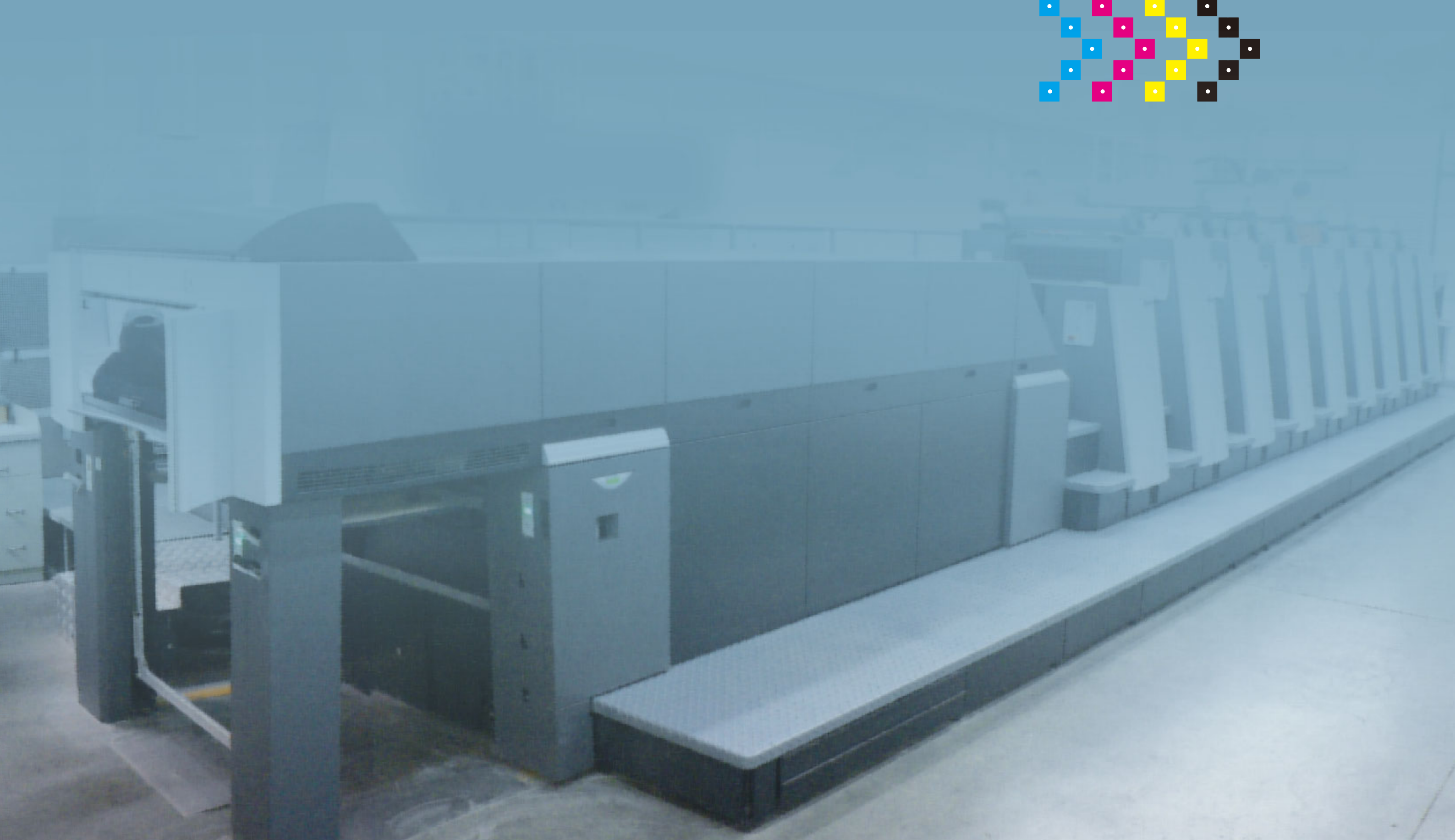
新洲印刷集團有限公司
NEW ISLAND PRINTING HOLDINGS LIMITED
(Stock Code 股份代號：377)

2013

Annual Report 年報



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EXECUTIVE DIRECTORS

Mr. Suen Cho Hung, Paul
(Chairman)
Mr. Lo Ming Chi, Charles
(Chief Executive Officer)
Ms. Chan Yuk Yee

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Wong Yun Kuen
Mr. Pun Chi Ping
Mr. Ip Man Tin, David

COMPANY SECRETARY

Mr. Sinn Wai Kin, Derek

AUDIT COMMITTEE

Mr. Pun Chi Ping, *Chairman*
Dr. Wong Yun Kuen
Mr. Ip Man Tin, David

REMUNERATION COMMITTEE

Mr. Ip Man Tin, David, *Chairman*
Dr. Wong Yun Kuen
Mr. Pun Chi Ping
Mr. Lo Ming Chi, Charles

NOMINATION COMMITTEE

Dr. Wong Yun Kuen, *Chairman*
Mr. Lo Ming Chi, Charles
Mr. Pun Chi Ping
Mr. Ip Man Tin, David

SOLICITORS

Chiu & Partners Solicitors

AUDITOR

Grant Thornton Hong Kong Limited

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
Wing Hang Bank Limited
Australia and New Zealand Banking Group Limited

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE

25th Floor
Excel Centre
483A Castle Peak Road
Cheung Sha Wan
Kowloon
Hong Kong

HONG KONG SHARE REGISTRAR

Union Registrars Limited
18th Floor
Fook Lee Commercial Centre
Town Place
33 Lockhart Road
Wanchai
Hong Kong

STOCK CODE

377

WEBSITE

http://www.newisland.com

BIOGRAPHY OF DIRECTORS

Executive Directors

Mr. Suen Cho Hung, Paul, aged 52, joined as an Executive Director of the Company in September 2012, is the Chairman of the Company. Mr. Suen holds a Master of Business Administration degree from the University of South Australia. Mr. Suen has extensive experience in managing metal, minerals and raw materials, electrical and electronic consumer products, energy and property business ventures as well as in strategic planning and corporate management of business enterprises in Hong Kong and the People's Republic of China. Mr. Suen is also a substantial shareholder, an executive director and the chairman of Poly Capital Holdings Limited (stock code: 1141) ("Poly Capital"), a controlling shareholder, an executive director and the chairman of BEP International Holdings Limited (stock code: 2326) and a controlling shareholder of China Tycoon Beverage Holdings Limited (stock code: 209) ("China Tycoon"). Mr. Suen is also a controlling shareholder and a non-executive director of Sunlink International Holdings Limited (stock code: 2336) ("Sunlink"). All of the above companies are listed companies in Hong Kong.

Mr. Lo Ming Chi, Charles, aged 63, joined as an Executive Director of the Company in September 2010, is the Chief Executive Officer of the Company. Mr. Lo is also a member of the Remuneration Committee and Nomination Committee of the Company and a director of several subsidiaries of the Company. He is a certified practicing accountant of the CPA Australia and is a fellow member of the Financial Services Institute of Australasia. Mr. Lo has extensive experience in financial and investment services in Australia, Hong Kong and other Asian countries. Mr. Lo is also an executive director, deputy chairman and chief executive officer of China Tycoon and an independent non-executive director of CASH Financial Services Group Limited (stock code: 510) and Carrianna Group Holdings Company Limited (stock code: 126). Mr. Lo was an independent non-executive director of New Environmental Energy Holdings Limited (stock code: 3989) until 1st July, 2012. All of the above companies are listed companies in Hong Kong.

Ms. Chan Yuk Yee, aged 45, joined as an Executive Director of the Company in September 2010 and a director of several subsidiaries of the Company. Ms. Chan holds a Master of Business Law degree from Monash University in Australia and is an associate member of both the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators. Ms. Chan has over 10 years of experience in corporate administration and company secretarial practice. Ms. Chan is also an executive director and the company secretary of China Tycoon and the company secretary of Poly Capital and Sunlink, all being listed companies in Hong Kong.

Independent Non-executive Directors

Dr. Wong Yun Kuen, aged 55, joined as an Independent Non-executive Director of the Company in October 2010. Dr. Wong is the Chairman of the Nomination Committee of the Company and also a member of the Audit Committee and Remuneration Committee of the Company. Dr. Wong received a Ph.D. degree from Harvard University, and was "Distinguished Visiting Scholar" at Wharton School of the University of Pennsylvania. Dr. Wong has worked in financial industries in the United States and Hong Kong for many years, and has considerable experience in corporate finance, investment and derivative products. He is a member of the Hong Kong Securities Institute. Dr. Wong is also an executive director of UBA Investments Limited (stock code: 768) and an independent non-executive director of Bauhaus International (Holdings) Limited (stock code: 483), Climax International Company Limited (stock code: 439), Kingston Financial Group Limited (stock code: 1031), Harmony Asset Limited (stock code: 428), Guocang Group Limited (stock code: 559), Kaisun Energy Group Limited (stock code: 8203), Kong Sun Holdings Limited (stock code: 295), China Yunnan Tin Minerals Group Company Limited (stock code: 263), China Sandi Holdings Limited (stock code: 910) and Sincere Watch (Hong Kong) Limited (stock code: 444). Dr. Wong was an independent non-executive director of Hong Kong Life Sciences and Technologies Group Limited (stock code: 8085) until 21st September, 2012. All the companies mentioned above are listed companies in Hong Kong.

BIOGRAPHY OF DIRECTORS *(Continued)*

Independent Non-executive Directors *(Continued)*

Mr. Pun Chi Ping, aged 46, joined as an Independent Non-executive Director of the Company in October 2010. Mr. Pun is also the Chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee of the Company. Mr. Pun holds a Master degree of Science in Finance and a Bachelor degree of Arts in Accountancy, both from the City University of Hong Kong. Mr. Pun is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Pun has extensive experience in corporate finance, accounting and auditing and is the financial controller of Poly Property Group Co., Limited (stock code: 119), a listed company in Hong Kong.

Mr. Ip Man Tin, David, aged 67, joined as an Independent Non-executive Director of the Company in November 2010. Mr. Ip is also the Chairman of the Remuneration Committee of the Company and a member of the Audit Committee and the Nomination Committee of the Company. He holds a Bachelor of Arts Degree and a Master of Public Administration degree. Mr. Ip is a Chartered Marketer and a Certified Management Consultant. He has extensive experience of public administration and public company management in Hong Kong and Britain. He has extensive consultancy experience across industry sectors. Mr. Ip is also the chairman and non-executive director of Upbest Group Limited (stock code: 335), a listed company in Hong Kong.

BIOGRAPHY OF SENIOR MANAGEMENT

Mr. So Wah Sum, Conrad, aged 58, is the Sales Director of New Island Printing Company Limited. Mr. So graduated from the University of Waterloo in Canada with degrees in Environmental Studies and in Arts majoring in economics and accounting. He has obtained a master degree in Business Administration from Deakin University, Australia. Mr. So is a member of the Society of Management Accountants of Canada and also a fellow of Chartered Institute of Management Accountants of United Kingdom. He worked in various departments of a multinational chemical manufacturer in Canada before returning to Hong Kong and joining the Group in 1983.

Mr. Sinn Wai Kin, Derek, aged 54, is the Financial Controller responsible for the financial planning and management of the Group and is the Company Secretary of the Company. Mr. Sinn is a fellow member of the Hong Kong Institute of Certified Public Accountants and has more than 25 year's experience in audit, accounting and financial management. He joined the Group in September 2008.

Mr. Lai Po Wah, Charles, aged 55, is the General Manager of Shanghai New Island Packaging Printing Company Limited. He is responsible for the overall management of the Shanghai operation of the Group. Mr. Lai has over 30 years' experience in the printing industry. He is a graduate of Hong Kong Institute of Vocational Education (Kwun Tong) in printing. He joined the Group since 1986.

Mr. Tee Swee Kan, aged 54, is the Production Director of Dongguan New Island Printing Company Limited. He is responsible for managing the manufacturing operations of the Dongguan plant. He holds a Bachelor of Science degree in Chemistry from Malaysia and is a member of the Institute of Printing (UK). He has more than 20 years of production and operational management experience in the printing industry. Mr. Tee was employed by the Group from September 1990 to August 2002. He rejoined the Group in June 2008.

I am pleased to present the 2012/13 annual results of New Island Printing Holdings Limited (the "Company") and its subsidiaries (together, the "Group").

REVIEW

The principal activities of the Group are (1) printing and manufacturing of high quality multi-colour packaging products, carton boxes, books, brochures and other paper products; (2) provision of brokerage of securities services; (3) provision of finance; and (4) securities investments. The Group recorded turnover of approximately HK$661.6 million for the year ended 31st March, 2013 (2012: HK$634.1 million), there is an increase in turnover for 4.3% from 2011/12 to 2012/13. Gross profit increased by approximately 20.7% to approximately HK$133.8 million for the year ended 31st March, 2013 (2012: HK$110.8 million).

