CHAOYUE GROUP LIMITED

(Incorporated in Bermuda with limited liability)
(Stock Code: 00147)

ANNUAL REPORT
2013

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Yuen Leong
Luan Li

Independent Non-Executive Directors

Lam Man Kit, Dominic
Yap Yung
Zhang Guang Sheng

COMPANY SECRETARY

Chung Yau Tong

AUDITOR

Deloitte Touche Tohmatsu

AUDIT COMMITTEE

Yap Yung *(Chairman)*
Lam Man Kit, Dominic
Zhang Guang Sheng

REMUNERATION COMMITTEE

Lam Man Kit, Dominic *(Chairman)*
Yap Yung
Zhang Guang Sheng

NOMINATION COMMITTEE

Zhang Guang Sheng *(Chairman)*
Lam Man Kit, Dominic
Yap Yung

REGISTERED OFFICE

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2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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COSCO Tower
183 Queen's Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM 08
Bermuda

HONG KONG BRANCH SHARE REGISTRAR

Tricor Secretaries Limited
26/F, Tesbury Centre
28 Queen's Road East
Hong Kong

STOCK CODE

00147

COMPANY WEBSITE

www.chaoyuehk.com

The board of directors (the "Board") of Chaoyue Group Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2013 (the "Current Year"), together with the comparative figures for the corresponding period of 2012 (the "Previous Year").

SIGNIFICANT EVENTS DURING THE YEAR

Acquisition of United Fujian

On 13 March 2012, a capital injection agreement was entered into by the Group to invest in United (Fujian) Enterprise Management Co., Ltd. ("United Fujian"). In April 2012, RMB7.5 million (equivalent to approximately HK$9,250,000) was injected into United Fujian and the injected capital was properly verified by the relevant PRC government authorities. United Fujian became a 60% subsidiary of the Group accordingly.

United Fujian is a wholly foreign-owned enterprise established in the PRC in 2008 and is principally engaged in the provision of corporate management consulting services, provision of international economy, technology and environmental protection related data and consultancy services, system management and maintenance, information technology support and management, human resources services, software development, data processing and process outsourcing. United Fujian is also engaged in the wholesale of textile, clothing, daily consumables, cultural and sports products, handicrafts, construction materials, machines and equipment, hardware and electrical appliances and electronic products.

Disposal of 70% of Gold Mine

On 6 January 2012, the Group and China National Gold Group Corporation ("China Gold Group") entered into a sale agreement to dispose 70% interest in two subsidiaries, Fastmind Investments Limited and Acme Day Limited, which are the beneficiary owners of a company with exploration license and mining license for the Kuru-Tegerek gold deposit ("Gold Mine") in the Republic of Kyrgyz at a total consideration of USD21,000,000.

The disposal was completed on 5 June 2012 and the net consideration of approximately HK$161,604,000 was received subsequently and a gain of HK$89,104,000 was recognised in the Current Year. After the disposal, Fastmind Investments Limited and Acme Day Limited become associated companies of the Group.

Disposal of Park Wealth

On 22 June 2012, a sale and purchase agreement was entered into pursuant to which the Group agreed to dispose the entire issued capital of Park Wealth Limited ("Park Wealth", together with its subsidiaries collectively referred to as the "Park Wealth Group") and the shareholder's loan to Park Wealth for an aggregate consideration of HK$78,500,000.

Park Wealth hold 100% of shareholding of Shanghai Comfort Environment and Science Co., Ltd which is principally engaged in the leasing of direct drinking water purification machines, the manufacturing and sale of air purification and water purification equipment, and construction and installation of air purification and sewage treatment system in the PRC.

The disposal was completed on 27 September 2012 and the consideration was received. Because of the unsatisfactory performance of the Park Wealth Group in the previous years and significant impairment losses in respect of assets and goodwill were recorded, HK$166,037,000 gain was recognized in this disposal.

OVERALL RESULTS

The Group recorded a turnover of HK$13,827,000 and a gross profit of HK$4,218,000 for the Current Year which were generated from the newly acquired United Fujian. The turnover and gross profit for the Previous Year, which were generated from Park Wealth Group, were restated and disclosed as the discontinued operation in view of the disposal of the Park Wealth Limited. The Group recorded a profit of HK$233,470,000 for the Current Year while a loss of HK$43,929,000 for the Previous Year were recorded. The profit for the Current Year was mainly due to the gain of HK$166,037,000 resulted from the disposal of the entire interest of Park Wealth Group and the gain of HK$89,104,000 resulted from the disposal of 70% shareholding of the Gold Mine in the Republic of Kyrgyz.

The earnings per share from continuing and discontinued operations of the Group for the Current Year was HK1.14 cents (the Previous Year: loss per share of HK0.22 cents). For continuing operations only, there is a loss of HK0.10 cent (the Previous Year: HK0.07 cent) per share for the Current Period. The Board does not recommend the payment of dividend for the Current Year.

REVIEW OF OPERATIONS

United Fujian

United Fujian is principally engaged in provision of consultancy services, trading of goods and construction, operation and maintenance of websites and/or e-commerce platform. Details of operation of different segments are as follows:

(a) Provision of consultancy services

The consultancy services provided by United Fujian to its clients include a comprehensive scope of assessment for its client's business on internal control system, operating strategy, budgeting, personnel retention and training, information technology support, cost control, administrative functions and logistics system. United Fujian also conducts market research and analysis and develops applicable management software for its clients. During the Current Year, United Fujian terminated the service with one client. As at 31 March 2013, United Fujian had a total of four clients. Each client will contribute RMB1 million to RMB2 million consultancy fee annually. United Fujian is now negotiating with two potential clients for the scope and terms of service to be provided. For the Current Year, the turnover recorded for this segment was HK$7,568,000 and the segment loss was HK$1,864,000.

(b) Trading of goods

With the introduction through one of the existing clients principally engaged in property development, United Fujian entered into a contract with a state-owned enterprise principally engaged in property and highway construction in the PRC in the second half of 2012 to source construction materials for its property development projects. Along with the completion of the property project of the client, United Fujian may further enter into a contract therewith to source branded products for the shopping outlet being developed by the client at the site. During the Current Year, the turnover recorded for this segment was HK$8,409,000 which represented mainly trading of construction materials and the segment profit was HK$418,000.

(c) Construction, operation and maintenance of websites and/or e-commerce platforms

United Fujian also extended its business scope to the construction, operation and maintenance of website and e-commerce platforms for its clients with a view to promoting the clients' upcoming projects and establishing an online shopping platform of the clients' products.

In August 2012, United Fujian entered into a contract with a client to establish a e-commerce platform in trading of red wine in the PRC. However, the contract was terminated in March 2013. United Fujian conducted a series of market researches on red wine market in the PRC for this project and consider that the prospect of this project is very good. After thorough consideration, United Fujian reached an agreement with that client and decided to run the red wine e-commerce platform itself. United Fujian had entered into a sole distribution agent agreement with a winery in the United States in March 2013 and had contacted other wineries in the United States as their sole distributor in the PRC. The e-commerce platform is expected to be launched in July 2013. No contribution from this segment was recorded for the Current Year.

Gold Mine

Upon completion of the disposal of 70% interest of the Gold Mine in the Republic of Kyrgyz to China Gold Group on 5 June 2012, our investment in the Gold Mine was recorded as associated companies. The value of our 30% interest in the Gold Mine was assessed on the completion date of the disposal with a fair value of HK$56,648,000.

On 15 January 2013, China CAMC Engineering Co., Ltd. ("CAMC") was introduced as a business partner of this project through acquisition of 16% interest of the Gold Mine from China Gold Group and such transaction was completed in May 2013. CAMC is one of the pioneer investors in the Republic of Kyrgyz. With its strong international project management experience and good relationship with the local government and community, CAMC can help to manage the operation of the Gold Mine.

After numerous meetings to discuss and communicate with the resource department of the government of the Republic of Kyrgyz, the feasibility report was approved in April 2013. Temporary electric supply and temporary operation center was set up in the mining site. The design of the exploration plan for the Gold Mine is now in progress. After that, the construction of the infrastructure for the exploration of the Gold Mine will be commenced. The commercial production of the Gold Mine is expected to be commenced in early 2015.

During the year, the Group shared HK$2,567,000 of loss in the Gold Mine which represent mainly salaries and professional fees incurred.

FINANCIAL REVIEW

Finance position and liquidity

As at 31 March 2013, the total assets and liabilities of the Group stood at HK$285,669,000 and HK$4,254,000 respectively. Non-current assets amounted to HK$56,716,000 comprised mainly the investment in associated companies, which represented our interest in the Gold Mine in the Republic of Kyrgyz, and furniture and office equipment. Current assets amounted to HK$228,953,000 which comprised mainly deposits, prepayment and other receivables, financial assets at fair value through profit or loss and bank balance and cash. Current liabilities amounted to HK$4,254,000 which comprised mainly accruals and other payables. There was no long-term loan and borrowing as at 31 March 2013.

The Group recorded net current assets of HK$224,699,000 as at 31 March 2013 (31 March 2012: HK$98,384,000) and the current ratio was 53.82 (31 March 2012: 2.40). The significant improvement of the net current assets and current ratio was mainly deal to increase in cash and bank balances as a result of the disposal of the Park Wealth Group and 70% Gold Mine and decrease of trade and other payables, deferred income and other liabilities as a result of disposal of the Park Wealth Group.

The bank balances as at 31 March 2013 was HK$214,642,000 (31 March 2012: HK$37,903,000), of which most were denominated in Hong Kong dollars, US dollars and Renminbi.

Gearing ratio

The gearing ratio of the Group, which was expressed as a percentage of total borrowings to equity attributable to shareholders, as at 31 March 2013 was 0% (31 March 2012: 76.13%). The zero gearing ratio recorded because the borrowings and an amount due to a director of a subsidiary recorded in Park Wealth Group were disposed of and no new loan was borrowed by the Group during the Current Year.

Financial resources

The Group currently finances its operations mainly by internally generated funds. The management believes that the Group will generate its liquidity from business operations and will consider making use of further equity financing when necessary.

Capital structure

36,000,000 shares and 15,512,918 shares of Ordinary Shares of the Company were issued on 5 September 2012 and 27 March 2013 respectively upon the conversion of the Non-voting Convertible Preference Shares. As at 31 March 2013, the Group had issued 18,875,948,078 shares (31 March 2012: 18,824,435,160 shares) of Ordinary Shares and 163,124,242 shares (31 March 2012: 214,637,160 shares) of Non-voting Convertible Preference Shares. The equity attributable to shareholders of the Company as at 31 March 2013 was HK$270,258,000 (31 March 2012: HK$50,839,000) and the increment was mainly due to the gains from disposal of Park Wealth Group and 70% interest in Gold Mine recorded in the Current Year.

Charges on assets

As at 31 March 2013, the Group had no charge on assets (31 March 2012: Nil).

Contingent liabilities

As at 31 March 2013, the Group had no contingent liabilities (31 March 2012: Nil).

Foreign exchange exposure

As part of the Group's assets and liabilities are denominated in Renminbi, US dollars and Hong Kong dollars, in order to minimize the foreign exchange risk, the Group aims to utilize the fund for transactions that are denominated in the same currency.

EMPLOYMENT AND REMUNERATION POLICY

As at 31 March 2013, the Group had approximately 8, 1 and 33 employees in Hong Kong, the Republic of Kyrgyz and the PRC respectively. The employees' salaries are reviewed and adjusted annually based on their performance and experience. The Group's employee benefits include performance bonus, medical scheme, mandatory provident fund for Hong Kong employees, social insurance packages for the PRC employees and education subsidy to encourage continuous professional development of staff. The Group also has a discretionary share option scheme which is designed to award employees for their performance. No share option was granted during the Current Year and there were 66,000,000 share options granted to the directors and employees of the Group as at 31 March 2013.

FUTURE PLAN AND PROSPECTS

The consultancy services business is expected to have a very good prospect and potential in view of the booming economy of the PRC. More and more enterprises in the PRC look for quality advisory services such as project identification, assessment, business information analysis on potential investments and enterprise and project management strategy in recent years. United Fujian, with teams of outstanding professionals in business management, accounting and finance, investment, business development and information technology, has the competitive advantage and is expected to benefit from this trend.

Apart from the business consultancy services, United Fujian also engaged in sourcing of construction materials in Current Year. United Fujian has the channels and qualifications to engage in the promotion and sale of international and domestic branded products in the PRC. With the completion of the large-scale outlet projects of its existing clients, United Fujian will expand its scope of business and income source through sourcing of branded products for the shopping outlets of the clients in the future.

The development of the red wine e-commerce platform is expected to be one of the major projects of the Group in the coming year. Although the PRC government had announced tight policy to control the consumption of luxury goods for the officials, we anticipate that there is no significant impact on us as our major target customers are large corporate and the middle class in the PRC who are looking for and enjoy quality lifestyle. The products will cover a wide range of price and satisfy different customers.

For the Gold Mine in the Republic of Kyrgyz, with China Gold Group and CAMC, who have the strong background and experience in project management and expertise in the relevant industry, as business partners, it is expected that the project will develop in a smoother peace. Although there was price fluctuation in gold price recently, in view of the high demand of the precise metal in the world, the management believe that this investment can generate lucrative return in near future.

The management promises that the resources of the Group will be properly managed and utilized. We will continue to seize any opportunity to identify potential business opportunity to diversify the business scope in order to maximize the value of the Group and return for our shareholders.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our appreciation to the continuous support of our shareholders and hard work and dedication of all our staff over the past year.

On behalf of the Board

Yuen Leong
Director

Hong Kong, 14 June 2013

Biographical Details of Directors

YUEN LEONG

Executive Director

Mr. Yuen Leong, aged 55, was appointed as an Executive Director of the Company on 1 January 2008. Mr. Yuen holds a master degree in mechanical engineering from the Shanghai Jiao Tong University and was a senior research analyst of 福建省研究發展中心 (Fujian Provincial Research and Development Center) from 1985 to 1991. Mr. Yuen is a director of Origin Seed Technology Inc., a company listed on Nasdaq. Mr. Yuen has over ten years of experience in corporate management and operation.

