meeting on 23 May 2012, with effect from 25 May 2012 the Company changed its official registered English name from "Ocean Grand Holdings Limited" to "Zhidao International (Holdings) Limited" and adopted the new Chinese name of "志道國際（控股）有限公司" for identification purposes only to replace the Chinese name of "海域集團有限公司" which was previously adopted for identification purposes only. The Board believes that the change of company name is an appropriate reflection of a new beginning of the Company, new management concept and commitment from all members of the Group.

PROSPECTS

As a result of support from our investors coupled with dedicated efforts of our employees, focusing on the governing principle of maximizing shareholders' value, the Group has re-established and gain substantial foothold within a relatively short period of time after the resumption of trading in its shares on the Stock Exchange.

Leveraging on our developed global customer base and our presence through doing business globally, we are on the path and have moving forward with strong momentum in transforming and migrating from a trading to manufacturing of higher value added products and is in the process of exploring business and investment opportunities which would enhance our long term business strategy and position the Group for sustainable growth.

We continue to work diligently to finalize the development of the contemplated joint venture in Zhongshan, the PRC, between Fast Excel Limited and our strategic partner, Zhongshan Gold Mountain Aluminium Factory Limited. We had experienced unexpected delay in the approval process but remain confident that the approval of the joint venture would be granted to us by the third quarter of 2012 in spite of the delay.

Our performance in the past year has exceeded our target in spite of the adverse business condition, thus, we are confident that we could continue with the momentum and achieve an even better.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2012, the Group had bank balances and cash of HK$75.5 million (2011: HK$5.6 million) while total net assets was HK$149.8 million (2011: total net liabilities of HK$1,951.6 million). The Group's gearing ratio, being a ratio of total bank and other borrowings to shareholders' funds, was nil as at 31 March 2012 (2011: Not applicable).

Pursuant to the Restructuring Agreement (as defined in note 3 to the consolidated financial statements), the Group has undergone a capital restructuring on 24 November 2011 and details are set out in note 30 to the consolidated financial statements.

CONTINGENT LIABILITIES

Contingent liabilities of the Group as at 31 March 2012 are set out in note 36 to the consolidated financial statements.

FOREIGN EXCHANGE EXPOSURE

As at 31 March 2012, the majority of the Group's assets and liabilities were denominated in Hong Kong dollars. The Board considered its exposure to foreign exchange risk was insignificant, therefore no financial instruments was made to hedge such exposure.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2012, the Group had 55 employees. The Group's remuneration policy is reviewed periodically and determined by reference to market terms, the Group's performance, and individual qualifications and performance.

Disclosure of directors' emoluments is set out in note 12 to the consolidated financial statements.

APPRECIATIONS

On behalf of the Board, I would like to take this opportunity to express our appreciation to the staff and management team of the Group for their contribution during the year and also to give our sincere gratitude to all our shareholders for their continuous support.

Mung Hing Choy
Chairman

Hong Kong, 28 June 2012

BIOGRAPHICAL DETAILS OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Mung Hing Choy, aged 64, was appointed as an executive Director on 11 January 2012. Mr. Mung joined the Group as an executive director of Fast Excel Limited in May 2010 and is responsible for the overall management of the Group including operation and strategic planning. Mr. Mung has over 40 years' experience in the aluminium industry and has vast experience in manufacturing, project management, corporate and general management, strategic planning and investments, joint venture establishment, merger and acquisition, international trade and finance in Southeast Asia and China.

Up to 2006, Mr. Mung was the president of Alcan Asia Limited, of which the parent company, Rio Tinto Aluminium, is one of the largest aluminium companies in the world. He was also the president of China operations of Alcan Primary Metal Group and Alcan Nikkei China Limited, general manager of Nippon Light Metal Co., Ltd and vice president of China, Alcan Asia Pacific Limited (collectively known as "**Alcan**"). Mr. Mung served Alcan for about 20 years. Mr. Mung also built the joint venture extrusion company in China, Nonfemet International (China-Canada-Japan) Aluminium Limited. Mr. Mung first acted as the general manager to manage its affairs and operations. After three years' time, Mr. Mung became the executive director of this extrusion company.

Mr. Mung holds a Bachelor of Science, Mechanical Engineering degree awarded by the University of Alberta in 1977 and was a graduate of Harvard Business School's Advanced Management Program, the International Senior Managers' Program.

Mr. Chau Shing Yim, David, aged 48, was appointed as an executive Director on 9 January 2012. He is an ultimate and beneficial owner of Goldstar Success Limited (the "**Investor**") holding 70% of the issued share capital of the Investor and is an executive director of the Investor.

Mr. Chau is an non-executive director of Up Energy Development Group Ltd (stock code: 307) and an independent non-executive director of Shandong Molong Petroleum Machinery Company Ltd (stock code: 568), Lee & Man Paper Manufacturing Ltd (stock code: 2314), Varitronix International Ltd (stock code: 710), Evergrande Real Estate Group Ltd (stock code: 3333) and Man Wah Holdings Limited (stock code: 1999), all of which are listed on the Main Board of the Stock Exchange.

Mr. Chau has over 20 years' experience in corporate finance. He was formerly a partner of one of the big four accounting firms in Hong Kong, heading the Merger and Acquisition and Corporate Advisory Services. He is a member of the Hong Kong Securities Institute, the Institute of Chartered Accountants of England and Wales ("**ICAEW**") with the Corporate Finance Qualification granted by ICAEW, and the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). Mr. Chau was an ex-committee member of the Disciplinary Panel of HKICPA.

Ms. Cheung Oi Chun, aged 47, was appointed as an executive Director on 9 January 2012. Ms. Cheung has worked over 18 years as Civil Servant. She worked for the Judiciary of The Government of Hong Kong Special Administrative Region until retirement.

BIOGRAPHICAL DETAILS OF DIRECTORS

NON-EXECUTIVE DIRECTOR

Mr. Tsoi Tong Hoo, Tony, aged 47, was appointed as the non-executive Director with effect on 11 January 2012. Mr. Tsoi joined the Group in May 2010 as an executive director of Fast Excel Limited and is responsible for corporate governance and for risk management affairs.

Mr. Tsoi is the chief executive officer and an executive director of Varitronix International Limited (stock code: 710) since 2005. Mr. Tsoi is also an executive director of Asia Telemedia Limited (stock code: 376) since 2011, a non-executive director of China Windpower Group Limited (stock code: 182) since 2007 and an independent non-executive director of Fairwood Holdings Limited (stock code: 52) since 2008, all are companies listed on the Main Board of the Stock Exchange. Mr. Tsoi is also the deputy chairman of the supervisory board of Data Modul AG, which is listed on the Frankfurt Stock Exchange since 2011.

Mr. Tsoi graduated from the University of Western Ontario, Canada with an honour degree in Business Administration in 1986.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Choi Wing Koon, aged 35, was appointed as an independent non-executive Director on 9 January 2012. Mr. Choi is currently the financial controller and company secretary of Taung Gold International Limited (stock code: 621), a listed company on the Main Board of the Stock Exchange. Mr. Choi holds a Bachelor of Business Administration in Accounting awarded by the Hong Kong University of Science and Technology. Mr. Choi is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.

Mr. Li Kam Chung, aged 60, was appointed as an independent non-executive Director on 9 January 2012. Mr. Li is also an independent non-executive director of Taung Gold International Limited (stock code: 621). Mr. Li is currently the chairman of Joint Village Office for Villages in Shuen Wan, Tai Po, New Territories.

Mr. Kwok Lap Fung Beeson, aged 26, was appointed as an independent non-executive Director on 9 January 2012. Mr. Kwok holds a Bachelor of Business awarded by the University of Technology, Sydney, Australia and is an associate member of CPA Australia.

DIRECTORS' REPORT

The Board of Directors (the "**Directors**") (the "**Board**") is pleased to present the annual report and the audited consolidated financial statements of Zhidao International (Holdings) Limited (formerly known as Ocean Grand Holdings Limited) (the "**Company**") and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2012 (the "**Year**").

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and other particulars of its principal subsidiaries are set out in note 39 to the consolidated financial statements.

RESULTS

The results of the Group for the Year are set out in the consolidated statement of comprehensive income on page 24. The Directors do not recommend the payment of any final dividend for the Year.

FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the past five financial years is set on page 64.

RESERVES

Details of movements in the reserves of the Group and the Company during the Year are set out in the consolidated statement of changes in equity and note 40 to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

Details of the distributable reserves of the Company as at 31 March 2012 are set out in note 40 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of Group during the Year is set out in note 16 to the consolidated financial statements.

SHARE OPTION SCHEME

Details of the movements in the share option of the Company during the Year are set out in note 31 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the Year are set out in note 30 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

DIRECTORS

The directors of the Company during the Year and up to the date of this annual report were as follows:

Executive Directors	
Mr. Mung Hing Choy, *Chairman*	(Appointed on 11 January 2012)
Mr. Chau Shing Yim, David	(Appointed on 9 January 2012)
Ms. Cheung Oi Chun	(Appointed on 9 January 2012)
Dr. Yip Kim Po	(Retired on 30 August 2011)
Ms. Yip Wan Fung	(Retired on 30 August 2011)
Dr. Hui Ho Ming, Herbert, *JP*	(Resigned on 11 January 2012)
Mr. Li Lee Cheung	(Resigned on 11 January 2012)
Mr. Kwan Man Wai	(Resigned on 11 January 2012)
Mr. Chin Chang Keng, Raymond	(Resigned on 11 January 2012)
Ms. Ang Mei Lee, Mary	(Resigned on 11 January 2012)
Non-executive Director	
Mr. Tsoi Tong Hoo, Tony	(Appointed on 11 January 2012)
Independent Non-executive Directors	
Mr. Choi Wing Koon	(Appointed on 9 January 2012)
Mr. Li Kam Chung	(Appointed on 9 January 2012)
Mr. Kwok Lap Fung, Beeson	(Appointed on 9 January 2012)

In accordance with the Company's bye-laws 86(2), 87(1) and 87(2), Mr. Mung Hing Choy, Mr. Chau Shing Yim, David, Ms. Cheung Oi Chun, Mr. Tsoi Tong Hoo, Tony, Mr. Choi Wing Koon, Mr. Li Kam Chung and Mr. Kwok Lap Fung, Beeson shall retire from office at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

Biographical details of Directors are set out on pages 6 to 7.

