聯康生物科技集團有限公司*

Uni-Bio Science Group Limited

(Incorporated in the Cayman Islands with limited liability) Stock Code: 690

Annual Report 2013

* For identification purposes only

Photos of the newly renovated production facility in Beijing Genetech Pharmaceutical Co., Limited


Corridor


Automatic feeding and carrying aligner


Filling machine


Freeze dryer


Air-conditioning purification system


Online inspection of filling machine

Quality control department

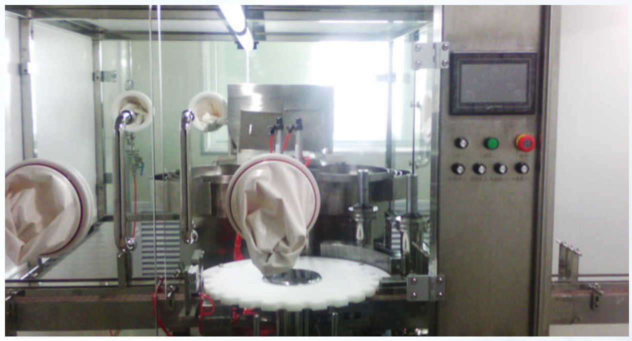

Quality control department

Newly renovated GMP production premises in Shenzhen Watsin Genetech Limited


Equipment for Purified Water System
Description: Purified Water Coarse Filtration


Equipment Name: Clean room Monitoring System
Description: On-line Clean room Environmental Monitoring

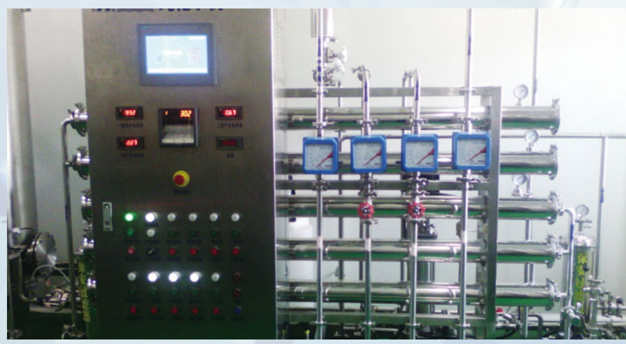

Equipment Name: Pharmaceutical Grade Bottle Cleaning Machine
Description: Bottle Cleaning


Equipment Name: Genetime Filling Machine
Description: Filling Machine for Genetime


Name: Corner of Production Area
Description: Pharmaceutical Product Production area


Equipment Name: Injection Water System
Description: Provide Injection Grade Water

Equipment Name: Purified Stream Generator
Description: Provide Purified Stream to Various Equipments


Equipment Name: Partial Equipment for Purified Water System
Description: Purified Water Secondary Filtration

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. TONG Kit Shing *(Chairman)*
Mr. LIU Guoyao
Mr. Leung Ka Chun

Independent Non-Executive Directors

Mr. TSAO Hoi Ho
Mr. LOU Iok Kuong
Mr. NG Pak Kin
Mr. LEUNG Wai Chung, Vincent

AUDIT COMMITTEE

Mr. TSAO Hoi Ho *(Chairman of the Audit Committee)*
Mr. LOU Iok Kuong
Mr. LEUNG Ka Chun
Mr. NG Pak Kin
Mr. LEUNG Wai Chung, Vincent

REMUNERATION COMMITTEE

Mr. TONG Kit Shing
Mr. TSAO Hoi Ho
Mr. LOU Iok Kuong *(Chairman of the Remuneration Committee)*
Mr. LEUNG Ka Chun

NOMINATION COMMITTEE

Mr. TONG Kit Shing
Mr. TSAO Hoi Ho
Mr. LOU Iok Kuong
Mr. LEUNG Ka Chun *(Chairman of the Nomination Committee)*

CHIEF EXECUTIVE OFFICER

Mr. LIU Guoyao

COMPANY SECRETARY

Mr. FUNG Kwok Leung

REGISTERED OFFICE

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

AUDITORS

KTC Partners CPA Limited

HEAD OFFICE & PRINCIPAL PLACE OF BUSINESS

13/F, Public Bank Centre
120 Des Voeux Road Central
Central, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

HSBC Trustee (Cayman) Limited
P.O. Box 484
HSBC House,
68 West Bay Road Grand Cayman KY1-1106
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

LEGAL ADVISERS AS TO HONG KONG LAW

Leung & Lau
13/F, Public Bank Centre
120 Des Voeux Road Central
Central, Hong Kong

PRINCIPAL BANKERS

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

STOCK CODE

0690

WEBSITE

www.uni-bioscience.com
Uni-Bio Science Group Limited

Chairman's Statement

FINAL RESULTS

During the year under review, the Company (together with its subsidiaries, the "Group") recorded a consolidated turnover of approximately HK$83,333,000 representing an increase of 46% compared with approximately HK$57,026,000 recorded in the last financial year. The gross profit was approximately HK$66,290,000 representing an increase of 73% as compared with approximately HK$38,338,000 recorded in the last financial year. The Group recorded a net loss of approximately HK$69,308,000 for the year ended 31 March 2013 compared to a net loss of approximately HK$102,864,000 in the last financial year.

BUSINESS REVIEW

During the year, the Group continued to face challenges of increasing material and operating costs, as well as increasing competition. In order to tackle the situation, we have adopted prudent business and financial management policy to ensure that we maintain adequate working capital to finance our operations.

The Company is pleased to inform the shareholders that the Class II prescription new drugs Recombinant Human Parathyroid Hormone (1-34) (rhPTH 1-34) has completed its clinical trial process and we expect that the final approval by the SFDA would be obtained by middle of 2014.

The self-developed bio-logical product, rExtendin4, is near to completion and the Board expects that upon formal approval by State Food and Drug Administration ("SFDA") and after marketing of the product, there will be a drastic jump on the Company's performance in the very near future.

The Group has initiated a renovation of the factory premises and brought new plant and equipments in order to prepare for the expected new production. The renovation had completed late December 2012. The newly renovated production facility has a monthly production capacity of 1,500,000 dosages. It would be enough for our expected production of both rhPTH 1-34 and extendent-4 in the coming five years.

The Group also re-renovated and upgraded the GMP facility in the Shenzhen plant during the year. The upgrade was completed in January 2013. The upgrade facilitates the compliance of latest GMP requirements and enhances more efficient and higher standard of safety in production.

Selected photos of the new production facilities were attached with this report for shareholders information.

In-house biological pharmaceutical products

The sales of rhEGF products achieved a turnover of HK$53,898,000 and a segment loss of HK$32,729,000 for the year ended 31 March 2013. The turnover and segment loss of last year were HK$28,154,000 and HK$44,216,000 respectively. The reported figure for segment results of in-house biological pharmaceutical products was affected by the research and development expenditure of HK$4,195,000 (2012: HK$4,649,000). During 2013, an amount of HK$2,320,000 (2012: HK$2,085,000) development costs were capitalized as intangible assets to reflect the development breakthrough in three out of four of the Group's self-developed projects. The Group expects that these projects will bring the Group into a profitable position in the near future.

In-house chemical pharmaceutical products

This division achieved a turnover of HK$29,435,000 with segment loss of HK$9,501,000 for the year ended 31 March 2013. The turnover and segment loss in 2012 were HK$21,429,000 and HK$29,637,000 respectively. The increase was mainly due to an increase in demand for the drug and decrease in production cost as a result of tightening cost control by the management.

Research Platforms

The Group has developed several pharmaceutical R&D technology platforms, which include E.coli expression system, Pichia Yeast expression system, Mammalian cell expression system, E.coli constitutive secretion system, Gene therapy drug development system, Gene targeting system and Chemical medicines development system.

Chairman's Statement

BUSINESS REVIEW *(Continued)*

Product Development

Focusing on research and development of pharmaceutical products in the PRC, the Group has a number of new patent protected Class I & II prescription drugs in the pipeline. The Class I prescription new drugs include Recombinant Exendin-4 (rExendin-4), Recombinant Human Erythropoietin-Fc, (rhEPO-Fc), cyclic Thymopentin (cTP-5). The Class II prescription new drugs include Recombinant Human Parathyroid Hormone (1-34) (rhPTH 1-34) and Recombinant Human Interleukin 11 (rhIL-11).

Progress of the development has been encouraging.

In early 2011, the rhEPO-Fc has obtained approval to conduct Phase I Human Clinical trial on its applications in the People's Republic of China (the "PRC").

The Company is pleased to inform the shareholders that the Class II prescription new drugs Recombinant Human Parathyroid Hormone (1-34) (rhPTH 1-34) has completed it clinical trial process. Trial production had been made and test applied in some hospitals in early 2013. The Board expects that the final approval by the SFDA would be obtained by middle of 2014.

The self-developed bio-logical product, rExtendin4, is near to completion and the Board expects that upon formal approval by the SFDA and appropriate marketing promotions, there will be drastic jump on the Company's performance in the very near future.

PROSPECTS

The Group has continuously strengthened its management team which has been committed to rationalizing and reengineering its work flow and processes to reduce costs and increase efficiency. Moreover, the government of the PRC continued to support a series of policies, in particular, loosening of credit restrictions and stimulation of domestic consumption to drive up the GDP growth. These policies helped to ease certain negative impact, such as increased costs and market competition, on our operations. In the long run, the Group is optimistic that the business opportunities in the pharmaceutical and healthcare industry in the PRC will remain buoyant given the increasing income and health awareness of the mainland population.

Performance of the continuing segments in 2013 were better than 2012 both in terms of turnover and profitability. Turnover of the continuing segments in early 2013 are in an upward trend. This is a direct result of the better marketing strategy and executive team. The expenditures to be spent on research and development are expected to be lower than before as two out of four of our self-developing projects are near to completion. The amount of professional fee would also be lower after the Company's resumption. The Board believes that the performance of the Group will be even better in 2014.

With the enhancements in production capacity and better facilities, the Board is confident that the Group's performance would become very promising in the near future.

The Company fulfilled all the resumption conditions as required by the Stock Exchange, and the Company resumed trading on the Stock Exchange on 2 April 2013. Upon resumption, the Company could then concentrate on further develop its self-developed projects so as to commercialize the research results. The Board is confident that these projects will bring good financial benefits to the Company and shareholders as a whole in the near future.

APPRECIATIONS

Finally, I would like to express my sincerest thanks to my fellow directors and our colleagues for their unwavering dedications and significant contributions rendered. I am confident that their endeavors will continue to strive for the satisfactory results of the Group in the year ahead. On behalf of the Board, I would also like to take this opportunity to extend our heartfelt gratitude to our shareholders, customers, bankers and business associates for their continuous support to the Group.

TONG Kit Shing
Chairman

Management Discussion and Analysis

During the year under review, the Company (together with its subsidiaries, the "Group") recorded a consolidated turnover of approximately HK$83,333,000 representing an increase of 46% compared with approximately HK$57,026,000 recorded in the last financial year. The gross profit was approximately HK$66,290,000 representing an increase of 73% as compared with approximately HK$38,338,000 recorded in the last financial year. The Group recorded a net loss of approximately HK$69,308,000 for the year ended 31 March 2013 compared to a net loss of approximately HK$102,864,000 in the last financial year.

Business Review and Prospect

During the year under review, the healthcare reform in the People's Republic of China (the "PRC") has continued and the PRC healthcare industry continues to grow. However, the Group continued to face challenges of surging material and operating costs, and increasing competition. In order to tackle the prolonged turmoil noted in the financial market which has adversely affected the economy, we have adopted a more prudent business and financial management policy to ensure that we maintain adequate working capital to finance our operations. The Group also decided to suspend the development of its chemical pharmaceutical products in pipeline and concentrate its resources in developing its pipeline of innovative biological pharmaceutical products which are more promising.

During the year, impairment loss on trade receivables of HK$nil; impairment loss on goodwill of HK$Nil; impairment loss on intangible assets of HK$Nil; impairment loss on property, plant and equipment of HK$Nil and valuation gain on investment properties of HK$nil were recognized as a result of re-assessment of the Group's assets portfolio for the current financial year.

The Group has continuously strengthened its management team which has been committed to rationalizing and re-engineering its work flow and processes to reduce costs and increase efficiency. The government of the PRC continued to support a series of policies, in particular, loosening of credit restrictions and stimulation of domestic consumption to drive up the GDP growth. These policies helped to ease certain negative impact, such as increased costs and market competition, on our operations. In the long run, the Group is optimistic that the business opportunities in the pharmaceutical and healthcare industry in the PRC will remain buoyant given the increasing income and health awareness of the mainland population.

In-house biological pharmaceutical products

The sales of rhEGF products achieved a turnover of HK$53,898,000 and a segment loss of HK$32,729,000 for the year ended 31 March 2013. The turnover and segment loss of last year were HK$28,154,000 and HK$44,216,000 respectively. The reported figure for segment results of in-house biological pharmaceutical products was affected by the research and development expenditure of HK$4,195,000 (2012: HK$4,649,000). During 2013, an amount of HK$2,320,000 (2012: HK$2,085,000) development costs were capitalized as intangible assets to reflect the development breakthrough in three out of four of the Group's self-developed projects. The Group expects that these projects will bring the Group into a profitable position in the near future.

Management Discussion and Analysis

Business Review and Prospect *(Continued)*

In-house chemical pharmaceutical products

This division achieved a turnover of HK$29,435,000 with segment loss of HK$9,501,000 for the year ended 31 March 2013. The turnover and segment loss in 2012 were HK$21,429,000 and HK$29,637,000 respectively. The increase was mainly due to an increase in demand for the drug and decrease in production cost as a result of tightening cost control by the management.

Research Platforms

The Group has developed several pharmaceutical R&D technology platforms, which include E.coli expression system, Pichia Yeast expression system, Mammalian cell expression system, E.coli constitutive secretion system, Gene therapy drug development system, Gene targeting system and Chemical medicines development system.

E.coli, Pichia Yeast and Mammalian cell expression system

The Group has established gene cloning, genetic engineering expression, fermentation, purification and examination technology systems. These systems exhibit the characteristics of high efficiency, high flux and high stability. With a series of B. Braun's bioreactors from 2L–50L, the Group may carry on the pilot scale protein preparation. Each time of fermentation may produce up to ten thousand lyophilized injection products. At the same time, mainly by making use of the AKTA liquid chromatography separation system, the Group has established the high flux two steps standard operating procedure for protein purification. With this standard method, the protein purity after purification is up to 98 percent, which is higher than the official standard in the PRC.

E.coli constitutive secretion system

The Group is in the process of developing a revolutionary E.coli expression system, whereby the fermentation process could be self promulgated without using the standard promoters. This process, if successful, is expected to improve tremendously the yield that can normally be produced under the traditional fermentation process. Since most of the fermentation process uses E.coli expression system, this new platform could provide significant value for the Group.

Gene therapy drug development system

Adenovirus becomes one of the most important gene carrier systems because of so many important characteristics such as its clear structure and function. The Group has established an entire set of recombinant adenovirus technology, such as recombinant virus construction, transfection, monoclonal preparation, as well as highly effective cell packing. At present, the Group's independently developed adenovirus product is at the stage of animal experimentation.

Gene targeting system

Gene targeting system has already produced more than five hundred different mouse models of human disorders, including cardiovascular and neuro-degenerative diseases, diabetes and cancer. Gene targeting has now been used by many research groups. Three scientists with great contribution in this area were the winners of 2007 Nobel Laureates. The Group has already reconstructed a gene-targeted Bacillus licheniformis producing EGF by this technique. The Group can use genetargeted Bacillus licheniformis cells as vehicles to introduce genetic material into the human body, and the gene- targeted Bacillus licheniformis carrying various health genes could be established directly from this gene-targeting technique in the near future.