LUAN LI

Executive Director

Ms. Luan Li, aged 44, was appointed as an Executive Director of the Company on 20 August 2009. Ms. Luan graduated from the former 北京實驗大學 (Beijing Experimental University*) in 1990 majored in English for Foreign Enterprises. She has also obtained an Executive Master of Business Administration from the Queen's University of Brighton in 2003. Ms. Luan has over 20 years of experience in mineral resources trading, real estate development and investment in the agricultural industry. From 1991 to 1992, Ms. Luan was the manager of Guangzhou Branch of Leunson Trans Tech Corp. (USA) which was principally engaged in the business of mineral resources and equipment export trading. From 1992 onwards, Ms. Luan was appointed as a member of senior management team of several multinational companies in Hong Kong and Mainland China which were principally engaged in real estate investment and development business and investment in the agricultural industry.

LAM MAN KIT, DOMINIC

Independent Non-Executive Director

Dr. Lam Man Kit, aged 65, is an Independent Non-Executive Director of the Company. He joined the Board in January 2008. Dr. Lam is the Chairman of the World Eye Organization. Dr. Lam obtained a doctorate degree in Medical Biophysics in 1970. He was appointed as Assistant Professor at Harvard Medical School and subsequently Professor of Biotechnology and Ophthalmology at Baylor College of Medicine. In 1988, Dr. Lam was invited to be the Founding Director of the Hong Kong Institute of Biotechnology. In 1990, Dr. Lam was appointed a member of the US President's Committee on the Arts and Humanities and awarded the KPMG Peat Marwick's High Tech Entrepreneur of the Year. Since January 2003, Dr. Lam was an independent non-executive director of New World TMT Limited, a company previously listed on the main board of the Stock Exchange and was privatized in March 2006.

YAP YUNG

Independent Non-Executive Director

Mr. Yap Yung, aged 39, was appointed as an Independent Non-Executive Director of the Company on 20 August 2009. Mr. Yap graduated from the University of Hong Kong in 1995 with a Bachelor's degree in mechanical engineering. He became a member of the Hong Kong Institute of Certified Public Accountants since 1999. He has also completed an advanced management course held by the London Business School and the University of Cambridge in 2003. Mr. Yap has over 10 years of corporate finance and audit experience gained from his previous employment. Mr. Yap was employed by PricewaterhouseCoopers as an audit manager from 1995 to 2002. Mr. Yap is currently the chief financial officer of Labixiaoxin Snacks Group Ltd., a company listed on The Stock Exchange of Hong Kong Limited in December 2011.

ZHANG GUANG SHENG

Independent Non-Executive Director

Mr. Zhang Guang Sheng, aged 63, was appointed as an Independent Non-Executive Director of the Company on 20 August 2009. Mr. Zhang graduated from 山東礦業學院 (Shangdong Mining Institute*) in 1975 majored in coal mining. Since graduation, he taught in 福建省煤炭工業學校 (Fujian Provincial Institute of Coal and Charcoal Industry) till 1980. Since 1980, Mr. Zhang has served various posts with the PRC government. From 1985 to 1998, Mr. Zhang worked in 福建省人民政府辦公廳 (Fujian Provincial Government). During 1998 to 2000, Mr. Zhang was the managing director and vice general manager of 福建中旅集團 (Fujian CTS Group). Since 2000, Mr. Zhang is the assistant managing officer of 福建省口岸海防辦 (the Office of the Port Opening and Coastal Defense of Fujian Province).

* The English translation of the name is for identification purpose only.

CORPORATE GOVERNANCE PRACTICES

The Board believes that good corporate governance can enhance the value of the Company and safeguard the interests of its shareholders and commits to maintain high standards of corporate governance practices. The Board and the management of the Company have been continually reviewing its corporate governance practices with reference to the principles and the code provisions of the Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") to ensure compliance with the CG Code.

For the year ended 31 March 2013, the Company has complied with the CG Code save as the following deviations:

In respect of code provision A.2.1 of the CG Code, Mr. Yuen Leong currently serves the role of chairman of the Board and the chief executive officer of the Company. Since the role of chief executive officer/general manager of the Company's major operating subsidiaries are directly accountable to the Board, the Board believes that the existing arrangement is adequate.

In respect of code provision A.6.5 of the CG Code, not all Directors attended training sessions provided by professional bodies. The Directors consider that briefings and reading of the regulatory updated materials received from the Company Secretary are sufficient for them to render their contribution to the Board.

In respect of code provision A.6.7 of the CG Code, independent non-executive Director should attend general meetings. Dr. Lam Man Kit, Dominic and Mr. Zhang Guang Sheng did not attend the general meetings due to other business engagements.

Set out below are the details of compliance by the Company of the CG Code for the year ended 31 March 2013.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the code of conduct regarding directors' dealing in the securities of the Company. The Company has made specific enquiry of all Directors and all the Directors confirmed that they have complied with the required standard set out in the Model Code during the year ended 31 March 2013.

BOARD OF DIRECTORS

Board composition

The Board during the year and up to the date of this report comprises the following executive Directors and independent non-executive Directors.

Executive Directors

Mr. Yuen Leong
Ms. Luan Li

Independent Non-Executive Directors

Dr. Lam Man Kit Dominic
Mr. Yap Yung
Mr. Zhang Guang Sheng

The composition of the Board is well balanced with members with different valuable business experience and expertise and extensive strategic planning and corporate management experience. The biographical details of the Board members are set out under the section headed "Biographical Details of Directors" of this Annual Report.

All Directors, including the independent non-executive Directors, are expressly identified in all corporate communications where directors have been mentioned pursuant to the Listing Rules.

At all time during the year ended 31 March 2013, the number of independent non-executive Directors in the Board was three and at least one independent non-executive Director has appropriate professional qualifications on accounting or related financial management expertise. The number of independent non-executive Directors represented more than one-third of the Board which maintain a strong independent element on the Board in order to exercise independent judgment.

The Company received, from each independent non-executive Director of the Company, an annual confirmation of their independence pursuant to Rule 3.13 of the Listing Rules. The Company is satisfied with the independence of the independent non-executive Directors.

There is no relationship among the members of the Board.

The Company has arranged for appropriate insurance cover for directors' and officers' liabilities in respect of legal actions against its directors arising out of corporate activities.

Responsibilities

The Board is responsible for formulating the business plans and strategies, monitoring the business performance and internal control, approving investment proposals and reviewing the finance performance of the Group. The daily operations of the Group and execution of the business plans are delegated to the management of the Group. Prior to entering into any significant transactions, Board approval should be obtained. In addition, the Board has established Board committees and has delegated to these Board committees various responsibilities as set out in their respective terms of reference.

The Company has established written guidelines no less exacting terms than the Model Code for employees who are likely to be in possession of unpublished inside information of the Company. No incident of non-compliance of the guidelines was noted.

All directors shall ensure that they carry out duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and its shareholders at all times. In addition, every director should ensure sufficient time and attention to the Company's affair can be given and satisfactory attendance at Board meetings during the year was noted.

Board meetings and general meetings

Directors' attendance records

The Board meets regularly and additional meetings are convened as and when required to discuss the day-to-day operations and other affairs with the management. During the year ended 31 March 2013, 7 Board meetings and 2 general meetings of the Company were held. Details of the Directors' attendance records are as follows:

	Board Meetings attendance	General Meetings attendance
Executive Directors		
Mr. Yuen Leong	7/7 (4/4)*	0/2
Ms. Luan Li	7/7 (4/4)*	2/2
Independent Non-Executive Directors		
Dr. Lam Man Kit Dominic	7/7 (4/4)*	0/2
Mr. Yap Yung	7/7 (4/4)*	2/2
Mr. Zhang Guang Sheng	7/7 (4/4)*	0/2

* Regular Board Meetings

Under code provision A.6.7 of the CG Code, independent non-executive Director should attend general meetings. Dr. Lam Man Kit, Dominic and Mr. Zhang Guang Sheng did not attend the general meetings due to other business engagements.

Board practices and conduct of meetings

During the year, not less than 14 days notice is given of a regular board meeting. Directors are welcomed to include matters to be discussed in the agenda before the meetings.

The Directors have to declare their interests in the subject matters to be considered in the relevant meeting and the director, who or whose associates have any interest in any proposed resolution, must abstain from voting and will not be counted in quorum.

Agenda together with all appropriate, complete and reliable information were sent to all Directors at least 3 days before each Board meeting to enable them to make informed decisions. The Board and each director also have separate and independent access to the senior management where necessary.

Directors can, upon reasonable request, seek independent professional advice in appropriate circumstances, at the expenses of the Company. The Board shall resolve to provide separate independent professional advice to Directors to assist the relevant Directors to discharge their duties to the Company.

Minutes of each Board meeting will be drafted by the Company Secretary to record the matters discussed and decision resolved at Board meetings and circulated to the Board for comment within a reasonable time after each meeting. The final Board minutes are kept by the Company Secretary and available for inspection by Directors.

Chairman and Chief Executive Officer

Under code provision A.2.1 of the CG Code, the roles and responsibilities of chairman and chief executive officer should be separated and should not be performed by the same individual.

Mr. Yuen Leong currently serves the role of chairman of the Board and the chief executive officer of the Company. Since the role of chief executive officer/general manager of the Company's major operating subsidiaries are directly accountable to the Board, the Board believes that the existing arrangement is adequate.

Depending on the future development of the business of the Company, eventually the Board will actively consider the issue of nominating appropriate candidates to take up the title of Chairman and Chief Executive Officer.

Mr. Yuen, who took the chair of most Board meetings, will ensure that all Directors are properly briefed on issues arising at the Board meetings and they receive adequate information and materials in a timely manner.

Appointment, re-election and removal of directors

The procedures and process of appointment, re-election and removal of Directors are laid down in the Company's Bye-laws.

The Nomination Committee is to be responsible for reviewing the Board composition, monitoring the appointment and succession planning of Directors and assessing the independence of independent non-executive Directors. In selecting and approving candidate for directorship, the Board will consider various criteria such as education, qualification, experience, integrity and the potential contribution to the Group.

All independent non-executive Directors have entered into service contracts with initial terms of services for three years.

In accordance with the Company's Bye-laws, all Directors of the Company are subject to retirement by rotation at least once every three years and any new Director appointed by the Board to fill a causal vacancy or as an addition to the Board shall submit himself/herself for re-election by shareholders at the first general meeting after appointment.

Induction and continuous professional development

Every newly appointed Director is provided with a comprehensive, formal and tailored induction on appointment in order to enable the Director to familiarise with the Group's business operations and Board's policies, as well as the general and specific duties of Directors under statue and common law, the Listing Rules and other regulatory requirements.

In respect of code provision A.6.5, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. The company secretary of the Company will send regulatory updated materials to the directors and provide briefings to Directors on the updates of the Listing Rules to develop and refresh the Directors' knowledge and skills from time to time. All Directors are encouraged the attend seminars and course given by external professional firm and regulators after their appointment in order to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

During the year, only Mr. Yap Yung attended training sessions provided by professional bodies. The Directors consider that briefings and reading of the regulatory updated materials received from the Company Secretary are sufficient for them to render their contribution to the Board.

BOARD COMMITTEES

The Board is supported by three committees with defined role and responsibilities for each committee. They are Remuneration Committee, Nomination Committee and Audit Committee. All committees were set up with a written terms of reference, which are in line with the relevant CG Code and available to shareholders on the Company's website, to deal clearly with its authority and duties. The committees will report their finding and decision and make necessary recommendations to the Board. Minutes of the committee meetings will be drafted by the Company Secretary and circulated for the comment of the members of the committee within a reasonable time. The final version of the committee minutes will be kept by the Company Secretary and such minutes are open for inspection by any Director. All committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

Details of each committee and work performed during the year are as follows:

Nomination Committee

The Nomination Committee comprises three independent non-executive Directors, namely Mr. Zhang Guang Sheng (Chairman of Nomination Committee), Dr. Lam Man Kit, Dominic and Mr. Yap Yung.

The principal duties of the Nomination Committee include reviewing the Board composition, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of the independent non-executive Directors.

During the year ended 31 March 2013, the Nomination Committee was primarily responsible:

- to review the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and make recommendations to the Board regarding any proposed changes;

- to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on selection of individuals nominated for directorships;

- to assess the independence of independent non-executive Directors, having regard to the requirements under the applicable laws, rules and regulations; and

- to make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors and, in particular, the chairman and the chief executive officer of the Company.

The Nomination Committee meet one time during the year, amongst other matters, to review the structure, size and composition of the Board and to consider the independence of all the independent non-executive Directors. Individual attendance of each member of Nomination Committee is set out below:

Nomination Committee Members	Attendance
Mr. Zhang Guang Sheng *(Chairman)*	1/1
Dr. Lam Man Kit Dominic	1/1
Mr. Yap Yung	1/1

Remuneration Committee

The Remuneration Committee comprises three independent non-executive Directors, namely Dr. Lam Man Kit, Dominic (Chairman of the Remuneration Committee), Mr. Yap Yung and Mr. Zhang Guang Sheng.

The Remuneration Committee is responsible for making recommendations to the Directors' remuneration and other benefits. The remuneration of all Directors is subject to regular monitoring by the Remuneration Committee to ensure that level of their remuneration and compensation are reasonable.

During the year ended 31 March 2013, the Remuneration Committee was primarily responsible:

- to make recommendations to the Board on the Company's policy and structure for all remunerations of Directors and senior management and on the establishment of formal and transparent procedures for developing policies on all such remunerations;
- to have the delegated responsibilities to determine the specific remuneration packages of individual executive Director and senior management members of the Company, and to make recommendations to the Board on the remuneration packages of independent non-executive Directors;
- to review and approve performance-based remunerations by reference to corporate goals and objectives resolved by the Board from time to time;
- to review and approve compensation payable to executive Directors and senior management members of the Company in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is fair and not excessive for the Company;
- to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is reasonable and appropriate; and
- to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration.

The Remuneration Committee held one meeting during the year ended 31 March 2013 to review and determine the remuneration packages of the Directors of the Company and make recommendation to the Board. Individual attendance of each member of Remuneration Committee is set out below:

Remuneration Committee Members	Attendance
Dr. Lam Man Kit Dominic *(Chairman)*	1/1
Mr. Yap Yung	1/1
Mr. Zhang Guang Sheng	1/1

Audit Committee

The Audit Committee comprises of three independent non-executive Directors, namely Mr. Yap Yung (Chairman of Audit Committee), Dr. Lam Man Kit Dominic and Mr. Zhang Guang Sheng.

The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system and to provide advice and comments to the Board.