EMOLUMENTS OF DIRECTORS AND THE FIVE HIGHEST-PAID EMPLOYEES

Particulars of the emoluments of the Directors and the five highest-paid employees of the Group during the Year are set out in note 12 to the consolidated financial statements.

DIRECTORS' SERVICE CONTRACTS

None of Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTEREST IN CONTRACT OF SIGNIFICANCE

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

CONFIRMATION OF INDEPENDENCE

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

EMOLUMENT POLICY

The emolument policy for the employees of the Group is set up by the Company's remuneration committee on the basis of their merit, qualifications and competence. The emoluments of the Directors are decided by the remuneration committee, having regard to the Group's operating results, individual performance and comparable market statistics.

Details of the Company's share option scheme are set out in note 31 to the consolidated financial statements.

Details of the Group's retirement benefit plans are set out in note 34 to the consolidated financial statements.

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

As at 31 March 2012, the interests and short positions of the directors and chief executives of the Company and their associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance ("**SFO**")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follow:

Long position in the shares and underlying shares

Ordinary shares of HK$0.01 each of the Company

Executive Director	Capacity	Number of ordinary shares	Approximate percentage of the issued share capital of the Company
Mr. Chau Shing Yim, David	Interest of controlled corporation *(Note a)*	488,654,394	61.08%

Note:

(a) Mr. Chau Shing Yim, David ("**Mr. Chau**") was deemed to be interested in these shares through his controlling interest in Goldstar Success Limited ("**Goldstar Success**"). The shares were beneficially owned by Goldstar Success, which was owned as to 70.00% by Prosper Wing Limited ("**Prosper Wing**") and as to 30.00% by Kwok Tao Capital Investment Limited ("**Kwok Tao**"). Prosper Wing was in turn wholly-owned by Mr. Chau.

Convertible preference shares of HK$0.01 each of the Company (Note a)

Executive Director	Capacity	Number of convertible preference shares	Number of underlying ordinary shares	Approximate percentage of the issued share capital of the Company
Mr. Chau	Interest of controlled corporation *(Note b)*	850,000,000	850,000,000	106.25%

Notes:

(a) After completion of the Debt Restructuring (as defined in note 1 to the consolidated financial statements), 850,000,000 convertible preference shares were issued and allotted to Goldstar Success, which shall have the right to convert all or part of its holding of preference shares into ordinary shares of the Company at any time from a date not earlier than one year from 11 January 2012, the date of resumption of trading in the shares on the Stock Exchange.

(b) Mr. Chau was deemed to be interested in these preference shares through his controlling interest in Goldstar Success. The preference shares were beneficially owned by Goldstar Success, which was owned as to 70.00% by Prosper Wing and as to 30.00% by Kwok Tao. Prosper Wing was in turn wholly-owned by Mr. Chau.

Save as disclosed above, the Company had not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 31 March 2012.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2012, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of the Directors and the chief executive, the following shareholders had notified the Company of relevant interests or short position in shares and underlying shares of Company as follows:

Long position in the shares and underlying shares

Ordinary shares of HK$0.01 each of the Company

Substantial shareholder	Capacity	Number of ordinary shares	Approximate percentage of the issued share capital of the Company
Prosper Wing Limited	Interest of controlled corporation *(Note a)*	488,654,394	61.08%
Mr. Ng Ting Wai	Interest of controlled corporation *(Note b)*	488,654,394	61.08%
Kwok Tao Capital Investment Limited	Interest of controlled corporation *(Note b)*	488,654,394	61.08%
Goldstar Success Limited	Beneficial owner *(Note a and b)*	488,654,394	61.08%
Mr. Lai Kar Yan	Interest of controlled corporation *(Note c)*	151,720,000	18.97%
Mr. Lo Kin Ching, Joseph	Interest of controlled corporation *(Note c)*	151,720,000	18.97%
Favour United Limited	Beneficial owner *(Note c)*	151,720,000	18.97%

Notes:

(a) Please refer to the corporate interest in the ordinary shares of the Company held by Mr. Chau in the Company as disclosed under the "DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES" section above.

(b) Mr. Ng Ting Wai ("**Mr. Ng**") was deemed to be interested in these shares through his controlling interest in Goldstar Success. The shares were beneficially owned by Goldstar Success, which was owned as to 70.00% by Prosper Wing and as to 30.00% by Kwok Tao. Kwok Tao was in turn wholly-owned by Mr. Ng.

(c) Favour United Limited was owned as to 50% by Mr. Lai Kar Yan and as to 50% by Mr. Lo Kin Ching, Joseph.

Convertible preference shares of HK$0.01 each of the Company (Note a)

Substantial shareholder	**Capacity**	**Number of convertible preference shares**	**Number of underlying ordinary shares**	**Approximate percentage of the issued share capital of the Company**
Prosper Wing Limited	Interest of controlled corporation *(Note b)*	850,000,000	850,000,000	106.25%
Mr. Ng Ting Wai	Interest of controlled corporation *(Note c)*	850,000,000	850,000,000	106.25%
Kwok Tao Capital Investment Limited	Interest of controlled corporation *(Note c)*	850,000,000	850,000,000	106.25%
Goldstar Success Limited	Beneficial owner *(Note b and c)*	850,000,000	850,000,000	106.25%

Notes:

(a) After completion of the Debt Restructuring (as defined in note 1 to the consolidated financial statements), 850,000,000 convertible preference shares were issued and allotted to Goldstar Success, which shall have the right to convert all or part of its holding of preference shares into ordinary shares of the Company at any time from a date not earlier than one year from 11 January 2012, the date of resumption of trading in the shares on the Stock Exchange.

(b) Please refer to the corporate interest in the convertible preference shares of the Company held by Mr. Chau in the Company as disclosed under the "DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES" section above.

(c) Mr. Ng was deemed to be interested in these preference shares through his controlling interest in Goldstar Success. The preference shares were beneficially owned by Goldstar Success, which was owned as to 70.00% by Prosper Wing and as to 30.00% by Kwok Tao. Kwok Tao was in turn wholly-owned by Mr. Ng.

Save as disclosed above, the Company has not been notified of any substantial shareholder who had any other relevant interests or short positions in the issued share capital of the Company to be disclosed pursuant to Part XV of SFO as at 31 March 2012.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the Year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this annual report, the Company has maintained a sufficient public float as at the date of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, the Group's largest customer and five largest customers accounted for approximately 52% and 98% of its total revenue from trading of aluminium products business and construction projects business respectively.

During the Year, the Group's largest supplier and five largest suppliers accounted for approximately 48% and 96% of its total cost for trading of aluminium products business and construction projects business respectively.

At no time during the Year did a Director, an associate of a Director or a shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest suppliers or customers.

EVENTS AFTER THE REPORTING PERIOD

Details of significant events occurring after the reporting period are set out in note 41 to the consolidated financial statements.

AUDITORS

The accompanying consolidated financial statements have been audited by Ray W.H. Chan & Co., Certified Public Accountants who will retire and a resolution for their appointment as the auditors of the Company will be proposed at the forthcoming annual general meeting.

By order of the Board

Mung Hing Choy
Chairman

Hong Kong, 28 June 2012

CORPORATE GOVERNANCE REPORT

CODE ON CORPORATE GOVERNANCE PRACTICES

For The Period From 1 April 2011 To 10 January 2012

The Company's code on corporate governance practices was adopted by reference to the provisions of the Code on Corporate Governance Practices (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**"). However, due to the prolonged suspension of trading in the shares of the Company on the Stock Exchange and the severe financial difficulties of the Group before resumption of trading in the shares of the Company which took place on 11 January 2012, the Board is unable to comment as to whether the Company had complied with the CG Code during the period from 1 April 2011 to 10 January 2012.

For The Period From 11 January 2012 To 31 March 2012 (The "CG Report Period")

The Company has restored its corporate governance practices immediate after resumption of trading in the shares of the Company. The Company has all along committed to fulfill its responsibilities to its shareholders by ensuring that the proper processes for supervision and management of the Group's businesses are duly operated and reviewed and that good corporate governance practices and procedures, including but not limited to the CG Code, are established throughout the CG Report Period. The Company complied with the CG Code throughout the CG Report Period except for the following deviations from the CG Code:

CG Code A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company does not at present have any office with the title "chief executive officer". The Board is of the view that currently vesting the roles of chairman and chief executive officer in Mr. Mung Hing Choy provides the Group with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as execution of long term business strategies.

The current corporate governance practice of the Company will be reviewed and updated in a timely manner in order to comply with the CG Code.

BOARD OF DIRECTORS

Board Composition

The Board of Directors (the "**Directors**") (the "**Board**") is responsible for the Group's system of corporate governance and is ultimately accountable for the Group's activities, strategies and financial performance. The day-to-day management and operation of the Group are delegated to the management team. The Board currently has three Executive Directors and four Non-executive Directors. Three of the four Non-executive Directors are independent to ensure that proposed strategies protect all shareholders' interests.

All the Directors were appointed for specific terms and subject to retirement by rotation and re-election at the forthcoming annual general meetings of the Company in accordance with the bye-laws of the Company.

The Company complies with Rule 3.10 of the Listing Rules that there is sufficient number of Independent Non-executive Directors ("**INEDs**") and each of them has appropriate qualifications. The Company has received from each of the INEDs an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all of the INEDs are independent.

There is no financial, business, family or other material or relevant relationship among the Board members of the Company.

Appropriate insurance cover on Directors' liabilities has been in force to protect the Directors of the Group from their risks arising from the businesses of the Group.

Chairman of the Board

The Chairman of the Board is Mr. Mung Hing Choy. The Chairman is responsible for providing leadership to, and overseeing, the functioning of the Board and, with the support of Executive Directors and the Company Secretary, seeking to ensure that all Directors are properly briefed on issues arising at Board meetings and that they receive adequate and reliable information in a timely manner. The Company does not at present have any office with the title "chief executive officer". The Board is of the view that currently vesting the roles of chairman and chief executive officer in Mr. Mung Hing Choy provides the Group with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as execution of long term business strategies.