Management Discussion and Analysis

Research Platforms *(Continued)*

Chemical medicines development system

This system is capable of designing, synthesizing and analyzing various small molecular chemical drugs and can prepare various new pharmaceutical delivery systems such as orally disintegrating tablets, soft capsules, ophthalmic gel, lyophilized powders and small dripping solutions. There are additional systems in which the Group has invested which improved the R&D capabilities and reduce the cost of production of the chemical medications.

Product Development

Focusing on research and development of pharmaceutical products in the PRC, the Group has a number of new patent protected Class I & II prescription drugs in the pipeline. The Class I prescription new drugs include Recombinant Exendin-4 (rExendin-4), Recombinant Human Erythropoietin-Fc (rhEPO-Fc), cyclic Thymopentin (cTP-5). The Class II prescription new drugs include Recombinant Human Parathyroid Hormone (1-34) (rhPTH 1-34) and Recombinant Human Interleukin 11 (rhIL-11).

rExendin-4

With the rapid increase in population with diabetes, it is expected that the expenditure on diabetes treatment in the PRC will increase significantly in the years ahead. The demand for diabetes drugs are one of the fastest growing segments in the pharmaceutical market, increased by approximately 40% when compared to in 2004 and accounting for approximately 20% of all prescription drugs in the global markets. In the PRC, the size of pharmaceutical market is estimated to be about US$23-50 billion.

rExendin-4 is a non-insulin antidiabetic treatment candidate that stimulates the incretin pathway (a distinct mechanism of action) which is drawing attention in the medical community and has received the approval from State Food and Drug Administration in the PRC ("SFDA") for clinical trials. Phase I clinical trials started in July 2006 and completed in 2007, Phase II clinical trials were also completed by the end of 2008. Phase III clinical trials commenced in June 2009. The self- developed bio-logical product is near to completion and the Board expects that upon formal approval by State Food and Drug Administration ("SFDA") and after marketing of the product, there will be a drastic jump on the Company's performance in the very near future.

On 6 July 2009, the Company announced that it has initiated pre-clinical trial on application of rExendin-4 on treatment of Type I diabetes. On 8 July 2009, the Company announced that the rExendin-4 project has been approved after evaluation by authoritative experts in the PRC during the first batch topic presentation for the "New Key Drug Formulation" of the State's Major Science and Technology Project under the "Eleventh Five-Year Plan", topic numbered 2008ZX09101-036; and has secured the "Specialty Contract of the State's Major Science and Technology Project" with the Ministry of Science and Technology of the PRC. Among the 15 Class 1 new drug finalists of the first batch of genetic engineering drugs nationwide, the rExendin-4 project developed by the Group is the only project to receive grants in the Guangdong Province. Classified as Class I prescription new drug with nominal side effects, rExendin 4 stimulates the body's ability to produce insulin in response to elevated levels of blood glucose, inhibits the release of glucagon following meals and slows down the rate at which glucose is being absorbed into the bloodstream. This new generation drug will be an effective treatment for Type 2 diabetes and is the only class of diabetic drugs that causes weight loss, the first of its kind to be in the PRC. Furthermore, the Group is in the process of investigating the long acting version ("LExendin-4").

On 4 May 2009, the Company announced that study shows that the LExendin-4 has the biological activity of natural Exendin-4. If the subsequent studies prove to be successful, LExendin-4 will be a new generation of Exendin-4 that can be used for the treatment of Type II diabetes, and potentially, of Type I diabetes as well.

Product Development *(Continued)*

rhEPO-Fc

This medication candidate can be used for treatment of anemia associated with renal diseases, cancer related therapies or surgical blood loss. EPO is currently commercialized by several pharmaceutical companies for a worldwide market that exceeds USD12 billion, and the EPO market is growing at an average annual rate of 21%. The pre-clinical trial of rhEPO-Fc has been completed.

As announced on 21 January 2011, the rhEPO-Fc has obtained approval to conduct Phase I Human Clinical trial on its applications in the People's Republic of China (the "PRC").

On 8 July 2009, the Company announced that the rhEPO-Fc project has joined the second batch topic presentation for the "New Key Drug Formulation" of the State's Major Science and Technology Project under the "Eleventh Five-Year Plan", topic numbered 2009ZX09102-229. The master budget of this project has been submitted to the Ministry of Science and Technology.

cTP-5

rTP-5 has been converted to cTP-5 as a class I chemical drug candidate for the treatment of chronic hepatitis B. It is well known that hepatitis is an epidemic in the PRC, especially hepatitis B. The global statistics of patients that have chronic infections with hepatitis B is around 400 million. The chronically infected population in the PRC is about 130 million (30% of the global infected population). cTP-5 is a chemical medical preparation for treating chronic hepatitis B and the research progress is currently at the final stages of pre-clinical trials. After stages of research and experiments, the Group is able to synthesize cTP-5 at a much lower cost than that of rTP-5 with similar effectiveness. Since most biopharmaceuticals products are bigger in size, the cost in production is much higher using the chemical method. However cTP-5 is only 5 amino acids in length, whereas most biopharmaceuticals are from 30 to 150 amino acids in length.

LFA3-Fc

LFA3-Fc is a Class I biopharmaceutical candidate for the treatment of psoriasis. The current treatment for psoriasis is suppression — orientated, but LFA3-Fc offers a potential cure for psoriasis. This is currently in the early stages of pre-clinical trials.

rhIL-11

rhIL-11 is currently under Phase 3 clinical trials approved by the SFDA for the treatment of chemotherapy-induced thrombocytopenia. rhIL-11 is a Class II prescription new drug candidate that stimulates human body to make platelets, which is a type of blood cell. It is suitable for patients who have received certain types of chemotherapy and is used to help prevent the number of platelets circulating in the blood from dropping to dangerously low level which can cause the patient to have difficulties in blood clotting. rhIL-11 may reduce the need for platelet transfusions after chemotherapy. A study shows that after applying the drug to non-myelosuppressed cancer patients, platelet counts increased significantly. Upon cessation of the treatment, platelet counts continued to increase for up to 7 days then returned to baseline within 14 days. Besides treating chemotherapyinduced thrombocytopenia, rhIL-11 is also shown to have a variety of non-haematological actions such as stimulation of osteoclast development, inhibition of proliferation of adipocytes, protection of the gastrointestinal mucosa, induction of acute phase response proteins and rheumatoid arthritis.

Management Discussion and Analysis

Product Development *(Continued)*

rhPTH 1-34

rhPTH 1-34 (a Class II prescription new drug) has its Phase II clinical trial completed by the end of 2008. Phase III clinical trial commenced in April 2009. rhPTH 1-34 is a type of bone-active agent that primarily works by stimulating new bone formation on quiescent bone surface that is not simultaneously undergoing remodeling. It increases bone mass to a greater degree instead of just filling in the bone remodeling space.

The Company is pleased to inform the shareholders that the Class II prescription new drugs Recombinant Human Parathyroid Hormone (1-34) (rhPTH 1-34) has completed it clinical trial process. Trial production had been made and test applied in some hospitals in early 2013. The Board expects that the final approval by the SFDA would be obtained by middle of 2014.

Osteoporosis is a worldwide epidemic. In 2005, the affected population in the PRC with osteoporosis is approximately 90 million (almost 8% of the country's population). The severe prevalence of this disease is partly due to the dietary habit (lack of calcium). rhPTH 1-34 has the potential to restore bone mass, bringing it back towards normal, and may reduce the risk of osteoporotic fracture more than the currently available antiresorptive agents.

According to the preliminary information gathered, a group which is treated daily with rhPTH 1-34 is expected to reduce the risk of new vertebral fractures by about 65% and the risk of non-vertebral fractures by about 35% as compared with another group treated with placebo.

Strategic Alliance

The Group has also formed a strategic alliance with DaAn Gene Co., Ltd of Sun Yat-sen University ("DaAn") to cooperate on individualized diagnostic reagents and new drugs. DaAn is a public company listed on the Shenzhen Stock Exchange, PRC. specialising in the field of biotechnologies, especially in the development and application of gene diagnostic technologies and related products. DaAn was one of the first companies in the PRC to develop in 2003 the FQ-PCR kit for early detection of SARS-coronavirus (SARS-CoV) upon the platform of FQ-PCR.

The Directors expect that the formation of the strategic alliance with DaAn will bring positive effect to the Group's bio-science related business.

Liquidity and Financial Resources

The Company did not issue any shares during the year.

At 31 March 2013, the Group's bank deposits, bank balances and cash amounted to HK$14,134,000 and bank and other borrowings amounted to HK$129,813,000. At 31 March 2013, the Group has total assets of approximately HK$873,939,000, current assets of the Group at 31 March 2013 amounted to approximately HK$68,339,000 while current liabilities were HK$75,188,000. The gearing ratio, calculated by dividing the total debts over its total assets, was 19.5%.

The Group's major interest and operations are in the PRC. The Group also contracts with suppliers for goods and services that are denominated in Renminbi ("RMB"). The Group does not hedge its foreign currency risks as the rate of exchange between Hong Kong dollar and RMB is controlled within a narrow range.

The following table illustrates the sensitivity analysis of the Group's loss after tax for the year and equity in regards to a 5% (2012: 5%) depreciation in the group entities' functional currencies against RMB. These percentages are the rates used when reporting foreign currency risk internally to key management personnel and represents management's best assessment of the possible change in foreign exchange rates.

Management Discussion and Analysis

Liquidity and Financial Resources *(Continued)*

The sensitivity analysis of the Group's exposure to foreign currency risk at the end of the reporting period was determined based on the assumed percentage changes in foreign currency exchange rates taking place at the beginning of the financial year and held constant throughout the year.

	2013 RMB HK$'000	2012 RMB HK$'000
Loss for the year and accumulated losses	**4,885**	2,299

A 5% appreciation in the group entities' functional currencies against RMB would have the same magnitude on the Group's loss for the year and equity but of opposite effect.

These are the same method and assumption used in preparing the sensitivity analysis included in the financial statements of the year ended 31 March 2013.

Exposures to foreign exchange rates vary during the year depending on the volume of transactions in RMB. Nevertheless, the analysis above is considered to be representative of the Group's exposure to foreign currency risk.

Pledge of Assets and Contingent Liabilities

At 31 March 2013, leasehold land and land use rights, leasehold building in the PRC and investment properties with an aggregate carrying value of HK$44,730,000 had been pledged to the Group's bankers for banking facilities granted to the Group.

At 31 March 2013, the Group did not have any material contingent liabilities.

Employment and Remuneration Policy

At 31 March 2013, the Group employed approximately 420 staff, including approximately 50 staff in the PRC R&D centres, approximately 200 staff in total in the PRC sales offices, approximately 160 staff in the PRC production sites and approximately 10 staff in Hong Kong. The Group adopts a competitive remuneration package for its employees. Promotion and salary increments are assessed based on performance. Share options may also be granted to staff with reference to the individual's performance.

Profile of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. TONG Kit Shing, aged 52, is the chairman ("Chairman") of the Company. He has been engaged in metal trading business in the PRC since 1997. Mr. TONG also has extensive investment experience in water treatment business in the PRC using biotechnology. As at 31 March 2013, Mr. TONG had an interest in the shares of the Company. Details of such interest are set out in the paragraph headed "Directors' interests in Shares" in the Directors' Report contained in this annual report.

Mr. LIU Guoyao, aged 48, has extensive experience in the management and business administration of entities in the PRC. As at 31 March 2013, Mr. LIU had an interest in the shares of the Company. Details of such interest are set out in the paragraph headed "Directors' interests in Shares" in the Directors' Report contained in this annual report.

Mr. LEUNG Ka Chun, aged 35, was re-designated from independent non-executive director to an executive director on 1st December 2012. Mr. Leung has over 12 years of working experience in legal profession and commerce especially in the marketing and management field. Mr. Leung holds a Law Diploma from The University of Hong Kong and a China Law Diploma from The Chinese University of Hong Kong. Mr. Leung is currently a senior executive of a law firm. Mr. Leung is also experienced in the bio-chemical and environmental industry. He is a director of Fitwell Development Limited ("Fitwell"), a private company incorporated in the British Virgin Islands. Fitwell specializes in recycling of wasted oil, production and marketing of bio-diesel.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. TSAO Hoi Ho, aged 48, is a Certified Public Accountant (Practising) of the Hong Kong Institute of Certified Public Accountants, an associate of The Institute of Chartered Secretaries and Administrators, an associate of the Australasian Institute of Banking & Finance, a member of the Institute of Chartered Accountants of New Zealand and an associate of the Bankers' Institute of New Zealand. Mr. Tsao graduated from the University of Warwick with a Master of Business Administration degree. He has over 20 years' extensive experience in auditing, corporate finance and company secretarial practice. He has worked for international accounting firms for 5 years and is currently the financial controller, company secretary and authorized representative of Ningbo WanHao Holdings Company Limited, a joint stock limited company incorporated in the People's Republic of China whose shares are listed on the Growth Enterprise Market of the Stock Exchange.

Mr. LOU Iok Kuong, aged 43, is a Hong Kong lawyer having over 16 years of extensive experience in the profession. He was admitted as a solicitor in Hong Kong in 1995. He holds a Master degree in Business Administration from the Chinese University of Hong Kong and a Bachelor of Laws degree from The University of Hong Kong. Mr. Lou is an honorary Legal Advisor of the Hong Kong SAR Government Drivers' Union; the Government Chauffeurs Union and The Hong Kong Allergy Association. Mr. Lou had worked for several law firms as a solicitor or a consultant and currently Mr. Lou is a Partner of Edward Lau, Wong & Lou.

Mr. NG Pak Kin, aged 35, is a practicing Barrister-at-Law, has over 12 years of working experience in the legal profession. Mr. Ng holds a Law Degree (LLB) and a Postgraduate Certificate in Laws (PCLL) from the University of Hong Kong. His legal practice mainly rests on civil litigation including tort, contract and commercial law. He is also familiar with other legal matters in relation to the Securities and Futures Commission.

Mr. Ng was appointed director of the Company on 1 December 2012.

Mr. LEUNG Wai Chung, Vincent, aged 27, is a Registered Pharmacist (General Pharmaceutical Council, United Kingdom). Mr. Leung obtained his Master Degree in Pharmacy (MPharm) from University of Nottingham in 2011. He was appointed by several pharmaceutical companies in the United Kingdom as Pharmacy Assistant and Pre-registered Pharmacist from 2006 to 2011.

Mr. Leung was appointed director of the Company on 1 December 2012.

Profile of Directors and Senior Management

SENIOR MANAGEMENT

Mr. CHAN Shun Tai, Edward, aged 52, is the General Manger of Shenzhen Watsin Genetech Co., Ltd (an indirect wholly owned subsidiary of the Company). Mr. Chan is a professional pharmacist and he obtained Pharmacist licenses in Canada and Hong Kong since 1985 and 1987 respectively. Mr. Chan has over 24 years of extensive sales and marketing experiences especially in the pharmaceutical industry. Before joining the Company on 5 March 2012, he was the Director of New Business Development of Xian-Janssen Pharmaceutical Ltd and a general manager of Jacobson Medical Limited, just to mention a few.

Mr. FUNG Kwok Leung, aged 47, holds an Honour Degree in Accountancy from the Hong Kong Polytechnic University, is a fellow member of both of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He has over 20 years of extensive experience in accounting and related fields.

Corporate Governance Report

The Group is committed to maintaining and improving the quality of corporate governance so as to ensure better transparency and protection of shareholders' interest in general. The Directors believe that good corporate governance practices are increasingly important for maintaining and promoting investor confidence and for stable growth of the Group.

The Directors are of the opinion that the Company has complied with all the code provisions set out in the Code on Corporate Governance Practices ("CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on Stock Exchange (the "Listing Rules") for the financial year 2012/2013.

Below is a discussion on the corporate governance practices adopted by the Company with specific reference to the CG Code.