During the year ended 31 March 2013, the Audit Committee was primarily responsible:

- to make recommendation to the Board on the appointment, re-appointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of that Director;

- to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

- to develop and implement policy on the engagement of an external auditor to supply non-audit services;

- to monitor integrity of financial statements of the Company and the Company's annual report and accounts and half-year reports and to review significant financial reporting judgements contained in them;

- to review the Company's financial controls, internal control and risk management systems;

- to discuss with management the system of internal control and ensure that management has discharged its duty to have an effective internal control system;

- to review the Group's financial and accounting policies and practices; and

- to review the external auditor's management letter, any material queries raised by the auditor to the management in respect of the accounting records, financial accounts or systems of control and management's response, and to ensure that the Board provides a timely response to the issues raised.

The Audit Committee held two meetings during the year ended 31 March 2013 for considering re-appointment of auditors, reviewing the annual results of the Group for the year ended 31 March 2012 and the interim results of the Group for the six months ended 30 September 2012 and discussing with the auditors of the Company on internal control, auditors' independence, auditors' remuneration and reviewing the internal control system of the Group. Individual attendance of each member of Audit Committee is set out below:

Audit Committee Members	Attendance
Mr. Yap Yung *(Chairman)*	2/2
Dr. Lam Man Kit Dominic	2/2
Mr. Zhang Guang Sheng	2/2

Corporate governance functions

During the period under review, the Audit Committee is responsible to help the Board for determining the policy for the corporate governance of the Company and performing the corporate governance duties as below:

- to develop and review the Group's policies and practices on corporate governance and make recommendations;
- to review and monitor the training and continuous professional development of the directors and senior management;
- to review and monitor the Group's policies and practices on compliance with all legal and regulatory requirements (where applicable);
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors of the Group; and
- to review the Group's compliance with the CG Code and disclosure requirements in the Corporate Governance Report.

ACCOUNTABILITY AND AUDIT

Financial reporting

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 March 2013.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, announcements of inside information and other disclosures required under the Listing Rules and other statutory and regulatory requirements.

The management of the Company has provided to the Board explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval.

Internal controls

The Board is responsibility to maintain a sound and effective internal control system of the Group to safeguard shareholders' investment and the Company's assets. The Group's internal control system including a defined management structure with limits of authority is designed to help the achievement of business objectives, safeguard assets against unauthorised use or disposal, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance with relevant legislation and regulations. The system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operational systems and achievement of the Group's objectives.

During the year ended 31 March 2013, Directors, through the Audit Committee, have reviewed the effectiveness of the internal control system of the Group. For the year ended 31 March 2013, the Board considered that the internal control system is effective and adequate. No significant areas of concern which might affect shareholders were identified.

External auditors and auditors' remuneration

During the year ended 31 March 2013, Deloitte Touche Tohmatsu was engaged as the external auditor of the Company. The fees for the services provided were as follows:

Type of Services	HKD'000
Statutory audit services	1,160
Non-Audit Services	
– Interim review service	600
– Other	350
Total	2,110

The Audit Committee considered that the auditors' independence was not affected by the provision of non-audit related services to the Group.

COMPANY SECRETARY

Mr Chung Yau Tong was appointed as the company secretary of the Company since 1 January 2008. The appointment and removal of the company secretary is subject to the Board approval in accordance with the Bye-laws of the Company and all directors have access to the company secretary to obtain the advice and services related to the board procedures and other applicable rules and regulations. The Company secretary had compiled with Rule 3.29 of the Listing Rules for the year.

SHAREHOLDER RIGHTS

Procedures for convening a special general meeting by shareholders

Any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company (the "Eligible Shareholder(s)") shall at all times have the right, by written requisition to the Board or the company secretary of the Company (the "Company Secretary"), to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition, including making proposals or moving a resolution at a special general meeting.

Eligible Shareholders who wish to convene a special general meeting for the purpose of making proposals or moving a resolution at a special general meeting must deposit a written requisition (the "Requisition") signed by the Eligible Shareholder(s) concerned to the principal place of business of the Company in Hong Kong.

The Requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholding in the Company, the reason(s) to convene a special general meeting, the agenda proposed to be included the details of the business(es) proposed to be transacted in the special general meeting, signed by the Eligible Shareholder(s) concerned.

If within 21 days of the deposit of the Requisition, the Board has not advised the Eligible Shareholders of any outcome to the contrary and fails to proceed to convene a special general meeting, the Eligible Shareholder(s) himself/herself/themselves may do so in accordance with bye-laws, and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the Board shall be reimbursed to the Eligible Shareholder(s) concerned by the Company.

Making enquiry to the Board

Shareholders of the Company may send their enquiries and concerns to the Board in writing by addressing them to the Board by post or delivery to the principal place of business of the Company in Hong Kong at Unit 3213, 32nd Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong.

CONSTITUTIONAL DOCUMENTS

At the annual general meeting of the Company held on 21 September 2012, the shareholders approved the amendments to the bye-laws and adoption of new bye-laws of the Company. The details of the major amendments are set out in the Circular of the Company dated 13 August 2012.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company has established various communications channels, including sending of interim and annual reports, circulars for special transactions and posting of announcements and notice of general meetings on the websites of the Stock Exchange and the Company, to provide timely information to facilitate communication with shareholders and investors. Registered shareholders are notified by post of the shareholders' meeting. The shareholders' meetings of the Company provide a useful forum for shareholders to raise comments and exchange views with the Board. The Board welcomes the views of shareholders on matters affecting the Group and encourages them to attend shareholders' meetings to communicate any concerns they might have with the Board or the management directly.

Shareholders of the Company and investors can mail any enquiries, comments, suggestions and recommendations to the principal place of business of the Company in Hong Kong at Unit 3213, 32nd Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong, the Board or their delegates will reply and response to you promptly.

On behalf of the Board

Yuen Leong
Director

Hong Kong, 14 June 2013

The Directors have pleasure in presenting their report and the audited consolidated financial statements of the Company for the year ended 31 March 2013.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries are set out in note 35 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2013 are set out in the consolidated income statement on page 27.

The Directors do not recommend the payment of dividend for the year ended 31 March 2013.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment during the year are set out in note 13 to the consolidated financial statements.

BORROWINGS

The Group did not have any loans or borrowings as at 31 March 2013. Particular of borrowings of the Group as at 31 March 2012 is set out in notes 24 and 25 to the consolidated financial statements.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 27 to the consolidated financial statements.

RESERVES

Details of the movements in the reserves of the Group during the year are set out on page 30 of the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company did not have any reserves available for distribution to shareholders as at 31 March 2013.

FIVE YEARS SUMMARY

A summary of the results and other assets and liabilities of the Group for the last five financial years is set out on page 88 of this Annual Report.

DIRECTORS

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

Executive Directors:

Yuen Leong
Luan Li

Independent Non-Executive Directors:

Lam Man Kit, Dominic
Yap Yung
Zhang Guang Sheng

In accordance with bye-law 87 of the Company's Bye-law, Lam Man Kit, Dominic and Yap Yung will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Biographical details of Directors are set out on page 8 of this Annual Report.

DIRECTOR'S REMUNERATION

The remuneration of the Directors is determined with reference to the Director's duties, responsibilities, performance and the results of the Group. Details of the remuneration of the Directors are set out in note 11 to the consolidated financial statements.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the Independent Non-Executive Directors, an annual confirmation of independence pursuant to Rule 3.13 of the Rules Governing the Listing Securities on the Stock Exchange of Hong Kong Limited. The Company considered all of the Independent Non-Executive Directors are independent in accordance with the guidelines set out in the Listing Rules.

DIRECTOR'S SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting of the Company has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interests, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

None of the Directors of the Company or any of their respective associates have engaged in any business that competes or may compete with the business of the Group or have any other conflict of interests with the Group.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 31 March 2013, the interests and short positions of the directors and the chief executive and their associates in the shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) (a) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

(i) Long position in shares and underlying shares of the Company

Ordinary shares of HK$0.001 each of the Company

Name of Director	Capacity in which interests are held	Options to subscribe for Shares of the Company	Number of Shares interested	Interests as to % to the issued share capital of the Company
Yuen Leong	Interest of a controlled corporation	–	12,887,473,880 *(Note 1)*	68.27%
	Beneficial owner	9,000,000 *(Note 2)*	–	0.05%
Lam Man Kit, Dominic	Beneficial owner	9,000,000 *(Note 2)*	–	0.05%
Luan Li	Beneficial owner	–	6,000,000	0.03%

Notes:

(1) These 12,887,473,880 shares are held by Long Grand Limited which is legally and beneficially owned as to 70% by Mr. Yam Yu and as to 30% by Mr. Yuen Leong. By virtue of his 30% direct interest in Long Grand Limited, Mr. Yuen Leong is deemed or taken to be interested in the 12,887,473,880 shares held by Long Grand Limited for the purposes of the SFO.

(2) Pursuant to the share option scheme adopted by a resolution of the Shareholders on 17 September 2004, these share options were granted on 17 July 2008 and are exercisable at HK$0.532 per Share (adjusted after share subdivision on 3 August 2009) from 17 July 2008 to 16 September 2014.

(ii) Long position in shares and underlying shares of the associated corporation

		Number of ordinary shares (long positions)				
Name of Director	Name of associated corporation	Interest held by controlled corporation	Personal interest	Family interest	Total number of shares held in associated corporation	Approximate percentage of issued share capital of associated corporation
Yuen Leong	Long Grand Limited	–	Beneficial owner	–	300	30%

Save as disclosed above, as at 31 March 2013, none of the Directors and the chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO), (a) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or (b) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (c) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

SHARE OPTIONS

Particulars of the Company's share option scheme are set out in note 32 to the consolidated financial statements.

The following table disclosed movements in the Company's share options during the year:

	Exercise period	Outstanding at 1 April 2012	Granted during the year	Lapsed during the year	Exercised during the year	Outstanding at 31 March 2013
Directors:						
Yuen Leong	17/7/2008 – 16/9/2014	3,000,000	–	–	–	3,000,000
	17/7/2009 – 16/9/2014	3,000,000	–	–	–	3,000,000
	17/7/2010 – 16/9/2014	3,000,000	–	–	–	3,000,000
Lam Man Kit,	17/7/2008 – 16/9/2014	3,000,000	–	–	–	3,000,000
Dominic	17/7/2009 – 16/9/2014	3,000,000	–	–	–	3,000,000
	17/7/2010 – 16/9/2014	3,000,000	–	–	–	3,000,000
Total directors		18,000,000	–	–	–	18,000,000
Employees	17/7/2008 – 16/9/2014	16,000,000	–	–	–	16,000,000
	17/7/2009 – 16/9/2014	16,000,000	–	–	–	16,000,000
	17/7/2010 – 16/9/2014	16,000,000	–	–	–	16,000,000
Total employees		48,000,000	–	–	–	48,000,000
Grant total		**84,000,000**	**–**	**–**	**–**	**66,000,000**

All share options were granted on 17 July 2008. The number of share options and exercised price had been adjusted after share subdivision on 3 August 2009. The adjusted exercise price is HK$0.532 per shares.

ARRANGEMENT FOR DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Other than the option holdings disclosed above, at no time during the year was the Company, its holding company, fellow subsidiaries or subsidiaries was a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate.

MANAGEMENT CONTRACTS

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

SUBSTANTIAL SHAREHOLDERS

At 31 March 2013, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO.

Name	Interest in shares	Nature of interest	Percentage of the Company's issued share capital
Long Grand Limited *(Note)*	12,887,473,880	Direct beneficial owner	68.27%

Note: Long Grand Limited is legally and beneficially owned as to 70% by Mr. Yam Yu and as to 30% by Mr. Yuen Leong.

Save as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 31 March 2013.

CONNECTED TRANSACTIONS

Neither the Group nor the Company has any connected transactions and/or continuing connected transactions as defined under Chapter 14A of the Listing Rules during the year under review.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company has not redeemed any of its securities during the year ended 31 March 2013, neither the Company nor any of its subsidiaries has purchased or, sold any of the Company's securities during the year.

PRE-EMPTIVE RIGHTS

There are no provisions 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.

EMOLUMENT POLICY

The emolument policy for the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence. The emoluments of the Directors of the Company are decided by the Remuneration Committee, having regard to the market rates, workload and responsibilities and general economic situation.

The Company has adopted the share option scheme and granted share options to Directors and eligible employees for the year ended 31 March 2013. Details of the scheme and the movements in the share options granted are set out in note 32 to the consolidated financial statements.

COMMITMENTS

Details of commitments are set out in note 31 to the financial statements.

RETIREMENT BENEFIT SCHEMES

Details of the retirement benefit schemes operated by the Group are set out in note 33 to the financial statements.

LITIGATION AND ARBITRATION

As at the date of this report, there was no any litigation and arbitration for the Group.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 March 2013.

MAJOR CUSTOMERS AND SUPPLIERS

The Group's largest customer and five largest customers accounted for approximately 58.99% (2012: 54.11%) and 98.38% (2012: 91.36%) respectively of the Group's total turnover for the year.

The Group's largest supplier and five largest suppliers accounted for approximately 96.11% (2012: 99.82%) and 100% (2012: 100%) respectively of the Group's total purchases for the year.

According to the understanding of the Directors, none of the Directors, their associates or any shareholders who owned more than 5% of the Company's share capital had any interests in the five largest customers or suppliers at any time during the year.