Board Meetings

The Directors can attend meetings in person or through other electronic means of communication in accordance with the bye-laws of the Company.

Board meetings are scheduled in advance and notice is given to all Directors so as to give them an opportunity to attend. Board papers are circulated not less than three days before the date of a Board meeting to enable the Directors to make informed decision on matters to be raised at the Board meetings. All Directors are given an opportunity to include matters in the agenda for Board meetings. Board minutes are kept by the Company Secretary and are sent to the Directors for records. In addition, Directors at all times have full and timely access to all information on the Group and may seek independent professional advice at the Company's expense whenever considered necessary by the Directors.

During the CG Report Period, 5 board meetings were held of which 3 were full board meetings and 2 were Executive Directors ("**EDs**") meetings and the attendance of each Director is set out as follows:

Directors	**Attendance**	
	Full Board meeting	**ED meeting**
Executive Directors		
Mr. Mung Hing Choy, Chairman (Appointed on 11 January 2012)	3/3	2/2
Mr. Chau Shing Yim, David (Appointed on 9 January 2012)	2/3	1/2
Ms. Cheung Oi Chun (Appointed on 9 January 2012)	2/3	2/2
Non-executive Directors		
Mr. Tsoi Tong Hoo, Tony (Appointed on 11 January 2012)	1/3	N/A
Independent Non-executive Directors		
Mr. Choi Wing Koon (Appointed on 9 January 2012)	3/3	N/A
Mr. Li Kam Chung (Appointed on 9 January 2012)	2/3	N/A
Mr. Kwok Lap Fung, Beeson (Appointed on 9 January 2012)	1/3	N/A

Directors' Securities Transactions

Trading in the shares of the Company was suspended from 17 July 2006 to 10 January 2012 (both days inclusive) and the Board is of the opinion that the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules was not applicable during the period from 17 July 2006 to 10 January 2012.

The Company has re-adopted the Model Code on 11 January 2012 as the code for dealing in securities of the Company by the Directors. Having made specific enquiry of all Directors of the Company, the Directors confirmed that they had complied with the required standards set out in the Model Code throughout the period from 11 January 2012 to 31 March 2012.

Directors' Responsibility for the Consolidated Financial Statements

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Group and ensuring that the preparation of the consolidated financial statements of the Group is in accordance with statutory requirements and applicable accounting standards. The Directors shall ensure the publication of the Group's consolidated financial statements in a timely manner.

The statement of the Auditor of the Company about their reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report on pages 21 to 23 of this Annual Report.

BOARD COMMITTEES

The Board has appointed the following Board committees to oversee particular aspects of the Company's affairs:

Audit Committee

The Audit Committee was re-established on 9 January 2012 for the purposes of reviewing the Group's financial reporting, internal controls and making relevant recommendations to the Board. The Audit Committee is provided with sufficient resources to discharge its duties and has access to independent professional advice according to the Company's policy if considered necessary.

During the CG Report Period, the Audit Committee comprises three Independent Non-executive Directors, namely, Mr. Choi Wing Koon (Chairman of the Audit Committee), Mr. Li Kam Chung and Mr. Kwok Lap Fung, Beeson. The Chairman of the Audit Committee has the appropriate professional qualification as required by the Listing Rules.

The principal duties of the Audit Committee include, but are not limited to, reviewing the Company's current financial standing, considering the nature and scope of audit reports, and ensuring internal control systems operate in accordance with applicable standards and conventions. The Company has adopted written terms of reference for the Audit Committee, which clearly define the role, authority and function of the Audit Committee.

The Audit Committee held one meeting during the CG Report Period and up to the annual report date and the following sets out a summary of the work of the Audit Committee during such period:

- review of the financial reports for 2012 annual results;
- recommendation to the Board, for the approval by shareholders, of the re-appointment of Ray W. H. Chan & Co. as the external Auditor and approval of their remuneration;
- determination of the nature and scope of the audit;
- review of the financial and accounting policies and practices of the Company; and
- review of the effectiveness of the Company's internal control, financial control and risk management system, including the review of the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget.

The attendance record of each Audit Committee member during the CG Report Period and up to the annual report date is set out below.

Members	Attendance
Mr. Choi Wing Koon	1/1
Mr. Li Kam Chung	1/1
Mr. Kwok Lap Fung, Beeson	1/1

Remuneration Committee

The Company re-established a Remuneration Committee on 9 January 2012. During the CG Report Period, the Remuneration Committee was chaired by Mr. Li Kam Chung with Mr. Choi Wing Koon (both were Independent Non-executive Directors) and Ms. Cheung Oi Chun (Executive Directors) as members.

The principal duties of the Remuneration Committee include, but are not limited to, making recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and reviewing and approving the remuneration package of each Director and member of senior management with reference to corporate goals and objectives resolved by the Board from time to time. The Company has adopted written terms of reference for the Remuneration Committee which clearly define the role, authority and function of the Remuneration Committee.

The share option scheme adopted by the Company has expired on 6 June 2012. The Company has not adopted any share option scheme currently. The emoluments of Directors are determined based on the duties and responsibilities of each Director. The Directors' fees were reviewed by the Remuneration Committee.

During the CG Report Period and up to the annual report date, the Remuneration Committee held its meeting once to review and approve the remuneration package of each Director. The attendance record of each Remuneration Committee member during the period is set out below.

Members	**Attendance**
Mr. Li Kam Chung	1/1
Mr. Choi Wing Koon	1/1
Ms. Cheung Oi Chun	1/1

Nomination Committee

The Company established a Nomination Committee on 1 March 2012 with written terms of reference in compliance with the revised CG Code Provision A.5.1 which will come into effect on 1 April 2012. The Nomination committee is chaired by Mr. Choi Wing Koon with Mr. Li Kam Chung (both were Independent Non-executive Directors) and Mr. Tsoi Tong Hoo, Tony (Non-Executive Directors) as members. Majority of the Nomination Committee are INEDs of the Company.

The role and the function of the Nomination Committee are:

- review the structure, size and composition of the Board of Directors;
- identify and nominate individuals suitably qualified to become members of the Board of Directors;
- assess the independence of the INEDs and the proposed INEDs;
- make recommendations on the appointment and reappointment of the directors and succession planning for directors;
- make available its terms of reference to any eligible party without charge; and
- do any such things to enable the Nomination Committee to discharge its powers and functions.

During the CG Report Period and up to the annual report date, the Nomination Committee held its meeting once to review and make recommendations on the appointment and reappointment of the directors. The attendance record of each Nomination Committee member during the period is set out below.

Members	Attendance
Mr. Choi Wing Koon	1/1
Mr. Li Kam Chung	1/1
Mr. Tsoi Tong Hoo, Tony	1/1

At the committee meeting, it was resolved that all the existing Directors shall be recommended to be retained by the Company. Moreover, with reference to the Bye-laws of the Company and the CG Code, all Directors shall retire, and being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

AUDITOR'S REMUNERATION

For the year ended 31 March 2012, the total remuneration in respect of statutory audit services provided by the Company's external auditor, Ray W.H. Chan & Co., amounted to approximately HK$750,000. During the year, payment to Ray W.H. Chan & Co. in respect of non-audit services provided to the Group amounted to approximately HK$89,000.

INTERNAL CONTROL

The Board is responsible for maintaining sound and effective internal control systems for the Group in order to safeguard the Group's assets and shareholders' interests, as well as for reviewing the effectiveness of such systems. The Board will from time to time conduct a review of the Group's internal control system. During the CG Report Period, the Board, through the Audit Committee, reviewed the overall effectiveness of the system of internal control of the Group over financial, operational and compliance issues, risk management process, information systems security, scope and quality of the management's monitoring of risks and the effectiveness of financial reporting and compliance with the Listing Rules. The Board considered that the resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget were adequate. The Board concluded that in general, the Group had set up a sound control environment and installed necessary control mechanisms to monitor and correct non-compliance.

INDEPENDENT AUDITOR'S REPORT

陳偉洪會計師行

RAY W.H. CHAN & CO.

CHARTERED CERTIFIED ACCOUNTANTS
CERTIFIED PUBLIC ACCOUNTANTS
HONG KONG

12/F., Bel Trade Commercial Building,
1–3 Burrows Street,
Wanchai,
Hong Kong.

TO THE SHAREHOLDERS OF
ZHIDAO INTERNATIONAL (HOLDINGS) LIMITED
(Formerly known as Ocean Grand Holdings Limited)
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Zhidao International (Holdings) Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 24 to 63, which comprise the consolidated statement of financial position as at 31 March 2012, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

INDEPENDENT AUDITOR'S REPORT

BASIS FOR QUALIFIED OPINION

1. Opening balances and corresponding figures

Our audit opinion on the consolidated financial statements of the Group for the year ended 31 March 2011, which form the basis for the corresponding figures presented in the current year's consolidated financial statements, was disclaimed because of the significance of the possible effect of the limitations on the scope of our audit and material uncertainty in relation to going concern, details of which are set out in our audit report dated 20 July 2011.

2. Gain on disposal of subsidiaries

The Group has disposed a number of subsidiaries according to the Scheme during the year and a gain on disposal of subsidiaries amounted to approximately HK$1 was recognized in the consolidated statement of comprehensive income for the year ended 31 March 2012. We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the accuracy of the financial position as at 1 April 2011 and at the disposal date, and of the results from 1 April 2011 to date of disposal being disposed of, and whether the amount of gain on disposal of subsidiaries had been accurately recorded in the consolidated statement of comprehensive income.

3. Gain on debt restructuring

As set out in note 9 to the consolidated financial statements, the current directors have been unable to obtain sufficient documentary evidence to satisfy themselves as to whether the gain on debts restructuring amounted to approximately HK$1,930,503,000 represented indebtedness discharged upon effective of the Scheme and included in the consolidated statement of comprehensive income for the year ended 31 March 2012 was fairly stated.

4. Transactions and disclosures

The current directors are unable to satisfy themselves as to the completeness of the transactions entered into by the Company included in the consolidated financial statements and of the completeness of disclosure of finance costs, directors' emoluments and five highest paid employee, income tax, trade and other payables, short-term borrowings, deferred taxation, share options, commitment, retirement benefit plans, related party transactions and contingent liabilities for the period from 1 April 2011 to 9 January 2012 in the consolidated financial statements.