Loss attributable to equity shareholders for the year ended 31st March, 2013 amounted to approximately HK$9.0 million (2012: Profit of HK$19.1 million). Detailed review of the Group's performance is set out in the section headed "Management Discussion and Analysis".

Having considered the continuous challenging environment and to readily grasp other valuable investment opportunities, the Board has resolved to not to propose dividend for the year ended 31st March, 2013.

PROSPECT

During the year under review, the sluggish global economy and the European sovereign debt crisis adversely affecting the printing industries. To encounter the difficulties, the Group proactively implement flexible sales strategies and keen in developing emerging markets. We have an increase of approximately 15% in turnover in the PRC excluding HK during the year which the Group will continue to further exploring the market in the forthcoming years.

As the PRC government policy on raising household income will inevitably increase the production costs, the Group has strategically expanded its manufacturing site in Hunan in order to diversify its production bases and lower the production costs. We will further expand our bases in Hunan or other places in the PRC in order to have a lower production cost in future.

Despite the operating environment of the printing industry continues to be challenging in future years, the Group will continue to boost productivity for improved efficiency by automation, quality and reliability in every respects of our operations.

Over the past year, the management of the Group has ardently explored new investment opportunities. We are considering re-zoning our land in Dalingshan, Dongguan, the PRC after the year under review and considering the opportunity to invest in property sector to diversify the Group's businesses. The Group will also consider acquiring and investing in other properties in Hong Kong and the PRC should appropriate opportunities arise. In this connection, the Group has entered into a preliminary sale and purchase agreement with an independent third party for the acquisition of a property in Hong Kong. Details of the transaction are contained in the announcement of the Company dated 18th June, 2013.

Looking ahead, the management will take a cautious view on the unstable global economy and the Group will continue to strive for opportunity to enhance our shareholders' returns with appropriate investments.

APPRECIATION

Finally, I would like to take this opportunity to extend my gratitude to my fellow directors and all the dedicated staff of the Group for their hard work and contribution during the year. On behalf of the Board, I would also like to express our sincere thanks to the Group's shareholders, investors, customers, bankers and business associates for their continued support.

Suen Cho Hung, Paul
Chairman

Hong Kong, 26th June, 2013

BUSINESS REVIEW AND OUTLOOK

Despite the macroeconomic environment being clouding with uncertainties, the Group reported turnover of approximately HK$661.6 million for the year under review ("Review Year"), which mainly comprised of turnover from sales of printing products of approximately HK$655.0 million, provision of brokerage of securities services approximately HK$6.4 million and provision of finance approximately HK$0.2 million. The sale of printing products slightly increased by approximately 3.3% compared to approximately HK$634.1 million for the last corresponding year ("Corresponding Year") for which the sales to PRC exclude HK representing a growth of 15.1%. Attributable not only to the continued strategic efforts made in developing the customer base in PRC, but also the Group's renowned strength in producing delicate packaging products, which further reflects the superior market position of the Group and appropriate business strategy adopted.

Gross profit margin has risen to approximately 20.2% during the Review Year from approximately 17.5% during the Corresponding Year. Gross profit increased by approximately 20.7% to approximately HK$133.8 million for the Review Year, it mainly contributed to our prudent cost control, improved efficiency by automation and the shifting production site to a lower production cost.

In line with the increase in turnover, selling and distribution costs during the Review Year increased by approximately 14.3% to approximately HK$43.7 million, standing at approximately 6.6% of turnover, it is due to freight with different terms of sales and increase in parallel with increase of sale, increase of commission and additional staff cost for business development. Notwithstanding stringent cost control measures adopted by the Group under difficult operating conditions, having accounted for the increase in payment to local authorities, one-off property tax paid in addition to the inclusion of administrative cost of the subsidiaries acquired during the year under review, administrative expenses have increased by approximately 11.0% to approximately HK$74.5 million during the Review Year.

Finance costs increased by approximately 5.9% to approximately HK$2.2 million. It was due to increase of interest rate from our bankers during the year under review.

The substantial decrease in fair values of listed trading securities due to the substantial decrease in the market prices of certain listed securities held by the Group recorded a substantial unrealized loss of approximately HK$16.2 million during the Review Year, which has been accounted in other net (loss)/gain where as there is no one-off gain recognized by the Group for the year from the disposal of land and buildings amounted to approximately HK$13.9 million recorded in the Corresponding Year.

As a result of the combined effects of the foregoing, loss before tax for the Review Year increased to approximately HK$2.9 million. Accordingly, income tax expense increased to approximately HK$6.3 million during the Review Year from approximately HK$5.5 million during the Corresponding Year. As a result, profit attributable to equity shareholders in Corresponding Year reduced to loss of approximately HK$9.0 million for the Review Year.

During the Review Year, the Group acquired 70% equity interest in CEPA Alliance Holdings Limited ("CEPA Holdings") and its subsidiaries ("CEPA Group"). CEPA Group was acquired so as to diversify the business of the Group and enhance the return to the equity shareholders of the Company.

BUSINESS REVIEW AND OUTLOOK *(Continued)*

With the global economic slowdown going on, the Review Year was a year of significant volatility with large degree of uncertainties in the external environment including the weak economic situation in Europe. Meanwhile, the change in economic focus and policy in the PRC to domestic consumption in respond to the darkening global economy will undoubtedly further translate into additional cost pressure of the Group. On the other hand, recently sign of recovery in the U.S. market and domestic demand indicates that the manufacturing sector may produce positive promotion of economic growth in future. In the midst of uncertainties, the Group will seize the opportunity to enlarge its profit results and to capture any valuable investment opportunities with all its effort in appropriate opportunity so as to maximize its value added to shareholders. Consequently, the Group is considering re-zoning the land site of its factory in Dalingshan, Dongguan, the PRC after the year under review and considering the opportunity to invest in property sector to diversify the Group's businesses. The Group will also consider acquiring and investing in other properties in Hong Kong and the PRC should appropriate opportunities arise. In this connection, the Group has entered into a preliminary sale and purchase agreement with an independent third party for the acquisition of a property in Hong Kong. Details of the transaction are contained in the announcement of the Company dated 18th June, 2013.

CAPITAL STRUCTURE

As at 31st March, 2013, the Group had bank borrowings denominated in Hong Kong dollars, totaling approximately HK$103.2 million (2012: HK$90.0 million). Of these borrowings, approximately HK$44.7 million (2012: HK$43.2 million) were secured by fixed assets with an aggregate carrying value of approximately HK$75.3 million (2012: HK$76.9 million).

As at 31st March, 2013, the Group had total equity of HK$502.5 million (2012: HK$492.8 million).

LIQUIDITY AND LEVERAGE

As at 31st March, 2013, the Group had current assets of HK$380.0 million (2012: HK$339.5 million) comprising cash and cash equivalents of HK$87.1 million (2012: HK$88.7 million), and current liabilities of HK$234.1 million (2012: HK$210.4 million). The Group's current ratio (defined as current assets divided by current liabilities) was at a healthy ratio of 1.6 (2012: 1.6).

The Group's gearing ratio is defined by its net debt-to-capital ratio (defined as total interest-bearing borrowings less cash and cash equivalents divided by total equity) of the Group as at 31st March, 2013 which was approximately 3.2% (2012: 0.2%).

The Directors are of the opinion that the Group will be able to generate adequate cash flow from its operations and to secure necessary facilities from the banks to meet its ongoing obligations and commitments.

CAPITAL INVESTMENTS

During the Review Year, the Group expended a total of approximately HK$26.2 million (2012: HK$116.9 million) on fixed asset investments, of which approximately HK$6.8 million (2012: HK$84.0 million) was on land and buildings. These fixed asset investments and the daily operating activities of the Group were funded by retained earnings, bank borrowings and by the cash flows generated from the Group's operations.

FOREIGN CURRENCY MANAGEMENT

The monetary assets and liabilities and business transactions of the Group are mainly carried and conducted in Hong Kong Dollars, Renminbi and US Dollars. The Group maintained a prudent position in its foreign currency risk management. To a large extent, foreign exchange risks were minimized by matching the foreign currency monetary assets versus the corresponding currency monetary liabilities, and foreign currency revenues versus the corresponding currency expenditures.

CORPORATE GOVERNANCE PRACTICES

The Board of Directors of the Company (the "Board") believes that good corporate governance practices are increasingly important for maintaining and promoting the confidence of shareholders of the Company (the "Shareholders"). The Company is committed to ensuring a high standard of corporate governance. The Board will review the corporate governance practices of the Company and its subsidiaries (the "Group") from time to time to ensure that they reflect the latest development and meet the expectations of the Shareholders.

The Company has applied the principles and complied with the code provisions of the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("HKEx") (the "Listing Rules") for the year ended 31st March, 2013.

Before Mr. Suen Cho Hung, Paul has been appointed as the Chairman of the Company on 12th September, 2012, Mr. Lo Ming Chi, Charles had been appointed as the Chairman and Chief Executive Officer of the Company. The corresponding deviation in *Code Provision A.2.1 — Chairman and Chief Executive Officer* (the "Code Provision") is explained below.

The Code Provision of the CG Code stipulates that the roles of chairman and chief executive officer (the "CEO") should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO should be clearly established and set out in writing. The Company has deviated from the Code Provision in this respect in that Mr. Lo Ming Chi, Charles was both the chairman and CEO of the Company. Since the appointment of Mr. Suen Cho Hung, Paul as the Chairman of the Company on 12th September, 2012. However, the said deviation was rectified accordingly.

BOARD OF DIRECTORS

The Board is responsible for establishing strategic directions, setting objectives and business plans and monitoring performance. The management is responsible for the day-to-day management and operations of their respective individual business units.

The Board has established a schedule of matters specifically reserved to the Board for its decisions and those reserved for the management. The Board reviews this schedule from time to time to ensure that it remains appropriate to the needs of the Group.

As at the date of this report, the Board comprises 3 Executive Directors, namely Mr. Suen Cho Hung, Paul (Chairman), Mr. Lo Ming Chi, Charles (Chief Executive Officer) and Ms. Chan Yuk Yee and 3 Independent Non-executive Directors, namely Dr. Wong Yun Kuen, Mr. Pun Chi Ping and Mr. Ip Man Tin, David. The biographical details of the Directors are set out under the section headed "Biography of Directors" on pages 3 to 4 of this annual report. The list of Directors and their respective role and function are currently available on the Group's website at http://www.newisland.com and on HKEx's website at http://www.hkex.com.hk.

Each of the Independent Non-executive Directors has entered into an appointment letter with the Company pursuant to which each of them is appointed for service with the Company for a period of one year. The appointment shall be automatically renewed for successive terms of one year unless terminated by either party in writing prior to the expiry of the term.

BOARD OF DIRECTORS *(Continued)*

Save as the common directorship of Mr. Lo Ming Chi, Charles and Ms. Chan Yuk Yee in China Tycoon Beverage Holdings Limited ("China Tycoon") and Mr. Lo Ming Chi, Charles is an executive director and the chief executive officer of China Tycoon (of which Mr. Suen Cho Hung, Paul, an executive director and the chairman of the Company, is a controlling shareholder) as disclosed in the "Biography of Directors", there is no financial, business, family or other material/relevant relationship among members of the Board.

The Company has received from each of the Independent Non-executive Directors an annual confirmation in writing of his independence and is satisfied that each of them continues to be independent in accordance with the requirements of the Listing Rules.

The Company will provide a comprehensive, formal and tailored induction to each newly appointed Director on his/her first appointment in order to enable him/her to have appropriate understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. Directors are continually updated on developments in the statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities. The Company has provided timely technical updates, including the briefing on the amendments on the Listing Rules and the news release published by the Stock Exchange to the Directors. Continuing briefing and professional development for Directors are arranged where necessary.

The full Board meets no less than four times a year to review, inter alia, the financial and operational performance of the Group. Additional Board meetings are held when necessary. Due notice and Board papers are given to all Directors prior to a meeting in accordance with the Listing Rules and the Code. The Board has established a procedure to enable Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances at the Company's expenses. Appropriate insurance policy and cover for directors have been arranged as well.

There were four regular Board meetings and one annual general meeting held in the year ended 31st March, 2013. The attendance record of each Director at the regular Board meetings and general meeting is shown below. All business transacted at the above meetings has been duly documented and is maintained in accordance with applicable laws and regulations.