The chart below shows the organisation structure of the Group:

Corporate Governance Report

THE BOARD OF DIRECTORS

The Board currently consists of five members, including three executive directors, one of the being the Chairman, and four independent non-executive Directors. One of our independent non-executive Directors has the professional and accounting qualifications as required by the Listing Rules.

According to code provision A.4.1 of the CG Code, the non-executive directors should be appointed for a specific term, subject to re-election. Currently, the independent non-executive Directors are appointed for a specific term. However, all independent non-executive Directors are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the articles of association of the Company, and the terms of their appointment will be reviewed when they are due for re-election. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those set out in the CG code.

The Chairman of the Board is Mr. TONG Kit Shing while Mr. LIU Guoyao is the Chief Executive Officer of the Group. The principal function of the Board is to formulate strategy and to monitor and control operating and financial performance in pursuit of the strategic objectives of the Group. The Board, led by the Chairman, is vested with full responsibility for setting objective and business development plans, overseeing the processes that management has in place to identify business opportunities and risks, considering and determining major acquisition and disposal and assuming responsibility for corporate governance.

The management is responsible for implementing the strategies and plans adopted by the Board. Executive Directors and management executives meet monthly to review the performance of the businesses of the business units and of the Group as a whole, co-ordinate overall resources and make financial and operational decisions.

There is a segregation of duties between the Chairman's responsibility for leadership and management of the Board and the Group's strategies, and the responsibility of the Chief Executive Officer is to develop business objectives and budgets and to implement the Group's strategies. Such division of responsibilities helps to reinforce their accountability and independence.

There is no financial, business, family or other material/relevant relationship amongst Directors. With a wide range of expertise and a balance of skills, the independent non-executive Directors bring independent judgment on issues of strategic direction, development, performance and risk management through their contribution at board meetings and committee work.

The independent non-executive Directors also serve the important function of ensuring and monitoring the basis for an effective corporate governance framework. The Board considers that each independent non-executive Director is independent in character and judgment and that they all meet the specific independence criteria as required by the Listing Rules. The Company has received from each independent non-executive Director an annual confirmation of their independence and is satisfied about their independence up to the date of this report. The independent non-executive Directors are explicitly identified in all corporate communications.

All Directors are regularly updated on governance and regulatory matters. There is an established procedure for Directors to obtain independent professional advice at the expense of the Company in the furtherance of their duties. When the Board considers any material proposal or transaction in which a substantial shareholder of the Company or a Director has a conflict of interest, a board meeting is held and only those executive and independent non-executive Directors who have no interest in the transaction can be counted as quorum and entitled to vote at such board meeting. At the meeting, the Director who has interests shall declare his interest and abstain from voting.

Corporate Governance Report

THE BOARD OF DIRECTORS *(Continued)*

The Board meets regularly throughout the year to review the overall strategy and to monitor the operation as well as the financial performance of the Group. The Board is supplied with relevant information by the management pertaining to matters to be brought before the Board for decision as well as reports relating to operational and financial performance of the Group before each regular board meeting. The Chairman is primarily responsible for drawing up and approving the agenda for each board meeting in consultation with all Directors. Notice of at least 14 days have been given to all Directors for all regular board meetings and the Directors can include matters for discussion in the agenda if necessary. Agenda and accompanying board papers in respect of regular board meetings are sent out in full to all Directors within reasonable time before the meeting. Draft minutes of all board meetings are circulated to Directors for comment within a reasonable time prior to confirmation.

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

All board meetings held during the year under review involved the active participation, either in person or through other electronic means of communication, of a majority of Directors.

We summarised below the attendance of individual Directors to the regular board meetings during the year under review.

	Regular Meeting(s) Attended/Held
Executive Directors	
TONG Kit Shing *(Chairman)*	4/4
LIU Guoyao	4/4
LEUNG Ka Chun	2/4
Independent Non-executive Directors	
ZHOU Yaoming *(resigned 1.4.2012)*	2/4
LIN Jian *(resigned 1.4.2012)*	2/4
TSAO Hoi Ho	4/4
LOU Iok Kuong	4/4
LEUNG Ka Chun	4/4
Ng Pak Kin *(appointed 1.12.2012)*	2/4
LEUNG Wai Chung, Vincent *(appointed 1.12.2012)*	2/4

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by all Directors. A copy of the Model Code is sent to each Director first on his appointment and a reminder is sent to each Director to remind him about the blackout period during which he cannot deal in the securities of the Company at the appropriate time prior to board meetings to approve the Company's financial results.

Having made specific enquiry of all Directors, all Directors confirmed they had complied with the required standard set out in the Model Code throughout the year ended 31 March 2013.

AUDIT COMMITTEE

The audit committee of the Company ("Audit Committee") was established in 2001. The current members of the Audit Committee are Mr. TSAO Hoi Ho (Chairman), Mr. LOU Iok Kuong, Mr. LEUNG Ka Chun, Mr. NG Pak Kin and Mr. LEUNG Wai Chung, Vincent. Other than Mr. LEUNG Ka Chun who had been redesigned as Executive Director of the Company on 1 December 2012, all of the rest of the audit committee members being independent non-executive Directors. Mr. LOU Iok Kuong, and Mr. LEUNG Ka Chun were appointed on 25 June 2010. While Mr. NG Pak Kin and Mr. LEUNG Wai Chung, Vincent were appointed 1 December 2012.

Mr. TSAO Hoi Ho was appointed on 7 May 2010 and has the appropriate professional qualifications and accounting and related financial management expertise as required under Rule 3.21 of the Listing Rules for the purpose of such appointment.

The written terms of reference which describe the authority and duties of the Audit Committee were adopted in 2001 and subsequently amended in 2005 to conform to the provisions of the CG Code.

The meetings of the Audit Committee are held not less than twice a year to review and discuss the interim and annual financial statements respectively. Additional meeting may also be held by the Audit Committee from time to time to discuss special projects or other issues which it considers necessary. The external auditors of the Group may request a meeting of the Audit Committee to be convened if they consider that it is necessary.

The main duties of the Audit Committee are as follows:

— To consider the appointment of the external auditors, the audit fee, and any question of resignation or dismissal
— To discuss with the external auditors the nature and scope of the audit
— To review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standard
— To develop and implement policy on the engagement of an external auditors to supply non-audit services
— To review the Group's interim and annual financial statements before submission to the Board
— To discuss problems and reservations arising from the interim and final audits and any matters that the external auditors may wish to discuss
— To review the external auditors' management letter and the management's response
— To review the Group's statement on internal control system prior to endorsement by the Board
— To consider the major findings of any internal investigation and the management's response
— To consider other topics, as defined by the Board

The Audit Committee held two meetings during the year under review. The attendance record of the Audit Committee meetings for the year under review is as follows:

Members of the Audit Committee	Meeting(s) Attended/Held
NG Pak Kin *(appointed1.12.2012)*	2/4
LEUNG Wai Chung, Vincent *(appointed 1.12.2012)*	2/4
LOU Iok Kuong	4/4
LEUNG Ka Chun	4/4
TSAO Hoi Ho *(Chairman)*	4/4

Throughout the year under review, the Audit Committee discharged its responsibilities by reviewing and discussing the financial results and internal control system of the Group.

Corporate Governance Report

REMUNERATION COMMITTEE

The Company established a remuneration committee ("Remuneration Committee") on 4 November 2005 with written terms of reference in compliance with the CG Code. Current members of the Remuneration Committee comprised Mr. TONG Kit Shing, Mr. TSAO Hoi Ho, Mr. LOU Iok Kuong (Chairman) and Mr. LEUNG Ka Chun. A majority of the votes in the Remuneration Committee are exercisable by independent non-executive Directors. No Directors will be involved in any discussion in connection with his own remuneration.

The main duties of the Remuneration Committee are as follows:

— To determine the remuneration policy of the Group
— To determine the remuneration of executive Directors upon consultation with the Chairman regarding their proposals for such remuneration
— To review and approve all equity based plans
— To review the appropriateness and relevance of the remuneration policy
— To approve the performance related pay schemes operated by the Group
— To review all share incentive plans for approval by the Board
— To review annually and take note of the remuneration trends of the Group and obtain reliable and up-to-date information about remuneration packages of other closely comparable companies

It is the Company's policy that the remuneration package of each Director shall be determined by reference to their experience, qualification and the time expected to be devoted by them on the affairs of the Company.

During the year under review, two Remuneration Committee meetings were held, the individual attendance of each member is set out below:

Name of director	Meeting(s) Attended/Held
TONG Kit Shing	2/2
TSAO Hoi Ho	2/2
LOU Iok Kuong *(Chairman)*	2/2
LEUNG Ka Chun	2/2

NOMINATION COMMITTEE

The Company established a nomination committee ("Nomination Committee") on 4 November 2005. Current members of the nomination committee comprised Mr. TONG Kit Shing, Mr. TSAO Hoi Ho, Mr. LOU Iok Kuong and Mr. LEUNG Ka Chun (Chairman).

The Nomination Committee shall meet before the annual general meeting of the Company, or at other times as required by the chairman of the Nomination Committee.

NOMINATION COMMITTEE *(Continued)*

The main duties of the Nomination Committee are as follows:

- To review the structure, size and composition of the Board regularly and to make recommendations to the Board with regard to any changes required
- To evaluate the balance of skills, knowledge and experience of the Board
- To identify and nominate any candidate for the Board's approval
- To make recommendations for the appointment and removal of the Chairman or any Director
- To make recommendations to the Board on the re-appointment of any non-executive Director at the conclusion of his specified term of office
- To report to the Board on its proceedings after each meeting

During the year under review, two Nomination Committee meetings were held, the individual attendance of each member is set out below:

Name of director	Meeting(s) Attended
TONG Kit Shing	2/2
TSAO Hoi Ho	2/2
LOU Iok Kuong	2/2
LEUNG Ka Chun *(Chairman)*	2/2

The Nomination Committee meetings held during the year under review involved the active participation, either in person or through other electronic means of communication, of all members of the Nomination Committee.

The Group will consider the background, experience and qualification of any proposed candidates to ensure that the proposed candidates possess the requisite experience, characters and integrity to act as a Director.

AUDITORS' REMUNERATION

The Group was charged HK$1,000,000 for auditing services by Messrs. KTC Partners CPA Limited in respect of the year ended 31 March 2013.

INTERNAL CONTROLS

The Board has overall responsibility for the system of internal controls of the Company and for reviewing its effectiveness. The Board is committed to implement an effective and sound internal control system to safeguard the interest of shareholders and the Group's assets. The Board has delegated such duties to the executive management for the implementation of the system of internal controls and reviewing of all relevant financial, operational, compliance controls and risk management function within an established framework.

The Board has conducted a review of the effectiveness of the Group's internal control system, covering its financial, operational, compliance control and risk management functions.

Corporate Governance Report

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for the preparation of accounts for each financial period which give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. In preparing the accounts for the year ended 31 March 2013, the Directors have selected suitable accounting policies and applied them consistently; adopted appropriate Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards; made adjustments and estimates that are prudent and reasonable; and have prepared the accounts on the going concern basis. The Directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company. The external auditors of the Company acknowledge their reporting responsibilities in the auditors' report on the consolidated financial statements of the Company for the year ended 31 March 2013.

INVESTOR RELATIONSHIP AND COMMUNICATION

The Company endeavours to maintain a high level of transparency in communicating with its shareholders and the investment community at large. The Company is committed to continue to maintain an open and effective investor communication policy and to update investors with relevant information on its business in a timely manner, subject to relevant regulatory requirements. In order to ensure effective, clear and accurate communications with the investors and analysts, all corporate communications are arranged and handled by the executive Directors and designated management executives according to established practices and procedures of the Company. Separate resolutions are proposed at the general meetings on each substantially separate issue, including the election of individual directors. All substantive resolutions at the general meeting are decided by poll.

The Company has also maintained a website at http://www.uni-bioscience.com which enables shareholders, investors and the general public to have access to the information of the Company on a timely basis. Financial information and all shareholder corporate communications of the Company are made available on the Company's website and updated regularly.

BUSINESS ETHICS

The Company is committed to high standard of business ethics and integrity. A long established code of conduct is enforced on all employees of the Group. No personal gifts or other forms of advantages from any person or organization doing business with the Group can be accepted by any employee. Business partners and suppliers are reminded from time to time that our company's policy forbids our employees or agents from accepting any gift from them.

The Group has developed a code of business conduct for its vendors and suppliers. All the vendors and suppliers of the Group are required to maintain a safe and healthy workplace, fair and ethical employment practice and ensure that proper environmental protection measures are in place. The Group also closely monitors that all the relevant codes of conduct stipulated by our major licensors and customers are strictly followed by our vendors and suppliers.

SOCIAL RESPONSIBILITY

The Group makes regular contributions in terms of financial and other supports to various charitable organizations. Employees are encouraged to have direct and active involvement in fund raising activities for the needs of the society.

Directors' Report

The Directors present their annual report and the audited consolidated financial statements of the Group (comprising the Company and its subsidiaries) for the year ended 31 March 2013.

PRINCIPAL ACTIVITIES AND SEGMENTAL INFORMATION

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in note 24 to the financial statements. Segmental information of the Group was disclosed in note 11 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 statement of comprensive income on page 31.

DIVIDEND

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

FIVE-YEAR FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group for the last five financial years is set out as follows:

	2013 **HK$'000**	2012 HK$'000	2011 HK$'000	2010 HK$'000	2009 HK$'000
Results					
Profit/(loss) attributable to shareholders	**(69,308)**	(102,864)	(185,156)	(454,653)	(508,323)
Assets and liabilities					
Total assets	**873,939**	896,695	921,834	1,110,870	1,447,591
Total liabilities	**(174,431)**	(129,393)	(74,030)	(86,212)	(158,544)
Shareholders' funds	**699,508**	767,302	847,804	1,024,658	1,289,047

SHARE CAPITAL AND RESERVES

Details of the movements in share capital of the Company during the year are set out in note 35 to the consolidated financial statements.

Movements in reserves of the Group during the year are set out on page 35 of the consolidated financial statements.

In accordance with the Companies Law (revised) of the Cayman Islands, share premium is distributable to shareholders, subject to the condition that the Company cannot declare or pay a dividend, or make a distribution out of share premium if (i) it is, or would after the payment be, unable to pay its liabilities as they become due, or (ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital accounts.

At 31 March 2013, the aggregate amount of the Company's reserves available for distribution to shareholders was approximately HK$675,577,000 (2012: HK$680,783,000).

Movements in share capital and reserves for year ended 31 March 2013 are set out in Note 35 to the consolidated financial statements.

Directors' Report

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 19 to the financial statements.

DIRECTORS

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

Executive Directors

Mr. TONG Kit Shing *(Chairman)*
Mr. LIU Guoyao
Mr. LEUNG Ka Chun

Independent Non-Executive Directors

Mr. TSAO Hoi Ho, Terry
Mr. LOU Iok Kuong
Mr. NG Pak Kin *(appointed 1.12.2012)*
Mr. LEUNG Wai Chung, Vincent *(appointed 1.12.2012)*

In accordance with article 87(1) of the Company's articles of association, Mr. TONG Kit Shing, Mr. NG Pak Kin and Mr. LEUNG Wai Chung, Vincent will retire by Rotation at the forthcoming annual general meeting of the Company and being eligible, offers themselves for re-election.

Biographical information of Directors is set out on pages 13 to 14 of this report.

The Company has received annual confirmation from each of the independent non-executive Directors as regards their independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the independent non-executive Directors are independent.

DIRECTORS' SERVICE CONTRACTS

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

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to shareholders by reason of their holding of the Company Securities.