Any adjustments to the matters as described from points 1 to 4 above might have a consequential effect on the Group's results and cash flows for the year ended 31 March 2012 and related disclosures thereof in the consolidated financial statements.

QUALIFIED OPINION

In our opinion, except for the possible effects on the corresponding figures and on the current year's consolidated financial statements of the matters as described in the basis for qualified opinion paragraphs, the consolidated financial statements give a true and fair view of the state of the Group's affairs as at 31 March 2012, and of its 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.

RAY W.H. CHAN & CO.
Certified Public Accountants

Hong Kong, 28 June 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2012

	Note	2012 HK$'000	2011 HK$'000
Turnover	7	**343,153**	414,924
Cost of sales		**(317,376)**	(398,317)
Gross profit		**25,777**	16,607
Other income	8	**152**	165
Gain on disposal of subsidiaries	32	**—**	—
Gain on debt restructuring	9	**1,930,503**	—
Restructuring costs		**(25,000)**	—
General and administrative expenses		**(8,595)**	(5,060)
Finance costs	10	**(223)**	(237)
Profit before income tax	11	**1,922,614**	11,475
Income tax	13	**(962)**	(193)
Profit for the year		**1,921,652**	11,282
Other comprehensive income/(loss)			
Exchange differences on translating foreign operations		**67**	(210)
Total comprehensive income for the year		**1,921,719**	11,072
Profit attributable to owners of the Company		**1,921,652**	11,282
Total comprehensive income attributable to owners of the Company		**1,921,719**	11,072
Earnings per share	15		
— Basic		**HK$6.61**	HK$0.08
— Diluted		**HK$6.61**	HK$0.08

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2012

	Note	2012 HK$'000	2011 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	16	**445**	620
Goodwill	17	**1,243**	1,243
Intangible assets	18	**252**	252
Retention receivables	19	**20,974**	9,714
		22,914	11,829
Current assets			
Inventories	20	**648**	1,924
Trade and other receivables	21	**107,418**	42,970
Amounts due from customers on construction contracts	22	**2,118**	3,379
Pledged bank deposits	23	**–**	1,000
Bank balances and cash	24	**75,490**	5,570
		185,674	54,843
Current liabilities			
Trade and other payables	25	**40,941**	434,375
Amounts due to deconsolidated subsidiaries	26	**–**	126,426
Short-term borrowings	27	**–**	1,448,078
Bank borrowings	28	**–**	2,414
Income tax payable		**1,102**	347
		42,043	2,011,640
Net current assets/(liabilities)		**143,631**	(1,956,797)
Total assets less current liabilities		**166,545**	(1,944,968)
Non-current liabilities			
Retention payables		**16,731**	6,636
Net assets/(liabilities)		**149,814**	(1,951,604)
CAPITAL AND RESERVES			
Share capital	30	**16,500**	423,835
Reserves		**133,314**	(2,375,439)
Total equity		**149,814**	(1,951,604)

Approved and authorized for issue by the Board of Directors on 28 June 2012.

Mung Hing Choy
Chairman

Cheung Oi Chun
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2012

	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Capital redemption reserve HK$'000	Foreign currency translation reserve HK$'000	(Accumulated losses)/ Retained earnings HK$'000	Total equity HK$'000
At 1 April 2010	423,835	114,340	145,517	581	–	(2,646,949)	(1,962,676)
Profit for the year	–	–	–	–	–	11,282	11,282
Other comprehensive loss for the year	–	–	–	–	(210)	–	(210)
Total comprehensive (loss)/ income for the year	–	–	–	–	(210)	11,282	11,072
At 31 March 2011	**423,835**	**114,340**	**145,517**	**581**	**(210)**	**(2,635,667)**	**(1,951,604)**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**1,921,652**	**1,921,652**
Other comprehensive income for the year	**–**	**–**	**–**	**–**	**67**	**–**	**67**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**67**	**1,921,652**	**1,921,719**
Reduction of capital and share premium	**(422,422)**	**(114,340)**	**–**	**–**	**–**	**536,762**	**–**
Issue of ordinary shares	**6,587**	**60,062**	**–**	**–**	**–**	**–**	**66,649**
Issue of preference shares	**8,500**	**104,550**	**–**	**–**	**–**	**–**	**113,050**
Release of contributed surplus and capital redemption reserve	**–**	**–**	**(145,517)**	**(581)**	**–**	**146,098**	**–**
At 31 March 2012	**16,500**	**164,612**	**–**	**–**	**(143)**	**(31,155)**	**149,814**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2012

	Note	2012 HK$'000	2011 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		**1,922,614**	11,475
Adjustments for:			
Depreciation		**188**	107
Finance costs		**223**	237
Impairment loss on other receivables		—	1,556
Gain on disposal of subsidiaries		—	—
Gain on debt restructuring		**(1,930,503)**	—
Interest income		**(87)**	(1)
Operating cash flows before movements in working capital		**(7,565)**	13,374
Decrease/(Increase) in inventories		**1,276**	(568)
Increase in retention receivables		**(11,113)**	(10,539)
(Increase)/Decrease in trade and other receivables		**(64,595)**	24,162
Decrease in amounts due from customers on construction contracts		**1,261**	3,815
Increase/(Decrease) in trade and other payables		**10,181**	(36,089)
Increase in retention payables		**7,281**	6,636
Cash (used in)/generated from operating activities		**(63,274)**	791
Income taxes paid		**(216)**	(206)
Net cash (used in)/generated from operating activities		**(63,490)**	585
INVESTING ACTIVITIES			
Interest income		**87**	1
Contribution from acquisition of subsidiaries		**–**	3,053
Disposal of subsidiaries	32	**–**	—
Payment for property, plant and equipment		**(8)**	—
Decrease in pledged bank deposits		**1,000**	—
Net cash generated from investing activities		**1,079**	3,054
FINANCING ACTIVITIES			
Interest paid		**(223)**	(237)
Repayment of bank borrowings		**(2,414)**	(561)
Repayment to investor		**(9,700)**	(1,100)
Payment to the Scheme		**(35,102)**	—
Proceeds from issue of shares		**179,699**	—
Net cash generated from/(used in) financing activities		**132,260**	(1,898)
Net increase in cash and cash equivalents		**69,849**	1,741
Effect of foreign exchange rate changes, net		**71**	(238)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**5,570**	4,067
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**75,490**	5,570
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances and cash		**75,490**	5,570

1. GENERAL INFORMATION

The Company was incorporated in Bermuda as an exempted company with limited liability and its ordinary shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The address of its registered office is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The address of principal place of business of the Company was moved to Unit C & D, 16th Floor, China Overseas Building, 139 Hennessy Road, Wanchai, Hong Kong on 9 January 2012. The shares of the Company had been suspended for trading on the Stock Exchange since 17 July 2006. Following completion of all the transactions contemplated in the restructuring agreement on 9 January 2012 (the "**Debt Restructuring**"), trading of the Company's shares on the Stock Exchange was resumed on 11 January 2012.

Pursuant to a special resolution was passed at the special general meeting of the Company held on 23 May 2012, the English name of the Company changed from "Ocean Grand Holdings Limited" to "Zhidao International (Holdings) Limited" and a new Chinese name "志道國際(控股)有限公司" be adopted for identification purposes only in place of the Chinese name "海域集團有限公司".

Following completion of the restructuring agreement as set out in note 3 to the consolidated financial statements, the Company is current owned by Goldstar Success Limited, a company incorporated in the British Virgin Islands ("BVI") with limited liability. At 31 March 2012, the directors of the Company consider the ultimate controlling party of the Company to be Prosper Wing Limited, which is incorporated in the BVI with limited liability.

The Company is an investment holding company. The activities of the subsidiaries are set out in note 39 to the consolidated financial statements.

These consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is the same as the functional currency of the Company. All values are rounded to the nearest thousand except when otherwise indicated.

2. WITHDRAWAL OF WINDING-UP PETITIONS AND DISCHARGE OF PROVISIONAL LIQUIDATORS

The shares of the Company had been suspended for trading on the Stock Exchange since 17 July 2006. Messrs. Joseph Kin Ching Lo and Lai Kar Yan (also known as Lai Kar Yan, Derek), both of Deloitte Touche Tohmatsu, have been appointed as the joint and several provisional liquidators of the Company (the "**Provisional Liquidators**") by the orders of the High Court of The Hong Kong Special Administrative Region (the "**High Court**") on 24 July 2006 and by the Supreme Court of Bermuda (the "**Bermuda Court**") on 25 July 2006 in order to protect the assets of the Company and to safeguard the interests of both the creditors and the shareholders.

At the respective resumed hearings of the winding-up petitions against the Company ("**Petitions**") held on 19 and 23 December 2011, the High Court and the Bermuda Court ordered that the Petitions be withdrawn and the Provisional Liquidators be discharged and released, conditional upon, and to take effect from, the date of delivery by the Provisional Liquidators to the Registrar of Companies in Hong Kong and Bermuda respectively of the office copies of the orders of the High Court sanctioning the Company's scheme of arrangement for discharging its debts (the "**Scheme**") and its modifications and the order of the Bermuda Court recognizing the Scheme.

On 9 January 2012, the office copies of the orders of the High Court sanctioning the Scheme and its modifications and the order of the Bermuda Court recognizing the Scheme had been filed with the Registrar of Companies in Hong Kong and Bermuda respectively. As a result, the Petitions were withdrawn and the Provisional Liquidators were discharged on 9 January 2012.

2. WITHDRAWAL OF WINDING-UP PETITIONS AND DISCHARGE OF PROVISIONAL LIQUIDATORS (continued)

Following fulfillment of the resumption conditions set out in the decision letter from the Stock Exchange dated 28 September 2010, trading in the shares of the Company on the Stock Exchange was resumed on 11 January 2012.

Details of the above have been disclosed in the Company's announcement dated 9 January 2012.

3. DEBT RESTRUCTURING

On 20 December 2007, the Company, the Provisional Liquidators, the investor and the escrow agent entered into an agreement for the implementation of the restructuring proposal (the "**Restructuring Agreement**").