AUDITOR

The financial statements for the year ended 31 March 2013 have been audited by Deloitte Touche Tohmatsu. Deloitte Touche Tohmatsu will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting. A resolution will be submitted to the forthcoming annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Yuen Leong
Director

Hong Kong, 14 June 2013

Deloitte.
德勤

TO THE MEMBERS OF CHAOYUE GROUP LIMITED
超越集團有限公司
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Chaoyue Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 27 to 87, which comprise the consolidated statement of financial position as at 31 March 2013, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of the 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, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
14 June 2013

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2013

	NOTES	2013 HK$'000	2012 HK$'000 (Restated)
Continuing operations			
Revenue	7	**13,827**	–
Cost of sales and services		**(9,609)**	–
Gross profit		**4,218**	–
Other income, gains and losses	8	**409**	305
Selling expenses		**(37)**	–
Administrative expenses		**(22,164)**	(12,952)
Share of results of associates	16	**(2,567)**	–
Loss before taxation		**(20,141)**	(12,647)
Income tax	9	**–**	–
Loss for the year from continuing operations	11	**(20,141)**	(12,647)
Discontinued operations			
Profit (loss) for the year from discontinued operations	10	**253,611**	(31,282)
Profit (loss) for the year		**233,470**	(43,929)
Other comprehensive income (expense) for the year			
Exchange differences arising on translation			
– from continuing operations		**32**	–
– from discontinued operations		**1,772**	(6,010)
		1,804	(6,010)
Total comprehensive income (expense) for the year		**235,274**	(49,939)
Profit (loss) for the year attributable to owners of the Company			
– from continuing operations		**(19,490)**	(12,647)
– from discontinued operations		**237,144**	(29,952)
Profit (loss) for the year attributable to owners of the Company		**217,654**	(42,599)
Profit (loss) for the year attributable to non-controlling interests			
– from continuing operations		**(651)**	–
– from discontinued operations		**16,467**	(1,330)
Profit (loss) for the year attributable to non-controlling interests		**15,816**	(1,330)
		233,470	(43,929)
Total comprehensive income (expense) attributable to:			
Owners of the Company		**219,419**	(48,614)
Non-controlling interests		**15,855**	(1,325)
		235,274	(49,939)
Earnings (loss) per share	12		
From continuing and discontinued operations			
Basic and diluted (HK cents)		**1.14**	(0.22)
From continuing operations			
Basic and diluted (HK cents)		**(0.10)**	(0.07)

Consolidated Statement of Financial Position

At 31 March 2013

	NOTES	2013 HK$'000	2012 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**2,173**	13,085
Intangible assets	14	**–**	–
Goodwill	15	**462**	–
Interests in associates	16	**54,081**	–
		56,716	13,085
CURRENT ASSETS			
Trade and other receivables	17	**4,405**	1,899
Financial assets at fair value through profit or loss	19	**9,906**	–
Bank balances and cash	18	**214,642**	37,903
		228,953	39,802
Assets classified as held for sale	30(b)	**–**	128,801
		228,953	168,603
CURRENT LIABILITIES			
Amounts due to customers for contract work	20	**–**	910
Trade and other payables	21	**4,254**	55,137
Tax payable		**–**	1,008
Warranty provision	22	**–**	1,575
Deferred income	23	**–**	10,326
		4,254	68,956
Liabilities associated with assets classified as held for sale	30(b)	**–**	1,263
		4,254	70,219
NET CURRENT ASSETS		**224,699**	98,384
TOTAL ASSETS LESS CURRENT LIABILITIES		**281,415**	111,469

	NOTES	2013 HK$'000	2012 HK$'000
NON-CURRENT LIABILITIES			
Amount due to a director of a former subsidiary	24	–	22,232
Borrowings	25	–	16,474
Deferred income	23	–	8,866
Customer's deposit		–	10,000
		–	57,572
		281,415	53,897
CAPITAL AND RESERVES			
Share capital	27	**18,876**	18,824
Reserves		**251,382**	30,785
Amounts recognised in other comprehensive income and accumulated in equity relating to assets classified as held for sale		–	1,230
Equity attributable to owners of the Company		**270,258**	50,839
Non-controlling interests			
Non-controlling interests		**11,157**	2,921
Amounts recognised in other comprehensive income relating to assets classified as held for sale and including in non-controlling interests		–	137
		11,157	3,058
		281,415	53,897

The consolidated financial statements on pages 27 to 87 were approved and authorised for issue by the Board of Directors on 14 June 2013 and are signed on its behalf by:

Yuen Leong
DIRECTOR

Luan Li
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 March 2013

	Attributable to owners of the Company										
	Share capital	Non-voting convertible preference shares	Share premium	Contributed surplus	Capital redemption reserve	Share option reserve	Translation reserve	Accumulated losses	Total	Non-controlling interests	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
		(note 26)		*(note 28)*	*(Note)*						
At 1 April 2011	18,824	41,170	7,382,924	51,655	3,781	16,157	(697)	(7,414,361)	99,453	4,383	103,836
Exchange difference arising on translation	–	–	–	–	–	–	(6,015)	–	(6,015)	5	(6,010)
Loss for the year	–	–	–	–	–	–	–	(42,599)	(42,599)	(1,330)	(43,929)
Total comprehensive expense for the year	–	–	–	–	–	–	(6,015)	(42,599)	(48,614)	(1,325)	(49,939)
At 31 March 2012 and 1 April 2012	18,824	41,170	7,382,924	51,655	3,781	16,157	(6,712)	(7,456,960)	50,839	3,058	53,897
Exchange difference arising on translation	–	–	–	–	–	–	1,765	–	1,765	39	1,804
Profit for the year	–	–	–	–	–	–	–	217,654	217,654	15,816	233,470
Total comprehensive income for the year	–	–	–	–	–	–	1,765	217,654	219,419	15,855	235,274
Acquisition of a subsidiary *(note 29)*	–	–	–	–	–	–	–	–	–	5,859	5,859
Conversion of non-voting convertible preference shares into ordinary shares *(note 26)*	52	(9,881)	9,829	–	–	–	–	–	–	–	–
Disposal of subsidiaries	–	–	–	–	–	–	4,966	(4,966)	–	–	–
Dividend paid to a non-controlling shareholder	–	–	–	–	–	–	–	–	–	(13,615)	(13,615)
At 31 March 2013	18,876	31,289	7,392,753	51,655	3,781	16,157	19	(7,244,272)	270,258	11,157	281,415

Note: The capital redemption reserve represents amounts transferred from contributed surplus upon the repurchase of the Company's shares.

Consolidated Statement of Cash Flows

For the year ended 31 March 2013

	NOTES	2013 HK$'000	2012 HK$'000 (Restated)
OPERATING ACTIVITIES			
Profit (loss) for the year		**233,470**	(43,929)
Adjustments for:			
Income tax recognised in profit or loss		**–**	(1,570)
Depreciation of property, plant and equipment		**2,199**	3,821
Amortisation of intangible assets		**–**	9,478
(Reversal) recognition of allowance on bad and doubtful debts, net		**(1,205)**	4,129
Foreseeable loss on construction contract		**–**	1,271
Allowance for obsolete and slow-moving inventories		**–**	475
Bank interest income		**(743)**	(324)
Finance costs		**1,473**	2,541
Provision of warranty		**66**	164
Impairment loss on advances to suppliers		**–**	2,979
Share of results of associates		**2,567**	–
Gain on disposal of subsidiaries		**(255,141)**	–
Operating cash flows before movements in working capital		**(17,314)**	(20,965)
Decrease in inventories		**–**	672
Decrease in amounts due from customers for contract work		**–**	285
Decrease (increase) in trade and other receivables		**802**	(5,734)
Decrease in amounts due to customers for contract work		**–**	(13)
Decrease in trade and other payables		**(8,478)**	(9,725)
Decrease in warranty provision		**(195)**	(17)
Decrease in deferred income		**(5,098)**	(8,352)
Cash used in operations		**(30,283)**	(43,849)
Enterprise income tax ("EIT") paid, net		**(674)**	(10)
NET CASH USED IN OPERATING ACTIVITIES		**(30,957)**	(43,859)

For the year ended 31 March 2013

	NOTES	2013 HK$'000	2012 HK$'000 (Restated)
INVESTING ACTIVITIES			
Net proceeds on disposal of subsidiaries	*30*	**229,253**	–
Acquisition of a subsidiary	*29*	**3,638**	–
Interest received		**743**	324
Purchases of property, plant and equipment		**(2,505)**	(33)
Purchases of financial assets at fair value through profit or loss		**(9,906)**	–
NET CASH FROM INVESTING ACTIVITIES		**221,223**	291
CASH USED IN FINANCING ACTIVITIES			
Dividend paid to a non-controlling shareholder		**(13,615)**	–
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**176,651**	(43,568)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**37,987**	81,474
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**4**	81
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**214,642**	37,987
Represented by:			
Bank balances and cash		**214,642**	37,903
Cash and cash equivalents included in assets classified as held-for-sale		**–**	84
		214,642	37,987

1. GENERAL

The Company was incorporated in Bermuda as an exempted company with limited liability under the Bermuda Companies Act and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The immediate and ultimate holding company is Long Grand Limited, a company incorporated in the British Virgin Islands (the "BVI"). The address of the registered office and principal place of business of the Company is disclosed in the Corporate Information section of the Annual Report.

On 27 September 2012 and 5 June 2012, the Group disposed of the entire equity interests in Park Wealth International Limited and its subsidiaries ("Park Wealth Group") and 70% equity interests of each of Acme Day Limited and Fastmind Investments Limited and their subsidiaries ("Mining Group"), respectively, the details of the disposals are set out in note 30. Park Wealth Group and Mining Group carried out the Group's direct drinking water, purification equipment and environmental engineering and mining operations respectively. Park Wealth Group's and Mining Group's results are classified as discontinued operations. Comparative figures on the consolidated statement of comprehensive income have been re-presented accordingly. Upon disposal of 70% equity interests in Mining Group, the Group still retains 30% equity interests in Mining Group which is treated as associates.

On 26 April 2012, the Group acquired 60% equity interests in United (Fujian) Corporate Management Limited ("United Fujian"). The principal activities of United Fujian are provision of corporate management consultancy services and trading of goods. Details of this acquisition are set out in note 29.

The functional currency of the Company is Renminbi ("RMB") as the Group's operation is mainly in the People's Republic of China (the "PRC"). As the shares of the Company are listed in the Stock Exchange, for the convenience of the financial statements users, the results and financial position of the Group are expressed in Hong Kong dollar ("HK$"), the presentation currency for the consolidated financial statements.

The Company is an investment holding company. Details of the principal activities of its subsidiaries are set out in note 35.

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

New and revised HKFRSs applied in the current year

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

Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Asset
Amendments to HKFRS 7	Financial Instruments: Disclosures – Transfers of Financial Assets

The application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and on the disclosures set out in these consolidated financial statements.

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

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle[1]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[2]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangement[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
HKAS 19 (as revised in 2011)	Employee Benefits[1]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
Amendments to HKAS 1	Presentation of Item of Other Comprehensive Income[4]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[2]
HKFRIC 20	Stripping Costs in the Production Phase of a Surface Mine[1]

[1] Effective for annual periods beginning on or after 1 January 2013
[2] Effective for annual periods beginning on or after 1 January 2014
[3] Effective for annual periods beginning on or after 1 January 2015
[4] Effective for annual periods beginning on or after 1 July 2012

Except as described below, the directors of the Company anticipate that the application of the above new and revised HKFRSs will have no material impact on the consolidated financial statements.

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

New and revised HKFRSs issued but not yet effective (Continued)

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards that are relevant to the Group are described below.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and SIC-Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013 with earlier application permitted provided that all of these standards are applied early at the same time.

Except for more disclosure to be made in accordance with the requirement of HKFRS 12, the directors anticipate that the application of the above standards may not have significant impact on amounts reported in the consolidated financial statements when the new standards are applied in the future accounting periods.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income* introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a 'statement of comprehensive income' is renamed as a 'statement of profit or loss and other comprehensive income' and an 'income statement' is renamed as a 'statement of profit or loss'. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in future accounting periods.

3. 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. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or 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 in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognise as a gain or loss in profit or loss attributable to the Group. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 recognised in profit or loss as incurred.

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

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or sharebased payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* 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 re-assessment, 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 recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another Standard.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the 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. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognised 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 amount of profit or loss on disposal.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interests in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with HKFRS 5 *Non-current Assets held for Sale and Discontinued Operation*. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. The associate uses accounting policies that differ from those of the Group for like transactions and events in similar circumstances. Appropriate adjustments have been made to conform the associates' accounting policies to those of the Group. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

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

Revenue from sales of goods is recognised when goods are delivered and title has passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from consultancy service is recognised when services are provided.

Royalty fee income is recognised when the rights to receive payment are established.

Income from leasing of direct drinking water purification machines when lease term and rental are fixed or pre-determined is recognised on a straight-line basis over the relevant lease terms. Prepayment received in advance of the commencement of the lease term of direct drinking water purification machines is recorded as deferred income and is released to profit or loss on a straight line basis over the relevant lease terms when lease term and rental are fixed or pre-determined, as appropriate.

Contract revenue from construction and installation contract is recognised when the outcome of the contract can be estimated reliably and the stage of completion at the end of reporting period can be measured reliably. Revenue from construction and installation contracts is recognised on the percentage of completion method, measured by reference to the stage of completion of the contract activity at the end of the reporting period. When the outcome of a construction and installation contract cannot be estimated reliably, revenue is recognised only to the extent of contract cost incurred that it is probable to be recoverable.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised 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 derecognised 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 recognised in profit or loss.

Construction and installation contracts

Where the outcome of a construction and installation contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction and installation contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade and other receivables.

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 lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease when lease term and rental are fixed or predetermined.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

In preparing the financial statements of 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 exchanges 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 at 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, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group are translated into the presentation currency of the Group (i.e. Hong Kong dollar) using exchange rate prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve and attributed to non-controlling interests as appropriate.

On the disposal of a subsidiary, exchange difference accumulated in equity arisen from the translation from functional currency, RMB, to the Group's presentation currency, Hong Kong dollar, was transferred directly to accumulated losses.

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. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Retirement benefit scheme

Payments to state-managed retirement benefit scheme and the Mandatory Provident Fund Scheme which are defined contribution schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

3. 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 recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised 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 recognised 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 taxable profit nor accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, 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 recognised 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 profits 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 realised, based on tax rate (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 recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses as follows:

(i) *Mining license*

Mining license is stated at cost less accumulated amortisation and impairment losses. The mining license is amortised using straight line method over the remaining terms of the mining license under the exploration and evaluation period. Such mining license will be transferred to mining rights, another sub-category of intangible assets, when the technical feasibility and commercial viability of extracting the mineral resources in the mine are demonstrated. On the other hand, when it is established that the mining is not economically viable, the net carrying amount of the mining license will be written off.

(ii) *Patents*

Patents are stated at cost less accumulated amortisation and impairment losses. The patents are amortised on a straight line basis over the respective periods of the useful life.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position 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 (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair values of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets

The Group's financial assets are generally classified as loans and receivables and financial assets at fair value through profit or loss ("FVTPL"). The classification depends on the nature and purpose of the financial asset and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised 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 recognised on an effective interest basis for debt instruments.

Financial assets at FVTPL

Financial assets at FVTPL represent those designated as at FVTPL on initial recognition.

A financial asset may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets. Fair value is determined in the manner described in note 19.

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 and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

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

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 and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade and other receivables, assets that are assessed not to be impaired individually are, in addition, 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 amortised cost, the amount of the impairment loss recognised is 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 asset is reduced by the impairment loss directly 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 recognised in profit or loss. When trade receivables are 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 amortised 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 loss was recognised, the previously recognised 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 amortised cost would have been had the impairment not been recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised 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 (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 liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including trade and other payables, amount due to a director of a former subsidiary and borrowings are subsequently measured at amortised cost, using the effective interest method.