Directors	**Attendance of full Board meetings**	**Attendance of general meeting**
Executive Directors:		
Mr. Suen Cho Hung, Paul *(Chairman, appointed on 12th September, 2012)*	1/4	0/1
Mr. Lo Ming Chi, Charles	4/4	1/1
Ms. Chan Yuk Yee	4/4	1/1
Independent Non-executive Directors:		
Dr. Wong Yun Kuen	4/4	1/1
Mr. Pun Chi Ping	4/4	1/1
Mr. Ip Man Tin, David	4/4	1/1

REMUNERATION COMMITTEE

The Remuneration Committee was established in 2005 pursuant to the recommendations of the Code. The Remuneration Committee is governed by its terms of reference, which have been revised by the Board on 27th March, 2012. The terms of reference are currently available on the Group's website at http://www.newisland.com and on HKEx's website at http://www.hkex.com.hk.

The Remuneration Committee now consists of 4 members, namely Mr. Ip Man Tin, David, who is the chairman of the Remuneration Committee, Mr. Lo Ming Chi, Charles, Dr. Wong Yun Kuen and Mr. Pun Chi Ping. The majority of the members of the Remuneration Committee are Independent Non-executive Directors.

The Company aims to design a remuneration policy that attracts and retains executives needed to run the Group successfully and to motivate executives to pursue appropriate growth strategies of the Group while at the same time taking into account the performance of the individuals. The remuneration should reflect, inter alia, the performance and responsibilities of the individuals; and the remuneration packages are structured to include salary, bonus and other benefits to provide incentives to directors and senior management of the Group and to improve their individual performance.

The roles and functions of the Remuneration Committee include the formulation and review of the recommendation to the Board on the remuneration policy as well as the determination of the specific remuneration packages of the Executive Directors and the Group's senior management. No Director or any of his associates is involved in deciding his own remuneration.

For the year ended 31st March, 2013, the remuneration of individual directors is disclosed by name in note 7 to the financial statements, while the remuneration of senior management (comprising of individuals with biographical details disclosed in the section headed "Biography of Senior Management") is disclosed by bands as follows:

	2013 ***Number of individuals***	2012 *Number of individuals*
Nil to HK$1,000,000	**–**	1
HK$1,000,001 to HK$1,500,000	**5**	4
	5	5

The Remuneration Committee met 2 times during the year ended 31st March, 2013 and the work carried out by the Remuneration Committee included the following:

— reviewed the remuneration policy of the Group; and

— reviewed the specific remuneration packages of the Executive Directors and senior management of the Group for the year ended 31st March, 2013.

The attendance record of each member of the Remuneration Committee is shown below. All business transacted at the above meetings has been duly documented and is maintained in accordance with applicable laws and regulations.

Remuneration Committee Members	**Attendance**
Mr. Ip Man Tin, David *(Chairman)*	2/2
Mr. Lo Ming Chi, Charles	2/2
Dr. Wong Yun Kuen	2/2
Mr. Pun Chi Ping	2/2

NOMINATION COMMITTEE

On 27th March, 2012, the Board established a Nomination Committee pursuant to the recommendations of the Code. The Nomination Committee is governed by its terms of reference, which have been adopted by the Board on 27th March, 2012. The terms of reference of the Nomination Committee are currently available on the Group's website at http://www.newisland.com and HKEx's website at http://www.hkex.com.hk.

The Nomination Committee consists of 4 members, namely Dr. Wong Yun Kuen, who is the chairman of the Nomination Committee, Mr. Lo Ming Chi, Charles, Mr. Pun Chi Ping and Mr. Ip Man Tin, David. The majority of the members of the Nomination Committee are Independent Non-executive Directors.

The primary duty of the Nomination Committee is making recommendations to the Board on appointment and removal of directors and management of Board succession.

The Nomination Committee has considered the past performance, qualification, general market conditions and the Company's Bye-laws in selecting and recommending directors for retirement rotation. The Nomination Committee resolved that all the existing directors should be recommended to remain in office by the Company. Further, in accordance with the Company's Bye-laws, Mr. Suen Cho Hung, Paul, Mr. Lo Ming Chi, Charles and Mr. Ip Man Tin, David would retire, and being eligible, would offer themselves for re-election at the forthcoming annual general meeting of the Company.

Two meetings have been convened in which the establishment of the Nomination Committee was resolved during the year ended 31st March, 2013. At the same meeting, all members of Nomination Committee are present and performed the work including the following:

— reviewed the structure, size and composition of the Board;

— identifying individuals qualified to become board members and select or make recommendations to the board on the selection of individuals nominated for directorships; and

— assess the independence of independent non-executive directors.

The attendance record of each member of the Nomination Committee in the aforesaid meeting is shown below. All business transacted at the above meeting has been duly documented and is maintained in accordance with applicable laws and regulations.

Nomination Committee Members	**Attendance**
Dr. Wong Yun Kuen *(Chairman)*	2/2
Mr. Lo Ming Chi, Charles	2/2
Mr. Pun Chi Ping	2/2
Mr. Ip Man Tin, David	2/2

AUDIT COMMITTEE

The Audit Committee was established in 2004 pursuant to the recommendations of the Code. The Audit Committee is governed by its terms of reference, which have been revised by the Board on 27th March, 2012. The terms of reference are currently available on the Group's website at http://www.newisland.com and on HKEx's website at http://www.hkex.com.hk.

The Audit Committee now consists of 3 members, namely Mr. Pun Chi Ping, who is the chairman of the Audit Committee, Dr. Wong Yun Kuen and Mr. Ip Man Tin, David. All are Independent Non-executive Directors, of which Dr. Wong Yun Kuen and Mr. Pun Chi Ping are with appropriate professional qualification with accounting or related financial expertise. No member of the Audit Committee is a member of the former or existing auditor of the Company.

The roles and functions of the Audit Committee include the review of the financial statements of the Company, the oversight of corporate governance, financial reporting and internal control procedures of the Group as well as the review of the Group's relationship with the external auditor of the Company.

The Audit Committee met 2 times during the year ended 31st March, 2013 and the work carried out by the Audit Committee included the following:

— reviewed the audited consolidated financial statements of the Group for the year ended 31st March, 2012;

— reviewed the unaudited interim financial statements of the Group for the six months ended 30th September, 2012;

— reviewed and discussed with the Company's external auditor in respect of the audit plan for the consolidated financial statements of the Group for the year ended 31st March, 2013;

— reviewed and discussed with the senior management of the Group and the external auditor of the Company major accounting, audit and internal control issues;

— reviewed and discussed with the senior management of the Group the corporate governance practices and compliance issues of the Group;

— reviewed the independence and objectivity of the external auditor of the Company;

— monitored the non-audit services undertaken by the Company's external auditor or their affiliates; and

— reviewed and approved the remuneration and terms of engagement of the external auditor of the Company.

The attendance record of each member of the Audit Committee is shown below. All business transacted at the above meetings has been duly documented and is maintained in accordance with applicable laws and regulations.

Audit Committee Members	**Attendance**
Mr. Pun Chi Ping *(Chairman)*	2/2
Dr. Wong Yun Kuen	2/2
Mr. Ip Man Tin, David	2/2

CORPORATE GOVERNANCE FUNCTIONS

The Board has the overall responsibility for the corporate governance of the Group and reviews its effectiveness, and adopts all necessary and appropriate actions, to maintain sufficient and effective corporate governance policy and functions from time to time. The Audit Committee assists the Board in the review the corporate governance policy and functions to ensure the upheld of good corporate governance which are of the best interests of the Shareholders and the Group.

The Audit Committee has, during the year ended 31st March, 2013, made arrangements to review the Group's the policies and practices on corporate governance and make recommendations to the Board, to review and monitor the policies and practices of the Group on compliance with legal and regulatory requirements, and to review the compliance by the Group with the Corporate Governance Code (Appendix 14 to the Listing Rules) and the disclosure requirements for the Corporate Governance Report.

INTERNAL CONTROL

The Board has the overall responsibility for the internal control system of the Group and reviews its effectiveness, and adopts all necessary and appropriate actions, to maintain sufficient and effective internal control system from time to time. The Audit Committee assists the Board in the review, which covers operational, financial and compliance controls and risk management functions, to maintain an adequate and effective internal control system to safeguard the interests of the Shareholders and the assets of the Group.

The Directors have, during the year ended 31st March, 2013, made arrangements to review the Group's internal control system as well as the adequacy of resource, qualification and experience of the staff of the Group's accounting and financial reporting function. The purpose of the review was to provide a reasonable assurance on the effectiveness and efficiency of the Group's operations in achieving the established corporate objectives, to safeguard the Group's assets against unauthorized use or disposition, to ensure the maintenance of proper accounting records of the Group for the provision of reliable financial information for internal use and for publication, and to ensure the Group's compliance with relevant legislation and regulations.

AUDITOR'S REMUNERATION

During the year ended 31st March, 2013, the Company's auditor charged the Company HK$924,000 for audit services and HK$28,000 for non-audit services. The non-audit services undertaken by the Company's auditor were for tax compliance.

COMPANY SECRETARY

Mr. Sinn Wai Kin, Derek ("Mr. Sinn"), the company secretary of the Company, has taken no less than 15 hours of the relevant professional training during the financial year ended 31st March, 2013. The biographical details of Mr. Sinn are set out under the section headed "Biography of Senior Management" on page 4 of this annual report.

FINANCIAL REPORTING

The Board acknowledges its responsibility for the preparation of the financial statements of the Company for the year ended 31st March, 2013, which have been prepared on a going concern basis.

The reporting responsibility of the auditor of the Company is set out in the Independent Auditor's Report on pages 25 and 26 of this Annual Report.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the "Model Code") set out in Appendix 10 of the Listing Rules as the code of conduct of securities transactions by the Directors and has adopted similar guidelines on no less exacting terms than the Model Code for application to the Group's senior management and designated people who are likely to be in possession of unpublished price sensitive information of the Group. In response to specific enquiries made by the Company, all Directors have confirmed that they had complied with the requirements set out in the Model Code throughout the year ended 31st March, 2013.

COMMUNICATIONS WITH SHAREHOLDERS

The objective of communications with shareholders is to ensure that the Shareholders, both individual and institutional, and, in appropriate circumstances, the investment community at large, are provided with ready, equal and timely access to balanced and understandable information about the Company (including its financial performance, strategic goals and plans, material developments, governance and risk profile), in order to enable Shareholders to exercise their rights in an informed manner, and to allow Shareholders and the investment community to engage actively with the Company. In this respect, a written shareholders communication policy has been established and is currently available on the Group's website at http://www.newisland.com.

The Company uses a range of communication tools to ensure Shareholders are kept well informed of key business imperatives. These include general meetings, interim and annual reports, announcements and circulars. The Company's website offers a communication channel between the Company and the Shareholders, and is frequently updated with key information of the Group.

At the Company's 2012 Annual General Meeting, separate resolutions were proposed by the Chairman in respect of each separate issue, including the re-election of Directors.

The Company regularly informs the Shareholders of the procedure for voting by poll and ensures compliance with the requirements about voting by poll contained in the Listing Rules and the constitutional documents of the Company. A consolidated version of the Company's Memorandum of Association and Bye-laws is currently available on the Group's website at http://www.newisland.com and on HKEx's website at http://www.hkex.com.hk. There is no significant change in the Company's Memorandum of Association and Bye-laws during the year ended 31st March, 2013.

SHAREHOLDERS' RIGHTS

Procedures for Convening of Special General Meeting ("SGM") on requisition of Shareholders

(1) The Directors of the Company, notwithstanding anything in its bye-laws shall, on the requisition of Shareholders holding at the date of the deposit of the requisition not less than one-tenth of such of the paid-up capital of the Company as at the date of the deposit carries the right of voting at general meetings of the Company, forthwith proceed duly to convene a special general meeting of the Company.

(2) The requisition must state the purposes of the meeting, and must be signed by the requisitionists and deposited at the Company Secretary at the Company's principal place of business at, 25th Floor, Excel Centre, 483A Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong. Such requisition may consist of several documents in like form each signed by one or more requisitionists.

SHAREHOLDERS' RIGHTS *(Continued)*

Procedures for Convening of Special General Meeting ("SGM") on requisition of Shareholders *(Continued)*

(3) The requisition will be verified with the Company's Share Registrars and upon their confirmation that the requisition is proper and in order, the Company Secretary will ask the Board to include the resolutions in the agenda for the SGM. And such meeting shall be held within two months after the deposit of such requisition.

(4) If the directors do not within twenty-one days from the date of the deposit of the requisition proceed duly to convene a meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date.

(5) A meeting convened under this section by the requisitionists shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by the Directors.

Procedures for sending enquiries to the Board

The enquiries must be in writing with contact information of the enquirers and submitted to the Company Secretary at the Company's principal place of business at 25th Floor, Excel Centre, 483A Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong.