The Restructuring Agreement, as supplemented by the supplemental agreements, provided terms for, inter alia, the debt restructuring, the capital restructuring, the group reorganization, the open offer and the subscription. Details of the Restructuring Agreement are set out in the Company's circular dated 31 October 2011 and open offer announcement dated 8 December 2011.

On 23 November 2011, the Company convened a special general meeting in which all the resolutions regarding the implementation of the restructuring were duly and unanimously passed by the shareholders of the Company.

Pursuant to Company's announcement on 9 January 2012, the Restructuring Agreement had been completed, winding-up petitions had been withdrawn and Provisional Liquidators were discharged on 9 January 2012. Accordingly, a number of subsidiaries were transferred to the scheme administrators for the benefit of the Company's creditors at a nominal consideration of HK$1 and all liabilities of the Company were eliminated and fully discharged pursuant to the Scheme.

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

In the current year, the Group has applied the following new and revised standards, amendments to standards and interpretations ("**new and revised HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

HKFRSs (Amendments)	Improvements to HKFRSs 2010
HKAS 24 (Revised)	Related Party Disclosures
HKAS 32 (Amendment)	Classification of Rights Issues
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HK(IFRIC)-INT 14 (Amendment)	Prepayments of a Minimum Funding Requirement
HK(IFRIC)-INT 19	Extinguishing Financial Liabilities with Equity Instruments

Except as described below, the adoption of these new and revised HKFRSs has had no material effect on the Group's financial performance and positions for the current and prior years.

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

Amendments to HKAS 1 Presentation of Financial Statements (as part of "Improvements to HKFRSs 2010")

The amendments to HKAS 1 clarify that an entity may choose to disclose an analysis of other comprehensive income by item in the statement of changes in equity or in the notes to the financial statements. In the current year, for each component of equity, the Group has chosen to present such an analysis in notes to the consolidated financial statements, with a single-line presentation of other comprehensive income in the consolidated statement of changes in equity.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

5. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

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

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

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations (continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with HKAS 12 and HKAS 19 respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquire are measured in accordance with HKFRS 2 at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

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

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

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

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

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

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

Intangible assets

Intangible assets acquired in a business combination are identified and recognized separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets with indefinite useful lives are carried at costs less any accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, costs of conversion and other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the weighted average cost method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Leasing

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

The Group as lessee

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

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

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

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Impairment of tangible and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of tangible and intangible assets other than goodwill (continued)

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

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

Revenue recognition

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

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Sale of goods is recognized on transfer of risks and rewards of ownership, which generally coincides with the time when goods are delivered and title has passed.

(ii) To the extent that the outcome of the contract can be estimated reliably, revenue from construction contracts is recognized using the percentage of completion method, measured by reference to the percentage of work performed to date to estimated total contract value. When the outcome of a contract cannot be estimated reliably, revenue is recognized only to the extent of contract costs incurred that are probable of recovery.

(iii) Interest income is accrued on a time proportion basis by reference to the principal outstanding using the effective interest rate method.

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

Construction contract

Contract costs are recognized when incurred. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are probable of recovery.

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, revenue is recognized over the period of the contract. When it is probable total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

The Group uses the "percentage of completion method" to determine the appropriate amount of revenue and costs to be recognized in a given period. The stage of completion is measured by reference to work performed certified to date as a percentage of total contract value.

The Group presents as an asset the gross amount due from customers on construction contracts for all contracts in progress for which costs incurred plus recognized profits (less recognized losses) exceed progress billings. Progress billings not yet paid by customers and retentions are included within "trade and other receivables".

The Group presents as a liability the gross amount due to customers on construction contracts for all contracts in progress for which progress billings exceed costs incurred plus recognized profits (less recognized losses).

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, is recognized in profit or loss in the period in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case, the exchange rates prevailing at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (the translation reserve).

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

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

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions and contingent liabilities

Provisions are recognized for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

Retirement benefit scheme

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument.

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

Financial assets

The Group's financial assets are classified as loans and receivables.

Effective interest method

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

Interest income is recognized on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, retention receivables, pledged bank deposit, and bank balances and cash) are carried at amortized cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets

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

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

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

For financial assets carried at amortized cost, an impairment loss is recognized in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

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

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

Financial liabilities and equity

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

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognized on an effective interest basis.

Financial liabilities

Financial liabilities including trade and other payables, short-term borrowings, bank borrowings, amounts due to deconsolidated subsidiaries and retention payables are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognized when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

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

6. 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 circumstance.

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

Percentage of completion of construction works

The Group recognizes its contract revenue according to the percentage of work performed to date of the individual contract of construction works as a percentage of total contract value. Because of the nature of the activity undertaken in construction contracts, the date at which the contract activity is entered into and the date when the activity is completed usually fall into different accounting periods. The Group reviews and revises the estimates of contract revenue, contract costs, variation orders and contract claims prepared for each construction contract as the contract progresses. Management regularly reviews the progress of the contracts and the corresponding costs of the contract revenue.

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

Impairment of goodwill and intangible assets

Determining whether goodwill and intangible assets are impaired requires an estimation of the value in use of the cash-generating units to which goodwill and intangible assets have been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 March 2012, the carrying amounts of goodwill and intangible assets are HK$1,243,000 (2011: HK$1,243,000) and HK$252,000 (2011: HK$252,000) respectively (see notes 17 and 18 for details).

Impairment of trade and other receivables

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed.

Income tax

The Group is mainly subject to income taxes in Hong Kong and the People's Republic of China (the "**PRC**"). Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

7. TURNOVER AND SEGMENT INFORMATION

An analysis of the Group's turnover for the year is as follows:

	2012 ***HK$'000***	2011 *HK$'000*
Trading of aluminium products	**154,406**	285,653
Construction projects supply	**188,747**	129,271
	343,153	414,924

7. TURNOVER AND SEGMENT INFORMATION (continued)

Segment information

The Company's executive directors are chief operating decision makers. Information reported to the chief operating decision makers for the purposes of resource allocation and assessment of segment performance focuses on two principal business activities.

Specially, the Group's reportable and operating segments under HKFRS 8 are as follows:

(i) Trading of aluminium products; and

(ii) Construction projects — supply of aluminium products.

Information regarding the above segments is reported below.

Segment results, assets and liabilities

An analysis of the Group's revenue, contribution to operating results and segment assets and liabilities by business segments is presented as follows:

	2012		
	Trading of aluminium products *HK$'000*	**Construction projects** *HK$'000*	**Total** *HK$'000*
Segment revenue:			
Sales to external customers	154,406	188,747	343,153
Segment result	(39)	20,523	20,484
Unallocated corporate income, net			1,902,353
Finance costs			(223)
Profit before income tax			1,922,614
Segment assets	31,559	101,539	133,098
Unallocated assets			75,490
Total assets			208,588
Segment liabilities	958	56,095	57,053
Unallocated liabilities			1,721
Total liabilities			58,774

7. TURNOVER AND SEGMENT INFORMATION (continued)

Segment results, assets and liabilities (continued)

	2011		
	Trading of aluminium products *HK$'000*	Construction projects *HK$'000*	Total *HK$'000*
Segment revenue:			
Sales to external customers	285,653	129,271	414,924
Segment result	723	11,001	11,724
Unallocated corporate expenses, net			(12)
Finance costs			(237)
Profit before income tax			11,475
Segment assets	22,771	37,331	60,102
Unallocated assets			6,570
Total assets			66,672
Segment liabilities	18,345	24,278	42,623
Unallocated liabilities			1,975,653
Total liabilities			2,018,276

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

- segment profit represents the profit earned by each segment without allocation of central administration costs and finance costs;
- all assets are allocated to reportable segments other than bank balances and cash, pledged bank deposit and amounts due from deconsolidated subsidiaries; and
- all liabilities are allocated to reportable segments other than amounts due to deconsolidated subsidiaries, amount due to the investor, borrowings, tax liabilities and other corporate liabilities.

7. TURNOVER AND SEGMENT INFORMATION (continued)

Geographical Segment

Revenue from external customers

The information about the revenue from external customers of the Group by geographical location are detailed below:

	2012 HK$'000	2011 HK$'000
PRC	**335,721**	396,922
Hong Kong	**7,432**	18,002
	343,153	414,924

Non-current assets

The non-current assets information is based on the location of assets and excludes interests in deconsolidated subsidiaries and goodwill.

	2012 HK$'000	2011 HK$'000
PRC	**445**	619
Hong Kong	**21,226**	9,967
	21,671	10,586

Information about major customers

Included in revenue of the Group of HK$343 million (2011: HK$415 million) is revenue of HK$179 million, HK$78 million and HK$71 million from the Group's largest, second and third largest customers respectively (2011: HK$253 million and HK$111 million from the Group's largest and second largest customers respectively) contributing over 10% of the total turnover of the Group.

8. OTHER INCOME

	2012 HK$'000	2011 HK$'000
Interest income	**87**	1
Sundry income	**65**	164
	152	165

9. GAIN ON DEBT RESTRUCTURING

Following the Scheme became effective on 9 January 2012 as described in note 3 to the consolidated financial statements, all liabilities of the Company were eliminated and fully discharged.

Pursuant to the Scheme, (i) a cash of HK$35 million had been paid to the Scheme; (ii) 157,600,000 new ordinary shares had been allotted and issued to the scheme creditors of the Company at nil consideration; and (iii) the bank balances and cash of the Company amounted to approximately HK$102,000 had been transferred to the Scheme for the benefit of the scheme creditors of the Company. The gain on debt restructuring pursuant to the Scheme is as follows:

	HK$'000	HK$'000
Liabilities fully discharged pursuant to the Scheme		
Other payables	391,101	
Amounts due to deconsolidated subsidiaries	126,426	
Short-term borrowings	1,448,078	
		1,965,605
Less: Cash paid to the Scheme	(35,000)	
Bank balances and cash of the Company transferred to the Scheme	(102)	
New ordinary shares allotted and issued to the scheme creditors at nil consideration	–	
		(35,102)
		1,930,503

As explained by the current directors of the Company, most of former accounting personnel and former directors had left the Group on or before completion of Restructuring Agreement, the current directors were unable to obtain sufficient documentary information to satisfy themselves as to whether the gain on debt restructuring for the year ended 31 March 2012 was fairly stated.