Directors' Report

DIRECTORS' INTERESTS IN SHARES

As at 31 March 2013, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of the its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) ("SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Name of director	The Company/ Name of associated corporation	Capacity	Number of issued securities(L) *(Note 1)*	Appropriate percentage of shareholding
TONG Kit Shing	The Company	Interest of a controlled corporation *(Note 2)*	302,918,844 shares of HK$0.01 each *(Note 3)*	23.21% *(Note 3)*
LIU Guoyao	The Company	Interest of a controlled corporation *(Note 2)*	302,918,844 shares of HK$0.01 each *(Note 3)*	23.21% *(Note 3)*

Notes:

1. The letter "L" denotes the person's long position in the shares and underlying shares in the Company or its associated corporation(s).

2. These shares are registered in the name of and beneficially owned by Automatic Result Limited ("Automatic Result"), which is solely and beneficially owned by Mr. TONG Kit Shing whereas Mr. LIU Guoyao is the sole director of Automatic Result. Both Mr. TONG and Mr. LIU are deemed to be interested in all the interest in shares and underlying shares in the Company held by Automatic Result by virtue of the SFO.

3. The percentage of shareholding is calculated on the basis of 1,304,846,293 Shares in issue as at 31 March 2013.

Directors' Report

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

To the best knowledge of the Directors after making reasonable enquiry, as at 31 March 2013, shareholders (other than directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or had otherwise notified the Company were as follows:

Name	Capacity	Number of issued securities (L) *(Note 1)*	Appropriate percentage of shareholding
Automatic Result	Beneficial owner	302,918,844 shares of HK$0.01 each *(Note 2)*	23.21% *(Note 2)*

Notes:

1. The letter "L" denotes the person's long position in the shares and underlying shares in the Company.

2. The percentage of shareholding is calculated on the basis of 1,304,846,293 Shares in issue as at 31 March 2013.

Save as disclosed above, the Directors and chief executive of the Company was not aware of any other relevant interests or short positions in the shares or underlying shares in the Company as at 31 March 2013.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE AND CONNECTED TRANSACTIONS

No contract of significance to which the Company, its subsidiaries, its ultimate holding company or any of its fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or any time during the year and none of the directors of the Group had any direct or indirect interest in any assets acquired or disposed of by or leased to, or which were proposed to be acquired, disposed of by or leased to, the Company or any of its subsidiaries.

MANAGEMENT CONTRACTS

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

COMPETING INTERESTS

None of the Directors or any of their respective associates (as defined in the Listing Rules) of the Company had an interest in a business which causes or may cause any significant competition with the business of the Group.

Directors' Report

MAJOR CUSTOMERS AND SUPPLIERS

For the year under review, the top five customers of the Group together accounted for approximately 32% (2012: 28%) of the Group's total sales for the year while the single largest customer accounted for approximately 16% (2012: 14%) of the Group's total sales during the year.

The top five suppliers of the Group for the year under review together accounted for approximately 75% (2012: 78%) of the Group's total purchases for the year and the single largest supplier accounted for approximately 22% (2012: 28%) of the Group's total purchases.

None of the Directors, their respective associates or any shareholders of the Company who owns more than 5% of the issued share capital of the Company has any interests in the Group's five largest customers and suppliers.

CONTINGENT LIABILITIES

At 31 March 2013, the Group had no material contingent liabilities.

RETIREMENT BENEFITS SCHEMES

Particulars of the retirement benefits schemes of the Group are set out in note 29 to the financial statements.

CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR SIMILAR RIGHTS

The Company had no outstanding convertible securities, options, warrants or instruments carrying other similar rights as at 31 March 2013.

PRE-EMPTIVE RIGHTS

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

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors (including their spouse and children under 18 years of age) to acquire benefits by means of the acquisition of shares in, or debt securities including debentures of, the Company or any other body corporate.

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

During the year ended 31 March 2012, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

SHARE OPTIONS

Under the share option scheme (the "2001 Scheme") approved by the shareholders on 22 October 2001, the Directors of may, as their discretion, invite directors and employees of the Group to take up options to subscribe for shares in the Company representing up to 30 per cent of the issued share capital of the Company from time to time.

The subscription price for the shares in relation to options to be granted under the 2001 Scheme shall be determined by the Board and shall be at least the highest of (i) the nominal value of shares of the Company; (ii) the closing price of shares on the date of grant (the "Offer Date"); and (iii) the average closing price of the shares for the five business days immediately preceding the Offer Date. The options are exercisable within 10 years from the Offer Date.

SHARE OPTIONS *(Continued)*

Pursuant to ordinary resolutions passed by the shareholders of the Company on 22 September 2006, the Company terminated the 2001 Scheme and adopted a new share option scheme (the "2006 Scheme"). Under the 2006 Scheme, which is valid for a period of ten years, the board of directors of the Company may, at its discretion grant options to subscribe for shares in the Company to eligible participants ("Eligible Participants") who contribute to the long-term growth and profitability of the Company. Eligible Participants include (i) any employee (whether full-time or parttime including any executive director but excluding any non-executive director) (the "Eligible Employee") of the Company, any of its subsidiaries or any entity ("Invested Entity") in which any member of the Group holds an equity interest; (ii) any non-executive director (including independent non-executive director) of the Company, any of its subsidiaries or any Invested Entity; (iii) any supplier of goods or services to any member of the Group or any Invested Entity; (iv) any customer of any member of the Group or any Invested Entity; (v) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity; (vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; (vii) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and (viii) any other group or class of participants who has contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group.

The subscription price for the Company's shares shall be a price at least equal to the highest of the nominal value of the Company's shares, the average of the closing prices of the Company's shares quoted on the Stock Exchange on the 5 trading days immediately preceding the date of an offer of the grant of the options and the closing price of the Company's shares quoted on the Stock Exchange on the date of an offer of the grant of the options. The options must be taken up within 28 days from the date of grant upon payment of HK$1 and are exercisable over a period to be determined and notified by the directors to each grantee, which period may commence from the date of acceptance of the offer of the grant of the options but shall end in any event not later than 10 years from the date of adoption of the 2006 Scheme.

The total number of the Company's shares which may be issued upon exercise of all options to be granted under the 2006 Scheme and any other schemes of the Group (excluding options lapsed in accordance with the terms of the 2006 Scheme and any other schemes of the Group) must not in aggregate exceed 10% of the Company's shares in issue as at the date of adoption of the 2006 Scheme. The limit on the number of the Company's shares which may be issued upon exercise of all outstanding option granted any yet to be exercised under the 2006 Scheme and any other schemes of the Group must not exceed 30% of the Company's shares in issue from time to time. The total number of the Company's shares issued and to be issued upon exercise of the options granted to each grantee (including both exercised and outstanding options) under the 2006 Scheme or other schemes of the Group in any 12-month period up to the date of grant must not exceed 1% of the Company's shares in issue at the date of grant unless approved by the Company's shareholders in general meeting.

The Directors consider the 2006 Scheme, with its broadened basis of participation, will enable the Group to reward the employees, directors and other selected participants for their contributions to the Group and will also assist the Group in its recruitment and retention of high caliber professionals, executives and employees who are instrumental to the growth and stability of the Group. The share options are vested immediately on the date of grant. Further details of share options were set out in note 30 to the financial statements.

Directors' Report

CORPORATE GOVERNANCE

The Company is committed to the establishment of good corporate governance practices and procedures. The Company's corporate governance principles and practices are set out in the Corporate Governance Report on pages 15 to 21 of this report.

AUDIT COMMITTEE

The Company sets up the audit committee ("Audit Committee") for the purpose of reviewing and providing supervision over the Company's financial reporting procedures and the internal control system, and maintaining an appropriate relationship with the Company's auditors.

The written terms of reference which govern the authority and duties of the Audit Committee were adopted in 2001 and subsequently amended to align with the requirements of the code provisions of the CG Code set out in the Listing Rules.

The Audit Committee provides an important linkage between the Board and the Company's auditors in relation to audit, financial reporting and internal control matters. The Audit Committee, comprising of all the independent non-executive Directors and one of the Executive Directors (namely Mr. Tsao Hoi Ho, Terry (chairman), Mr. Lou Iok Kuong, Mr. Leung Ka Chun, Mr. NG Pak Kin and Mr. LEUNG Wai Chung, Vincent) had reviewed with the auditors and the management of the Company the audited results of the Group for the year ended 31 March 2013, the accounting principles and practices adopted by the Company and certain other matters relating to the internal control and financial reporting procedures of the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this report, the Company has maintained sufficient public float as required under the Listing Rules as at the date of this report.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

The Group had no material acquisition or disposal of any subsidiaries and associated companies for the year ended 31 March 2013.

AUDITORS

During the year, the accounts of the Company have been audited by KTC Partners CPA Limited who will retire and, being eligible, offer themselves for re-appointment at a fee to be agreed by the Board.

On behalf of the Board

TONG Kit Shing
Chairman

Hong Kong, 28 June 2013

Independent Auditor's Report

KTC Partners CPA Limited

Certified Public Accountants (Practising)

和信會計師事務所有限公司

Tel 電話: (852) 2770 8232 Fax 傳真: (852) 2770 8378
E-mail 電子郵箱: info@ktccpa.com.hk
Room 501, 502 & 508, 5/F., Mirror Tower,
61 Mody Road, Tsimshatsui East, Kowloon, Hong Kong
香港九龍尖沙咀東部麼地道61號冠華中心五樓501, 502及508室

TO THE SHAREHOLDERS OF UNI-BIO SCIENCE GROUP LIMITED
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Uni-Bio Science Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 31 to 86, which comprise the consolidated and company statements of financial position as at 31 March 2013, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

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

Independent Auditor's Report

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2013, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

EMPHASIS OF MATTER

Without qualifying our opinion, we draw attention to Note 2 to the consolidated financial statements which indicates that the Group incurred a loss attributable to owners of the Company of approximately HK$69,308,000 for the year ended 31 March 2013 and, as of that date, its current liabilities exceeded its current assets by approximately HK$6,849,000. These conditions, along with other matters as set forth in Note 2 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

KTC Partners CPA Limited
Certified Public Accountants

Chow Yiu Wah, Joseph
Practising Certificate Number: P04686

Hong Kong
28 June 2013

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
Turnover	10	**83,333**	57,026
Cost of sales		**(17,043)**	(18,688)
Gross profit		**66,290**	38,338
Change in fair value of investment properties	20	**1,120**	3,041
Other income	10	**5,580**	5,056
Selling and distribution expenses		**(41,708)**	(27,141)
General and administrative expenses		**(92,182)**	(93,390)
Loss on disposal of property, plant and equipment		**(28)**	(19,235)
Property, plant and equipment written off		**(162)**	(3,255)
Loss from operations		**(61,090)**	(96,586)
Finance costs	12	**(7,670)**	(5,184)
Share of results of associates		**497**	(638)
Loss before taxation	13	**(68,263)**	(102,408)
Income tax expense	14	**(1,045)**	(456)
Loss for the year		**(69,308)**	(102,864)
Exchange differences arising on translation of financial statements of foreign operations and total other comprehensive income for the year		**1,514**	22,362
Total comprehensive expenses for the year		**(67,794)**	(80,502)
Loss per share			
Basic and diluted (HK' cents per share)	15	**(5.31)**	(7.88)

Consolidated Statement of Financial Position

At 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment	19	**160,390**	163,653
Investment properties	20	**24,632**	23,558
Prepaid lease payments	21	**16,436**	17,553
Goodwill	22	**259,416**	259,416
Intangible assets	23	**315,417**	292,973
Interests in associates	25	**6,861**	10,375
Deposit paid for the acquisition of intangible assets	26	**–**	51,998
Deposit paid for the acquisition of property, plant and equipment	26	**22,448**	18,628
		805,600	838,154
Current assets			
Inventories	27	**4,924**	7,807
Trade and other receivables	28	**48,194**	27,082
Prepaid lease payments	21	**1,087**	1,089
Amounts due from associates	29	**–**	290
Bank balances and cash	30	**14,134**	22,273
		68,339	58,541
Current liabilities			
Trade and other payables	31	**24,473**	20,919
Amounts due to associates	28	**7,359**	8,001
Amounts due to directors	32	**8,706**	9,464
Borrowings	33	**32,012**	36,137
Income tax payable		**2,638**	2,462
		75,188	76,983
Net current liabilities		**(6,849)**	(18,442)
Total assets less current liabilities		**798,751**	819,712
Non-current liabilities			
Borrowings	33	**97,801**	51,133
Deferred tax liabilities	34	**1,442**	1,277
		99,243	52,410
Net assets		**699,508**	767,302

Consolidated Statement of Financial Position

At 31 March 2013

	Notes	**2013** **HK$'000**	2012 HK$'000
Capital and reserves			
Share capital	35	**13,048**	13,048
Reserves		**686,460**	754,254
Total equity		**699,508**	767,302

The financial statements on pages 31 to 86 were approved and authorised for issue by the board of directors on 28 June 2013 and are signed on its behalf by:

Tong Kit Shing
Director

Liu Guoyao
Director

Statement of Financial Position

At 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
Non-current asset			
Investments in subsidiaries	24	**–**	–
Current assets			
Amounts due from subsidiaries	24	**737,918**	740,539
Other receivables	28	**512**	507
Bank balances and cash	30	**362**	1,036
		738,792	742,082
Current liabilities			
Other payables	31	**2,861**	903
Amounts due to directors	32	**5,769**	5,811
		8,630	6,714
Net current assets		**730,162**	735,368
Total assets less current liabilities		**730,162**	735,368
Net assets		**730,162**	735,368
Capital and reserves			
Share capital	35a	**13,048**	13,048
Reserves	35b	**717,114**	722,320
Total equity		**730,162**	735,368

The financial statements on pages 31 to 86 were approved and authorised for issue by the board of directors on 28 June 2013 and are signed on its behalf by:

Tong Kit Shing
Director

Liu Guoyao
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2013

	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000 (Note a)	Statutory reserve HK$'000 (Note b)	Share-based payments reserve HK$'000 (Note c)	Distributable reserve HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2011	13,048	250,889	(267)	6,289	48,147	1,291,798	145,772	(907,872)	847,804
Share option lapsed during the year	–	–	–	–	(6,610)	–	–	6,610	–
Total comprehensive income (expenses) for the year	–	–	–	–	–	–	22,362	(102,864)	(80,502)
At 31 March 2012	13,048	250,889	(267)	6,289	41,537	1,291,798	168,134	(1,004,126)	767,302
Total comprehensive income (expenses) for the year	–	–	–	–	–	–	1,514	(69,308)	(67,794)
At 31 March 2013	**13,048**	**250,889**	**(267)**	**6,289**	**41,537**	**1,291,798**	**169,648**	**(1,073,434)**	**699,508**

Notes:

a) Capital reserve

The capital reserve represents the equity component of the convertible bonds.

b) Statutory reserve

In accordance with the Company Law of the People's Republic of China (the "PRC"), companies in the PRC are required to allocate 10% of their profit after taxation to the statutory reserve (the "SR") until such reserve reaches 50% of the registered capital of the companies. Subject to certain restrictions set out in the Company Law of the PRC, part of the SR may be converted to increase paid-in capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

c) Distributable reserves

The distributable reserve represents credit arising from Capital Reorganisation effected by the Company during the year ended 31 March 2010.

Under the Companies Law (revised) of the Cayman Islands, share premium is distributable to shareholders, subject to the condition that the Company cannot declare or pay a dividend, or make a distribution out of share premium if (i) it is, or would after the payment be, unable to pay its liabilities as they become due, or (ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital accounts.