Procedures for Shareholders to put forward proposals at general meetings

Pursuant to the Companies Act, any number of Shareholders representing not less than one-twentieth of the total voting rights of all the Shareholders having at the date of the requisition a right to vote at the meeting to which the requisition relates or not less than one hundred Shareholders, can request the Company in writing to:

(a) give to Shareholders of the Company entitled to receive notice of the next annual general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting; and

(b) circulate to Shareholders of the Company entitled to have notice of any general meeting send to them any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

The requisition must be deposited to the Company not less than six weeks before the meeting in case of a requisition requiring notice of a resolution or not less than one week before the meeting in case of any other requisition.

CONCLUSION

The Board believes that the quality and standard of corporate governance reflects the quality of the management and the operations of the Group's business. Good corporate governance can safeguard the proper use of the Group's assets and effective allocation of the Group's resources as well as protecting the interests of the Shareholders. The management wholeheartedly advocates good practice in corporate governance and will strive to maintain, strengthen and improve the standard and quality of the corporate governance of the Group.

The Directors have pleasure in submitting their annual report together with the audited consolidated financial statements of New Island Printing Holdings Limited (the "Company") and its subsidiaries (collectively refer to as the "Group") for the year ended 31st March, 2013.

PRINCIPAL PLACE OF BUSINESS

New Island Printing Holdings Limited is a company incorporated and domiciled in Bermuda and has its principal place of business at 25th Floor, Excel Centre, 483A Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong.

PRINCIPAL ACTIVITIES

The principal activities of the Group are (1) printing and manufacturing of high quality multi-colour packaging products, carton boxes, books, brochures and other paper products; (2) provision of brokerage of securities services; (3) provision of finance, and (4) securities investments.

The analysis of the geographical segments of the operations of the Company and its subsidiaries during the year is set out in note 14 to the financial statements.

FINANCIAL STATEMENTS

The loss of the Group for the year ended 31st March, 2013 and the state of the Company's and the Group's affairs as at that date are set out in the financial statements on pages 27 to 93.

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31st March, 2013 (2012: HK$Nil per share).

TRANSFER TO RESERVES

Loss attributable to equity shareholders of HK$8,952,000 (2012: profit of HK$19,114,000) have been transferred to reserves. Other movements in reserves are set out in the consolidated statement of changes in equity.

CHARITABLE DONATIONS

Charitable donations made by the Group during the financial year amounted to HK$137,000 (2012: HK$242,000).

SUBSIDIARIES

Particulars of the Company's subsidiaries at 31st March, 2013 are set out in note 18 to the financial statements.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the last five financial years is set out on page 94.

MAJOR SUPPLIERS AND CUSTOMERS

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers during the financial year is as follows:

	%
Sales	
Five largest customers in aggregate	43%
The largest customer	18%
Purchases	
Five largest suppliers in aggregate	32%
The largest supplier	12%

At no time during the financial year have the Directors, their associates or any shareholder of the Company (which to the knowledge of the Directors, owns more than 5% of the Company's share capital) had any interests (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules")) in these major customers and suppliers.

FIXED ASSETS

Movements in fixed assets during the financial year are set out in note 15 to the financial statements.

SHARE CAPITAL

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

BANK LOANS AND BILLS PAYABLE

Particulars of bank loans and bills payable of the Group at 31st March, 2013 are set out in notes 23 and 25 to the financial statements respectively.

DIRECTORS

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

Mr. Suen Cho Hung, Paul *(Chairman, appointed on 12th September, 2012)*
Mr. Lo Ming Chi, Charles
Ms. Chan Yuk Yee
Dr. Wong Yun Kuen*
Mr. Pun Chi Ping*
Mr. Ip Man Tin, David*

* *Independent Non-executive Director*

In accordance with Bye-law 86(2) of the Company's Bye-laws, Mr. Suen Cho Hung, Paul will hold office until the forthcoming annual general meeting (the "AGM") and, being eligible, offer himself for re-election at the forthcoming AGM.

In accordance with the Bye-laws 87 of the Company's Bye-laws, Mr. Lo Ming Chi, Charles and Mr. Ip Man Tin, David will retire by rotation from office at the forthcoming AGM and, being eligible, offer themselves for re-election.

The Company has received from each of the Independent Non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the Independent Non-executive Directors to be independent.

DIRECTORS' SERVICE CONTRACTS

No Director 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 Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

Details of the directors' remuneration of the Company are set out in note 7 to the financial statements.

UPDATES ON DIRECTORS' INFORMATION

The following is updated information of a director of the Company required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

The remuneration of Mr. Lo Ming Chi, Charles, an Executive Director and the Chief Executive Officer of the Company, has been increased to HK$103,000 per month under his service contract with effect from 1st April, 2013. The revised remuneration has been approved by the Remuneration Committee of the Company.

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

As at 31st March, 2013, the following Director and chief executive of the Company had interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuer set out in Appendix 10 of the Listing Rules.

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

Name	Capacity/Nature of interest	Long/Short position	Total number of shares held	Approximate % of total issued shares at 31st March, 2013
Mr. Suen Cho Hung, Paul ("Mr. Suen")	Interests of controlled corporation	Long position	1,668,967,000	62.62%

Note:

These shares are held by Plus Wealthy Limited which is a wholly-owned subsidiary of Bingo Wealth Holdings Limited which in turn is wholly-owned by Mr. Suen. Accordingly, Mr. Suen is deemed to be interested in all the shares of the Company by virtue of the SFO.

Save as disclosed above, as at 31st March, 2013, none of the directors or chief executive of the Company had registered an interest or short positions in the shares or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 31st March, 2013, so far as is known to the Directors, the following persons had interests of more than 5% of the issued share capital of the Company according to the register of interests kept by the Company pursuant to section 336 of the SFO:

Name	Capacity/Nature of interest	Long/Short position	Total number of shares held	Approximate % of total issued shares at 31st March, 2013
Plus Wealthy Limited ("Plus Wealthy")	Beneficial owner	Long position	1,668,967,000	62.62%
Bingo Wealth Holdings Limited ("Bingo Wealth")	Interests held by controlled corporation	Long position	1,668,967,000 *(note)*	62.62%
Mr. Suen	Interests held by controlled corporation	Long position	1,668,967,000 *(note)*	62.62%

Note: These shares are held by Plus Wealthy which is a wholly-owned subsidiary of Bingo Wealth which in turn is wholly-owned by Mr. Suen. Accordingly, Mr. Suen and Bingo Wealth are deemed to be interested in all the shares of the Company in which Plus Wealthy is interested by virtue of the SFO.

Save as disclosed above, no other interest or short position in the shares and underlying shares of the Company were recorded in the register required to be kept under section 336 of the SFO as at 31st March, 2013.

DIRECTORS' INTERESTS IN SIGNIFICANT CONTRACTS

No contract of significance to which the Company, its holding company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, subsisted at the end of the financial year or at any time during the financial year.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Scheme") on 28th September, 2007. The purpose of the Scheme is to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to Executive or Non-executive Directors including Independent Non-executive Directors or any employees (whether full-time or part-time) of each member of the Group (the "Participants") and for such other purpose as the Board may approve from time to time. The Scheme shall remain valid and effective until 27th September, 2017.

The principal terms of the Scheme are summarized as follows:

(i) The total number of shares which may be issued upon exercise of all share options to be granted under the Scheme and any other share option schemes of the Company shall not in aggregate exceed 10% of the total number of shares in issue as at the date of adoption of the Scheme, unless approved by shareholders and which must not in aggregate exceed 30% of the total number of the relevant class of securities of the Company in issue from time to time. As at the date of this annual report, the total number of shares available for issue under the Scheme is 266,529,000 shares, which represents 10% of the issued share capital of the Company as at the date of this annual report.

(ii) The total number of shares issued and to be issued upon exercise of the share options (including both exercised and outstanding options) granted pursuant to the Scheme and any other share option schemes of the Company to each of the Participants in any 12-month period shall not exceed 1% of the total number of the relevant class of securities of the Company (or its subsidiaries) in issue.

(iii) The exercise price shall be solely determined by the Board, and shall be at least the highest of: (a) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet on the date of offer of the share option to the Participants, which must be a day (other than a Saturday or a Sunday) on which licenced banks are open for business in Hong Kong and the Stock Exchange is open for business of dealing in securities (the "Business Day"); (b) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five Business Days immediately preceding the date of offer of the share option to the Participants; and (c) the nominal value of the Company's shares.

(iv) A share option may be exercised at any time during a period determined by the Board at its absolute discretion and notified by the Board to each grantee the period during which an option may be exercised and in any event, such period shall not be longer than 10 years from the date upon which any particular option is granted in accordance with the Scheme.

SHARE OPTION SCHEME *(Continued)*

(v) There is no minimum period for which a share option must be held before the share option can be exercised unless otherwise determined by the Board.

(vi) According to the Scheme, the offer of a grant of share options may be accepted within 28 days from the date of offer, HK$1 is payable by each of the Participants to the Company on acceptance of the share options as consideration for the grant. The share options to which the offer relates shall be deemed to have been granted on the date of offer of such share options.

No share option has been granted by the Company since the adoption of the Scheme.

ARRANGEMENT FOR DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Apart from the Scheme as disclosed above, at no time during the financial year was the Company, its holding company or any of its subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-laws, although there is no restriction against such rights under Bermuda Law.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the financial year.

RETIREMENT SCHEMES

Particulars of retirement schemes of the Group are set out in note 31 to the financial statements.

STAFF

As at 31st March, 2013, the Group had a total staff of 2,875 (2012: 2,692), of which 2,824 (2012: 2,634) were employed in the People's Republic of China for the Group's manufacturing and distribution businesses.

The Group provides employee benefits such as staff insurance, retirement schemes and discretionary bonus and also provides in-house training programmes and external training sponsorship. The Group aims to design a remuneration policy that attracts and retains employees needed to run the Group successfully and to motivate employees to pursue appropriate growth strategies whilst taking into account the performance of the individuals. The remuneration of the Directors is reviewed by the Remuneration Committee. Their remuneration should reflect, inter alia, the performance and responsibilities of the Directors.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, there is sufficient public float of not less than 25% of the Company's issued Share Capital as required under the Listing Rules.

INDEPENDENT AUDITOR

The financial statements of the Company for the years ended 31st March, 2011 and 2012 have been audited by KPMG. Grant Thornton Hong Kong Limited was firstly appointed by the Directors as the auditor of the Company during the year.

The financial statements of the Company for the year ended 31st March, 2013 have been audited by Grant Thornton Hong Kong Limited who will retire and being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

By Order of the Board
Lo Ming Chi, Charles
Executive Director and Chief Executive Officer

Hong Kong, 26th June, 2013

GrantThornton
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Independent auditor's report
To the shareholders of NEW ISLAND PRINTING HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of New Island Printing Holdings Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 27 to 93, which comprise the consolidated and company balance sheets as at 31st March, 2013, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

OPINION

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

Grant Thornton Hong Kong Limited
Certified Public Accountants
20th Floor, Sunning Plaza
10 Hysan Avenue
Causeway Bay
Hong Kong

26th June, 2013

Kwong Kam Wing Kelvin
Practising Certificate No.: P05373

For the year ended 31st March, 2013

	Notes	2013 HK$'000	2012 HK$'000
Turnover	3 & 14	**661,581**	634,132
Cost of sales		**(527,768)**	(523,301)
Gross profit		**133,813**	110,831
Other revenue	4	**2,058**	7,301
Other net (loss)/gain	4	**(18,330)**	14,247
Selling and distribution costs		**(43,735)**	(38,248)
Administrative expenses		**(74,511)**	(67,120)
(Loss)/Profit from operations		**(705)**	27,011
Finance costs	5(a)	**(2,217)**	(2,094)
(Loss)/Profit before taxation	5	**(2,922)**	24,917
Income tax	6(a)	**(6,346)**	(5,508)
(Loss)/Profit for the year		**(9,268)**	19,409
Attributable to:			
Equity shareholders of the Company	9	**(8,952)**	19,114
Non-controlling interests		**(316)**	295
(Loss)/Profit for the year		**(9,268)**	19,409
(Loss)/Earnings per share	10	***HK cents***	*HK cents*
Basic		**(0.34)**	0.72
Diluted		**(0.34)**	0.72

The notes on pages 34 to 93 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the loss for the year are set out in note 27(b).

For the year ended 31st March, 2013

	2013 HK$'000	2012 HK$'000
(Loss)/Profit for the year	**(9,268)**	19,409
Other comprehensive income for the year		
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong, net of nil tax	**4,426**	12,637
Total comprehensive (loss)/income for the year	**(4,842)**	32,046
Attributable to:		
Equity shareholders of the Company	**(4,526)**	31,751
Non-controlling interests	**(316)**	295
Total comprehensive (loss)/income for the year	**(4,842)**	32,046

The notes on pages 34 to 93 form part of these financial statements.