10. FINANCE COSTS

	2012 HK$'000	2011 HK$'000
Interest on bank borrowings wholly repayable within 5 years	**94**	73
Interest on bills and overdrafts	**129**	143
Other finance costs	**–**	21
	223	237

11. PROFIT BEFORE INCOME TAX

This is stated after charging:

	2012 HK$'000	2011 HK$'000
Cost of construction and inventories sold	317,376	398,317
Auditors' remuneration	753	—
Depreciation of property, plant and equipment	14	12
Foreign exchange difference, net	19	14
Operating lease rentals in respect of land and buildings	700	570
Staff costs, including directors' emoluments:		
— Salaries and other benefits	3,463	1,656
— Retirement benefits scheme contributions	157	92
Impairment loss on other receivables	–	1,556

12. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES

(a) Directors' emoluments

There were no directors' emoluments incurred for the year ended 31 March 2011. The emoluments paid or payable to the directors of the Company for the year ended 31 March 2012 were as follows:

		2012				
Name of directors	Notes	Fee HK$'000	Salaries and other benefits HK$'000	Discretionary bonus HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Executive directors						
Chau Shing Yim, David	(i)	–	67	–	3	70
Cheung Oi Chun	(i)	–	67	–	3	70
Mung Hing Choy	(ii)	–	807	–	3	810
Hui Ho Ming, Herbert	(iii)	–	–	–	–	–
Kwan Man Wai	(iii)	–	–	–	–	–
Li Lee Cheung	(iii)	–	–	–	–	–
Yip Kim Po	(iv)	–	–	–	–	–
Yip Wan Fung	(iv)	–	–	–	–	–
Chin Chang Keng, Raymond	(iii)	–	–	–	–	–
Ang Mei Lee, Mary	(iii)	–	–	–	–	–
Non-executive director						
Tsoi Tong Hoo, Tony	(ii)	89	–	–	–	89
Independent non-executive directors						
Choi Wing Koon	(i)	23	–	–	–	23
Kwok Lap Fung, Beeson	(i)	23	–	–	–	23
Li Kam Chung	(i)	23	–	–	–	23
		158	941	–	9	1,108

12. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES (continued)

(a) Directors' emoluments (continued)

Notes:

(i) Appointed on 9 January 2012.

(ii) Appointed on 11 January 2012.

(iii) Resigned on 11 January 2012.

(iv) Retired on 30 August 2011.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

(b) Five highest paid employees

Of the five individuals with the highest emoluments, one (2011: Nil) was director whose emoluments are disclosed above. The emoluments in respect of the remaining four (2011: five) individuals were as follows.

	2012 HK$'000	2011 HK$'000
Salaries, allowances and benefits-in kind	**1,016**	905
Retirement benefit scheme contributions	**41**	43
	1,057	948

The emoluments were within the following bands

	Number of employees	
	2012	2011
HK$nil to HK$1,000,000	**4**	5

13. INCOME TAX

	2012 HK$'000	2011 HK$'000
Current tax:		
Hong Kong		
Hong Kong Profits Tax	**183**	193
Under-provision in prior years	**715**	—
PRC		
PRC Enterprise Income Tax	**26**	—
Under-provision in prior year	**38**	—
	962	193

13. INCOME TAX (continued)

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profits for the year.

PRC Enterprise Income Tax is calculated at 25% (2011: Nil) on the estimated assessable profits for the year.

The income tax for the year can be reconciled to the profit before income tax per consolidated statement of comprehensive income as follows:

		2012 **HK$'000**	2011 HK$'000
Profit before income tax		**1,922,614**	11,475
Tax at the domestic rates applicable to profits of taxation entities in the countries concerned	*(Note)*	**317,060**	1,823
Tax effect of income that is not taxable		**(322,044)**	(3,298)
Tax effect of expenses that are not deductible		**4,842**	1,237
Tax effect of tax loss not recognized		**352**	—
Tax effect of temporary differences		**(1)**	(1)
Under-provision in prior years		**753**	—
Others		**—**	432
Income tax charge for the year		**962**	193

Note: As the Group operates in Hong Kong and PRC, separate reconciliations using the domestic tax rate in each individual tax jurisdiction have been aggregated

No deferred tax assets and liabilities has been recognized in the consolidated financial statements as the Group did not have material temporary differences arising between the tax bases of assets and liabilities and their carrying amounts as at 31 March 2011 and 2012.

14. DIVIDENDS

No dividend has been paid or declared by the Company during the year (2011: Nil).

15. EARNINGS PER SHARE

The calculations of basic earnings per share for the year ended 31 March 2012 is based on the profit attributable to owners of the Company of approximately HK$1,921,652,000 (2011: HK$11,282,000) and on the weighted average number of 290,661,000 (2011 (restated as the effect of share consolidation): 141,278,000) ordinary shares in issue during the year.

Diluted earnings per share attributable to owners of the Company for both years are the same as the respective basic earnings per share as the Company did not have any dilutive potential ordinary shares during both years.

The share options have no dilutive effect on ordinary shares for the years ended 31 March 2011 and 2012 because the average market price of the shares of the Company cannot be determined as the share of the Company were suspended from trading on the Stock Exchange before the date of effective of the Scheme on 9 January 2012 and all the shares options have been subsequently lapsed upon the effective of the Scheme.

16. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery HK$'000	Furniture, fixture and equipment HK$'000	Motor vehicle HK$'000	Total HK$'000
Cost:				
At 1 April 2010	–	–	–	–
Arising on acquisition of subsidiaries	657	21	23	701
Exchange differences	23	–	–	23
At 31 March 2011	680	21	23	724
Additions	8	–	–	8
Exchange differences	6	–	–	6
At 31 March 2012	694	21	23	738
Accumulated depreciation and impairment:				
At 1 April 2010	–	–	–	–
Charged for the year	95	7	5	107
Exchange differences	(3)	–	–	(3)
At 31 March 2011	92	7	5	104
Charged for the year	174	6	8	188
Exchange differences	1	–	–	1
At 31 March 2012	267	13	13	293
Net carrying value:				
At 31 March 2012	427	8	10	445
At 31 March 2011	588	14	18	620

17. GOODWILL

	2012 HK$'000	2011 HK$'000
Cost:		
At 1 April	**1,243**	–
Arising from acquisition of subsidiaries	**–**	1,243
At 31 March	**1,243**	1,243
Accumulated impairment:		
At 1 April and 31 March	**–**	–
Net carrying value:		
At 31 March	**1,243**	1,243

Impairment test for goodwill

Goodwill is allocated to the Group's cash generating units identified according to operating and business segment.

The goodwill arose from the acquisition of Tak Lee Metal Manufactory (Hong Kong) Company Limited and its subsidiary during the year ended 31 March 2011. The recoverable amount of the goodwill has been determined based on a value-in-use calculation, which uses a cash flow projection based on financial forecast prepared by management covering a 5-year period. The discount rate applied to cash flow projection is 10% (2011: 10%) and cash flow beyond the 5-year period is extrapolated using zero (2011: zero) growth rate. Based on the valuation results prepared by the management, the management considered that there is no impairment charge needed to be made against the goodwill as at 31 March 2012.

Management determined the budgeted gross margin based on past performance and the expectation for the market development.

18. INTANGIBLE ASSETS

	2012 HK$'000	2011 HK$'000
Cost:		
At 1 April	**252**	–
Arising from acquisition of subsidiaries	**–**	252
At 31 March	**252**	252
Accumulated impairment:		
At 1 April and 31 March	**–**	–
Net carrying value:		
At 31 March	**252**	252

18. INTANGIBLE ASSETS (continued)

The amount represents the cost incurred for the application for inclusion into the Hong Kong Housing Authority's list of approved suppliers for stainless steel gate sets and aluminium windows in the past practice. The directors of the Company are of the opinion that the name of a subsidiary had been included in the list of approved suppliers has an indefinite useful life. As a result, the intangible assets will not be amortised until its useful life is determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired.

19. RETENTION RECEIVABLES

	2012 ***HK$'000***	2011 *HK$'000*
Retention receivables	**21,653**	10,540
Less: Current portion of retention receivables *(Note 21)*	**(679)**	(826)
	20,974	9,714

20. INVENTORIES

	2012 ***HK$'000***	2011 *HK$'000*
Raw materials	**323**	497
Finished goods	**325**	1,427
	648	1,924

21. TRADE AND OTHER RECEIVABLES

	2012 ***HK$'000***	2011 *HK$'000*
Trade receivables		
Trade receivables	**72,613**	27,481
Retention receivables *(Note 19)*	**679**	826
Other receivables		
Deposits, prepayments and other debtors	**35,682**	16,219
Provision for impairment	**(1,556)**	(1,556)
	107,418	42,970

Retention receivables represents certified contract payments in respect of works performed, for which payments are withheld by customers for retention purposes, and the amount retained is withheld on each payment up to a maximum amount calculated on a prescribed percentage of the contract sum. No aging analysis of retention receivables is presented as the retentions are released to the Group pursuant to the provisions of the relevant contracts after the completion of the projects in question.

21. TRADE AND OTHER RECEIVABLES (continued)

The Group allows a credit period normally 0 to 90 days (2011: 0 to 90 days) to its trade customers. The aging analysis of trade receivables presented based on the invoice date as at the end of the reporting period is as follows:

	2012 HK$'000	2011 HK$'000
0 to 30 days	29,493	8,466
31 to 60 days	29,535	19,014
61 to 90 days	–	–
Over 90 days	13,585	1
	72,613	27,481
Retention receivables	679	826
	73,292	28,307

As at 31 March 2012, trade receivables of HK$13,585,000 (2011: HK$1,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

	2012 HK$'000	2011 HK$'000
Overdue by:		
Up to 3 months	12,388	–
3 to 6 months	1,196	–
Over 1 year	1	1
	13,585	1

Movement in the provision for impairment of other receivables is as follows:

	2012 HK$'000	2011 HK$'000
Balance at beginning of the year	1,556	–
Provision for impairment	–	1,556
Balance at end of the year	1,556	1,556

As at 31 March 2012, the Group does not hold any collateral (2011: Nil).