Non-voting convertible preference shares

Non-voting convertible preference shares which are non-redeemable financial instruments that can only be converted to a fixed number of the ordinary shares of the Company are accounted for as equity and measured at fair value at initial recognition.

When the non-voting convertible preference shares are converted, the convertible preference shares is transferred to ordinary share capital and share premium. Transaction costs relating to issuance of the equity instrument are charged directly to equity.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, 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 recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Share-based payment transactions

Equity-settled share-based payment transactions

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period or is recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in share option reserve.

At the end of reporting period, the Group revises its estimates of the number of option that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share option reserve.

When share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated losses.

Impairment losses on tangible and intangible assets other than goodwill (see accounting policy in respect of goodwill above)

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. 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. Where 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.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset 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 a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the management of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The following is the key assumption concerning the future and other key source of estimation uncertainty at the end of the reporting period that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Allowance for bad and doubtful debts

The policy for allowance for bad and doubtful debts of the Group is based on the evaluation of collectability and aging analysis of trade and other receivables and on management's estimation. A considerable amount of estimation is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 March 2013, the carrying amount of trade and other receivables is HK$4,405,000 (net of allowance for doubtful debts of nil) (2012: carrying amount of HK$1,899,000, net of allowance for doubtful debts of HK$68,432,000).

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

In 2013, the capital structure of the Group consists of the cash and cash equivalents disclosed in note 18 and equity attributable to owners of the Company, comprising issued share capital, non-voting convertible preference shares and reserves. While in 2012, the capital structure of the Group consists of net debt, which includes the amount due to a director of a former subsidiary disclosed in note 24, borrowings disclosed in note 25, net of cash and cash equivalents disclosed in note 18 and equity attributable to owners of the Company, comprising issued share capital, non-voting convertible preference shares and reserves.

The directors of the Company review the capital structure on a semi-annual basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the new shares issues, and share buy-back as well as the issue of new debt or the redemption of existing debt.

6. FINANCIAL INSTRUMENTS

The disclosure for financial instruments set out below excluding those included in assets and liabilities classified as held for sale.

(a) Categories of financial instruments

	2013	2012
	HK$'000	HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**217,229**	38,433
Financial assets at FVTPL	**9,906**	–
Financial liabilities		
Amortised cost	**44**	57,498

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, bank balances and cash, financial assets at FVTPL, trade and other payables. Details of these financial instruments are disclosed in respective notes.

The directors monitor and manage the financial risks relating to the operations of the Group through internal risk assessment which analyses exposures by degree and magnitude of risks. The risks included market risk (including currency risks, interest rate risk and price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The directors manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Foreign currency risk management

The Group has bank balances, other payables and inter-group balances denominated in foreign currencies, which expose the Group to foreign currency risk.

The carrying amount of the Group's foreign currency denominated monetary assets/liabilities and inter-group foreign currency balance at the end of respective reporting periods are as follow:

	2013	2012
	HK$'000	HK$'000
Assets		
HKD	**76,783**	12,174
United States Dollars ("USD")	**137,336**	22,646

	2013	2012
	HK$'000	HK$'000
Liabilities		
HKD	**–**	50,798

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Foreign currency risk management (Continued)

As at 31 March 2012, the amount of liabilities denominated in HKD represented inter-group balances of approximately HK$48,297,000 and other payables of approximately HK$2,501,000. As at 31 March 2013, the Group had no such inter-group foreign currency balances.

The Group currently does not enter into any derivative contracts to minimise the currency risk exposure. However, the directors will consider hedging significant currency risk should the need arise.

Sensitivity analysis

The Group is mainly exposed to the effects of fluctuation in HKD and USD against RMB.

The following table details the Group's sensitivity to a 5% increase and decrease in the RMB against the relevant foreign currencies. 5% is the sensitivity rate used in directors' assessment of the possible reasonably change in foreign exchange rates. The sensitivity analysis includes the Group's outstanding foreign currency denominated monetary items as well as inter-group foreign currency balance and adjusts their translation at the year end for a 5% change in foreign currency rates. A negative number indicates a decrease in profit for the year (2012: an increase in loss for the year) where the RMB strengthens against the relevant currencies. For a 5% weakening of the RMB against the relevant currencies, there would be an equal and opposite impact on profit (loss) for the year.

	2013 **HK$'000**	2012 HK$'000
HKD against RMB	**(3,839)**	1,931
USD against RMB	**(6,867)**	(1,132)

In the opinion of the directors of the Company, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

Interest rate risk management

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances.

The Group is not exposed to fair value interest rate risk in 2013. While in 2012, the Group was exposed to fair value interest rate risk in relation to fixed-rate borrowing (see note 25) and amount due to a director of a former subsidiary (see note 24). The Group did not enter into any hedging instrument for fair value interest rate risk.

The directors of the Company consider the exposure to interest rate risk is minimal and no sensitivity analysis on cash flow interest rate risk is therefore presented.

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Other price risk management

The Group is exposed to price risk through its investment in structured deposit measured at FVTPL. The Group did not enter into any hedging instrument for price risk.

The directors of the Company consider the exposure to price risk is minimal and no sensitivity analysis on price risk is therefore presented.

Credit risk management

As at 31 March 2013, The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position. The Group's credit risk is primarily attributable to its trade receivables and the Group has been largely dependent on a small number of customers for a substantial portion of its business. There is only one customer in the PRC represents 100.00% (2012: nil) of the trade receivable at 31 March 2013. The failure of this customer to make required payment could have a substantial negative impact on the Group's profits and liquidity.

In order to minimise the credit risk, the Group has policies in place for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on bank balances and financial assets at FVTPL are limited because the counterparties are reputable banks in Hong Kong and PRC.

Other than concentration of credit risk on trade receivables set out above, and bank balances and financial assets at FVTPL which are deposited with several reputable banks, the Group does not have any other significant concentration of credit risk.

Liquidity risk management

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The Group relies on borrowings and amount due to a director of a former subsidiary as a significant source of liquidity in 2012. While in 2013, the Group relies on internal funds as a significant source of liquidity.

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk management (Continued)

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

The table includes both interest and principal cash flows.

	Weighted average interest rate	Less than 1 month	1 – 3 months	3 months to 1 year	1 – 5 years	Total undiscounted cash flows	Carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 31 March 2013							
Non-derivative financial liabilities							
Other payables	**–**	**19**	**19**	**6**	**–**	**44**	**44**
As at 31 March 2012							
Non-derivative financial liabilities							
Trade payables	–	1,393	2,599	456	–	4,448	4,448
Other payables	–	347	3,365	632	–	4,344	4,344
Customer's deposit	–	–	–	–	10,000	10,000	10,000
Amount due to a director of a former subsidiary	6.65	–	–	–	25,287	25,287	22,232
Borrowings	12.00	–	–	–	18,843	18,843	16,474
		1,740	5,964	1,088	54,130	62,922	57,498

(c) Fair value

The fair value of financial assets at FVTPL is determined with reference to price provided by counterparty bank.

The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

7. REVENUE AND SEGMENT INFORMATION

During the year ended 31 March 2013, the Group disposed of the entire equity interests in Park Wealth Group and 70% equity interests in Mining Group. Therefore, the operations of these two groups are classified as discontinued operations. Information of discontinued operations is set out in note 10.

In addition, the Group acquired 60% equity interests in a subsidiary, United Fujian, during the year ended 31 March 2013. The principal activity of United Fujian is provision of corporate management consultancy services. Subsequent to acquisition, United Fujian also engaged in trading of goods. The consultancy services and trading activities rendered by United Fujian during the year ended 31 March 2013 are classified as continuing operations.

The segment information reported externally are consultancy services and trading activities rendered by United Fujian which is consistent with the internal information that are regularly reviewed by the executive directors of the Company, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of performance. This is also the basis of organisation in the Group, which is organised around differences in products and services.

The Group's operating and reportable segments under HKFRS 8 are as follows:

New continuing operations carried out by United Fujian

Consultancy services	–	Provision of corporate management consultancy services (such as business development related to business acquisition and investment opportunities studies, system development related to internal control and computer system development and human resource services) mainly in the PRC
Trading of goods	–	Sales of construction materials and wines

Discontinued operations carried out by Park Wealth Group

Direct drinking water	–	Lease of direct drinking water purification machines and royalty income for use of the Group's brand name
Purification equipment	–	Manufacturing and sales of air purification and water purification equipments
Environmental engineering	–	Construction and installation of air purification and sewage treatment system

Discontinued operation carried out by Mining Group

Mining	–	Exploration of gold and copper (mining segment was already treated as discontinued operation for the year ended 31 March 2012)

7. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results

The following is an analysis of the Group's revenue and results from continuing operations by operating and reportable segments for the year ended 31 March 2013.

	Consultancy services HK$'000	Trading of goods HK$'000	Elimination HK$'000	Total HK$'000
REVENUE				
External sales	5,418	8,409	–	13,827
Inter-segment sales	2,150	–	(2,150)	–
Segment revenue	7,568	8,409	(2,150)	13,827
Segment (loss) profit	(1,864)	418	(1,022)	(2,468)
Unallocated income				743
Unallocated corporate expenses				(15,849)
Share of results of associates				(2,567)
Loss before taxation				(20,141)

Note: Inter-segment sales are charged at prevailing market rates.

The accounting policies of the operating segments are the same as the Group's accounting policies in note 3. Segment results represent the results from each segment without allocation of central administration costs, directors' salaries, interest income, share of result of associates and income tax. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

7. REVENUE AND SEGMENT INFORMATION (Continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities relating to continuing operations by operating and reportable segment as at 31 March 2013.

All the segments relating to discontinued operations have been disposed of during the year ended 31 March 2013. Therefore, no comparative figures for segment assets and liabilities are presented. Details of assets and liabilities of the discontinued operations are set out in note 30.

	2013 **HK$'000**
ASSETS	
Segment assets	
Assets relating to continuing operations	
Consultancy services	**3,091**
Trading of goods	**938**
Total segment assets	**4,029**
Unallocated assets	
– Bank balances and cash	**214,642**
– Financial assets at FVTPL	**9,906**
– Goodwill	**462**
– Interests in associates	**54,081**
– Others	**2,549**
Total unallocated assets	**281,640**
Consolidated total assets	**285,669**
LIABILITIES	
Segment liabilities	
Liabilities relating to continuing operations	
Consultancy services	**2,218**
Unallocated liabilities	
– Others	**2,036**
Consolidated total liabilities	**4,254**

7. REVENUE AND SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

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

- all assets are allocated to operating segments other than bank balances and cash, financial assets at FVTPL, goodwill, interests in associates and other assets not attributable to respective segments; and

- all liabilities are allocated to operating segments other than liabilities not attributable to respective segments.

Other segment information

For the year ended 31 March 2013

Amounts included in the measure of segment profit or loss or segment assets from continuing operations:

	Consultancy services HK$'000	Trading of goods HK$'000	Total HK$'000
Additions to property, plant and equipment	2,505	–	2,505
Depreciation of property, plant and equipment	1,240	–	1,240

Information about geographical areas

The Group's operations are principally located in the PRC (country of domicile). All revenue from continuing operations from external customers were generated from customers in the PRC. All non-current assets used in continuing operations are located in the PRC.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenues of the Group are as follow:

	2013 HK$'000
Customer A *(note i)*	8,157
Customer B *(note ii)*	2,631
Customer C *(note ii)*	1,453

Notes i: Revenue from trading of goods

Notes ii: Revenue from consultancy services

7. REVENUE AND SEGMENT INFORMATION (Continued)

Information about products and services

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

	2013 HK$'000	2012 HK$'000 (Restated)
Consultancy services	5,418	–
Trading of goods	8,409	–
	13,827	–

8. OTHER INCOME, GAINS AND LOSSES

	2013 HK$'000	2012 HK$'000 (Restated)
Continuing operations		
Bank interest income	743	282
Net exchange loss	(327)	23
Others	(7)	–
	409	305

9. TAXATION

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the income of the Group neither arises in nor is derived from Hong Kong.

The Group's PRC Enterprise Income Tax ("EIT") is calculated based on the applicable tax rate on assessable profits, if applicable. The applicable EIT rate for the Company's PRC subsidiary is 25%.

The income tax for the year can be reconciled to the loss before taxation as follows:

	2013	2012
	HK$'000	HK$'000
		(Restated)
Loss before taxation		
Continuing operations	**(20,141)**	(12,647)
Tax at the domestic income tax rate of 25%	**(5,035)**	(3,162)
Tax effect of expenses not deductible for tax purposes	**4,258**	3,162
Tax effect of tax loss not recognised	**135**	–
Tax effect of share of results of associates	**642**	–
Income tax for the year	**–**	–

The domestic income tax rate represents the tax rate in the jurisdiction where the operations of the Group are substantially based.

At the end of the reporting period, the Group has the following unused tax losses that can be carried forward to future years. Their respective expiration years are as follows:

	2013	2012
Expiry year	**HK$'000**	HK$'000
2013	**–**	12,339
2014	**–**	6,085
2015	**–**	749
2016	**–**	35,187
2017	**–**	7,972
2018	**531**	–
No expiry date	**39,482**	39,475
	40,013	101,807

No deferred tax asset has been recognised in respect of unused tax losses available for offset against future profits due to unpredictability of future profit streams.

10. DISCONTINUED OPERATIONS

On 5 June 2012, the Group disposed of 70% equity interests in Mining Group at a total consideration of US$21,000,000. The net proceed received was approximately HK$161,604,000. The Mining Group carries out all of the Group's mining operation in the Republic of Kyrgyz, and is treated as a discontinued operation and the comparative figures in the consolidated statement of comprehensive income are re-presented.

On 27 September 2012, the Group disposed of 100% equity interests in Park Wealth Group at a total consideration of HK$78,500,000, which carries out all of the Group's direct drinking water, purification equipment and environmental engineering operations, and are treated as discontinued operations and the comparative figures in the consolidated statement of comprehensive income are re-presented.