Consolidated Statement of Cash Flows

For the year ended 31 March 2013

	2013 HK$'000	2012 HK$'000
OPERATING ACTIVITIES		
Loss before taxation	(68,263)	(102,408)
Adjustments for:		
Amortisation of intangible assets	30,481	28,958
Amortisation of prepaid lease payments	1,092	1,074
Amounts waived by creditors	–	(1,210)
Bad debts directly written off	–	575
Change in fair value of investment properties	(1,120)	(3,041)
Depreciation of property, plant and equipment	30,474	34,531
Effect of foreign exchange rate changes	–	2,149
Impairment loss on trade receivables	–	1,097
Impairment loss on deposit paid for acquisition of intangible assets	1,761	–
Interest expenses	7,670	4,560
Interest income	(155)	(205)
Loss on disposal of property, plant and equipment	28	19,235
Property, plant and equipment written off	162	3,255
Share of results of associates	(497)	638
Reversal of impairment of trade and other receivables	(3,399)	(1,638)
Reversal of impairment loss on deposit paid for acquisition of property, plant and equipment	(5,362)	–
Operating cash flows before changes in working capital	7,128	(12,430)
Decrease (increase) in inventories	2,883	(1,907)
Increase in trade and other receivables	(21,752)	(16,608)
Decrease (increase) in amounts due from associates	290	(290)
Increase in trade payables and other payables	3,554	1,143
Increase (decrease) in amounts due to associates	3,369	(8,212)
(Decrease) increase in amounts due to directors	(758)	692
Cash used in operations	(19,542)	(37,612)
Income taxes (paid) refunded	(701)	104
NET CASH USED IN OPERATING ACTIVITIES	(20,243)	(37,508)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(24,105)	(13,644)
Purchase of intangible assets	(1,295)	(2,085)
Interest received	155	205
Proceeds from disposal of property, plant and equipment	14	677
NET CASH USED IN INVESTING ACTIVITIES	(25,231)	(14,847)

Consolidated Statement of Cash Flows

For the year ended 31 March 2013

	2013 HK$'000	2012 HK$'000
FINANCING ACTIVITIES		
Others borrowings raised	**50,000**	46,200
Interest paid	**(7,670)**	(4,560)
Repayment of other borrowings	**(7,387)**	(23,708)
Bank borrowings raised	**–**	39,467
NET CASH FROM FINANCING ACTIVITIES	**34,943**	57,399
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(10,531)**	5,044
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**22,273**	16,545
EFFECT OF CHANGE IN FOREIGN EXCHANGE RATE	**2,392**	684
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash	**14,134**	22,273

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

1. GENERAL

Uni-Bio Science Group Limited (the "Company") is an exempted company incorporated with limited liability in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The address of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section to the annual report.

The functional currency of the Company and its subsidiaries (collectively referred to as the "Group") is Hong Kong dollars ("HK$") and for those subsidiaries established in the People's Republic of China ("PRC") is Renmibi ("RMB"). The consolidated financial statements are presented in Hong Kong dollars ("HK$") for the convenience of users of the consolidated financial statements as the Company is listed in Hong Kong.

The Company is engaged in investment holding and the principal activities of its subsidiaries are set in Note 24.

2. BASIS OF PREPARATION

The Group incurred a loss for the year attributable to owners of the Company of approximately HK$69,308,000 and its current liabilities exceeded its current assets by approximately HK$6,849,000 as at 31 March 2013. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

As noted in Note 43 to the consolidated financial statement, the Company completed the placing of 260,000,000 ordinary shares and raised net proceeds of approximately HK$38,000,000 after the end of the reporting period which will help to recline the pressures on the working capital of the Company.

The consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the financial supports from the substantial shareholders to cover the Group's operating costs and meet its financial commitments. The substantial shareholders have confirmed their intention and ability to provide continuing financial support to the Group so as to enable it to meets its liabilities as and when they fall due and to carry on its business for the foreseeable future.

In light of the measures described above, the directors are confident that the Group will have sufficient working capital to meet its financial obligations as and when they fall due. Accordingly, the directors are of opinion that it is appropriate to prepare these financial statements on a going concern basis. These financial statements do not include any adjustments relating to the carrying amount and reclassification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

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

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 Hong Kong Accounting Standard ("HKAS") 12	Deferred Tax: Recovery of Underlying Asset;
Amendments to HKFRS 7	Financial Instruments: Disclosures – Transfers of Financial Assets; and
Amendments to HKAS 1	As part of the Annual Improvements to HKFRSs 2009-2011 Cycle issued in 2012.

The application of the amendments to 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/or on the disclosures set out in these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

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

Amendments to HKAS 12 Deferred Tax: Recovery of Underlying Assets

The Group has applied for the first time the amendments to HKAS 12 Deferred Tax: Recovery of Underlying Assets in the current year. Under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 Investment Property are presumed to be recovered entirely through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The Group measures its investment properties using the fair value model. As a result of the application of the amendments to HKAS 12, the directors of the Company reviewed the Group's investment property portfolios and concluded that the Group's investment properties located in the PRC are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, and that the presumption set out in the amendments to HKAS 12 is rebutted. Accordingly, there will be no effect of changes in accounting policies on deferred tax liabilities on changes in fair value of investment properties located in the PRC.

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, except for the amendments HKAS 1[1]
Amendments to HKFRS 1	Government Loans[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 Arrangements[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 Items of Other Comprehensive Income[4]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[2]
HK(IFRIC)-Interpretation 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.

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

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities and amendments to HKFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to HKFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should also be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

The directors anticipate that the application of these amendments to HKAS 32 and HKFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 "*Financial Instruments: Recognition and Measurement*" are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The directors anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

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

New and revised standards on consolidation, joint arrangements, associates and disclosures

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 are described below.

HKFRS 10 replaces the parts of HKAS 27 "*Consolidated and Separate Financial Statements*" that deal with consolidated financial statements. HK(SIC) – Int 12 "*Consolidation – Special Purpose Entities*" will be withdrawn upon the effective date of HKFRS 10. Under HKFRS 10, there is only one basis for consolidation, that is, control. In addition, 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 involvements 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 11 replaces HKAS 31 "*Interests in Joint Ventures*". HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK(SIC) – Int 13 "*Jointly Controlled Entities – Non-monetary Contributions by Venturers*" will be withdrawn upon the effective date of HKFRS 11. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate consolidation.

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 at the same time.

The directors anticipate the that application of these five standards may have significant impact on amounts reported in the consolidated financial statements. However, the directors of the Company have not yet performed a detailed analysis of the impact of the application of these standards and hence have not yet quantified the extent of the impact.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities

The amendments to HKFRS 10 introduce an exception to consolidating subsidiaries for an investment entity, except where the subsidiaries provide services that relate to the investment entity's investment activities. Under the amendments to HKFRS 10, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss.

To qualify as an investment entity, certain criteria have to be met. Specifically, an entity is required to:

- obtain funds from one or more investors for the purpose of providing them with professional investment management services;
- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measure and evaluate performance of substantially all of its investments on a fair value basis.

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities *(Continued)*

Consequential amendments to HKFRS 12 and HKAS 27 have been made to introduce new disclosure requirements for investment entities.

The amendments to HKFRS 10, HKFRS 12 and HKAS 27 are effective for annual periods beginning on or after 1 January 2014, with early application permitted. The directors anticipate that the application of the amendments will have no effect on the Group as the Company is not an investment entity.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 Financial Instruments: Disclosures will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that the application of the new standard may affect certain amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

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.

The directors of the Company anticipate that application of the other new or revised HKFRSs will have no material impact on the consolidated financial statements.

4. 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 and by the Hong Kong Companies Ordinance.

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

The principal accounting policies are set out below.

Basis of consolidation

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

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.

Investments in subsidiaries

Investments in subsidiaries are included in the Company's statement of financial position at cost less impairment loss, if any.

Investments 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. 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with HKAS 39. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets and liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it losses significant influence over that associate.

Where a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

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 when 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 its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

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 returns, discounts and sales related taxes.

i) *Sale of goods*

Revenue from Sale of goods is recognised when goods are delivered and title has passed, at which time the Group has transferred to the buyer the significant risks and rewards of ownership of the goods.

ii) *Interest income*

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 the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Property, plant and equipment

Property, plant and equipment including leasehold land (classified as finance leases) and buildings held for use in the production or supply of goods, or for administrative purposes (other than construction in progress) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent 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.

Construction in progress includes property, plant and equipment in the course of construction for production or for its own use purpose. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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.

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.

The Group as lessee

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

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as “prepaid lease payments” in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Intangible assets

i) *Intangible assets acquired separately*

Intangible assets with finite useful lives acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

ii) *Internally-generated intangible assets – research and development expenditures*

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally-generated intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets acquired separately.

iii) *Intangible assets acquired in a business combination*

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 cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. Alternatively, intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Inventories

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

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 carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. 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. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates 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 exchange reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interest and are not recognised in profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and retranslated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising after January 2005 are recognised in equity under the heading of exchange reserve.

Borrowing costs

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

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Retirement benefit costs

Payments to state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are recognised as expenses when employees have rendered service entitling them to the contributions.

4. 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 before taxation" 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 futher 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 differences 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 the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests 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 each 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 they relate 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.

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 are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets

The Group's financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument 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 and points 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 debt instrument, 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.

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

Impairment loss on financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when 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.

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

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

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 and 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 financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment loss on financial assets *(Continued)*

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other 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 and loss. When a trade or other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses 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.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements 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.

Financial guarantees

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. When no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income. The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised if and when (i) it becomes probable that the holder of guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

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 and points 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.

Other financial liabilities

Other financial liabilities including trade and other payables, amounts due to associates, amounts due to directors and borrowings are subsequently measured at amortised cost, using the effective interest method.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

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. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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.

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

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.

Cash and cash equivalents

Bank balances and cash in the consolidated statement of financial position comprise cash at bank and on hand and short-term deposits with a maturity of three months or less. For the purpose of the consolidated statement of cash flows, cash and cash equivalent consist of cash and short-term deposits as defined above.

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees

The fair value of services received is 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, with a corresponding increase in equity (share-based payments reserve).

At the end of the reporting period, the Group revises its estimates of the number of options 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-based payments reserve.

When the share options are exercised, the amount previously recognised in share-based payments 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-based payments reserve will be transferred to accumulated losses.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment losses on tangible and intangible assets other than goodwill

(See the 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 with finite useful lives 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. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the directors 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 on-going 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 are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of property, plant and equipment

This requires an estimation of the value in use of the asset. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the assets and also to choose a suitable discount rate in order to calculate the present value of those cash flows. In determining whether an asset is impaired or the event previously causing the impairment no longer exists, the Group has to exercise judgement in the area of asset impairment, particularly in assessing: (i) whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence; (ii) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or derecognition; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test. The Group determines whether an asset is impaired at least on an annual basis or where an indication of impairment exists. At 31 March 2013, the carrying amount of property, plant and equipment is HK$160,390,000 (2012: 163,653,000), and management of the Group determined that there was no impairment on property, plant and equipment (2012: Nil).

5. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Depreciation of property, plant and equipment

Management determines the estimated useful lives and residual values for the Group's property, plant and equipment. The Group will revise the depreciation charge where useful lives and residual values are different to previous estimates, or will write off or write down technically obsolete or on-strategic assets that have been abandoned or sold.

Fair value of investment properties

At the end of the reporting period, investment properties are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have based on a method of valuation which involves certain estimates of market conditions. In relying on the valuation report, the directors of the Company have exercised their judgement and are satisfied that the assumptions used in the valuation have reflected the current market conditions. Changes to these assumptions would result in changes in the fair values of the Group's investment properties being recognised in profit or loss. The carrying amount of investment properties measured at fair value at 31 March 2013 was approximately HK$24,630,000 (2012: HK$23,558,000).

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount which is higher of the fair value less cost to sell or value in use of the cash-generating units to which goodwill has been allocated. The calculation of value in use requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or there is downward revision of future estimated cash flows due to unfavourable changes in facts and circumstances, a further impairment loss may arise. At 31 March 2013, the carrying amount of goodwill is HK$259,416,000 (2012: HK$259,416,000), net of accumulated impairment loss of HK$314,136,000 (2012: HK$314,136,000).

Amortisation of intangible assets

Intangible assets are amortised over their useful economic lives. The assessment of estimated useful lives is a matter of judgment based on the experience of the Group, taking into account factors such as the ability to legally renew the technical know-how, technological progress and changes in market demand. Useful lives are periodically reviewed for continued appropriateness. Due to long lives of assets, changes to the estimates used can result in variations in their carrying value in the period in which the change take places. At 31 March 2013, the carrying amount of intangible assets is HK$315,417,000 (2012: HK$292,973,000), amortisation of the intangible assets amounting to HK$30,481,000 (2012: HK$28,958,000) is charged to profit or loss.

Estimated impairment of intangible assets

Determining whether intangible assets are impaired requires an estimation of the recoverable amount which is higher of the fair value less cost to sell or value in use of the cash-generating units to which intangible asset has been allocated. The calculation of value in use requires the Group to estimate the future cash flows expected to arise from the relevant assets or the cash-generating unit in which the relevant intangible assets belong and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or there is downward revision of future estimated cash flows due to unfavourable changes in facts and circumstances, an impairment loss may arise. At 31 March 2013, the carrying amount of intangible assets is HK$315,417,000 (2012: HK$292,973,000), and management of the Group determined that there was no impairment on other intangible assets.

Estimated impairment loss on trade and other receivables

The policy for impairment loss on trade and other receivables is based on the evaluation of collectability and aging analysis which is based management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment in their ability to make payments, additional impairment may be required.

At 31 March 2013, the carrying amounts of trade receivables was HK$20,401,000 (2012: HK$17,241,000). No impairment loss has been recognised in respect of trade receivables during the two years ended 31 March 2013.

At 31 March 2013, the carrying amounts of other receivables was HK$50,241,000 (2012: HK$80,467,000). No impairment loss has been recognised in respect of other receivables during the two years ended 31 March 2013.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Allowance for inventories

The Group performs regular review of the carrying amounts of inventories with the aged inventories analysis expected future consumption and management judgment. Based on this review, write down of inventories will be made when the carrying amount of inventories decline below the estimated net realisable value. However, actual consumption may be different from estimation and profit or loss could be affected by differences in this estimation. At 31 March 2013, the carrying amount of inventories is HK$4,924,000 (2012: HK$7,807,000), and management of the Group determined that there was no allowance for inventories.

Taxation

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

6. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital is to safeguard the Group's ability to continue as going concern in order to provide returns for the shareholders and to maintain an optimal capital structure to reduce the cost of capital and to support the Group's stability and growth.

The capital structure of the Group consists of net debt, which includes borrowings disclosed in Note 33, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

The Group monitors its capital structure and make adjustments to it in the light of changes in economic conditions and the risk characteristic of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, issue new shares, raise new debt financing or sell assets to reduce debts. No changes were made in the objectives, policies or processes during the years ended 31 March 2013 and 2012.

The gearing ratio at the end of the reporting was as follows:

	2013 HK$'000	2012 HK$'000
Debts (i)	**129,813**	87,270
Bank balances and cash	**(14,134)**	(22,273)
Net debt	**115,679**	64,997
Total equity (ii)	**699,508**	767,302
Net debt-to-equity ratio	**16.54%**	8.47%

i) Debts are defined as long and short-term borrowings.

ii) Equity includes all capital and reserves of the Group.

7. FINANCIAL INSTRUMENTS

Categories of financial instruments	The Group		The Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Loans and receivables (including cash and cash equivalents)	**61,022**	42,703	**738,284**	741,575
Financial liabilities at amortised cost	**170,351**	125,654	**8,630**	6,714

8. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include trade and other receivables, amounts due from (to) associates, bank balances and cash, trade and other payables, amounts due to directors and borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

i) Currency risk

The Group mainly operates in the People's Republic of China ("PRC"), and did not have significant sales or purchases denominated in currencies other than the functional currency of the relevant group entities. However, the Group has certain bank balances and borrowings that are denominated in Hong Kong dollars ("HK$"). As a result, the Group is exposed to fluctuations in exchange rates of HK$ against Renminbi ("RMB"). The Group did not enter into any derivative contracts nor did it have a foreign currency hedging policy aimed at minimising exchange rate risks during the year. However, the management closely monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Liabilities		Assets	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
HK$	**99,061**	48,473	**1,363**	2,501

Sensitivity analysis

The Group is mainly exposed to exchange rate fluctuations of HK$. The following table details the Group's sensitivity to a 5% (2012: 5%) increase in RMB against the HK$ while all other variables are held constant. 5% (2012: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2012: 5%) change in foreign currency rates.

8. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Market risk *(Continued)*

i) Currency risk (Continued)

Sensitivity analysis *(Continued)*

The sensitivity analysis includes monetary items where the denomination of the balances is in a currency other than the functional currency of the respective group entities. A positive number below indicates a decrease in loss for the year where RMB strengthen 5% (2012: 5%) against the relevant currency while a negative number represents an increase in loss for the year. For a 5% (2012: 5%) weakening of RMB against the relevant currency, there would be an equal and opposite impact on the result for the year.

	2013 **HK$'000**	2012 HK$'000
Loss for the year	**4,885**	2,299

In management's opinion, the sensitivity analysis is unrepresentative of the inherent currency risk as the year end exposure does not reflect the exposure during the year.

ii) Interest rate risk

Exposures to interest rate risk and the Group's risk management policies

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from bank borrowings. Borrowings bearing variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The exposure to interest rates for the Group's short term bank deposits is considered immaterial.

The Group will review whether bank loans bearing floating rates should be drawn from time to time with reference to the trend of changes in interest rates. The interest rates and repayment terms of borrowings and bank balances and cash of the Group are disclosed in Note 33 and 30 respectively. The Group currently does not have an interest rate hedging policy. However, the directors monitor interest rate change exposure and will consider hedging significant interest rate exchange exposure should the need arises. The policies to management interest rate risk have been followed by the Group since prior year and are considered to be effective.

Sensitivity analysis

As of 31 March 2013, it is estimated that a general 100 basis point increase or decrease in interest rates, with all other variables held constant, would increase or decrease the Company's loss for the year ended 31 March 2013 and accumulated losses by approximately HK$320,000 (2012: HK$395,000).

The above sensitivity analysis has been determined assuming that a change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 100 basis point increase or decrease represents directors' assessment of a reasonably possible change in interest rates over the period until the next reporting period. The analysis was performed on the same basis for the year ended 31 March 2012.

8. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk

At 31 March 2013 and 2012, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to the failure to discharge an obligation by the counterparties and financial guarantees provided by the Group is arising from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and

- the amount of contingent liabilities in relation to financial guarantee issued by the Group as disclosed in Note 41.

In addition, the Group reviews the recoverable amount of each individual trade and other receivables, amounts due from associates, amounts due from subsidiaries and amount due from the ultimate holding company at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

In order to minimise the credit risk, the management of the Group has delegated a team responsible 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 liquid funds is limited because the counterparties are authorised banks in Hong Kong and the PRC with high credit ratings.

At 31 March 2013, the Group has concentration of credit risk as 20% (2012: 31%) and 21% (2012: 39%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively.

At 31 March 2013 and 2012, all trade receivables were from customers located in the PRC.

Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities. The Group is exposed to liquidity risk in respect of settlement of trade payables and its financing obligations, and also in respect of its cash flow management. The Group's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term.

The Group manages its liquidity needs on a consolidated basis by carefully monitoring scheduled debt servicing payments for long term financial liabilities as well as forecast cash inflows and outflows due in day to day business. Liquidity needs are monitored in various time bands, on a day to day and week to week basis, as well as on the basis of a rolling 30 day projection. Long term liquidity needs for a 90-day and 180-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows if available borrowing facilities are expected to be sufficient over the lookout period.

The Group maintains cash and short-term bank deposits to meet its liquidity requirements for 30 day periods at a minimum. Funding for longer-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell longer-term financial assets.

The liquidity policies have been followed by the Group since prior years and are considered to have been effective in managing liquidity risks.

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 maturity dates for non-derivative financial liabilities are based on the agreed repayment dates.

8. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk *(Continued)*

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

At 31 March 2013

	Within 1 year or On demand HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Total carrying amount HK$'000
The Group					
Trade and other payables	24,473	–	–	24,473	24,473
Amounts due to associates	7,359	–	–	7,359	7,359
Amounts due to directors	8,706	–	–	8,706	8,706
Bank loans and other borrowings	33,933	103,669	–	137,602	129,813
	74,471	103,669	–	178,140	170,351
The Company					
Other payables	2,861	–	–	2,861	2,861
Amounts due to directors	5,769	–	–	5,769	5,769
	8,630	–	–	8,630	8,630

At 31 March 2012

	Within 1 year or On demand HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Total carrying amount HK$'000
The Group					
Trade and other payables	20,919	–	–	20,919	20,919
Amounts due to associates	8,001	–	–	8,001	8,001
Amounts due to directors	9,464	–	–	9,464	9,464
Bank loans and other borrowings	38,324	5,249	48,972	92,545	87,270
	76,708	5,249	48,972	130,929	125,654
The Company					
Other payables	903	–	–	903	903
Amounts due to directors	5,811	–	–	5,811	5,811
	6,714	–	–	6,714	6,714

9. FAIR VALUE

The fair value of financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

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 to their fair values due to their short-term maturities.

The directors of the Company also consider that the fair value of the long-term portion of financial assets and financial liabilities approximates to their carrying amount as they are carried at amortised cost by using an effective interest rate method.

10. TURNOVER AND OTHER INCOME

Turnover represents the gross invoiced value of goods sold, net of value added tax, sales returns and discounts, to outside customers.

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

	2013 **HK$'000**	2012 HK$'000
Turnover		
Sales of pharmaceutical products	**83,333**	57,026
Other income		
Interest income	**155**	205
Rental income	**1,903**	1,625
Government grants for research and development project	**5**	8
Reversal of impairment on trade and other receivable	**3,399**	1,638
Amounts waived by creditors	**–**	1,210
Sundry income	**118**	370
	5,580	5,056
Total revenues	**88,913**	62,082

11. SEGMENT INFORMATION

Information reported to the board of directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on the types of goods sold or services delivered or provided.

Specifically, the Company's reportable segments under HKFRS 8 are as follows:

Third party pharmaceutical products – Distribution of third party pharmaceutical products.

In-house chemical pharmaceutical products – Manufacture and sale of in-house chemical pharmaceutical products.

In-house biological pharmaceutical products – Manufacture and sale of in-house biological pharmaceutical products.

11. SEGMENT INFORMATION *(Continued)*

a) Segment revenues and result

For the year ended

	Third party pharmaceutical products		In-house chemical pharmaceutical products		In-house biological pharmaceutical products		Total	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue:								
Sales to external customers	**–**	7,443	**29,435**	21,429	**53,898**	28,154	**83,333**	57,026
Inter-segment sales	**–**	–	**–**	–	**–**	513	**–**	513
Total	**–**	7,443	**29,435**	21,429	**53,898**	28,667	**83,333**	57,539
Segment results	**(8,528)**	(12,050)	**(9,501)**	(29,637)	**(32,729)**	(44,216)	**(50,758)**	(85,903)
Unallocated income and unallocated expenses							**(10,332)**	(10,683)
Finance costs							**(7,670)**	(5,184)
Share of results of associates							**497**	(638)
Loss before taxation							**(68,263)**	(102,408)

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 4. Segment results represents the results of each segment without allocation of interest income, central administration costs, directors' remuneration, share of results of associates and finance costs. This is the measure reported to the chief operating decision maker of the Group for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged with reference to market prices.

11. SEGMENT INFORMATION *(Continued)*

b) Segment assets and liabilities

At 31 March

	Third party pharmaceutical products		In-house chemical pharmaceutical products		In-house biological pharmaceutical products		Total	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment assets								
Segment assets	**36,742**	51,513	**97,984**	91,736	**693,514**	672,401	**828,241**	815,650
Unallocated assets							**45,698**	81,045
Total assets							**873,939**	896,695
Segment liabilities								
Segment liabilities	**937**	5,932	**5,077**	2,424	**8,336**	21,120	**14,350**	29,476
Unallocated liabilities							**160,081**	99,917
Total liabilities							**174,431**	129,393

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

- all assets are allocated to operating segments other than investment properties, interests in associates, amounts due from associates and bank balances and cash. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and

- all liabilities are allocated to operating segments other than amounts due to associates, amounts due to directors, borrowings, income tax payable and deferred tax liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

11. SEGMENT INFORMATION *(Continued)*

c) Other segment information

At 31 March

	Third party pharmaceutical products		In-house chemical pharmaceutical products		In-house biological pharmaceutical products		Total	
	2013 HK$'000	2012 HK$'000	**2013 HK$'000**	2012 HK$'000	**2013 HK$'000**	2012 HK$'000	**2013 HK$'000**	2012 HK$'000
Additions to non-current assets (Note)	**–**	–	**26,047**	13,241	**55,171**	2,488	**81,218**	15,729
Amortisation of intangible assets	**–**	–	**3,340**	2,269	**27,141**	26,690	**30,481**	28,958
Amortisation of prepaid lease payments	**–**	–	**315**	310	**777**	764	**1,092**	1,074
Depreciation for property, plant and equipment	**10,395**	10,324	**8,611**	8,197	**11,807**	15,977	**30,813**	34,498
Finance costs	**1,757**	1,936	**11**	8	**901**	1,379	**2,669**	3,323
Impairment loss on trade receivables	**–**	1,097	**–**	–	**–**	–	**–**	1,097
Impairment loss on deposit paid for acquisition of intangible assets	**–**	–	**1,761**	–	**–**	–	**–**	–
Reversal of impairment loss on deposit paid for acquisition of property, plant and equipment	**–**	–	**(5,362)**	–	**–**	–	**–**	–
Reversal of impairment loss on trade receivables	**1,862**	–	**–**	–	**1,537**	1,638	**3,399**	1,638

Note: Non-current assets included property, plant and equipment and intangible assets.

d) Geographical segments

For the two years ended 31 March 2013, all of the Group's revenue were derived from the PRC. Information about the Group's sales to external customers presented based on the locations of customers and distributors, and information about the Group's assets presented based on the geographical location of the assets are summarised below.

	Sales to external customers		Total assets	
	2013 HK$'000	2012 HK$'000	**2013 HK$'000**	2012 HK$'000
Hong Kong	**–**	–	**260,920**	340,461
PRC	**83,333**	57,026	**613,019**	556,234
	83,333	57,026	**873,939**	896,695

e) Information about major customers

For the two years ended 31 March 2013, no single customer contributed over 10% of the total revenue of the Group.

12. FINANCE COSTS

	2013 HK$'000	2012 HK$'000
Interest expenses on bank borrowings wholly repayable within five years	2,676	3,325
Interest expenses on other borrowings wholly repayable within five years	4,994	1,859
	7,670	5,184

13. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	2013 HK$'000	2012 HK$'000
Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	15,308	13,802
Retirement benefit scheme contribution	1,301	757
	16,609	14,559
Less: Staff costs included in research and development costs	(60)	(343)
Total staff cost	16,549	14,216
Amortisation of intangible assets	30,481	28,958
Amortisation of prepaid lease payments	1,092	1,074
Auditor's remuneration	1,000	900
Bad debts directly written-off	–	575
Cost of inventories recognised as an expense	15,595	18,133
Impairment loss on trade receivables	–	1,097
Impairment loss on deposit paid for acquisition of intangible assets	1,761	–
Depreciation	30,846	34,531
Less: Depreciation included in research and development costs	(372)	(405)
	30,474	34,126
Operating lease rentals in respect of offices	1,172	66
Research and development costs	4,195	4,649
Less: Capitalisation on intangible assets	(2,320)	(2,085)
	1,875	2,564

14. INCOME TAX EXPENSE

	2013 HK$'000	2012 HK$'000
PRC Enterprise Income Tax ("EIT")		
– Current year	**877**	–
Deferred taxation (Note 34)		
– Current year	**168**	456
	1,045	456

No provision for Hong Kong profits tax has been made since the entities operating in Hong Kong had no assessable profit for the two years ended 31 March 2013.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

Pursuant to the relevant laws and regulations in the PRC, one of the Group's PRC subsidiary, Shenzhen Watsin Genetech Pharmaceutical Co., Limited, was approved as a "high-new technology enterprises" and become eligible to enjoy a preferential EIT rate of 15% for the two years ended 31 March 2013.

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

	2013 HK$'000	2012 HK$'000
Loss before taxation	**(68,263)**	(102,408)
Notional tax on loss before taxation, calculated at the rates applicable to loss in the countries concerned	**(15,805)**	(24,537)
Tax effect of non-taxable income	**(1,359)**	(744)
Tax effect of non-deductible expenses	**7,454**	16,347
Effect of tax concessionary rates granted to the PRC subsidiaries	**(1,127)**	(304)
Tax effect of unused tax losses not recognised	**11,882**	9,694
Income tax expense for the year	**1,045**	456

15. LOSS PER SHARE

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

	2013 HK$'000	2012 HK$'000
Loss		
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	**(69,308)**	(102,864)

	2013 '000	2012 '000
Number of shares		
Weighted average number of ordinary shares for basic loss per share calculation	**1,304,846**	1,304,846

The computation of diluted loss per share for the year ended 31 March 2013 does not assume the exercise of the Company's outstanding share options as the exercise price of those options was higher than the average market price of the Company's shares.

Diluted loss per share was the same as the basic loss per share for the year ended 31 March 2012 as the effect of the conversion of the Company's share options shares was anti-dilutive.

16. DIVIDEND

No dividend was paid, declared or proposed during the year ended 31 March 2013 (2012: Nil), nor has any dividend been proposed since the end of the reporting period.

17. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

a) Director's and chief executive's remuneration

	For the year ended 31 March 2013			
	Fees HK$'000	Other emoluments and other benefits HK$'000	Retirement benefit scheme contributions HK$'000	Total emoluments HK$'000
Executive Directors				
Tong Kit Shing	145	–	7	152
Liu Guoyao *(Chief Executive Officer)*	–	–	–	–
Leung Ka Chun (appointed on 1 December 2012)	200	–	5	205
Independent Non-executive Directors				
Zhou Yaoming (resigned on 1 April 2012)	50	–	–	50
Lin Jian (resigned on 1 April 2012)	50	–	–	50
Tsao Hoi Ho	120	–	–	120
Lou Iok Kuong	120	–	–	120
Ng Pak Kin (appointed on 1 December 2012)	40	–	–	40
Leung Wai Chung, Vincent (appointed on 1 December 2012)	40	–	–	40
	765	–	12	777

17. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS *(Continued)*

a) Director's and chief executive's remuneration *(Continued)*

	For the year ended 31 March 2012			
	Fees HK$'000	Other emoluments and other benefits HK$'000	Retirement benefit scheme contributions HK$'000	Total emoluments HK$'000
Executive Directors				
Tong Kit Shing	120	13	6	139
Liu Guoyao *(Chief Executive Officer)*	–	–	–	–
Independent Non-executive Directors				
Zhou Yaoming (resigned on 1 April 2012)	50	–	–	50
Lin Jian (resigned on 1 April 2012)	50	–	–	50
Tsao Hoi Ho	120	–	–	120
Lou Iok Kuong	120	–	–	120
Leung Ka Chun	110	–	–	110
	570	13	6	589

Liu Guoyao is also the Chief Executive Officer of the Company and his emoluments disclosed above include those rendered by him as Chief Executive.

b) Senior management's remuneration

Of the five individuals with highest emoluments in the Group, none (2012: none) were directors of the Company whose emoluments are set out above. The emoluments of the five (2012: five) highest paid individuals were as follows:

	2013 HK$'000	2012 HK$'000
Salaries and other benefits	**2,365**	2,107
Retirement benefit scheme contributions	**59**	68
	2,424	2,175

Their emoluments were within the following bands:

	2013	2012
Nil to HK$1,000,000	**5**	5

c) No emoluments have been 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 Company, or as compensation for loss of office during the two years ended 31 March 2013.