22. CONSTRUCTION CONTRACTS IN PROGRESS

	2012 HK$'000	2011 HK$'000
Contract costs incurred plus attributable profits less foreseeable losses to date	**136,165**	28,934
Less: Progress billings to date	**(134,047)**	(25,555)
	2,118	3,379
Included in current asset		
Amounts due from customers on construction contracts	**2,118**	3,379

23. PLEDGED BANK DEPOSIT

	2012 HK$'000	2011 HK$'000
Pledged bank deposit	**–**	1,000

At 31 March 2011, bank deposits of approximately HK$1,000,000 have been pledged for securing banking facilities granted to a subsidiary of the Company. The banking facilities was subsequently terminated during the year ended 31 March 2012 and the related pledged bank deposit was released accordingly.

The effective interest rate on pledged bank deposits was approximately 0.01% (2011: 0.01%) per annum.

24. BANK BALANCES AND CASH

	2012 HK$'000	2011 HK$'000
Cash at bank and on hand	**75,490**	5,570

These comprise bank balances placed in banks that are earned interest at floating rates based on daily bank deposit rates.

The bank balances and cash are denominated in the following currencies:

	2012 HK$'000	2011 HK$'000
HK$	**72,741**	4,386
Renminbi ("RMB")	**2,748**	27
United States dollar ("US$")	**1**	1,157
	75,490	5,570

25. TRADE AND OTHER PAYABLES

	2012 HK$'000	2011 HK$'000
Trade payables		
Trade payables	**37,469**	26,816
Bill payable	**–**	2,814
Other payables		
Accrued charges and other creditors *(Note)*	**3,472**	404,745
	40,941	434,375

Note:

As at 31 March 2011, included in accrued charges and other creditors were the liabilities under indemnities given to deconsolidated subsidiaries of approximately HK$386,097,000. Following the Scheme became effective on 9 January 2012, this liabilities have been fully discharged accordingly.

The aging analysis of trade payables presented based on the invoice date as at the end of the reporting period is as follows:

	2012 HK$'000	2011 HK$'000
0 to 30 days	**27,794**	8,243
31 to 60 days	**246**	17,676
61 to 90 days	**–**	8
Over 90 days	**9,429**	889
	37,469	26,816

26. AMOUNTS DUE TO DECONSOLIDATED SUBSIDIARIES

The amounts due to deconsolidated subsidiaries are unsecured, interest-free and repayable on demand. Following the Scheme became effective on 9 January 2012, these amounts have been fully discharged accordingly.

27. SHORT-TERM BORROWINGS

	2012 HK$'000	2011 HK$'000
Notes	**–**	1,448,078

On 7 December 2005, the Company issued US$125,000,000 9.25% guaranteed notes due 2010 (the "**US$125M Notes**") to certain institutional investors. On 6 March 2006, the Group has further issued US$35,000,000 9.25% guaranteed notes due 2010 (the "**US$35M Notes**") to certain institutional investors.

Following the Scheme became effective on 9 January 2012, the indebtedness related to the US$125M Notes and US$35M Notes have been fully discharged accordingly.

28. BANK BORROWINGS

	2012 **HK$'000**	2011 *HK$'000*
Bank Loans	**–**	2,414

At 31 March 2011, the bank borrowings of the Group were denominated in Hong Kong dollars. The bank loans are unsecured and repayable on demand. The bank loans were subsequently fully repaid during the year ended 31 March 2012.

The Group's bank borrowings bear interest at rates ranging from 5% to 6% per annum (2011: 5% to 6%).

The bank loans were jointly guaranteed by a director and an ex-director of a subsidiary of the Company, and the Government of the Hong Kong Special Administrative Region.

29. DEFERRED TAXATION

No deferred tax assets and liabilities has been recognized in the consolidated financial statements as the Group did not have material temporary differences arising between the tax bases of assets and liabilities and their carrying amounts as at 31 March 2012 (2011: HK$nil).

30. SHARE CAPITAL

	Note	**Number of shares** *'000*	**Amount** *HK$'000*
Authorized:			
At 1 April 2010 and 2011			
Ordinary shares of HK$1.00 each		1,000,000	1,000,000
At 31 March 2012			
Ordinary shares of HK$0.01 each	*(i)*	**2,800,000**	**28,000**
Preference shares of HK$0.01 each	*(i)*	**850,000**	**8,500**
		3,650,000	**36,500**

30. SHARE CAPITAL (continued)

	Note	Number of shares '000	Amount HK$'000
Ordinary shares issued and fully paid:			
At 1 April 2010 and 2011			
Ordinary shares of HK$1.00 each		423,835	423,835
Capital reduction and share consolidation pursuant to the Restructuring Agreement	*(i)*	(282,556)	(422,422)
Issue of ordinary shares — open offer	*(ii)*	94,185	942
Issue of ordinary shares — subscription	*(iii)*	406,936	4,069
Issue of ordinary shares — creditors pursuant to the Scheme	*(iv)*	157,600	1,576
At 31 March 2012			
Ordinary shares of HK$0.01 each		**800,000**	**8,000**
Preference shares issued and fully paid:			
At 1 April 2010 and 2011		—	—
Issue of preference shares pursuant to the Restructuring Agreement	*(iii)*	850,000	8,500
At 31 March 2012			
Preference shares of HK$0.01 each		**850,000**	**8,500**

The preference share, with a paid-up value of HK$0.133 per share, shall entitle the holder thereof the right to convert one preference share into one fully-paid ordinary share of the Company commencing on the first anniversary from the date of the resumption of the Company on 11 January 2012. The preference shares are non-redeemable and do not bear any voting right.

The preference shares shall carry a fixed cumulative preferential dividend at a rate of 4% per annum on the initial subscription price of each preference share. The undeclared cumulative preferential share dividend as at 31 March 2012 amounted to HK$1,028,000 (2011: Nil).

Note:

On 24 November 2011, the Company has undergone a capital restructuring pursuant to the Restructuring Agreement. Further details of the following transactions are set out in the Company's circular dated 31 October 2011, prospectus dated 8 December 2011 and the announcement dated 9 January 2012.

(i) Every three issued ordinary shares of par value of HK$1.0 each were consolidated into one consolidated issued ordinary share of par value HK$3.0 each. The par value of every consolidated issued ordinary share were reduced from HK$3.0 each to HK$0.01 each. All the authorized but unissued ordinary shares were cancelled. Pursuant to an special resolution passed by the Company's shareholders at a special general meeting held on 23 November 2011, the authorized share capital of the Company was changed to HK$36,500,000 divided into 2,800,000,000 ordinary shares and 850,000,000 convertible preference shares of HK$0.01 each.

30. SHARE CAPITAL (continued)

Note: (continued)

(ii) The Company raised approximately HK$12,527,000, before expenses, by issuing 94,185,624 ordinary shares of HK$0.133 per share by way of an open offer on the basis of two offer shares for every three shares held on 6 December 2011.

(iii) 406,936,000 new ordinary shares and 850,000,000 convertible preference shares were issued at HK$0.133 per share upon completion of the Restructuring Agreement. The total proceeds of approximately HK$54,122,000 and HK$113,050,000 were raised, respectively.

(iv) 157,600,000 new ordinary shares were issued at nil consideration to the creditors of the Company pursuant to the Scheme upon completion of the Restructuring Agreement.

31. SHARE OPTIONS

Pursuant to the share option scheme adopted by the Company on 7 June 2002 and was subsequently modified by shareholders resolutions on 6 June 2003 and 3 June 2004, all the share options have been lapsed automatically (to the extent not already exercised) when the Scheme became effective on 9 January 2012. During the year ended 31 March 2012, there was no share options exercised or cancelled, and 18,900,000 share options were lapsed. Movements in share options are set out below:

Date of grant	Exercise period*	Subscription price per share	Number of share options outstanding at 1.4.2011	Lapsed during the year	Number of share options outstanding at 31.3.2012
		HK$	'000	'000	'000
24 September 2003	24 September 2003 to 6 June 2012	1.660	15,600	(15,600)	–
7 October 2003	7 October 2003 to 6 June 2012	1.999	3,300	(3,300)	–

* Share options are vested from date of grant.

Details of the share options outstanding during the year are as follows:

	2012		2011	
	Number of shares options	**Weighted average exercise price**	Number of shares options	Weighted average exercise price
	'000	***HK$***	*'000*	*HK$*
Outstanding at the beginning of the year	**18,900**	**1.7192**	18,900	1.7192
Lapsed during the year	**(18,900)**	**1.7192**	–	–
Outstanding at the end of the year	**–**	**–**	18,900	1.7192

32. DISPOSAL OF SUBSIDIARIES

The Restructuring Agreement had been completed on 9 January 2012. OG Aluminium Australia Pty Ltd and following subsidiaries were transferred to the scheme administrators for the benefit of the Company's scheme creditors at a consideration of HK$1 pursuant to the Scheme.

As OG Aluminium Australia Pty Ltd has not been included into the consolidated financial statements and the results, assets and liabilities of the following subsidiaries have been deconsolidated from the consolidated financial statements of the Company since 1 January 2005, the net asset value of these subsidiaries is HK$nil. Accordingly, the gain on disposal of subsidiaries is HK$1. The net assets of the subsidiaries at the date of disposal are as follows:

Name of disposed subsidiaries	Percentage of capital held by the Company	
	Directly	Indirectly
Chinacin.com Limited	–	100%
Harvest Fortune Limited (Dissolved)	–	100%
Hing Yip Holdings (China) Limited (Dissolved)	–	100%
Hing Yip Holdings (Hong Kong) Limited (In Liquidation)	–	100%
Jinbocho Holdings Limited	100%	–
Jorki Profits Limited	–	100%
Ocean Grand (China) Limited	–	100%
Ocean Grand Aluminium Company Limited (Foshan)	–	100%
Ocean Grand Development Holdings Limited	–	100%
Ocean Grand Finance Limited (Dissolved)	100%	–
Ocean Grand Services Limited	100%	–
Ocean Grand Technology Company Limited	100%	–
OG Aluminium (Sanshui) Company Limited	–	90%
OG Aluminium Company Limited (Foshan)	–	100%
OG Development Company Limited (In Liquidation)	–	100%
Sky Leader Industries Limited (In Liquidation)	–	100%
Successful Gold Profits Limited (In Liquidation)	100%	–
Toowomba Holdings Limited (In Liquidation)	100%	–
廣州倫帕理維信息科技有限公司	–	100%

	9.1.2012 *HK$'000*
Net assets disposed of	–
Gain on disposal of subsidiaries	–
Total consideration	–
Net cash inflow arising on disposal:	
Bank balances and cash disposed of	–

33. COMMITMENT

(a) Capital Commitment

Capital expenditure at the end of the reporting period but not yet incurred is as follows:

	2012 HK$'000	2011 HK$'000
Capital commitment for contribution to a joint venture entity — Contracted but not provided for	**30,000**	30,000

(b) Commitments under operating leases — The Group as lessee

At the end of reporting period, the Group had total future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	2012 HK$'000	2011 HK$'000
Within 1 year	**1,285**	722
In the second to third years inclusive	**2,052**	—
	3,337	722

34. RETIREMENT BENEFIT PLANS

The Company operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees.