The results of the discontinued operations for the year were as follows:

	2013	2012
	HK$'000	HK$'000
		(Restated)
Loss from operations	**(1,530)**	(31,282)
Gain on disposal of subsidiaries *(note 30)*	**255,141**	–
Profit (loss) for the year from discontinued operations	**253,611**	(31,282)
Profit (loss) for the year from discontinued operations attributable to:		
Owners of the Company	**237,144**	(29,952)
Non-controlling interests	**16,467**	(1,330)
	253,611	(31,282)

10. DISCONTINUED OPERATIONS (Continued)

The results of the discontinued operations for the current and prior years, which have been included in the consolidated statement of comprehensive income, were as below:

	Mining Group		Park Wealth Group		Total	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue	**–**	–	**11,873**	23,101	**11,873**	23,101
Cost of sales	**–**	–	**(784)**	(7,486)	**(784)**	(7,486)
Other income, gains and losses	**(938)**	877	**1,701**	2,263	**763**	3,140
Selling expenses	**–**	–	**(50)**	(3,261)	**(50)**	(3,261)
Administrative expenses	**(10,536)**	(33,593)	**(1,323)**	(12,212)	**(11,859)**	(45,805)
Finance costs	**–**	–	**(1,473)**	(2,541)	**(1,473)**	(2,541)
(Loss) profit before taxation	**(11,474)**	(32,716)	**9,944**	(136)	**(1,530)**	(32,852)
Income tax	**–**	–	**–**	1,570	**–**	1,570
(Loss) profit for the year	**(11,474)**	(32,716)	**9,944**	1,434	**(1,530)**	(31,282)

Profit (loss) for the current and prior years from discontinued operations has been arrived at after charging:

	Mining Group		Park Wealth Group		Total	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Directors' emoluments	**–**	–	**–**	–	**–**	–
Other staff salaries, wages and allowances	**(10,316)**	(15,845)	**(135)**	(1,256)	**(10,451)**	(17,101)
Other staff retirement benefit scheme contributions	**–**	–	**(27)**	(398)	**(27)**	(398)
Total staff costs	**(10,316)**	(15,845)	**(162)**	(1,654)	**(10,478)**	(17,499)

10. DISCONTINUED OPERATIONS (Continued)

	Mining Group		Park Wealth Group		Total	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Auditor's remuneration	**(18)**	(16)	**(26)**	(167)	**(44)**	(183)
Depreciation of property, plant and equipment	**–**	–	**(959)**	(3,797)	**(959)**	(3,797)
Amortisation of intangible assets	**–**	(9,478)	**–**	–	**–**	(9,478)
Cost of inventories recognised as expenses	**–**	–	**–**	(4,186)	**–**	(4,186)
Allowance for obsolete and slow-moving inventories	**–**	–	**–**	(475)	**–**	(475)
Foreseeable loss on construction contracts	**–**	–	**–**	(1,271)	**–**	(1,271)
Reversal (allowance) on bad and doubtful debts, net	**–**	–	**1,205**	(4,129)	**1,205**	(4,129)
Impairment loss on advances to suppliers	**–**	–	**–**	(2,979)	**–**	(2,979)

During the year ended 31 March 2013, the discontinued operations used approximately HK$10,364,000 (2012: HK$547,000) for Mining Group and approximately HK$2,338,000 (2012: HK$20,464,000) for Park Wealth Group to the Group's net operating cash outflows, nil (2012: nil) in respect of investing activities and financing activities.

11. LOSS FOR THE YEAR

Loss for the year from continuing operations has been arrived at after charging:

	2013	2012
	HK$'000	HK$'000
		(Restated)
Directors' emoluments *(note 11(a))*	**1,815**	1,812
Other staff salaries, wages and allowances	**7,974**	4,414
Other staff retirement benefit scheme contributions	**565**	117
Total staff costs	**10,354**	6,343
Auditor's remuneration	**1,160**	1,500
Depreciation of property, plant and equipment	**1,240**	24

11. LOSS FOR THE YEAR (Continued)

Notes:

(a) Information regarding directors' and chief executive's emoluments

The emoluments paid or payable to each of the five (2012: five) directors and the chief executive are as follows:

	Executive Director		**Independent non-executive director**			
	Yuen Leong HK$'000	**Luan Li HK$'000**	**Lam Man Kit Dominic HK$'000**	**Yap Yung HK$'000**	**Zhang Guang Sheng HK$'000**	**2013 Total HK$'000**
Fees	**–**	**–**	**200**	**200**	**200**	**600**
Other emoluments						
Salaries and other benefits	**600**	**600**	**–**	**–**	**–**	**1,200**
Retirement benefit scheme contributions	**–**	**15**	**–**	**–**	**–**	**15**
	600	**615**	**200**	**200**	**200**	**1,815**

	Executive Director		Independent non-executive director			
	Yuen Leong HK$'000	Luan Li HK$'000	Lam Man Kit Dominic HK$'000	Yap Yung HK$'000	Zhang Guang Sheng HK$'000	2012 Total HK$'000
Fees	–	–	200	200	200	600
Other emoluments						
Salaries and other benefits	600	600	–	–	–	1,200
Retirement benefit scheme contributions	–	12	–	–	–	12
	600	612	200	200	200	1,812

Mr. Yuen Leong, who is an executive director, is also the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.

11. LOSS FOR THE YEAR (Continued)

Notes: (Continued)

(b) Employees' emoluments

The five highest paid individuals of the Group included two directors (2012: two directors) and the chief executive, whose emoluments are disclosed above. The emoluments of the remaining three (2012: three) highest paid employees are as follows:

	2013 **HK$'000**	2012 HK$'000
Salaries and others	**2,883**	3,232
Retirement benefit scheme contributions	**29**	24
	2,912	3,256

Their emoluments were within the following bands:

	2013 **Number of employee**	2012 Number of employee
HK$500,001 to HK$1,000,000	**2**	1
HK$1,000,001 to HK$1,500,000	**1**	2

During the years ended 31 March 2013 and 2012, no emoluments were paid by the Group to the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. No director had waived any emoluments during both years.

12. EARNINGS (LOSS) PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	2013	2012
	HK$'000	HK$'000
Profit (loss) for the year attributable to owners of the Company for the purposes of basic and diluted earnings (loss) per share	**217,654**	(42,599)
Number of shares for the purposes of basic and diluted earnings (loss) per share *(Note)*	**19,039,072,320**	19,039,072,320

Note: The number of shares for the purposes of basic and diluted earnings (loss) per share includes the convertible preference shares (see note 26) as they rank equally among themselves and pari passu with all other ordinary shares of the Company in issue with respect of the right to any dividends or distribution declared.

The computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options as the exercise price of those options is higher than the average market price for shares for both 2013 and 2012.

From continuing operations

The calculation of the basic and diluted loss per share for the year from continuing operations attributable to the owners of the Company is based on the following data:

	2013	2012
	HK$'000	HK$'000
		(Restated)
Profit (loss) for the year attributable to owners of the Company	**217,654**	(42,599)
Less: (profit) loss for the year from discontinued operations	**(237,144)**	29,952
Loss for the purposes of basic and diluted loss per share from continuing operations	**(19,490)**	(12,647)

The denominators used are the same as those detailed above for both basic and diluted earnings (loss) per share.

From discontinued operations

For the year ended 31 March 2013, basic and diluted earnings per share from discontinued operations is approximately HK1.25 cents per share (loss per share for the year ended 31 March 2012: HK0.16 cents per share), based on the profit for the year from discontinued operations attributable to the owner of the Company of approximately HK$237,144,000 (loss for the year ended 31 March 2012: HK$29,952,000), and the denominators used are the same as those detailed above for both basic and diluted loss per share.

13. PROPERTY, PLANT AND EQUIPMENT

	Machinery and equipment HK$'000	Furniture and office equipment HK$'000	Motor vehicles HK$'000	Leasehold improvements HK$'000	Total HK$'000
COST					
At 1 April 2011	115,789	2,905	754	2,402	121,850
Exchange adjustments	4,523	110	30	12	4,675
Additions	33	–	–	–	33
At 31 March 2012 and 1 April 2012	120,345	3,015	784	2,414	126,558
Exchange adjustments	(1,145)	(19)	(3)	2	(1,165)
Acquisition of a subsidiary *(note 29)*	–	134	44	698	876
Additions	–	1,397	678	430	2,505
Disposal of subsidiaries	(119,200)	(2,804)	(777)	(2,130)	(124,911)
Write off	–	(7)	–	–	(7)
At 31 March 2013	–	1,716	726	1,414	3,856
DEPRECIATION AND IMPAIRMENT					
At 1 April 2011	101,289	1,559	447	2,274	105,569
Exchange adjustments	3,989	67	19	8	4,083
Provided for the year	2,857	715	149	100	3,821
At 31 March 2012 and 1 April 2012	108,135	2,341	615	2,382	113,473
Exchange adjustments	(1,031)	(21)	(6)	3	(1,055)
Elimination on disposal of subsidiaries	(107,610)	(2,508)	(679)	(2,130)	(112,927)
Elimination on write off	–	(7)	–	–	(7)
Provided for the year	506	693	192	808	2,199
At 31 March 2013	–	498	122	1,063	1,683
CARRYING VALUES					
At 31 March 2013	–	1,218	604	351	2,173
At 31 March 2012	12,210	674	169	32	13,085

The above items of property, plant and equipment are depreciated on a straight-line basis after taking into account their estimated residual value at the following rates per annum:

Machinery and equipment	10 – $33^1/_3$%
Furniture and office equipment	10 – $33^1/_3$%
Motor vehicles	10 – 20%
Leasehold improvements	Shorter of the lease periods or five years

14. INTANGIBLE ASSETS

	Patents	Mining license	Total
	HK$'000	HK$'000	HK$'000
	(Note a)	*(Note b)*	
COST			
At 1 April 2011	94,000	148,789	242,789
Exchange adjustments	–	451	451
Reclassified as held for sale	–	(149,240)	(149,240)
At 31 March 2012 and 1 April 2012	94,000	–	94,000
Elimination on disposal of subsidiaries	(94,000)	–	(94,000)
At 31 March 2013	–	–	–
AMORTISATION AND IMPAIRMENT			
At 1 April 2011	94,000	17,019	111,019
Exchange adjustments	–	145	145
Amortisation	–	9,478	9,478
Reclassified as held for sale	–	(26,642)	(26,642)
At 31 March 2012 and 1 April 2012	94,000	–	94,000
Elimination on disposal of subsidiaries	(94,000)	–	(94,000)
At 31 March 2013	–	–	–
CARRYING VALUES			
At 31 March 2013 and 2012	–	–	–

Notes:

a. The patents arose on acquisition of Park Wealth Group in relation to the design and production of direct drinking water purification machines which have finite useful lives.

   On 27 September 2012, the Group disposed of its entire equity interests in Park Wealth Group to an independent third party and the patents has been derecognised upon disposal.

b. The mining license represents exploration and evaluation assets which arose on acquisition of Mining Group in November 2009.

   On 6 January 2012, the Group entered into an agreement to dispose of its mining operations. According to the agreement, the mining license, which is related to the mining operation, was reclassified to assets classified as held for sale at 31 March 2012.

   On 5 June 2012, the aforesaid disposal has been completed and the mining license was transferred to the purchaser at the date of control lost.

15. GOODWILL

	HK$'000
COST	
At 1 April 2011 and 31 March 2012	27,085
Arising on acquisition of a subsidiary *(note 29)*	462
Disposal of subsidiaries	(27,085)
At 31 March 2013	462
IMPAIRMENT LOSS	
At 1 April 2011 and 31 March 2012	27,085
Elimination on disposal of subsidiaries	(27,085)
At 31 March 2013	–
CARRYING AMOUNT	
At 31 March 2013	462
At 31 March 2012	–

Goodwill amounted to HK$462,000 is allocated to the cash generating unit which carried out the Group's corporate management consultancy services under the consultancy services segment.

16. INTERESTS IN ASSOCIATES

	HK$'000
Cost of interest in associates *(note 30(b))*	56,648
Share of post-acquisition loss	(2,567)
	54,081

Note: Included in interests in associates is an intangible asset amounted to HK$40,830,000.

As disclosed in note 30(b), the Group disposed of 70% equity interests in the Mining Group during the year ended 31 March 2013. After the disposal, the Group lost control over the financial and operating policies of the Mining Group and the Mining Group has become associates of the Group thereafter. The fair value of the Group's remaining interest in the Mining Group is regarded as its deemed cost which mainly represents the mining license of the associates at the acquisition date. As at 31 March 2013, the Mining Group is still under exploration and evaluation stage.

16. INTERESTS IN ASSOCIATES (Continued)

As at 31 March 2013, the Group had interests in the following associates through a non-wholly owned subsidiary:

Name of associates	Place of incorporation/ establishment/ operation	Issued and fully paid up share capital/ registered capital	Effective equity interest attributable to the Group as at 31 March 2013 %	Principal activities	Legal form
Fastmind Investments Limited	Hong Kong	HK$100	27	Investment holding of mining operation	Private limited liability company
Acme Day Limited	Hong Kong	HK$100	27	Investment holding of mining operation	Private limited liability company
Tunlin Limited Liability Company	Republic of Kyrgyz	KGS*5,000	27	Investment holding of mining operation	Limited liability company
Kichi-Chaarat Closed Joint Stock Company	Republic of Kyrgyz	KGS*10,000	27	Mining, processing and sales of gold and copper	Limited liability company

* The KGS represented Kyrgyzstani som.

Note: Kichi-Chaarat Closed Joint Stock Company is a wholly owned subsidiary of Tunlin Limited Liability Company which is owned by Fastmind Investments Limited and Acme Day Limited by 99% and 1% respectively.

Eagle Mountain Holding Limited, a 90% owned subsidiary of the Group, owned 30% equity interest in each of Fastmind Investments Limited and Acme Day Limited.

16. INTERESTS IN ASSOCIATES (Continued)

The summarised financial information in respect of the Group's associates is set out below:

	2013 HK$'000
Total assets	**290,875**
Total liabilities	**(246,704)**
Net assets	**44,171**
Group's share of net assets of associates	**13,251**

	2013 HK$'000
Total revenue	**–**
Total loss and comprehensive expense for the year	**(8,558)**
Group's share of results of associates	**(2,567)**

17. TRADE AND OTHER RECEIVABLES

	2013 HK$'000	2012 HK$'000
Trade receivables	**1,857**	14
Prepayments and deposits	**1,818**	1,369
Other receivables	**730**	516
	4,405	1,899

The following is an aged analysis of trade receivables of the Group net of allowance for doubtful debts presented based on invoice date at the end of the reporting period, which approximated the respective revenue recognition date:

	2013 HK$'000	2012 HK$'000
0 to 30 days	**206**	14
31 to 90 days	**619**	–
91 to 180 days	**1,032**	–
	1,857	14

17. TRADE AND OTHER RECEIVABLES (Continued)

Other than cash sales, the Group generally allows an average credit period of 30 days to 180 days to its trade customers.