At 31st March, 2013

	Notes	2013 HK$'000	2012 HK$'000
Non-current assets			
Fixed assets	*15*		
— Property, plant and equipment		**323,410**	340,999
— Prepaid leasehold land held for own use under operating leases		**18,230**	18,763
		341,640	359,762
Goodwill	*12*	**930**	—
Intangible assets	*13*	**1,260**	—
Deposits for purchases of machineries	*16*	**9,891**	4,356
Other assets	*17*	**2,230**	—
Deferred tax assets	*26(b)*	**2,149**	1,922
		358,100	366,040
Current assets			
Trading securities	*19*	**30,131**	41,039
Inventories	*20*	**74,944**	89,551
Trade and other receivables	*21*	**163,228**	120,175
Current tax recoverable	*26(a)*	**268**	—
Cash held on behalf of brokerage clients	*22(a)*	**24,358**	—
Cash and cash equivalents	*22(a)*	**87,094**	88,737
		380,023	339,502
Current liabilities			
Bank loans	*23*	**70,692**	63,778
Trade and other payables	*24*	**127,092**	107,598
Bills payable	*25*	**32,517**	26,184
Current tax liabilities	*26(a)*	**3,848**	12,798
		234,149	210,358
Net current assets		**145,874**	129,144
Total assets less current liabilities		**503,974**	495,184

At 31st March, 2013

	Notes	2013 HK$'000	2012 HK$'000
Non-current liabilities			
Deferred tax liabilities	*26(b)*	**1,522**	2,426
Net assets		**502,452**	492,758
Capital and reserves			
Share capital	*27(c)*	**26,653**	26,653
Reserves		**461,026**	465,598
Total equity attributable to equity shareholders of the Company		**487,679**	492,251
Non-controlling interests		**14,773**	507
Total equity		**502,452**	492,758

The financial statements for the year ended 31st March, 2013 were approved for issue by the board of directors on 26th June, 2013.

Lo Ming Chi, Charles
Executive Director and Chief Executive Officer

Chan Yuk Yee
Executive Director

The notes on pages 34 to 93 form part of these financial statements.

BALANCE SHEET

At 31st March, 2013

	Notes	**2013** **HK$'000**	2012 HK$'000
Non-current assets			
Interests in subsidiaries	*18*	**242,696**	244,057
Current assets			
Deposits and prepayments	*21*	**289**	330
Cash and cash equivalents	*22(a)*	**61**	61
		350	391
Current liabilities			
Other payables	*24*	**313**	614
Net current assets/(liabilities)		**37**	(223)
Net assets		**242,733**	243,834
Capital and reserves	*27(a)*		
Share capital		**26,653**	26,653
Reserves		**216,080**	217,181
Total equity		**242,733**	243,834

The financial statements for the year ended 31st March, 2013 were approved for issue by the board of directors on 26th June, 2013.

Lo Ming Chi, Charles
Executive Director and Chief Executive Officer

Chan Yuk Yee
Executive Director

The notes on pages 34 to 93 form part of these financial statements.

For the year ended 31st March, 2013

	Share capital *HK$'000*	Share premium *HK$'000* *(note 27 (d)(i))*	Statutory surplus reserve *HK$'000* *(note 27 (d)(iii))*	Exchange reserve *HK$'000* *(note 27 (d)(iv))*	Other reserves *HK$'000* *(note 27 (d)(v))*	Retained profits *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
Balance at 1st April, 2011	26,653	131,911	25,035	57,908	4,890	214,103	460,500	212	460,712
Changes in equity for the year ended 31st March, 2012:									
Profit for the year	—	—	—	—	—	19,114	19,114	295	19,409
Other comprehensive income for the year	—	—	—	12,637	—	—	12,637	—	12,637
Total comprehensive income for the year	—	—	—	12,637	—	19,114	31,751	295	32,046
Transfer to statutory surplus reserve	—	—	1,656	—	—	(1,656)	—	—	—
Balance at 31st March, 2012 and 1st April, 2012	26,653	131,911	26,691	70,545	4,890	231,561	492,251	507	492,758
Changes in equity for the year ended 31st March, 2013:									
Loss for the year	**—**	**—**	**—**	**—**	**—**	**(8,952)**	**(8,952)**	**(316)**	**(9,268)**
Other comprehensive income for the year	**—**	**—**	**—**	**4,426**	**—**	**—**	**4,426**	**—**	**4,426**
Total comprehensive loss for the year	**—**	**—**	**—**	**4,426**	**—**	**(8,952)**	**(4,526)**	**(316)**	**(4,842)**
Transfer to statutory surplus reserve	**—**	**—**	**1,056**	**—**	**—**	**(1,056)**	**—**	**—**	**—**
Arising on business combination *(note 11)*	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**14,536**	**14,536**
Change of non-controlling interests	**—**	**—**	**—**	**—**	**—**	**(46)**	**(46)**	**46**	**—**
Transactions with owners	**—**	**—**	**—**	**—**	**—**	**(46)**	**(46)**	**14,582**	**14,536**
Balance at 31st March, 2013	**26,653**	**131,911**	**27,747**	**74,971**	**4,890**	**221,507**	**487,679**	**14,773**	**502,452**

The notes on pages 34 to 93 form part of these financial statements.

For the year ended 31st March, 2013

	Notes	**2013** **HK$'000**	2012 *HK$'000*
Operating activities			
Cash generated from operations	*22(b)*	**21,630**	42,191
Tax paid			
— Hong Kong Profits Tax paid		**(11,383)**	(1,719)
— Overseas tax paid		**(5,341)**	(4,970)
Net cash generated from operating activities		**4,906**	35,502
Investing activities			
Payment for purchase of property, plant and equipment		**(26,181)**	(116,938)
Interest received		**674**	988
Payment for purchase of trading securities		**(5,284)**	(40,572)
Proceeds from sale of property, plant and equipment		**521**	90,518
Net cash inflow arising on acquisition of subsidiaries	*11*	**18,655**	—
Net cash used in investing activities		**(11,615)**	(66,004)
Financing activities			
Proceeds from new bank loans		**247,600**	298,840
Repayment of bank loans		**(240,686)**	(276,284)
Capital element of finance lease rental paid		**—**	(2,413)
Interest on bank loans and overdrafts paid		**(2,217)**	(2,079)
Interest element of finance lease rental paid		**—**	(15)
Net cash generated from financing activities		**4,697**	18,049
Net decrease in cash and cash equivalents		**(2,012)**	(12,453)
Cash and cash equivalents at 1st April		**88,737**	100,620
Effect of foreign exchange rate changes		**369**	570
Cash and cash equivalents at 31st March	*22(a)*	**87,094**	88,737

The notes on pages 34 to 93 form part of these financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"). A summary of the significant accounting policies adopted by the Company and its subsidiaries (together referred to as the "Group") is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31st March, 2013 comprise the Company and its subsidiaries.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that financial instruments classified as trading securities (see note 1(j)) is stated at their fair value.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 2.

1. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) Changes in accounting policies

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

— Amendments to HKFRS 7, Financial instruments: Disclosures – Transfers of financial assets

— Amendments to HKAS 12, Income taxes – Deferred tax: Recovery of underlying assets

These amendments do not have any material impact on the financial statements in the current and previous periods.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealized profits arising from intra-group transactions, are eliminated in full in preparing the consolidated financial statements. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognized.

In the Company's balance sheet, an investment in a subsidiary is stated at cost less any impairment losses (see note 1(l)).

1. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Business combination

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

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

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

Where the consideration the Group transfers in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and is considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill or gain on bargain purchase. The measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. Measurement period does not exceed one year from the acquisition date. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent balance sheet dates and its subsequent settlement is accounting for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent balance sheet dates in according with HKAS 39 Financial Instruments: Recognition and Measurement, or HKAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

Changes in the value of the previously held equity interest recognized in other comprehensive income and accumulated in equity before the acquisition date are reclassified to profit or loss when the Group obtains control over the acquiree.

1. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Business combination *(Continued)*

If the initial accounting for a business combination is incomplete by the balance sheet date in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

(f) Property, plant and equipment

Property, plant and equipment are stated in the consolidated balance sheet at cost less accumulated depreciation and impairment losses (see note 1(l)).

Cost includes expenditures that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

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

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

— Leasehold land and buildings situated thereon are depreciated over the shorter of their estimated useful lives, being 50 years from the date of completion, and the unexpired terms of the leases.

— Machineries	10–15 years
— Tools	10 years
— Furniture and fixtures	5–10 years
— Computer and office equipment	5–6 years
— Motor vehicles	5–6 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each is depreciated separately. The useful life of an asset and its residual value, if any, are reviewed annually.

1. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the exception of land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

(ii) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are included in fixed assets and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost of the assets over the term of the relevant lease or, where it is likely that the Group will obtain ownership of the asset, the life of the asset, as set out in note 1(f). Impairment losses are accounted for in accordance with the accounting policy as set out in note 1(l). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

(iii) Operating lease charges

Where the Group has the use of assets under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognized in profit or loss as an integral part of the aggregate net lease payments made.

The cost of acquiring land held under an operating lease is amortized on a straight-line basis over the period of the lease term.

1. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Inventories

Inventories are carried at the lower of cost and net realizable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

(i) Trade and other receivables

Trade and other receivables are initially recognized at fair value and thereafter stated at amortized cost using the effective interest method, less allowance for impairment of doubtful debts (see note 1(l)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

The Group derecognizes trade and other receivables when the contractual rights to the cash flows from the receivables expire, or it transfers the rights to receive the contractual cash flows on the trade and other receivables in a transaction in which substantially all the risks and rewards of ownership of the trade and other receivables are transferred. Any interest in transferred trade and other receivables that is created or retained by the Group is recognized as a separate asset or liability.

(j) Other investments in equity securities

Investments in equity securities, other than investments in subsidiaries, are initially stated at fair value, which is their transaction price unless fair value can be more reliably estimated using valuation techniques whose variables include only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below.

Investments in equity securities held for trading are classified as current assets. Any attributable transaction costs are recognized in profit or loss as incurred. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognized in profit or loss. The net gain or loss recognized in profit or loss does not include any interest or dividends earned on these investments as these are recognized in accordance with the policies set out in notes 1(t)(ii) and (iv) respectively.

1. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(j) Other investments in equity securities *(Continued)*

Investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognized in the balance sheet at cost less impairment losses (see note 1(l)).

(k) Derivative financial instruments

Derivative financial instruments are recognized initially at fair value. At each balance sheet date the fair value is remeasured. The gain or loss on remeasurement to fair value is recognized immediately in profit or loss.

(l) Impairment of assets

(i) Impairment of investments in subsidiaries and trade and other receivables

Investments in subsidiaries and trade and other receivables that are stated at cost or amortized cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

— significant financial difficulty of the debtor;

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

— it becoming probable that the debtor will enter bankruptcy or other financial reorganization;

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

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

— a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

1. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) Impairment of assets *(Continued)*

(i) Impairment of investments in subsidiaries and trade and other receivables *(Continued)*

If any such evidence exists, any impairment loss is determined and recognized as follows:

— For investments in subsidiaries, the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 1(l)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 1(l)(ii).

— For trade and other receivables carried at amortized cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

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

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognized in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognized in profit or loss.

1. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) Impairment of assets *(Continued)*

(ii) Impairment of other assets

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

— Property, plant and equipment;

— Prepaid leasehold land held for own use under operating leases;

— Goodwill; and

— Intangible assets.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill and intangible assets that have indefinite useful lives, the recoverable amount estimated annually whether or not there is any indication of impairment. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount.

— Calculation of recoverable amount

The recoverable amount of an asset is the greater of its 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— Recognition of impairment losses

An impairment loss is recognized in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units), and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

1. **SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

(l) Impairment of assets *(Continued)*

(ii) Impairment of other assets *(Continued)*

— Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognized in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognized.

(m) Interest-bearing borrowings

Interest-bearing borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between the amount initially recognized and redemption value being recognized in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(n) Trade and other payables

Trade and other payables are initially recognized at fair value. Except for financial guarantee liabilities measured in accordance with note 1(s)(i), trade and other payables are subsequently stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(o) Goodwill

Set out below are the accounting policies on goodwill arising on acquisition of a subsidiary.

Goodwill arising in a business combination is recognized as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the Group's interest in the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

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

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (note 1(l)(ii)).

1. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(p) Intangible assets (other than goodwill)

Intangible assets represent the trading rights, with which the holders have the rights to trade in the Stock Exchange of Hong Kong Limited.