18. STAFF COSTS (EXCLUDING DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION)

	2013 **HK$'000**	2012 HK$'000
Salaries and other benefits	**14,483**	12,876
Retirement benefit scheme contributions	**1,289**	751
	15,772	13,627

Hong Kong

The Group operates a Mandatory Provident Fund Scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employee's relevant income, subject to a cap of monthly relevant income of HK$25,000 (2012: HK$20,000). Apart from the mandatory contributions, the employer would make monthly voluntary contributions. The aggregate of the mandatory and voluntary contributions made by the employer represents 5% of the basic salary of the employees. Mandatory contributions to the plan vest immediately. Where there are employees who leave the Group prior to vesting fully in the voluntary contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

PRC

The employees employed in PRC subsidiaries are members of the state-managed retirement benefits schemes operated by the China government. The PRC subsidiaries are required to contribute to the retirement benefits schemes based on a certain percentage of their payroll to fund the benefits. The only obligation of the Group with respect to these retirement benefits schemes is to make the required contributions under the schemes.

The Group has no other material obligation for payment of retirement benefits beyond the annual contributions as described above.

Notes to the Consolidated Financial Statements

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19. PROPERTY, PLANT AND EQUIPMENT

The Group

	Leasehold buildings HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
COST							
At 1 April 2011	44,382	280,101	33,401	48,099	4,984	284	411,251
Additions	–	9,181	989	131	107	3,236	13,644
Disposals	–	(35,303)	–	–	–	–	(35,303)
Written off	–	(7,220)	(520)	–	–	–	(7,740)
Exchange realignment	2,118	6,552	316	813	131	10	9,940
At 31 March 2012	46,500	253,311	34,186	49,043	5,222	3,530	391,792
Additions	–	15,883	1,940	4,374	–	5,728	27,925
Disposals	–	(6)	–	–	(417)	–	(423)
Written off	–	(285)	(7)	–	(512)	–	(804)
Exchange realignment	151	821	111	159	17	11	1,270
At 31 March 2013	46,651	269,724	36,230	53,576	4,310	9,269	419,760
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
At 1 April 2011	19,764	131,944	28,861	25,705	4,067	–	210,341
Provided for the year	2,890	26,468	1,516	2,984	673	–	34,531
Eliminated on disposals	–	(14,911)	–	–	–	–	(14,911)
Eliminated on written off	–	(3,890)	(487)	–	–	–	(4,377)
Exchange realignment	243	1,228	243	738	103	–	2,555
At 31 March 2012	22,897	140,839	30,133	29,427	4,843	–	228,139
Provided for the year	2,939	26,659	805	244	199	–	30,846
Eliminated on disposals	–	(6)	–	–	(375)	–	(381)
Eliminated on written off	–	(240)	(6)	–	(497)	–	(743)
Exchange realignment	151	931	199	195	33	–	1,509
At 31 March 2013	25,987	168,183	31,131	29,866	4,203	–	259,370
CARRYING VALUES							
At 31 March 2013	**20,664**	**101,541**	**5,099**	**23,710**	**107**	**9,269**	**160,390**
At 31 March 2012	23,603	112,472	4,053	19,616	379	3,530	163,653

a) The leasehold buildings are held in the PRC under medium-term leases.

19. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

b) The above items of property, plant and equipment, except for construction in progress, are depreciated on a straight-line basis, less their estimated residual value, if any, at the following rates per annum:

Buildings	Over 5% or the term of the lease or land use rights, if shorter
Plant and machinery	6.6% – 20%
Furniture, fixtures and equipment	10% – 20%
Leasehold improvements	5% – 18%
Motor vehicles	15% – 20%

c) Certain properties as at 31 March 2013 with carrying amount of HK$20,664,000 (2012: HK$23,603,000) were pledged as collateral of the Group's bank borrowings (Note 33).

20. INVESTMENT PROPERTIES

	The Group	
	2013	2012
	HK$'000	HK$'000
FAIR VALUE		
At the beginning of the year	**23,558**	19,728
Exchange realignment	**(46)**	789
Change in fair value	**1,120**	3,041
At the end of the year	**24,632**	23,558

a) The carrying value of investment properties shown above were situated in the PRC and held under medium-term lease.

b) All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes were measured using the fair value model and were classified and accounted for as investment properties.

c) The fair value of the investment properties of the Group as at 31 March 2013 and 2012 has been arrived at on an open market value basis assuming sale with existing tenancies by using the income approach by capitalising the net rental income receivable from the existing tenancies and the reversionary rental income potentials. The valuations were carried out by an independent qualified professional valuer not connected with the Group, Roma Appraisals Limited, who had among its staff members of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued.

d) Certain of the Group's investment properties with carrying amount of HK$9,849,000 (2012: HK$9,268,000) were pledged as collateral for the Group's bank borrowings (Note 33).

21. PREPAID LEASE PAYMENTS

	The Group	
	2013	2012
	HK$'000	HK$'000
The Group's prepaid lease payments are held under in the PRC as follows:		
Medium-term lease	**6,538**	7,323
Short-term lease	**10,985**	11,319
	17,523	18,642

	The Group	
	2013	2012
	HK$'000	HK$'000
Analysed for reporting purposes as:		
Current assets	**1,087**	1,089
Non-current assets	**16,436**	17,553
	17,523	18,642

At 31 March 2013, the carrying value of the Group's prepaid lease payments amounted to approximately HK$14,217,000 (2012: HK$14,939,000) was pledged as security for the banking facilities granted to the Group (Note 33).

22. GOODWILL

a)

	HK$'000
COST	
At 1 April 2011, 31 March 2012 and 31 March 2013	573,552
IMPAIRMENT	
At 1 April 2011, 31 March 2012 and 31 March 2013	(314,136)
CARRYING VALUES	
At 31 March 2013	259,416
At 31 March 2012	259,416

22. GOODWILL *(Continued)*

b) Impairment testing

Goodwill is allocated to one CGU-Pharmaceutical products in the PRC. The Group's cash-generating units ("CGU") identified according to country of operation and business segment as follows:

	2013 **HK$'000**	2012 HK$'000
Pharmaceutical products – the PRC	**259,416**	259,416

At 31 March 2013, the fair value of the CGU of goodwill is determined taking into account the valuation performed by Roma Appraisals Limited (2012: Roma Appraisals Limited), independent professional valuers not connected to the Group, based on the cash flow forecasts derived from the most recent financial budgets for the next 5 years approved by the management using the discount rate of 15.23% (2012: 17%) which reflects current market assessments of the time value of money and the risk specific to the CGU. The cash flows beyond the 2-year-period are extrapolated for 3 years assuming no growth. The recoverable amount of the CGU is determined from value in use calculations or fair value less cost to sell of the CGU.

Key assumptions used for value-in-use calculations:

	2013 **%**	2012 %
Gross margin	**90**	90
Growth rate	**12–150**	30–125
Discount rate	**15.23**	17

Management determined the budgeted gross margin based on past performance and its expectation for market development. The weighted average growth rates used are consistent with the forecast included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

The recoverable amount of the CGU were assessed by an independent professional firm of valuers, Roma Appraisals Limited. According to their results of valuations, no impairment loss was recognised for the year ended 31 March 2013 (2012: Nil).

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23. INTANGIBLE ASSETS

The Group

	Trademarks and certificates HK$'000 (Note a)	Technical know-how HK$'000 (Note b)	Product development in progress HK$'000 (Note c)	Total HK$'000
COST				
At 1 April 2011	364,226	70,320	186,079	620,625
Additions	–	–	2,085	2,085
Exchange realignment	13,791	2,663	7,046	23,500
Written off	(114,418)	–	–	(114,418)
At 31 March 2012	263,599	72,983	195,210	531,792
Exchange realignment	(454)	(126)	(337)	(917)
Additions	–	50,973	2,320	53,293
At 31 March 2013	263,145	123,830	197,193	584,168
AMORTISATION				
At 1 April 2011	290,174	21,881	–	312,055
Exchange realignment	11,294	930	–	12,224
Provided for the year	21,761	7,197	–	28,958
Eliminated on written off	(114,418)	–	–	(114,418)
At 31 March 2012	208,811	30,008	–	238,819
Exchange realignment	(465)	(84)	–	(549)
Provided for the year	23,162	7,319	–	30,481
At 31 March 2013	231,508	37,243	–	268,751
CARRYING VALUES				
At 31 March 2013	31,637	86,587	197,193	315,417
At 31 March 2012	54,788	42,975	195,210	292,973

(a) Trademarks and certificates represent costs in obtaining trademarks and registration certificates for medicines.

(b) Technical know-how mainly represents techniques and formulas acquired for the development of products and production technology.

23. INTANGIBLE ASSETS *(Continued)*

(c) Product development in progress mainly represent costs generated internally for the development of products and product technology.

(d) The above intangible assets have definite useful lives and are amortised on a straight line basis over their remaining estimated useful life of five to ten years.

(e) The amortisation charge for the year is included in "general and administrative expense" in the consolidated statement of comprehensive income.

(f) According to the results of review of the valuations carried out by an independent professional firm of valuers, Roma Appraisals Limited, the management determined that no impairment loss was recognised for the year ended 31 March 2013 (2012: Nil) because the recoverable amount of the trademark with reference to the value in use or fair value less cost to sell as at 31 March 2013 performed by Roma Appraisals Limited was estimated to be less than its carrying value.

24. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2013	2012
	HK$'000	HK$'000
Cost of unlisted investments in subsidiaries	**–**	–
Amounts due from subsidiaries	**1,568,870**	1,571,491
Less: Impairment loss	**(830,952)**	(830,952)
	737,918	740,539

a) Amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

b) Movement of impairment loss:

	The Company	
	2013	2012
	HK$'000	HK$'000
At the beginning of the year	**830,952**	786,849
Recognised for the year	**–**	44,103
At the end of the year	**830,952**	830,952

During the year ended 31 March 2013, an impairment loss of approximately Nil (2012: HK$44,103,000) was recognised because the recoverable amount of the amounts due was estimated to be less than their carrying amounts and the possibility of the recovery was too remote.

24. INVESTMENTS IN SUBSIDIARIES *(Continued)*

c) The details of all the subsidiaries at 31 March 2013 and 2012 are as follows:

Name	Place of incorporation/ establishment and operation	Principal activities	Particulars of issued and paid up share capital	Interest held
Lelion Holdings Limited	British Virgin Islands/ Hong Kong	Investment holding	2 Ordinary shares of US$1 each	100%*
Joint Peace Limited	British Virgin Islands/ Hong Kong	Dormant	2 Ordinary shares of US$1 each	100%
Uni-Bio Management Limited	Hong Kong	Provision of management services	1 Ordinary share of HK$1 each	100%
Figures Up Trading Limited	British Virgin Islands/ Hong Kong	Investment holding	100 Ordinary shares of US$1 each	100%
Nan Hoo Properties Limited	British Virgin Islands/ Hong Kong	Investment holding	50,000 Ordinary shares of US$1 each	100%
Zethanel Properties Limited	British Virgin Islands/ Hong Kong	Investment holding	10,000 Ordinary shares of US$1 each	100%
Dongguan Taili Biotech Co., Limited 東莞太力生物工程有限公司	The PRC	Research and development, manufacture and sales of medical and biological products	Contributed capital of HK$100,458,126	100%
Dongguan Shi Bo Kang Jian Pharmaceutical Technology Co., Limited 東莞市博康健醫藥科技有限公司	The PRC	Trading of medical and biological products	Contributed capital of RMB1,000,000	100%
Beijing Genetech Pharmaceutical Co., Limited 北京博康健基因科技有限公司	The PRC	Manufacture and sales of medical and biological products	Contributed capital of RMB91,000,000	100%
Shenzhen Watsin Genetech Limited 深圳市華生元基因工程發展有限公司	The PRC	Manufacture and sales of biological products	Contributed capital of RMB100,060,960	100%

* Shares held directly by the Company.

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25. INTERESTS IN ASSOCIATES

	The Group	
	2013	2012
	HK$'000	HK$'000
Unlisted shares, at cost	**15,390**	15,417
Share of post-acquisition results	**(4,538)**	(5,042)
	10,852	10,375
Amount due to an associate	**(3,854)**	–
Deregistration of an associate	**(137)**	–
	6,861	10,375

a) At 31 March 2013 and 2012, the Group had interests in the following associates:

Name of associates	Place of incorporation and operation	Principal activities	Particulars of issued and paid up capital	Interest held (Indirect) 2013	2012
Guangdong Lian Kang Biological and Pharmaceutical Limited 廣東聯康生物與醫藥研究院	The PRC	Research and development of pharmaceutical products	Contributed capital of RMB20,000,000	**45%***	45%*
Dongguan Kang An Biological Limited 東莞市康安生物技術開發有限公司	The PRC	Research and development of pharmaceutical products	Contributed capital of RMB10,000,000	**–**	35%

At 31 March 2013, Dongguan Kang An Biological Limited was deregistered.

b) The results of Guangdong Lian Kang Biological and Pharmaceutical Limited ("the associate") incorporated into the Group's consolidated financial statements made up to 31 December 2012. This was the financial reporting date established when the associate established. For the purpose of applying equity accounting, the financial statements of the associate for the year ended 31 December 2012 have been used, and appropriate adjustments have been made for the effects of significant transactions between that date and 31 March 2013.

c) The amount due to an associate was unsecured, non-interest bearing and repayable on demand.

25. INTERESTS IN ASSOCIATES *(Continued)*

The summarised financial information in respect of the Group's interest in an associate which are accounted for using the equity method is set out below:

	2013 HK$'000	2012 HK$'000
Total assets	**19,292**	32,277
Total liabilities	**4,046**	6,609
Net assets	**15,246**	25,668
Group's share of net assets of associates	**6,861**	10,735
Total revenue for the year	**–**	–
Total profit (loss) for the year	**1,030**	(4,399)
Group's share of results of associates	**497**	(638)

26. DEPOSIT PAID FOR THE ACQUISITION OF INTANGIBLE ASSETS/PROPERTY, PLANT AND EQUIPMENT

At 31 March 2013, deposits paid for the acquisition of intangible assets relates to the purchase of technical know-how. The carrying amount at 31 March 2013 was approximately Nil (2012: HK$51,998,000), net of accumulated impairment losses of approximately HK$8,513,000 (2012: HK$6,812,000).

At 31 March 2013, the carrying amounts of deposits paid for the acquisition of property, plant and equipment relates to the purchase of plant and equipment for the expansion of production facilities. The carrying amount at 31 March 2013 was approximately HK$22,448,000 (2012: HK$18,628,000), net of accumulated impairment losses of approximately Nil (2012: HK$5,362,000).