Before accepting any new customer, the Group has assessed the potential customer's credit quality and defined credit rating limits of each customer. Limits attributed to customers are reviewed once a year. In determining the recoverability of a trade receivable, the Group considers changes in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date and no impairment is necessary for those balances which are not past due.

Movement in the allowance for doubtful debts in respect of trade and other receivables

	2013	2012
	HK$'000	HK$'000
Balance at beginning of the year	**68,432**	58,619
Disposal of subsidiaries	**(65,060)**	–
Exchange adjustments	**(2,167)**	2,705
Impairment losses recognised	**378**	8,188
Impairment losses reversed	**(1,583)**	(1,080)
Balance at end of the year	**–**	68,432

At 31 March 2013, no allowance for doubtful debts is included in trade and other receivables.

At 31 March 2012, included in the allowance for doubtful debts are individually impaired trade and other receivables with an aggregate balance of approximately HK$68,432,000. The debtors have defaulted in the scheduled payments after the due dates and the Group performed an assessment and concluded the chance of recovering the account receivables is low such that full impairment had been recognised in respect of these account receivables. On 27 September 2012, the Group disposed of its entire equity interests in Park Wealth Group to an independent third party and the aggregate balance of allowance for doubtful debts has been derecognised upon disposal.

18. BANK BALANCES AND CASH

As at 31 March 2013, bank balances and cash comprise cash held by the Group and short-term bank deposits which carry variable interest rates ranging from 0.4% to 0.25% (2012: 0.1% to 0.4%) per annum with an original maturity of three months or less.

At the end of the reporting period, included in the bank balances and cash are following amount denominated in currency other than the functional currency of the respective group entity:

	2013 HK$'000	2012 HK$'000
USD	137,336	22,646
HKD	76,783	12,174
	214,119	34,820

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

During the year ended 31 March 2013, the Group entered into a contract of structured deposit with a bank. The duration of such structured deposit is 3 years, but the Group could apply for early redemption at any trading day during deposit period. The principal was guaranteed by the bank. The return was not guaranteed by the bank and was determined by reference to the performance of underlying investments such as certain PRC government debt instruments and treasury notes. The expected return rate stated in the contract was 2.6% per annum.

The structured deposit has been designated as financial assets at FVTPL on initial recognition.

At the end of the reporting period, the fair value of the structured deposit is determined by reference to price provided by counterparty issuing bank. The structured deposit has been early redeemed subsequently after 31 March 2013 at its principal amount together with return which approximated to the expected return.

20. AMOUNTS DUE TO CUSTOMERS FOR CONTRACT WORK

	2013 HK$'000	2012 HK$'000
Contracts in progress at the end of the reporting period:		
Contract costs incurred plus recognised profit less recognised losses	–	36,753
Less: Progress billings	–	(37,663)
Amounts due to customers for contract work	–	(910)

On 27 September 2012, the Group disposed of its entire equity interests in Park Wealth Group to an independent third party and the amounts due to customers for contract work have been derecognised upon disposal.

21. TRADE AND OTHER PAYABLES

	2013	2012
	HK$'000	HK$'000
Trade payables	–	4,448
Other payables	44	4,344
Other tax payables	310	18,365
Receipt in advance from customers	2,218	26,189
Accruals	1,682	1,791
	4,254	55,137

Trade payables principally comprise amounts outstanding for purchase of raw materials in 2012. The average credit period for purchase of raw materials ranged from 30 days to 180 days.

22. WARRANTY PROVISION

	HK$'000
At 1 April 2011	1,428
Provided for the year	164
Amount utilised	(17)
At 31 March 2012 and 1 April 2012	1,575
Provided for the year	66
Amount utilised	(195)
Exchange adjustments	(15)
Disposal of subsidiaries *(note 30(a))*	(1,431)
At 31 March 2013	–

The provision for warranty claims represents the director's best estimate of the future outflow of economic benefits that will be required under the Group's warranty program for sales of air purification and water purification equipments, construction and installation of air purification and sewage treatment system for two to three years. The estimate has been made on the basis of historical warranty trends and may vary as a result of new materials and altered manufacturing processes.

On 27 September 2012, the Group disposed of its entire equity interests in Park Wealth Group to an independent third party and the carrying amount of warranty provision has been derecognised upon disposal.

23. DEFERRED INCOME

	Rental income HK$'000	Royalty fee income HK$'000	Total HK$'000
At 1 April 2011	25,794	871	26,665
Exchange adjustments	835	44	879
Additions	–	1,247	1,247
Released to revenue for the year	(9,188)	(411)	(9,599)
At 31 March 2012 and 1 April 2012	17,441	1,751	19,192
Exchange adjustments	(184)	(15)	(199)
Released to revenue for the year	(4,619)	(479)	(5,098)
Disposal of subsidiaries *(note 30(a))*	(12,638)	(1,257)	(13,895)
At 31 March 2013	–	–	–

	2013 HK$'000	2012 HK$'000
Analysed for reporting purposes as:		
Current portion	–	10,326
Non-current portion	–	8,866
	–	19,192

Deferred income includes: (a) rental received in advance for direct drinking water purification machines. The amount is released to profit or loss based on a straight line basis over the relevant lease terms which is on average around 3 years, and rental are fixed and pre-determined; and (b) royalty fees received in advance for the operation of the direct drinking water purification machines business in certain specific locations and within a specified time period. The amount will be released to profit or loss on a straight line basis over the relevant contract period.

On 27 September 2012, the Group disposed of its entire equity interests in Park Wealth Group to an independent third party and the carrying amount of deferred income has been derecognised upon disposal.

24. AMOUNT DUE TO A DIRECTOR OF A FORMER SUBSIDIARY

	2013	2012
	HK$'000	HK$'000
Xiao Shu (肖述)	–	22,232

The amount represents advance from Xiao Shu which is non-trade nature. Xiao Shu is a director and former shareholder of a subsidiary in Park Wealth Group.

Pursuant to the agreement entered into with Xiao Shu in March 2011, the advance from Xiao Shu will be repaid on 31 March 2014.

The amount is recognised at amortised cost with effective interest rate of 6.65% (2012: 6.65%) per annum.

On 27 September 2012, the Group disposed of its entire equity interests in Park Wealth Group to an independent third party and the carrying amount of the amount due to a director of a former subsidiary has been derecognised upon disposal.

25. BORROWINGS

	2013	2012
	HK$'000	HK$'000
Unsecured borrowing	–	16,474

As at 31 March 2012, the amounts represented unsecured fixed-rate loan of approximately HK$9,869,000 and accrued interest of approximately HK$6,605,000 from an independent third party ("Independent Third Party") with original maturity due date in March 2011. Interest is charged at 12% per annum. Pursuant to the supplementary agreement entered into with the Independent Third Party in March 2011, the maturity due date of principal amount together with accrued interest is extended to 31 March 2014. Accordingly, at 31 March 2012, these amounts have been reclassified as non-current liability.

On 27 September 2012, the Group disposed of its entire equity interests in Park Wealth Group to an independent third party and the carrying amount of borrowings has been derecognised upon disposal.

26. NON-VOTING CONVERTIBLE PREFERENCE SHARES

On 12 February 2009, the Group acquired the Park Wealth Group pursuant to the agreement dated 11 October 2008 (the "Agreement") entered into between Successtime Limited, a wholly owned subsidiary of the Company and the shareholders of Park Wealth International Limited comprising Sure Achieve Limited, Sureguide Limited and Teamwon Limited ("Vendors"). According to the Agreement, the Group should issue convertible preference shares to the Vendors for the acquisition for the Park Wealth Group within 10 business days of the finalisation of the audited consolidated net profit after tax of the Park Wealth Group for the year ended 31 December 2009.

In July 2010, the consideration for the acquisition of the Park Wealth Group and the aggregate fair value of the convertible preference shares was finalised to be HK$41,170,000, which was satisfied by the issuance of an aggregate of 214,637,160 convertible preference shares with a par value of HK$0.001 each (after adjustment for share subdivision) which can be converted into the Company's ordinary shares without maturity date. The convertible preference shares shall at all times rank equally among themselves and pari passu with all other ordinary shares of the Company in issue with respect of the right to any dividends or distributions declared.

In the event of liquidation or dissolution or winding up, or merger, or reorganisation that will result in any distribution of assets of the Company to the existing shareholders of the Company, the holders of the convertible preference shares will receive an amount equal to 100% of the face value of the convertible preference shares. In addition, the ranking of the convertible preference shares is higher than ordinary shares, but lower than creditor in case of liquidation.

The holder of each convertible preference shares shall not have any voting rights. The convertible preference shares shall be non-redeemable and will not be listed on any stock exchange.

The holders of the convertible preference shares shall be entitled to convert the convertible preference shares into ordinary shares in the following manner:

(i) Up to 40% of the convertible preference shares anytime during the period commencing from the first business day following the second anniversary of the date of completion of the agreement until the third anniversary of the date of completion of the Agreement;

(ii) Up to 70% of the convertible preference shares anytime during the period commencing from the first business day following the third anniversary of the date of completion of the agreement until the fourth anniversary of the completion of the Agreement;

(iii) All the remaining convertible preference shares any time after the first business day following the fourth anniversary of the date of completion of the Agreement.

The holder of the convertible preference shares shall not exercise the conversion rights and the Company shall not issue any shares if, upon such conversion and/or issue, (i) the holder of the convertible preference shares and the parties acting in concert with it, will be interested in 30% (or such amount as may from time to time be specified in the Hong Kong Code on Takeovers and Mergers as being the level for triggering a mandatory general offer) or more of the then enlarged issued ordinary share capital of the Company on the relevant conversion date, or (ii) the shareholding in the Company held by the public will be less than 25% or the minimum prescribed percentage as set out in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong (the "Listing Rules") from time to time.

During the year ended 31 March 2013, 51,512,918 shares of non-voting convertible preference shares were converted into 51,512,918 ordinary shares.

27. SHARE CAPITAL

	Number of shares	Amount HK$'000
Authorised:		
At 1 April 2011, 31 March 2012 and 2013		
Ordinary Shares of HK$0.001 each	498,000,000,000	498,000
Non-voting Convertible Preference Shares of HK$0.001 each	2,000,000,000	2,000
Issued and fully paid:		
Ordinary Shares of HK$0.001 each		
At 1 April 2011, 31 March 2012 and 1 April 2012	18,824,435,160	18,824
Conversion of non-voting convertible preference shares into ordinary shares *(note 26)*	51,512,918	52
At 31 March 2013	18,875,948,078	18,876
Non-voting convertible preference shares of HK$0.001 each		
At 1 April 2011, 31 March 2012 and 1 April 2012	214,637,160	41,170
Conversion of non-voting convertible preference shares into ordinary shares	(51,512,918)	(9,881)
At 31 March 2013	163,124,242	31,289

28. CONTRIBUTED SURPLUS

The contributed surplus of the Group represents the difference between the nominal value of the shares and share premium of the then holding company and the nominal value of the Company's shares issued for the group reorganisation on 25 May 1993, together with the amounts transferred from share capital and share premium account as a result of the capital reduction taken place in August 2001, less dividends paid, amounts utilised on redemption of shares and amount eliminated against accumulated losses.

29. ACQUISITION OF A SUBSIDIARY

On 26 April 2012, the Group acquired 60% equity interests in United Fujian by capital injection of RMB7,500,000, equivalent to approximately HK$9,250,000, to diversify its business scope and widen its revenue base. The principal activity of United Fujian at acquisition date is provision of corporate management consultancy services.

	HK$'000
Capital injection:	
Cash	9,250

Acquisition-related costs were insignificant and have been excluded from the cost of acquisition and have been recognised as an expense in the period.

	HK$'000
Assets and liabilities recognised at the date of acquisition:	
Net assets acquired	
Property, plant and equipment	876
Trade and other receivables	4,023
Bank balances and cash	3,638
Trade and other payables	(2,465)
Tax payable	(675)
	5,397
Add: Capital injection	9,250
	14,647

29. ACQUISITION OF A SUBSIDIARY (Continued)

The trade and other receivables acquired with a fair value of approximately HK$4,023,000 has gross contractual amounts of approximately HK$4,023,000.

	HK$'000
Goodwill arising on acquisition:	
Capital injection	9,250
Add: non-controlling interests *(note)*	5,859
Less: net assets acquired	(14,647)
	462

Note: The non-controlling interest in United Fujian of approximately HK$5,859,000 was measured by reference to the proportionate share of the acquiree's net identifiable assets at the acquisition date.

None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

	HK$'000
Net cash inflow arising on acquisition:	
Bank balances and cash acquired	3,638

Impact of acquisition on the results of the Group

Included in the profit for the year is loss of approximately HK$2,132,000 attributable by United Fujian. Revenue for the year includes approximately HK$13,827,000 in respect of United Fujian.

Had the acquisition of United Fujian been effected at 1 April 2012, the revenue of the Group for the year ended 31 March 2012 would have been approximately HK$14,661,000, and the Group's profit the year would have been approximately HK$233,240,000. The proforma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at 1 April 2012, nor is intended to be a projection of future results.

30. DISPOSAL OF SUBSIDIARIES

(a) Disposal of Park Wealth Group

On 27 September 2012, the Group disposed of its entire equity interests in Park Wealth Group to an independent third party at a consideration of HK$78,500,000. According to the sale and purchase agreement, the Group is obliged to pay HK$10,000,000 to Park Wealth Group as operating fund at date of disposal.

The Park Wealth Group was engaged in lease of direct drinking water purification machines, royalty income for use of Park Wealth Group's brand name, manufacturing and sales of air purification and water purification equipment, and construction and installation of air purification and sewage treatment system.