The employees employed in the PRC are members of the state-managed retirement benefit schemes operated by the PRC government. The subsidiary established in the PRC is required to contribute a certain percentage of their basic payroll to the retirement benefit schemes to fund the benefits.

The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the schemes.

As at 31 March 2011 and 2012, the Group had no significant obligation apart from the contribution as stated above.

35. RELATED PARTY TRANSACTIONS

(a) Related party balances

Details of the Group's outstanding balances with related parties are set out on the consolidated statement of financial position and in note 26.

35. RELATED PARTY TRANSACTIONS (continued)

(b) Compensation of key management personnel

Directors are key management personnel of the Company whose emoluments are disclosed in note 12.

36. CONTINGENT LIABILITIES

On 23 August 2007, the Company was under provisional liquidation, together with its former subsidiaries, namely Toowomba Holdings Limited (In Liquidation), Hing Yip Holdings (Hong Kong) Limited (In Liquidation) and OG Development Company Limited (In Liquidation), as plaintiffs, issued a writ of summons in the High Court to claim against a number of former directors of the Company seeking compensation from them in connection with their alleged breach of duties during the period they acted as directors of the Company and the former subsidiaries. The total compensation claimed amounted to approximately HK$136 million in connection with the purported purchase of machinery by a former subsidiary in November 2005. Details of this litigation were disclosed in the Company's announcement dated 11 January 2012.

To the Company's information and knowledge, Mr. Li Lee Cheung ("**Mr. Li**") has filed his defence and the proceedings are on-going. Mr. Kwan Man Wai ("**Mr. Kwan**") is seeking leave from the court to commence, by way of counterclaim, an action against the Company for an alleged indemnity (the "**Indemnity Claim**"). The hearing date for Mr. Kwan's application for leave to proceed with the Indemnity Claim has not been fixed.

The Company considers that the action does not relate to the Company but relates to the Scheme and the former subsidiaries (the former subsidiaries had been transferred by the Company to the scheme administrators). Since the Scheme became effective on 9 January 2012, the former subsidiaries have ceased to be part of the Group and thus the action commenced against Mr. Li and Mr. Kwan should not have any business or financial effect on the Group, save for the Indemnity Claim. It is the directors' opinion that the ultimate liability arising from the dispute, if any, is unable to quantify the possible effect on the Group's financial position.

37. CAPITAL RISK MANAGEMENT

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

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

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors of the Company consider the cost of capital and the associated risks, and take appropriate actions to adjust the Group's capital structure.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks: interest rate risk, currency risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest bearing assets and liabilities except for the deposits in banks, details of which have been disclosed in note 24 to the consolidated financial statements. The interest rate risk is considered to be insignificant.

Currency risk

The Group has exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in HK$, US$ and RMB. The Group manages its foreign currency risk by constantly monitoring the movement of the foreign exchange rates.

The Group currently has not entered into any foreign currency forward contracts to hedge against foreign currency risk. The directors of the Company will consider hedging foreign currency exposure should the need arise.

Credit risk

The carrying amounts of the trade and other receivables and deposits with banks included in the consolidated statement of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets.

The Group has policies in place to ensure that sales are made to customers with an appropriate credit history. In addition, the directors review the recoverable amount of each individual trade debt regularly to ensure that adequate impairment losses are recognized for irrecoverable debts. In this regard, the directors consider that the Group's credit risk is significantly reduced.

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

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting period to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts, as the impact of discounting is not significant.

	Less than 1 year *HK$'000*	**Between 1 and 2 years** *HK$'000*	**Between 2 and 5 years** *HK$'000*
At 31 March 2012			
Trade and other payables	**40,941**	**–**	**–**
Retention payables	**–**	**–**	**16,731**
	40,941	**–**	**16,731**
At 31 March 2011			
Trade and other payables	434,375	–	–
Amounts due to deconsolidated subsidiaries	126,426	–	–
Short-term borrowings	1,448,078	–	–
Bank borrowings	2,414	–	–
Retention payables	–	–	6,636
	2,011,293	–	6,636

Fair values

The carrying amounts of the Group's financial assets and liabilities are reflected in the consolidated statement of financial position approximate their respective fair values.

Categories of financial instruments

	At 31.3.2012 ***HK$'000***	At 31.3.2011 *HK$'000*
Financial assets		
Loans and receivables (including cash and cash equivalents)	**203,882**	59,250
Financial liabilities		
Financial liabilities at amortized cost	**57,672**	2,017,929

39. PARTICULARS OF THE SUBSIDIARIES

Details of the Group's subsidiaries at the end of the reporting period are as follows:

Name of subsidiaries	Place of incorporation/ registration/ operations	Issued and fully paid up share capital/ registered capital	Percentage of equity interest held by the Company Directly	Indirectly	Principal activities
Zhidao Investment Limited (formerly known as Zhidao International (Holdings) Limited)	Hong Kong	HK$1	100%	–	Not yet commenced business
Wealthy Hero Investments Limited	British Virgin Islands	US$1	100%	–	Inactive
Rongbao Holdings Limited	British Virgin Islands	US$1	100%	–	Inactive
Golden Beach Enterprises Limited	British Virgin Islands	US$1	100%	–	Investment holding
Fast Excel Limited	Hong Kong	HK$10	–	100%	Investment holding
Parkson Trade Services Limited	Hong Kong/PRC	HK$1	–	100%	Trading of aluminium products
Tak Lee Metal Manufactory (Hong Kong) Company Limited	Hong Kong/PRC	HK$3,210,000	–	100%	Trading of aluminium windows and gates and provision of sub-contracting services
Zhongshan City Minzhong Deli Metal Co., Ltd. (Note 1)	PRC	US$500,000	–	100%	Manufacturing of aluminium windows and gates
Fast Excel Gold Mountain Zhongshan Aluminium Products (Hong Kong) Limited (Formerly known as Fast Excel (Asia) Limited)	Hong Kong	HK$5	–	100%	Not yet commenced business

Note:

1. Zhongshan City Minzhong Deli Metal Co., Ltd. established in the PRC is a wholly owned foreign enterprise.

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2012 HK$'000	2011 HK$'000
ASSETS AND LIABILITIES		
Non-current assets		
Interests in subsidiaries	**77,245**	(126,426)
Current assets		
Bank balances and cash	**40,408**	119
Current liabilities		
Short-term borrowings	**–**	1,448,078
Other payables	**618**	391,101
	618	1,839,179
Net current assets/(liabilities)	**39,790**	(1,839,060)
Net assets/(liabilities)	**117,035**	(1,965,486)
CAPITAL AND RESERVES		
Share capital	**16,500**	423,835
Reserves *(Note)*	**100,535**	(2,389,321)
Total equity	**117,035**	(1,965,486)

Note:

The movement of reserves is as follows:

	Share premium HK$'000	Contributed surplus HK$'000	Capital redemption reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2010	114,340	145,517	581	(2,649,747)	(2,389,309)
Loss for the year and total comprehensive loss for the year	–	–	–	(12)	(12)
At 31 March 2011	**114,340**	**145,517**	**581**	**(2,649,759)**	**(2,389,321)**
Profit for the year and total comprehensive income for the year	**–**	**–**	**–**	**1,902,822**	**1,902,822**
Reduction of capital and share premium	**(114,340)**	**–**	**–**	**536,762**	**422,422**
Issue of ordinary shares	**60,062**	**–**	**–**	**–**	**60,062**
Issue of preference shares	**104,550**	**–**	**–**	**–**	**104,550**
Release of contributed surplus and capital redemption reserve	**–**	**(145,517)**	**(581)**	**146,098**	**–**
At 31 March 2012	**164,612**	**–**	**–**	**(64,077)**	**100,535**

41. EVENTS AFTER THE REPORTING PERIOD

There were no significant subsequent events after the reporting period up to the date of approval of the consolidated financial statements.

42. COMPARATIVE FIGURES

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

43. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorized for issue by the Board of Directors on 28 June 2012.

FINANCIAL SUMMARY

The following is a summary of the consolidated results and of the assets and liabilities of the Group for the last five financial years. This summary does not form part of the audited consolidated financial statements.

RESULTS

			Year Ended		
	31.3.2012	31.3.2011	31.3.2010	31.3.2009	31.3.2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	**343,153**	414,924	242,405	161,432	—
Profit/(Loss) before income tax	**1,922,614**	11,475	1,527	1,317	(116,950)
Income tax	**(962)**	(193)	(64)	—	—
Profit/(Loss) for the year	**1,921,652**	11,282	1,463	1,317	(116,950)
Profit/(Loss) for the year attributable to owners of the Company	**1,921,652**	11,282	1,463	1,317	(116,950)

ASSETS AND LIABILITIES

			As at		
	31.3.2012	31.3.2011	31.3.2010	31.3.2009	31.3.2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	**208,588**	66,672	64,773	97,008	121
Total liabilities	**(58,774)**	(2,018,276)	(2,027,449)	(2,061,147)	(1,965,577)
Total equity	**149,814**	(1,951,604)	(1,962,676)	(1,964,139)	(1,965,456)