27. INVENTORIES

	The Group	
	2013 HK$'000	2012 HK$'000
Raw materials	**1,030**	2,630
Work in progress	**2,560**	902
Finished goods	**1,334**	4,275
	4,924	7,807

28. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade receivable	**23,795**	24,030	**–**	–
Less: Impairment loss recognised	**(3,394)**	(6,789)	**–**	–
	20,401	17,241	**–**	–
Other receivables and prepayments	**28,568**	10,616	**512**	507
Less: Impairment loss recognised	**(775)**	(775)	**–**	–
	27,793	9,841	**512**	507
	48,194	27,082	**512**	507

i) The Group allows an average credit period of 120 days to its customers. In addition, for certain customers with long-established relationship and good past repayment histories, a longer credit period may be granted.

ii) An aged analysis of trade receivables, net of impairment loss recognised, presented based on transaction date is as follows:

	The Group	
	2013	2012
	HK$'000	HK$'000
Within 30 days	**5,803**	4,142
31 – 60 days	**4,934**	4,644
61 – 90 days	**4,314**	4,055
Over 90 days	**5,350**	4,400
	20,401	17,241

28. TRADE AND OTHER RECEIVABLES *(Continued)*

iii) Aging analysis of trade receivables which were past due but not impaired are as follows:

	The Group			
			Past due but not impaired	
	Total HK$'000	Neither past due nor impaired HK$'000	Not more than one month past due HK$'000	Over one month past due HK$'000
At 31 March 2013	**20,041**	**16,893**	**2,503**	**1,005**
At 31 March 2012	17,241	13,898	1,218	2,125

Trade receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Included in the Group's trade receivables are debtors with aggregate carrying amount of approximately HK$3,508,000 (2012: HK$3,343,000) which were past due at the reporting date for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and the amounts are still considered fully recoverable. The Group does not hold any collateral over these balances.

iv) Movements in the impairment losses recognised in respect of trade receivables are as follows:

	The Group	
	2013 **HK$'000**	2012 HK$'000
At the beginning of the year	**6,789**	7,071
Recognised during the year	**–**	1,097
Reversal of impairment losses	**(3,399)**	(1,638)
Exchange realignment	**4**	259
At the end of the year	**3,394**	6,789

v) Movements in the impairment losses recognised in respect of other receivables are as follows:

	The Group	
	2013 **HK$'000**	2012 HK$'000
At the beginning of the year	**12,949**	26,628
Written off as uncollectible	**(3,655)**	(14,687)
Exchange realignment	**(6)**	1,008
At the end of the year	**9,288**	12,949

29. AMOUNTS DUE FROM (TO) ASSOCIATES

The amounts due are unsecured, non-interest bearing and repayable on demand.

30. BANK BALANCES AND CASH

The Group and the Company

i) For the two years ended 31 March 2013, bank balances represented short-term deposits with a maturity of three months or less. The interest rates ranged from 0.01% to 0.4% per annum (2012: 0.01% to 0.5% per annum).

ii) The carrying amounts of the Group's and the Company's bank balances and cash denominated in currencies other than the functional currency of the relevant group entities are set out below:

	The Group		The Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
HK$	**1,363**	362	**2,020**	1,036

31. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payables	**1,015**	5,897	**–**	–
Accrued charges and other payables	**23,458**	15,022	**2,861**	903
	24,473	20,919	**2,861**	903

(i) The average credit period on purchases of goods is 120 days (2012: 120 days). The Group has in place financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

(ii) An aged analysis of the trade payables at the end of the reporting period based on transaction date is as follows:

	The Group	
	2013	2012
	HK$'000	HK$'000
Within 30 days	**315**	886
31–60 days	**99**	357
61–90 days	**266**	289
Over 90 days	**335**	4,365
	1,015	5,897

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32. AMOUNTS DUE TO DIRECTORS

The amounts due are unsecured, non-interest bearing and repayable on demand.

33. BORROWINGS

	The Group	
	2013	2012
	HK$'000	HK$'000
Secured		
Bank loans	**32,012**	39,467
Other loans	**96,200**	46,200
Unsecured		
Other loans	**1,601**	1,603
	129,813	87,270

At 31 March 2013 and 2012, total current and non-current bank loans and other borrowings were repayable as follows:

	The Group	
	2013	2012
	HK$'000	HK$'000
Bank loans repayable:		
Within 1 year or on demand	**32,012**	34,534
After 1 year but within 2 years	**–**	4,933
	32,012	39,467
Other loans repayable:		
Within 1 year or on demand	**–**	1,603
After 1 year but within 2 years	**97,801**	–
After 2 years but within 5 years	**–**	46,200
	129,813	87,270
Less: Amount due within 1 year shown under current liabilities	**(32,012)**	(36,137)
	97,801	51,133

(i) Bank loans bear interest at variable rates by reference to the People's Bank of China's lending rate, ranging from 5.9% to 6.9% per annum.

33. BORROWINGS *(Continued)*

(ii) Except for the other loan of HK$1,601,000 (2012: HK$1,603,000), which is interest-free, unsecured and will be repayable within one year, the other loan of HK$96,200,000 (2012: HK$46,200,000) is bearing interest at 6% (2012: 6%) per annum, secured and will be repayable in May 2014.

At 31 March 2013, the other loan amounted to HK$96,200,000 (2012: HK$46,200,000) are guaranteed by the Company and its subsidiaries, Figures Up Trading Limited ("Figures up"), Nan Hoo Properties Limited ("Nan Hoo") and Zethanel Properties Limited ("Zethanel") as guarantors and secured by way of first fixed charges on the entire equity shares of Figures up, Nan Hoo and Zethanel in favour of an independent third party as the collateral to the loan facility of HK$300,000,000 (2012: HK$300,000,000) provided to the Group (Note 41).

(iii) In the opinion of the directors, the carrying amounts of the Group's current and non-current bank loans and other borrowings approximate their fair values.

(iv) Included in bank loans and other borrowings are the following amounts denominated in a currency other than the functional currency of the Group to which they relate.

	The Group	
	2013	2012
	HK$'000	HK$'000
HK$	**96,200**	46,200

34. DEFERRED TAX LIABILITIES

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

	The Group Fair value adjustment on investment properties	
	2013	2012
	HK$'000	HK$'000
At the beginning of the year	**1,277**	784
Exchange realignment	**(3)**	37
Charged to the consolidated statement of comprehensive income	**168**	456
At the end of the year	**1,442**	1,277

At 31 March 2013, the Group has unrecognised tax loss of HK$659,453,000 (2012: HK$610,882,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profits streams. The losses will expire within five years.

Under the EIT Law of PRC, withholding tax is imposed on dividends in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards (the "Post-2008 Earnings"). Deferred taxation has not been provided for in the consolidation financial statements in respect of temporary difference attributable to the "Post-2008 Earnings" as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

35. SHARE CAPITAL

(a)

	Number of shares	Value HK$'000
Ordinary share of HK$0.01 each		
Authorised:		
At 1 April 2011 and 31 March 2012 and 2013	500,000,000,000	5,000,000
Issued and fully paid:		
At 1 April 2011 and 31 March 2012 and 2013	1,304,846,293	13,048

(b) Reserves of the Company

	Share premium HK$'000	Share-based payments reserve HK$'000	Distributable reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2011	322,492	48,147	1,291,798	(890,880)	771,557
Share option lapsed during the year	–	(6,610)	–	6,610	–
Total comprehensive expenses for the year	–	–	–	(49,237)	(49,237)
At 31 March 2012	322,492	41,537	1,291,798	(933,507)	722,320
Total comprehensive expenses for the year	–	–	–	(5,206)	(5,206)
At 31 March 2013	322,492	41,537	1,291,798	(938,713)	717,114

36. SHARE OPTIONS

Under the share option scheme (the "2001 Scheme") approved by the shareholders on 22 October 2001, the directors of the Company may, as its discretion, invite directors and employees of the Group to take up options to subscribe for shares in the Company representing up to 30 per cent of the issued share capital of the Company from time to time.

The subscription price for the shares in relation to options to be granted under the 2001 Scheme shall be determined by the Board and shall be at least the highest of (i) the nominal value of shares of the Company; (ii) the closing price of shares on the date of grant (the "Offer Date"); and (iii) the average closing price of the shares for the five business days immediately preceding the Offer Date. The options are exercisable within 10 years from the Offer Date.

Pursuant to ordinary resolutions passed by the shareholders of the Company on 22 September 2006, the Company terminated the 2001 Scheme and adopted a new share option scheme (the "2006 Scheme").

36. SHARE OPTIONS *(Continued)*

Under the 2006 Scheme, which is valid for a period of ten years, the board of directors of the Company may, at its discretion grant options to subscribe for shares in the Company to eligible participants ("Eligible Participants") who contribute to the long-term growth and profitability of the Company. Eligible Participants include (i) any employee (whether full-time or part-time including any executive director but excluding any non-executive director) (the "Eligible Employee") of the Company, any of its subsidiaries or any entity ("Invested Entity") in which any member of the Group holds an equity interest; (ii) any non-executive director (including independent non-executive director) of the Company, any of its subsidiaries or any Invested Entity; (iii) any supplier of goods or services to any member of the Group or any Invested Entity; (iv) any customer of any member of the Group or any Invested Entity; (v) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity; (vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; (vii) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and (viii) any other group or class of participants who has contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group. The subscription price for the Company's shares shall be a price at least equal to the highest of the nominal value of the Company's shares, the average of the closing prices of the Company's shares quoted on the Stock Exchange on the 5 trading days immediately preceding the date of an offer of the grant of the options and the closing price of the Company's shares quoted on the Stock Exchange on the date of an offer of the grant of the options. The options must be taken up within 28 days from the date of grant upon payment of HK$1 and are exercisable over a period to be determined and notified by the directors to each grantee, which period may commence from the date of acceptance of the offer of the grant of the options but shall end in any event not later than 10 years from the date of adoption of the 2006 Scheme.

The total number of the Company's shares which may be issued upon exercise of all options to be granted under the 2006 Scheme and any other schemes of the Group (excluding options lapsed in accordance with the terms of the 2006 Scheme and any other schemes of the Group) must not in aggregate exceed 10% of the Company's shares in issue as at the date of adoption of the 2006 Scheme. The limit on the number of the Company's shares which may be issued upon exercise of all outstanding option granted any yet to be exercised under the 2006 Scheme and any other schemes of the Group must not exceed 30% of the Company's shares in issue from time to time. The total number of the Company's shares issued and to be issued upon exercise of the options granted to each grantee (including both exercised and outstanding options) under the 2006 Scheme or other schemes of the Group in any 12-month period up to the date of grant must not exceed 1% of the Company's shares in issue at the date of grant unless approved by the Company's shareholders in general meeting.

The directors consider the 2006 Scheme, with its broadened basis of participation, will enable the Group to reward the employees, directors and other selected participants for their contributions to the Group and will also assist the Group in its recruitment and retention of high caliber professionals, executives and employees who are instrumental to the growth and stability of the Group. The share options are vested immediately on the date of grant.

Total consideration received during the year from eligible participants for taking up the options granted during the year is Nil (2012: Nil). The consideration is required to be settled within 21 days from the issue of the share option offer.

36. SHARE OPTIONS *(Continued)*

Details of the share option movements during the year ended 31 March 2013 under 2006 Scheme are as follows:

	Number of share options outstanding at 1 April 2011, 31 March 2012 and 2013 '000	Exercise price	Date of grant	Exercise period	Remaining contractual life
Employees	1,551	4.5100	28 January 2008	28 January 2008 to 21 September 2016	3.48 years
Others	4,126	4.5100	28 January 2008	28 January 2008 to 21 September 2016	3.48 years
Others	73,500	1.000	26 May 2009	26 May 2009 to 21 September 2016	3.48 years
	79,177				
Exercisable at the end of the year	79,177				
Weighted average exercise price (HK$)	1.2517				

37. PLEDGE OF ASSETS

At the end of the reporting period, the details of assets of the Group pledged to secure borrowing facilities were as follows:

a) Bank loans

	The Group	
	2013 HK$'000	2012 HK$'000
Leasehold buildings in the PRC	**20,664**	23,603
Investment properties	**9,849**	9,268
Prepaid lease payments	**14,217**	14,939
	44,730	47,810

b) Other loans

The entire issued shares of Nan Hoo, Zethanel and Figures Up were pledged to an independent third party to secure the loan amount of HK$96,200,000 (2012: HK$46,200,000).

38. CAPITAL COMMITMENTS

	The Group	
	2013	2012
	HK$'000	HK$'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
– purchase of technical know-how	**–**	4,132
– purchase of property, plant and equipment	**6,293**	12,324
	6,293	16,456

39. OPERATING LEASE

The Group as lessor

Property rental income earned during the year ended 31 March 2013 was approximately HK$1,903,000 (2012: HK$1,625,000). The investment properties generated rental yield of 8% (2012: 7%) on an ongoing basis. The investment properties held have committed tenants for the next one to two years (2012: one to two years).

At the end of the reporting period, the Group had contracted with tenants for the following minimum lease payments:

	2013	2012
	HK$'000	HK$'000
Within one year	**1,522**	1,436
In the second to fifth years inclusive	**916**	2,125
	2,438	3,561

The Group as lessee

The Group leases certain of its office premises under operating lease arrangements. Leases are negotiated for a term ranging from one to two years. The Group does not have an option to purchase the leased asset at the expiry of the lease period.

At the end of reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of the office premises which fall due are as follows:

	2013	2012
	HK$'000	HK$'000
Within one year	**671**	1,606
In the second to fifth years inclusive	**1,923**	1,932
	2,594	3,538

40. RELATED PARTY TRANSACTIONS

(a) The balances with related parties at the end of the reporting period are disclosed elsewhere in the consolidated financial statements.

(b) **Key management compensation**

The key management personnel of the Group comprises all the directors of the Company and the five highest paid individuals. Details of compensation of directors and the five highest paid individuals are included in Note 17.

41. CONTINGENT LIABILITIES

At 31 March 2013, contingent liabilities were as follows:

	2013 **HK$'000**	2012 HK$'000
Guarantee given to an independent third party for the loan facility provided to:		
Subsidiaries	**300,000**	300,000
and utilised by:		
Subsidiaries	**96,200**	46,200

The Group has not recognised any deferred income for the guarantee given in respect of other borrowings for subsidiaries as their fair value cannot be reliably measured and their transaction price was Nil (2012: Nil).

42. COMPARATIVE INFORMATION

The comparative figures of the consolidated statement of financial position at 31 March 2012 were restated due to the reclassification of deposit paid for the acquisition of intangible assets of approximately HK$51,998,000 and deposit paid for acquisition of property, plant and equipment of approximately HK$18,628,000 from other receivables which by nature should be non-current.

43. EVENTS AFTER THE REPORTING PERIOD

On 8 May 2013, the Company completed the placement of 260,000,000 ordinary shares at a placing price of HK$0.15 per share. The net proceeds from the placement of approximately HK$38,000,000 will be used as general working capital of the Group.

Five Year Financial Summary

A summary of the consolidated results and of the assets and liabilities of the Group for the past five financial periods is set out below:

RESULTS

	For the year ended 31 March				
	2013	2012	2011	2010	2009
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Turnover	**83,333**	57,026	76,764	148,286	526,270
Loss before taxation	**(68,263)**	(102,408)	(182,750)	(450,471)	(455,212)
Income tax expense	**(1,045)**	(456)	(2,406)	(4,182)	(53,111)
Loss for the year	**(69,308)**	(102,864)	(185,156)	(454,653)	(508,323)
Attributable to:					
Owners of the Company	**(69,308)**	(102,864)	(185,156)	(454,653)	(508,323)
Loss for the year	**(69,308)**	(102,864)	(185,156)	(454,653)	(508,323)

ASSETS AND LIABILITIES

	At 31 March				
	2013	2012	2011	2010	2009
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**873,939**	896,695	921,834	1,110,870	1,447,591
Total liabilities	**(174,431)**	(129,393)	(74,030)	(86,212)	(158,544)
Equity	**699,508**	767,302	847,804	1,024,658	1,289,047

Particulars of Investment Property

Location	Type	Lease term
5th Floor and a portion of 3rd and 4th floor, no. 7 Keji Central, 1st Road, Nanshan District, Shenzhen, The People's Republic of China	Industrial	Short-term lease
Building 1, a portion of 2nd floor, 7 Xinghuo Street, Changping Sector of Zhongguancun Science Park, Changping District, Beijing, The People's Republic of China	Industrial	Medium-term lease
Building 2, 3rd floor and a portion of 2nd floor, 7 Xinghuo Street, Changping Sector of Zhongguancun Science Park, Changping District, Beijing, The People's Republic of China	Industrial	Medium-term lease