	HK$'000
Consideration satisfied by:	
Cash consideration	78,500
Operating fund paid to Park Wealth Group	(10,000)
	68,500
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	11,984
Trade and other receivables	1,931
Bank balances and cash	836
Amounts due to customers for contract work	(900)
Trade and other payables	(45,694)
Tax payable	(997)
Warranty provision	(1,431)
Deferred income	(13,895)
Amount due to a director of a former subsidiary	(22,902)
Borrowings	(16,469)
Customer's deposit	(10,000)
Net liabilities disposed of	(97,537)
Gain on disposal of a subsidiary:	
Cash consideration	78,500
Operating fund paid to Park Wealth Group	(10,000)
Net liabilities disposed of	97,537
Gain on disposal	166,037
Net cash inflow arising on disposal:	
Cash consideration	78,500
Operating fund paid to Park Wealth Group	(10,000)
Bank balances and cash disposed of	(836)
	67,664

30. DISPOSAL OF SUBSIDIARIES (Continued)

(b) Disposal of Mining Group

On 5 June 2012 the Group disposed of its 70% equity interests in the Mining Group to an independent third party for a consideration of US$21,000,000. The net proceed received was approximately HK$161,604,000. The Mining Group has been classified as assets held for sale and presented separately in the consolidated statement of financial position as at 31 March 2012. The Group through a 90% owned subsidiary retained 30% equity interests in the Mining Group after the disposal which is treated as associates of the Group.

The Mining Group was engaged in exploration of gold and copper in the Republic of Kyrgyz.

	HK$'000
Consideration satisfied by:	
Cash	161,604

Analysis of assets and liabilities as below:

	5/6/2012 HK$'000	31/3/2012 HK$'000
Intangible assets	122,598	122,598
Prepayments	6,119	6,119
Bank balances and cash	15	84
Trade and other payables	(1,903)	(1,263)
Net assets disposed of	126,829	127,538

	HK$'000
Gain on disposal of subsidiaries:	
Cash consideration *(note i)*	161,604
Fair value of 30% residual equity interests in Mining Group at 5 June 2012 *(note 16) (note ii)*	56,648
Net assets disposed of	(126,829)
Disposal-related expenses	(2,319)
Gain on disposal	89,104

30. DISPOSAL OF SUBSIDIARIES (Continued)

(b) Disposal of Mining Group (Continued)

	HK$'000
Net cash inflow arising on disposal:	
Cash consideration *(note i)*	161,604
Bank balances and cash disposed of	(15)
	161,589

Notes:

(i) The sales proceed was released from the escrow account and received by the Group during the year ended 31 March 2013.

(ii) This 30% equity interests in Mining Group was assessed by the directors of the Company with reference to the valuation at the disposal date performed by BMI Appraisals Limited. The value was determined by BMI Appraisals Limited using a cash flow projection based on financial budgets approved by the management and certain key assumptions including a discount rate of 26.3% and expected market prices of gold and copper in forecast period. In addition, the cash flow projections were prepared based on the assumptions that (a) the operation of Mining Group will be ceased in 2041 and (b) the forecast of mine ores can be extracted.

31. OPERATING LEASE COMMITMENTS

The Group as lessee

The Group made minimum lease payments of approximately HK$2,296,000 (2012: HK$875,000) under operating leases during the year in respect of rented premises and office equipment.

At the end of the reporting period, the Group had commitments for future minimum lease payments of approximately HK$8,027,000 (2012: HK$1,179,000) under non-cancellable operating leases which fall due as follows:

	2013		2012	
	Rented premises HK$'000	**Office equipment HK$'000**	Rented premises HK$'000	Office equipment HK$'000
Within one year	**3,003**	**7**	1,152	15
In the second to fifth years inclusive	**4,989**	**28**	12	–
	7,992	**35**	1,164	15

Leases are negotiated for a term of 1 to 5 years with fixed rentals.

32. SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted on 17 September 2004 pursuant to a resolution passed by the Company's shareholders on 17 September 2004 for the primary purposes of providing incentives to any directors or full-time employees of the Company or any of its subsidiaries ("Eligible Employees") and will expire on 16 September 2014. Under the Scheme, the Board of Directors of the Company is authorised to grant options at a consideration of HK$1 per option to the Eligible Employees to subscribe for shares in the Company.

The maximum number of shares issued or which may be issuable under the Scheme cannot exceed 10% of the issued share capital of the Company excluding any shares issued pursuant to the Scheme at the date of adoption. The number of shares in respect of which options granted and may be granted to any Eligible Employee is not permitted to exceed 30% of the aggregate number of shares for the time being issued and issuable under the Scheme.

The offer of a grant of share options may be accepted within 21 days from the date of the offer together with the payment of nominal consideration of HK$1 per option by the grantee.

The exercisable period of an option is determined by the directors at their discretion. The expiry date of the option may be determined by the Board of Directors of the Company which shall not be later than the expiry day of the Scheme.

The exercise price is determined by the directors of the Company, and will not be less than the greater of: (i) the closing price of the Company on the offer date; (ii) the average of the closing price of the Company's shares for the 5 trading days immediately preceding the offer of the options and (iii) the nominal value per share of the Company.

On 31 July 2009, a special resolution was passed by the shareholders of the Company to approve the subdivision of the issued and unissued ordinary shares and convertible preference shares into 10 subdivided ordinary shares and 10 subdivided convertible preference shares of HK$0.001 each respectively. Pursuant to the terms and conditions of the Scheme and the requirements of Chapter 17 of the Listing Rules, the exercise price of the share options granted under the Scheme would be adjusted from HK$5.32 per ordinary share to HK$0.532 per subdivided share while the number of shares of the Company to be allotted and issued upon exercise of the subscription rights attaching to the share options would be adjusted from 8,400,000 ordinary shares to 84,000,000 subdivided ordinary shares as a result of the share subdivision. The total number of shares to be issued upon the exercise of all options granted under the Scheme is 66,000,000 as at 31 March 2013.

32. SHARE OPTION SCHEME (Continued)

Details of the outstanding share options under the Scheme during the years ended 31 March 2013 and 2012 are as follows:

Category of Grantee	Date of grant	Exercise price per share	Exercisable period	Vesting period	At 1 April 2011 31 March 2012 and 2013
Directors	17 July 2008	HK$0.532	17/7/2008 – 16/9/2014	N/A	6,000,000
			17/7/2009 – 16/9/2014	17/7/2008 – 16/7/2009	6,000,000
			17/7/2010 – 16/9/2014	17/7/2008 – 16/7/2010	6,000,000
					18,000,000
Employees	17 July 2008	HK$0.532	17/7/2008 – 16/9/2014	N/A	15,999,980
			17/7/2009 – 16/9/2014	17/7/2008 – 16/7/2009	16,000,010
			17/7/2010 – 16/9/2014	17/7/2008 – 16/7/2010	16,000,010
					48,000,000
Exercisable at the end of the year					66,000,000

During the year ended 31 March 2013 and 2012, no share-based compensation expense was recognised in relation to share options granted by the Company, and no share option was granted, exercised and lapsed.

33. RETIREMENT BENEFIT SCHEMES

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under control of a trustee. The Group contributes lower of 5% of relevant payroll costs or HK$1,000 (before 1 June 2012) and HK$1,250 (effective on 1 June 2012) per person to the Scheme, which is matched by employees.

The employees of the Group in the PRC are members of state-managed retirement benefit scheme operated by the PRC Government. The Company's subsidiary is required to contribute a certain percentage of payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the scheme is to make the required contributions under the scheme.

34. RELATED PARTY TRANSACTIONS

Other than disclosed in notes 24, the Group has the following transactions with related parties during the year:

Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2013 **HK$'000**	2012 HK$'000
Short-term benefits	**4,683**	4,432
Retirement benefits scheme contribution	**44**	24
	4,727	4,456

The remuneration of key management is determined having regard to the performance of individuals and market trends.

35. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries of the Company are as follows:

Name of subsidiary	Place of incorporation/ establishment/ operation	Issued and fully paid up share capital/ registered capital	Proportion of nominal value of issued capital/ registered capital held by the Company 2013 %	2012 %	Principal activities	Legal from
Directly held						
Surplus Rich Investments Limited	The BVI Hong Kong	US$1	**100**	100	Management service to group companies	Private limited liability company
Chaoyue Investment Holdings Limited	Hong Kong Hong Kong	HK$1	**100**	100	Investment holding	Private limited liability company
Successtime Limited	The BVI Hong Kong	US$1	**100**	100	Investment holding	Private limited liability company
Longday International Limited	The BVI Hong Kong	US$1	**100**	100	Investment holding	Private limited liability company
Indirectly held						
Pride Delight Limited	The BVI Hong Kong	US$1	**100**	100	Investment holding	Private limited liability company
Rising Vast Limited	The BVI Hong Kong	US$1	**100**	100	Inactive	Private limited liability company
Eagle Mountain Holdings Limited	The BVI Hong Kong	US$100	**90**	90	Investment holding	Private limited liability company
Park Wealth International Limited	The BVI Hong Kong	US$1	**Note (i)**	100	Investment holding	Private limited liability company
Kwok Tin Enterprises Limited	Hong Kong Hong Kong	HK$1	**100**	–	Inactive	Private limited liability company
聯和（福建）企業管理有限公司 United (Fujian) Corporate Management Limited*	The PRC	RMB12,500,000	**60**	–	Consultancy service and trading of goods	Domestic company with limited liability company
上海康福特環境科技有限公司 Shanghai Comfort Environment and Science Company Limited*	The PRC	RMB46,000,000	**Note (i)**	100	Manufacturing and sales of air purification and water purification equipments, construction and installation of air purification and sewage treatment system	Domestic company with limited liability company
上海康福特水業發展有限公司 Shanghai Comfort Water Development Company Limited*	The PRC	RMB3,000,000	**Note (i)**	100	Leasing of direct drinking water purification machines and water purification service, sales of air purification and water purification equipments	Domestic company with limited liability company

35. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Issued and fully paid up share capital/ registered capital	Proportion of nominal value of issued capital/ registered capital held by the Company 2013 %	2012 %	Principal activities	Legal from
成都康福特水業有限責任公司 Chengdu Comfort Water Company Limited*	The PRC	RMB500,000	Note (i)	100	Leasing of direct drinking water purification machines and water purification service	Domestic company with limited liability company
深圳康福特環保技術發展有限公司 Shenzhen Comfort Environment Protection Technology Development Company Limited*	The PRC	RMB1,000,000	Note (i)	100	Leasing of direct drinking water purification machines and water purification service	Domestic company with limited liability company
上海康福特環保工程安裝有限公司 Shanghai Comfort Environment Engineering Company Limited*	The PRC	RMB5,100,000	Note (i)	100	Construction and installation of air purification and sewage treatment system	Domestic company with limited liability company
上海康福特淨水有限公司 Shanghai Comfort Jing Shui Company Limited*	The PRC	RMB100,000	Note (i)	100	Leasing of direct drinking water purification machines and water purification service	Domestic company with limited liability company
北京康福特康潔水業有限公司 Beijing Comfort Kang Jie Water Company Limited*	The PRC	RMB500,000	Note (i)	100	Leasing of direct drinking water purification machines and water purification service	Domestic company with limited liability company
Fastmind Investments Limited	Hong Kong	HK$100	Note (ii)	90	Investment holding of mining operation	Private limited liability company
Acme Day Limited	Hong Kong	HK$100	Note (ii)	90	Investment holding of mining operation	Private limited liability company
Tunlin Limited Liabililty Company	Republic of Kyrgyz	KGS5,000	Note (ii)	90	Investment holding of mining operation	Limited liability company
Kichi-Chaarat Closed Joint Stock Company	Republic of Kyrgyz	KGS10,000	Note (ii)	90	Mining, processing and sales of gold and copper	Limited liability company

* The English name is for identification purpose only.

Note (i): These subsidiaries were disposed of during the year ended 31 March 2013.

Note (ii): These subsidiaries have become associates of the Group during the year ended 31 March 2013 which are disclosed in note 16.

None of the subsidiaries had issued any debt securities at the end of the year.

The above table lists the subsidiaries of the Company with limited liability, except for otherwise denoted, which, in the opinion of the directors, principally affected the results of the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

36. FINANCIAL INFORMATION OF THE COMPANY

Information about the movement of reserves of the Company at the end of the reporting period includes:

	2013	2012
	HK$'000	HK$'000
TOTAL ASSETS		
Investments in subsidiaries	**1**	1
Amount due from subsidiaries	**211,812**	28,534
Other receivables	**984**	1,015
Banks balances and cash	**8,361**	23,146
	221,158	52,696
TOTAL LIABILITIES		
Other payables	**1,362**	1,695
Amounts due to subsidiaries	**573**	162
	1,935	1,857
	219,223	50,839
CAPITAL AND RESERVES		
Share capital *(see note 27)*	**18,876**	18,824
Reserves	**200,347**	32,015
	219,223	50,839

	Share capital	**Non-voting convertible preference share**	**Share premium**	**Capital redemption reserve**	**Share option reserve**	**Accumulated loss**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2011	18,824	41,170	7,382,924	3,781	16,157	(7,363,403)	99,453
Loss and total comprehensive expense for the year	–	–	–	–	–	(48,614)	(48,614)
At 31 March 2012	18,824	41,170	7,382,924	3,781	16,157	(7,412,017)	50,839
Profit and total comprehensive income for the year	–	–	–	–	–	168,384	168,384
Conversion of non-voting convertible preference shares into ordinary shares *(note 26)*	52	(9,881)	9,829	–	–	–	–
At 31 March 2013	18,876	31,289	7,392,753	3,781	16,157	(7,243,633)	219,223

Five Years Financial Summary

RESULTS

	2013	2012	2011	2010	2009
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
		(Restated)	(Restated)	(Restated)	(Restated)
Turnover					
from continuing operations	**13,827**	–	24,498	107,700	60,533
from discontinued operations	**11,873**	23,101	–	–	–
Total turnover	**25,700**	23,101	24,498	107,700	60,533
(Loss) profit for the year					
from continuing operations	**(20,141)**	(12,647)	(220,595)	(7,104,208)	(48,106)
(Loss) profit for the year					
from discontinued operations	**253,611**	(31,282)	(24,142)	(4,177)	(4,431)
(Loss) profit for the year	**233,470**	(43,929)	(244,737)	(7,108,385)	(52,537)
Attributable to					
Owners of the Company	**217,654**	(42,599)	(243,150)	(7,107,864)	(52,537)
Non-controlling interests	**15,816**	(1,330)	(1,587)	(521)	–
	233,470	(43,929)	(244,737)	(7,108,385)	(52,537)

ASSETS AND LIABILITIES

	2013	2012	2011	2010	2009
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**285,669**	181,688	242,553	472,243	415,978
Total liabilities	**(4,254)**	(127,791)	(138,717)	(123,458)	(343,510)
	281,415	53,897	103,836	348,785	72,468
Equity attributable to					
owners of the Company	**270,258**	50,839	99,453	342,899	72,468
Non-controlling interests	**11,157**	3,058	4,383	5,886	–
	281,415	53,897	103,836	348,785	72,468