Intangible assets acquired are measured on initial recognition at cost. Intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (note 1(l)(ii)). Gains or losses arising from derecognition of any intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated income statement when the asset is derecognized.

Intangible assets, with indefinite useful lives, are tested for impairment annually as described below in note 13.

(q) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(r) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognized in profit or loss except to the extent that they relate to items recognized in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognized in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

1. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(r) Income tax *(Continued)*

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilized, are recognized. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilized.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognized is measured based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

1. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(r) Income tax *(Continued)*

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  — the same taxable entity; or

  — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realize the current tax assets and settle the current tax liabilities on a net basis or realize and settle simultaneously.

(s) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

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 recognized as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognized in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognized in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognized as deferred income is amortized in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognized in accordance with note 1(s)(ii) if and when (i) it becomes probable that the holder of the 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 recognized, less accumulated amortization.

1. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(s) Financial guarantees issued, provisions and contingent liabilities *(Continued)*

(ii) Other provisions and contingent liabilities

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

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

(iii) Contingent liabilities assumed in business combinations

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognized at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognized at the higher of the amount initially recognized, less accumulated amortization where appropriate, and the amount that would be determined in accordance with note 1(s)(ii). Contingent liabilities assumed in a business combination that cannot be reliably fair valued or were not present obligations at the date of acquisition are disclosed in accordance with note 1(s)(ii).

(t) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognized in profit or loss as follows:

(i) Sale of goods

Sales of goods are recognized upon transfer of the significant risks and rewards of ownership to the customer. Revenue excludes value added and other sales taxes and is after deduction of any trade discounts.

(ii) Interest income

Interest income are recognized as they accrue using the effective interest method.

1. **SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

(t) **Revenue recognition** *(Continued)*

(iii) Rental income from operating leases

Rental income receivable under operating leases is recognized in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognized in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognized as income in the accounting period in which they are earned.

(iv) Dividend income

Dividend income from unlisted investments is recognized when the shareholder's right to receive payment is established. Dividend income from listed investments is recognized when the share price of the investment goes ex-dividend.

(v) Commission, brokerage income and handling fee income

Commission, brokerage income and handling fee income are recognized when the services are rendered.

(u) **Translation of foreign currencies**

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognized in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations are translated into Hong Kong dollars at the average foreign exchange rates approximating the foreign exchange rate ruling at the dates of the transactions. Balance sheet items including goodwill arising on consolidation of foreign operations acquired on or after 1 January 2005, are translated into Hong Kong dollars at the closing foreign exchange rates at the balance sheet date. The resulting exchange differences are recognized in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognized.

1. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(v) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Termination benefits are recognized when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(w) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalization of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

1. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(x) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

1. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(y) Segment reporting

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

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

2. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Group's accounting policies, management has made the following accounting judgements:

(a) Depreciation and amortization

Fixed assets are depreciated or amortized on a straight-line basis over the estimated useful lives of the assets. The Group reviews the estimated useful lives and residual values, if any, of the assets annually in order to determine the amount of depreciation and amortization expenses for any balance sheet date. The useful lives are estimated based on historical experience with similar assets and taking into account anticipated technological changes. The depreciation and amortization expenses for future periods are adjusted if there are material changes from previous estimates.

(b) Provision for inventories

The Group reviews the carrying amounts of inventories at each balance sheet date to determine whether the inventories are carried at the lower of cost and net realisable value in accordance with the accounting policy set out in note 1(h). Management estimates the net realizable value based on the current market situation and historical experience on similar inventories. A considerable level of judgement is exercised by management when assessing the net realizable value of inventories. Any increase or decrease in provision for inventories would affect profit or loss in future periods.

2. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

(c) Impairment of assets

Internal and external sources of information are reviewed by the Group at each balance sheet date to assess whether there is any indication that items of property, plant and equipment may be impaired. If any such indication exists, the recoverable amount of the assets is estimated to determine impairment losses on the assets. Changes in facts and circumstances may affect the conclusion of whether an indication of impairment exists and result in revised estimates of recoverable amounts, which would affect profit or loss in future periods.

Impairment losses on trade debtors are assessed and provided based on management's regular review of ageing analysis and evaluation of collectibility. A considerable level of judgement is exercised by management when assessing the creditworthiness and past collection history of each individual customer. Any increase or decrease in impairment losses on trade debtors would affect profit or loss in future periods.

(d) Income taxes

The Group is subject to income taxes in various jurisdictions. Significant judgement is required in determining the provision for income taxes. There are transactions during the ordinary course of business, for which calculation of the ultimate tax determination is uncertain. Where the final tax outcome is different from the amounts that were initially recorded, such differences would affect profit or loss in future periods.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the tax losses and deductible temporary differences can be utilized. Estimation of future taxable profits involves judgements made by management. Any increase or decrease in the recognition of deferred tax assets would affect profit or loss in future periods.

(e) Impairment of goodwill and intangible assets

Determining whether goodwill and intangible assets have been impaired requires an estimation of the value in use of the cash-generating units to which they have been allocated. The value in use calculation 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 present value. Any change in the estimates would increase or decrease in the provision of impairment loss and affect the Group's results in future years.

3. TURNOVER

The principal activities of the Group are (1) printing and manufacturing of high quality multi-colour packaging products, carton boxes, books, brochures and other paper products; (2) provision of brokerage of securities services; (3) provision of finance, and (4) securities investments. Turnover represents the invoiced value of goods sold, commission and brokerage income, interest income from margin financing from the provision of brokerage securities services and interest income from the provision of finance, net of sales tax, returns and discounts. The Group's significant category of turnover recognized during the year is as follows:

	2013	2012
	HK$'000	*HK$'000*
Sales of printing products	**654,981**	634,132
Commission and brokerage income	**2,002**	—
Interest income from margin financing	**4,433**	—
Interest income from provision of finance	**165**	—
	661,581	634,132

4. OTHER REVENUE AND NET (LOSS)/GAIN

	2013	2012
	HK$'000	*HK$'000*
Other revenue		
Rentals receivable from operating leases	**—**	4,690
Bank interest income	**674**	988
Other income	**1,384**	1,623
	2,058	7,301
Other net (loss)/gain		
Net (loss)/gain on disposal of		
— land and buildings	**—**	13,911
— other fixed assets	**(1,717)**	147
	(1,717)	14,058
Net unrealized (loss)/gain on trading securities	**(16,192)**	467
Net exchange loss	**(421)**	(278)
	(18,330)	14,247

For the year ended 31st March, 2013

5. (LOSS)/PROFIT BEFORE TAXATION

	2013	2012
	HK$'000	*HK$'000*
(Loss)/Profit before taxation is arrived at after (crediting)/charging:		
(a) Finance costs		
Interest on bank advances and other borrowings wholly repayable within five years	**1,379**	1,530
Finance charges on obligations under finance leases	**—**	15
Interest on other bank loans	**838**	549
	2,217	2,094
(b) Staff costs (excluding directors' remuneration)#		
Contributions to defined contribution retirement plans	**13,061**	11,585
Salaries, wages and other benefits	**159,811**	149,354
	172,872	160,939
(c) Other items		
Cost of inventories sold#	**527,768**	523,301
Auditor's remuneration		
— audit services	**924**	1,344
— tax services	**28**	227
— other services	**—**	17
Depreciation#		
— owned assets	**38,573**	38,660
— assets held under finance leases	**—**	917
Amortization of land lease premium#	**725**	717
Operating lease charges for land and buildings#	**5,134**	2,685
Impairment loss on trade debtors	**—**	13
Reversal of impairment loss on trade debtors	**(11)**	(785)
Net loss on forward exchange contracts	**—**	37

Cost of inventories includes HK$159,293,000 (2012: HK$150,725,000) relating to staff costs, depreciation expenses, amortization of land lease premium, and operating lease charges, which amount is also included in the respective amounts disclosed separately above for each of these types of expenses.

6. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Taxation in the consolidated income statement represents:

	2013	2012
	HK$'000	*HK$'000*
Current tax — Hong Kong Profits Tax		
Provision for the year	**223**	10,699
Under-provision in respect of prior years	**46**	—
	269	10,699
Current tax — Outside Hong Kong		
Provision for the year	**6,992**	4,390
Under-provision in respect of prior years	**214**	—
	7,206	4,390
Deferred tax		
Origination and reversal of temporary differences	**(1,129)**	(9,581)
	6,346	5,508

Hong Kong Profits Tax

The provision for Hong Kong Profits Tax for the year ended 31st March, 2013 is calculated at 16.5% (2012: 16.5%) of the estimated assessable profits for the year.

People's Republic of China ("PRC") Corporate Income Tax

The Company's subsidiaries in the PRC are subject to PRC Corporate Income Tax.

The statutory income tax rate adopted by the Company's subsidiaries in the PRC is 25% with effect from 1st January, 2008. A subsidiary of the Company, New Island (Shanghai) Paper Products Company Limited ("NISPP"), has been granted a tax holiday where it is fully exempted from PRC Corporate Income Tax for two years from its first profit-making year of operations and then subject to a reduced tax rate at 50% of the applicable income tax rate for the following three years. NISPP has its first profit-making year for tax purpose in the calendar year ended 31st December, 2007. NISPP enjoys the remaining tax holiday until its expiry on 31st December, 2011.

Bermuda/Samoa tax

Pursuant to the rules and regulations of Bermuda and Samoa, the Company and the Company's subsidiaries are is not subject to any income tax in Bermuda and Samoa.

United States tax

The Company's subsidiaries in the United States ("U.S.") are subject to U.S. Corporate Income Tax at a rate of 15% (2012: 15%).

6. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT *(Continued)*

(b) Reconciliation between tax expense and accounting (loss)/profit at applicable tax rates:

	2013	2012
	HK$'000	*HK$'000*
(Loss)/Profit before taxation	**(2,922)**	24,917
Notional tax on (loss)/profit before tax, calculated at the rates applicable to profits in the jurisdictions concerned	**1,212**	4,784
Tax effect of non-deductible expenses	**2,884**	2,125
Tax effect of non-taxable revenue	**(90)**	(768)
Tax effect of unused tax losses not recognized	**2,615**	—
Tax effect of recognition of previously unrecognized temporary differences	**(535)**	(633)
Under-provision in respect of prior years	**260**	—
Actual tax expense	**6,346**	5,508

7. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

For the year ended 31st March, 2013

	Directors' fees	**Discretionary bonuses**	**Salaries, allowances and benefits**	**Retirement scheme contributions**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Executive Directors					
Mr. Lo Ming Chi, Charles	—	**50**	**600**	**33**	**683**
Ms. Chan Yuk Yee	—	**30**	**360**	**20**	**410**
Mr. Dai Zhongcheng*	—	—	**27**	**1**	**28**
Mr. Suen Cho Hung, Paul **	—	**3**	**66**	**6**	**75**
Independent Non-executive Directors					
Dr. Wong Yun Kuen	**85**	—	—	—	**85**
Mr. Pun Chi Ping	**85**	—	—	—	**85**
Mr. Ip Man Tin, David	**85**	—	—	—	**85**
	255	**83**	**1,053**	**60**	**1,451**

7. DIRECTORS' REMUNERATION *(Continued)*

For the year ended 31st March, 2012

	Directors' fees *HK$'000*	Discretionary bonuses *HK$'000*	Salaries, allowances and benefits *HK$'000*	Retirement scheme contributions *HK$'000*	Total *HK$'000*
Executive Directors					
Mr. Lo Ming Chi, Charles	—	63	600	33	696
Ms. Chan Yuk Yee	—	37	360	20	417
Mr. Dai Zhongcheng*	—	5	360	18	383
Independent Non-executive Directors					
Dr. Wong Yun Kuen	50	—	—	—	50
Mr. Pun Chi Ping	50	—	—	—	50
Mr. Ip Man Tin, David	50	—	—	—	50
	150	105	1,320	71	1,646

* Resigned on 27th April, 2012

** Appointed on 12th September, 2012

8. INDIVIDUALS WITH HIGHEST EMOLUMENTS

The aggregate emoluments of the five (2012: five) individuals with the highest emoluments are as follows:

	2013 ***HK$'000***	2012 *HK$'000*
Salaries, allowances and benefits in kind	**5,462**	5,233
Discretionary bonuses	**50**	91
Retirement scheme contributions	**130**	139
	5,642	5,463

The emoluments of the five (2012: five) individuals with the highest emoluments are within the following bands:

	2013 ***Number of individuals***	2012 *Number of individuals*
Nil to HK$1,000,000	**—**	1
HK$1,000,001 to HK$1,500,000	**5**	4
	5	5

9. (LOSS)/PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated loss attributable to equity shareholders of the Company includes a loss of HK$1,101,000 (2012: HK$1,047,000) which has been dealt with in the financial statements of the Company.

10. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the consolidated loss attributable to equity shareholders of the Company for the year of HK$8,952,000 (2012: profit of HK$19,114,000) and on the number of 2,665,290,000 (2012: 2,665,290,000) shares in issue during the year.

(b) Diluted (loss)/earnings per share

There were no dilutive potential shares during the years ended 31st March, 2013 and 2012, and diluted (loss)/earnings per share are the same as basic (loss)/earnings per share.

11. BUSINESS COMBINATION

On 16th February, 2012, the Group entered into a sale and purchase and subscription agreement ("the Agreement") with CEPA Alliance Holdings Limited ("CEPA Holdings"), CEPA Alliance Securities Limited ("CEPA Securities") and CEPA Management Limited ("CEPA Management"), (collectively, referred to as "CEPA Group") to acquire 6,000 issued shares, representing 66.67% of the issued share capital of CEPA Holdings from third party vendors at a total cash consideration of HK$30,000,000.

Subsidiaries acquired	Principal activity	Date of acquisition	Proportion of shares required
CEPA Holdings	Investment holding	27th September, 2012	66.67%
CEPA Securities	Provision of brokerage of securities services	27th September, 2012	66.67%
CEPA Management	Provision of rental services	27th September, 2012	66.67%

In addition, the Group has subscribed 1,000 allotted shares of CEPA Holdings at a total cash consideration of HK$5,000,000. Upon the completion of the transaction, a reduction in non-controlling interests was resulted and the Group's shareholdings in CEPA Holdings has been increased from 66.67% to 70%. CEPA Group was acquired so as to diversify the business of the Group and enhance the return to the equity shareholders of the Company.

Consideration transferred

	HK$'000
Cash	30,000

11. BUSINESS COMBINATION *(Continued)*

Assets acquired and liabilities recognized at the date of acquisition

	Recognized values on acquisition *HK$'000*	**Fair value adjustments** *HK$'000*	**Pre-acquisition carrying amounts** *HK$'000*
Cash and cash equivalents	47,990	—	47,990
Cash held on behalf of brokerage clients	665	—	665
Property, plant and equipment *(note 15)*	432	(53)	485
Intangible assets *(note 13)*	1,260	—	1,260
Trade receivables	28,594	—	28,594
Other receivables, prepayment and deposits	3,533	—	3,533
Trade and other payables	(38,851)	—	(38,851)
Deferred tax liabilities *(note 26(b))*	(17)	—	(17)
	43,606	(53)	43,659

Non-controlling interests

The non-controlling interests of 33.33% in CEPA Group recognized at the acquisition date was measured by reference to the fair value of the non-controlling interests and amounted to HK$14,536,000. This fair value was estimated by applying an income approach, market approach and cost approach.

Goodwill arising on acquisition

	CEPA Group *HK$'000*
Consideration transferred	30,000
Non-controlling interests of 33.33% in CEPA Group	14,536
Fair value of identifiable net assets acquired	(43,606)
Goodwill arising on acquisition *(note 12)*	930

Acquisition-related costs amounting to HK$193,000 have been excluded from the consideration transferred and have been recognized as "Administrative expenses" in the consolidated income statement.

Goodwill arose in the acquisition of CEPA Group as the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected revenue growth, future market development and the assembled workforce of CEPA Group. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising of these acquisitions is expected to be deductible for tax purpose.

11. BUSINESS COMBINATION *(Continued)*

Net cash inflow arising on acquisition of subsidiaries

	2013	2012
	HK$'000	*HK$'000*
Consideration paid in cash	**(30,000)**	—
Cash held on behalf of brokerage clients	**665**	—
Cash and cash equivalents acquired	**47,990**	—
	18,655	—

Impact of acquisition on the results of the Group

Included in the loss for the year is a loss of HK$765,000 attributable to the additional business generated by CEPA Securities. Turnover for the year includes HK$6,435,000 in respect of CEPA Securities.

If the acquisition had occurred on 1st April, 2012, the Group's turnover would have been HK$663,527,000 and loss for the year would have been HK$10,129,000 for the year ended 31st March, 2013. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1st April, 2012, nor is it intended to be a projection of future results.

12. GOODWILL

The carrying amount of goodwill is analysed as follows:

	The Group	
	2013	2012
	HK$'000	*HK$'000*
Carrying amount at the beginning of the year	**—**	—
Additions through business combination *(note 11)*	**930**	—
Carrying amount at the end of the year	**930**	—

The goodwill arose from the business combination of the acquisition of 66.67% interest in CEPA Group on 27th September, 2012 (note 11).

The carrying amount of goodwill is allocated to the cash-generating units of the operations of the provision of brokerage services.

The recoverable amount of the cash-generating unit is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management. The cash flows are discounted using a discount rate which is pre-tax and reflects specific risks relating to the relevant segments.

13. INTANGIBLE ASSETS

	The Group	
	2013	2012
	HK$'000	*HK$'000*
Trading rights	**1,260**	—

The trading rights is acquired through business combination (note 11).

The carrying amount of intangible assets is allocated to the cash-generating units of the operations of the provision of brokerage services.

The recoverable amount of the cash-generating unit is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management. The cash flows are discounted using a discount rate which is pre-tax and reflects specific risks relating to the relevant segments.

14. SEGMENT REPORTING

The Group manages its businesses by divisions, which are organized by a mixture of both business lines and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following four reportable segments. No operating segments have been aggregated to form the following reportable segments:

— Printing: Printing and manufacturing of high quality multi-colour packaging products, carton boxes, books, brochures and other paper products in Hong Kong, Dongguan, Shanghai and Hunan

— Provision of brokerage services: Provision of securities brokerage and margin financing services

— Provision of financing services: Provision of finance

— Securities Investments: Investment activities in equity securities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all non-current and current assets. Segment liabilities include current and non-current liabilities attributable to the individual segments.

Turnover and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortization of assets attributable to those segments. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

14. SEGMENT REPORTING *(Continued)*

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31st March, 2013 and 2012 is set out below.

(a) Reportable segment turnover, profit or loss, assets and liabilities

For the year ended	Printing		Provision of brokerage services		Provision of financing services		Securities investments		Total	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000* (restated)	***HK$'000***	*HK$'000* (restated)	***HK$'000***	*HK$'000* (restated)	***HK$'000***	*HK$'000* (restated)	***HK$'000***	*HK$'000*
Reportable segment turnover	**654,981**	634,132	**6,435**	—	**165**	—	**—**	—	**661,581**	634,132
Reportable segment (loss)/profit	**5,302**	19,168	**(765)**	—	**105**	(17)	**(13,898)**	274	**(9,256)**	19,425
Bank interest income	**649**	988	**25**	—	**—**	—	**—**	—	**674**	988
Depreciation and amortization	**(39,134)**	(40,294)	**(164)**	—	**—**	—	**—**	—	**(39,298)**	(40,294)
Finance cost	**(2,217)**	(2,094)	**—**	—	**—**	—	**—**	—	**(2,217)**	(2,094)
(Loss)/Gain on disposal of property, plant and equipment	**(1,700)**	14,058	**(17)**	—	**—**	—	**—**	—	**(1,717)**	14,058
Write-down of inventories	**(3,405)**	(1,462)	**—**	—	**—**	—	**—**	—	**(3,405)**	(1,462)
Reportable segment assets	**675,433**	705,290	**90,476**	—	**2,173**	2	**30,140**	41,047	**798,222**	746,339
Reportable segment liabilities	**208,317**	212,764	**41,567**	—	**2,086**	19	**43,764**	40,773	**295,734**	253,556

Turnover of the largest customer of HK$121,394,000 (2012: HK$111,189,000) was derived from sales of printing products, representing 18% (2012: 18%) of the Group's turnover for the year.

14. SEGMENT REPORTING *(Continued)*

(b) Reconciliations of reportable segment profit or loss, assets and liabilities:

	2013	2012
	HK$'000	*HK$'000*
		(restated)
(Loss)/Profit		
Reportable segment (loss)/profit derived from the Group's external customer	**(9,256)**	19,425
Unallocated corporate loss	**(12)**	(16)
Consolidated total (loss)/profit	**(9,268)**	19,409
Assets		
Reportable segment assets	**798,222**	746,339
Elimination of inter-segment receivables	**(95,099)**	(55,797)
	703,123	690,542
Unallocated corporate assets	**35,000**	15,000
Consolidated total assets	**738,123**	705,542
Liabilities		
Reportable segment liabilities	**295,734**	253,556
Elimination of inter-segment payables	**(95,099)**	(55,797)
	200,635	197,759
Unallocated corporate liabilities	**35,036**	15,025
Consolidated total liabilities	**235,671**	212,784

14. SEGMENT REPORTING *(Continued)*

The Group has amended the format of management information provided to the chief operating decision-maker for the purpose of assessing the performance of the operating segments due to the acquisition of subsidiaries that are engaged in the provision of brokerage services and set up of new subsidiaries that are engaged in the provision of financing services. As a result, the basis of segmentation has been changed from geographical segment reporting in the prior year to business line segment reporting in the current year.

(c) Geographical information

As the Group's business participates in only one geographical location classified by the location of assets, i.e. the PRC, including Hong Kong, no separate geographical segment analysis based on the location of assets is presented. The following table sets out information about the geographical location of turnover from external customers. The geographical location of customers is based on the location at which the goods are delivered to:

	2013	2012
	HK$'000	*HK$'000*
The PRC		
— Hong Kong	**111,921**	109,552
— Other areas of the PRC	**319,022**	277,263
	430,943	386,815
The U.S.	**108,351**	116,267
Europe	**49,148**	66,222
Other countries	**73,139**	64,828
	661,581	634,132

For the year ended 31st March, 2013

15. FIXED ASSETS

(a) The Group

	Land and buildings	Machineries		Tools	Furniture and fixtures	Computer and office equipment	Motor vehicles	Sub-total	Prepaid leasehold land held for own use under operating leases	Total fixed assets
		Owned	Leased							
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cost										
At 1st April, 2011	191,091	377,008	19,894	8,210	25,247	40,791	8,511	670,752	26,184	696,936
Exchange adjustments	6,995	7,017	136	—	208	870	126	15,352	968	16,320
Additions	83,961	24,766	—	—	3,493	3,694	1,352	117,266	—	117,266
Reclassification	—	20,030	(20,030)	—	—	—	—	—	—	—
Disposals	—	(800)	—	(176)	(17,971)	(23)	(1,644)	(20,614)	—	(20,614)
At 31st March, 2012	282,047	428,021	—	8,034	10,977	45,332	8,345	782,756	27,152	809,908
Accumulated amortization and depreciation										
At 1st April, 2011	76,005	253,434	11,074	7,822	23,775	35,976	6,724	414,810	7,391	422,201
Exchange adjustments	2,860	3,768	63	—	169	797	97	7,754	281	8,035
Charge for the year	11,376	23,327	917	129	593	2,491	744	39,577	717	40,294
Reclassification	—	12,054	(12,054)	—	—	—	—	—	—	—
Written back on disposals	—	(707)	—	(176)	(17,834)	(23)	(1,644)	(20,384)	—	(20,384)
At 31st March, 2012	90,241	291,876	—	7,775	6,703	39,241	5,921	441,757	8,389	450,146
Net book value										
At 31st March, 2012	191,806	136,145	—	259	4,274	6,091	2,424	340,999	18,763	359,762
Cost										
At 1st April, 2012	**282,047**	**428,021**	**—**	**8,034**	**10,977**	**45,332**	**8,345**	**782,756**	**27,152**	**809,908**
Exchange adjustments	**2,134**	**2,377**	**—**	**—**	**66**	**283**	**33**	**4,893**	**287**	**5,180**
Additions	**6,807**	**8,562**	**—**	**—**	**446**	**3,252**	**1,579**	**20,646**	**—**	**20,646**
Additions through business combination *(note 11)*	**—**	**—**	**—**	**—**	**120**	**312**	**—**	**432**	**—**	**432**
Disposals	**—**	**(11,825)**	**—**	**—**	**(34)**	**(186)**	**(1,863)**	**(13,908)**	**—**	**(13,908)**
At 31st March, 2013	**290,988**	**427,135**	**—**	**8,034**	**11,575**	**48,993**	**8,094**	**794,819**	**27,439**	**822,258**
Accumulated amortization and depreciation										
At 1st April, 2012	**90,241**	**291,876**	**—**	**7,775**	**6,703**	**39,241**	**5,921**	**441,757**	**8,389**	**450,146**
Exchange adjustments	**1,021**	**1,386**	**—**	**—**	**56**	**258**	**28**	**2,749**	**95**	**2,844**
Charge for the year	**12,684**	**21,443**	**—**	**103**	**740**	**2,674**	**929**	**38,573**	**725**	**39,298**
Written back on disposals	**—**	**(9,894)**	**—**	**—**	**(30)**	**(172)**	**(1,574)**	**(11,670)**	**—**	**(11,670)**
At 31st March, 2013	**103,946**	**304,811**	**—**	**7,878**	**7,469**	**42,001**	**5,304**	**471,409**	**9,209**	**480,618**
Net book value										
At 31st March, 2013	**187,042**	**122,324**	**—**	**156**	**4,106**	**6,992**	**2,790**	**323,410**	**18,230**	**341,640**

15. FIXED ASSETS *(Continued)*

(b) The analysis of net book value of properties is as follows:

	The Group	
	2013	2012
	HK$'000	*HK$'000*
Situated in Hong Kong and held under medium term leases	**75,937**	77,508
Situated outside Hong Kong and held under medium term leases	**129,335**	133,061
	205,272	210,569
Representing:		
Land and buildings	**187,042**	191,806
Prepaid leasehold land held for own use under operating leases	**18,230**	18,763
	205,272	210,569

16. DEPOSITS FOR PURCHASES OF MACHINERIES

As at 31st March, 2013, the Group made deposits of HK$9,891,000 (2012: HK$4,356,000) for the acquisition of machineries. The remaining amounts of the contracts are included in capital commitments (note 30(a)).

17. OTHER ASSETS

	The Group	
	2013	2012
	HK$'000	*HK$'000*
Statutory deposits	**2,180**	—
Guarantee deposits	**50**	—
	2,230	—

Statutory and guarantee deposits represent deposits with various exchange and clearing houses. Among the statutory deposits, HK$2,000,000 are interest bearing at 0.67% per annum.

18. INTERESTS IN SUBSIDIARIES

	The Company	
	2013	2012
	HK$'000	*HK$'000*
Unlisted investments, at cost	**82,360**	82,360
Amounts due from subsidiaries	**160,336**	161,697
	242,696	244,057

Amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

Name of company	Place of incorporation/ establishment and operation	Particulars of issued/ registered capital	Percentage of ownership interest held by the Company direct	Percentage of ownership interest held by the Company indirect	Principal activities
New Island Printing Company Limited ("NIPCL")	Hong Kong	2 ordinary shares of HK$100 each 10,000 non-voting deferred shares of HK$100 each	—	100	Distribution of paper products
Dongguan New Island Printing Company Limited ("DNIP")	The PRC	Registered capital of HK$132,000,000	—	100	Production and distribution of paper products
Shanghai New Island Packaging Printing Company Limited ("SNIP")	The PRC	Registered capital of US$5,700,000	—	100	Production and distribution of paper products
New Island (Shanghai) Paper Products Company Limited ("NISPP")	The PRC	Registered capital of US$2,500,000	—	100	Production of paper products
郴州信力制品有限公司	The PRC	Registered capital of US$1,000,000	—	100	Provision of subcontracting services to a fellow subsidiary for paper and packaging products

18. INTERESTS IN SUBSIDIARIES *(Continued)*

Name of company	Place of incorporation/ establishment and operation	Particulars of issued/ registered capital	Percentage of ownership interest held by the Company direct	indirect	Principal activities
NITNS LLC	The U.S.	100 ordinary shares of US$1 each	—	51	Provision of marketing services
New Island Property Limited	Hong Kong	2 ordinary shares of HK$1 each	—	100	Property holding
New Island Investment Holdings Limited	Hong Kong	1 ordinary share of HK$1	—	100	Securities holding
New Island Credit Services Limited	Hong Kong	10,000 ordinary share of HK$1	—	100	Provision of finance
CEPA Alliance Securities Limited	Hong Kong	45,001,000 ordinary share of HK$1	—	70	Provision of brokerage of securities services

DNIP was set up in 1992 as an equity joint venture between the Company's subsidiary, NIPCL, and Dongguan Dalingshan Economic Development Company ("DDEDC") with equity interests of 70% and 30% respectively. DDEDC's 30% equity interest was transferred to NIPCL pursuant to the approval letter from Dongguan Municipal Foreign Economic Trade Committee on 28th March, 1996. Following the transfer, DNIP effectively became a wholly-owned subsidiary of the Group. DNIP has an operating period of 35 years expiring on 13th March, 2027.

SNIP was set up in 1995 as a wholly-owned foreign enterprise. SNIP has an operating period of 20 years expiring on 1st March, 2015.

NISPP was set up in 2002 as a wholly-owned foreign enterprise. NISPP has an operating period of 30 years expiring on 27th January, 2032.

19. TRADING SECURITIES

	The Group	
	2013	2012
	HK$'000	*HK$'000*
Listed equity securities at fair value — in Hong Kong *(notes 29(e) and (f))*	**30,131**	41,039

Investments in trading securities are stated at fair value at the balance sheet date (see note 1(j)).

20. INVENTORIES

Inventories in the consolidated balance sheet comprise:

	The Group	
	2013	2012
	HK$'000	*HK$'000*
Raw materials	**41,438**	53,346
Work in progress	**16,701**	12,980
Finished goods	**16,805**	23,225
	74,944	89,551

The analysis of the amount of inventories recognized as an expense and included in profit or loss is as follows:

	The Group	
	2013	2012
	HK$'000	*HK$'000*
Carrying amount of inventories sold	**524,363**	521,839
Write-down of inventories	**3,405**	1,462
	527,768	523,301

21. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade debtors	**161,699**	103,613	**—**	—
Less: Allowance for doubtful debts *(note 21(b))*	**(7,747)**	(7,755)	**—**	—
	153,952	95,858	**—**	—
Other receivables	**5,991**	6,561	**—**	—
Deposits and prepayments	**3,285**	17,705	**289**	330
	163,228	120,124	**289**	330
Derivative financial instruments *(notes 29(d) and (f))*	**—**	51	**—**	—
	163,228	120,175	**289**	330

All trade and other receivables, apart from deposits of the Group amounting to HK$1,249,000 (2012: HK$1,262,000), are expected to be recovered or recognized as expenses within one year. In year 2012, included in deposits and prepayments is a deposit of HK$15,000,000 for the consideration of acquiring 70% equity interests in CEPA Holdings. Please refer to note 11 for details of the transaction. Other receivables, deposits and prepayments are neither past due nor impaired.

The trade debtors as at 31st March, 2013 consisted of receivables from customers of the securities brokerage business amounting to HK$39,794,000, of which loans to margin clients is amounting to HK$26,201,000 (2012: HK$ Nil).

The loans to margin clients bear variable interest at commercial rate and are current and repayable on demand. Margin clients are required to pledge securities collateral to the Group in order to obtain credit facilities for securities trading. Any excess in the lending ratio will trigger a margin call which the clients have to make good the shortfall. The amount of credit facilities granted to them is determined by the discounted value of securities accepted by the Group. At 31st March, 2013, the total undiscounted market value of securities pledged as collateral in respect of the loans to margin clients was approximately HK$78,718,000 (2012: HK$ Nil).

(a) Ageing analysis

Included in trade and other receivables are trade debtors (net of allowance for doubtful debts) with the following ageing analysis:

	The Group	
	2013	2012
	HK$'000	*HK$'000*
Current	**144,063**	92,285
Less than one month past due	**3,171**	1,284
One to three months past due	**4,584**	1,761
Over three months past due	**2,134**	528
	153,952	95,858

21. TRADE AND OTHER RECEIVABLES *(Continued)*

(a) Ageing analysis *(Continued)*

The credit terms of receivables from customers of the securities brokerage business were in accordance with the securities brokerage industry practice. The Group's credit policy is set out in note 29(a).

(b) Impairment of trade debtors

Impairment losses in respect of trade debtors are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors directly (see note 1(l)(i)).

The movements in the allowance for doubtful debts during the year, including both specific and collective loss components, are as follows:

	The Group	
	2013	2012
	HK$'000	*HK$'000*
At 1st April	**7,755**	8,520
Exchange adjustments	**3**	7
Impairment loss recognized	**—**	13
Reversal of impairment loss	**(11)**	(785)
At 31st March	**7,747**	7,755

At 31st March, 2013, the Group's trade debtors of HK$7,747,000 (2012: HK$7,755,000) were individually determined to be impaired. The individually impaired receivables related to customers that were default in payments and management assessed that the receivables are not expected to be recovered. Consequently, specific allowance for doubtful debts of HK$7,747,000 (2012: HK$7,755,000) was recognized. The Group does not hold any collateral over these balances.

21. TRADE AND OTHER RECEIVABLES *(Continued)*

(c) Trade debtors that are not impaired

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

	The Group	
	2013	2012
	HK$'000	*HK$'000*
Neither past due nor impaired	**144,063**	92,285
Less than one month past due	**3,171**	1,284
One to three months past due	**4,584**	1,761
Over three months past due	**2,134**	528
	9,889	3,573
	153,952	95,858

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

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

22. CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

	The Group		The Company	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Cash at bank and in hand	**84,852**	28,007	**61**	61
Deposits with bank	**2,242**	60,730	**—**	—
Cash and cash equivalents in the balance sheet	**87,094**	88,737	**61**	61
Cash held on behalf of brokerage clients *(note)*	**24,358**	—	**—**	—
	111,452	88,737	**61**	61
Cash and cash equivalents in the consolidated cash flow statement	**87,094**	88,737		

Note: The Group receives and holds money deposited by clients and other institutions in the course of the conduct of the regulated activities. These clients' monies are maintained in one or more trust bank accounts and bear interest at prevailing interest rate. The Group has recognized the corresponding trade payables to respective clients. However, the Group currently does not have an enforceable right to offset those payables with the deposits placed.

(b) Reconciliation of (loss)/profit before taxation to cash generated from operations:

	Notes	**2013**	2012
		HK$'000	*HK$'000*
(Loss)/Profit before taxation		**(2,922)**	24,917
Adjustments for:			
Depreciation and amortization	*5(c)*	**39,298**	40,294
Bank interest income	*4*	**(674)**	(988)
Finance costs	*5(a)*	**2,217**	2,094
Net loss/(gain) on disposal of fixed assets	*4*	**1,717**	(14,058)
Unrealized loss/(gain) on trading securities	*4*	**16,192**	(467)
Foreign exchange differences		**1,061**	2,833
		56,889	54,625
Changes in working capital:			
Decrease in inventories		**15,537**	11,043
Increase in cash held on behalf of brokerage clients		**(24,358)**	—
Increase in trade and other receivables		**(12,557)**	(15,428)
Decrease in trade and other payables		**(20,214)**	(16,564)
Increase in bills payable		**6,333**	8,515
Cash generated from operations		**21,630**	42,191

23. BANK LOANS

(a) The analysis of the carrying amount of bank loans is as follows:

	The Group	
	2013	2012
	HK$'000	*HK$'000*
Current liabilities		
Bank loans	**17,665**	13,450
Term loans from banks subject to demand repayment	**53,027**	50,328
	70,692	63,778

(b) At 31st March, 2013, bank loans were repayable as follows:

	The Group	
	2013	2012
	HK$'000	*HK$'000*
Within one year or on demand	**17,665**	13,450
Current portion of term loans due for repayment within one year	**19,351**	8,294
	37,016	21,744
Term loans due for repayment after one year:		
After one year but within two years	**4,237**	8,346
After two years but within five years	**7,042**	8,898
After five years	**22,397**	24,790
	33,676	42,034
	70,692	63,778

23. BANK LOANS *(Continued)*

(c) At 31st March, 2013, bank loans were secured as follows:

	The Group	
	2013	2012
	HK$'000	*HK$'000*
Bank loans		
— secured	**44,694**	35,795
— unsecured	**25,998**	27,983
	70,692	63,778

Certain banking facilities and loans granted to the Group are secured by the Group's fixed assets at 31st March, 2013. Fixed assets pledged under such facilities are amounted to HK$75,348,000 (2012: 76,907,000).

The above secured banking facilities amounted to HK$54,693,000 (2012: HK$45,795,000) which were utilized to the extent of HK$44,694,000 (2012: HK$43,247,000) at 31st March, 2013, comprising bank loans of HK$44,694,000 (2012: HK$35,795,000) and bills payable of HK$ Nil (2012: HK$7,452,000).

At 31st March, 2013, the Company has given guarantees to banks to secure banking facilities of HK$199,027,000 (2012: HK$181,328,000) granted to its subsidiaries.

Certain of the Group's banking facilities are subject to the fulfilment of covenants relating to certain of the Group's balance sheet ratios, total equity and the amount of capital expenditure incurred, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the drawn down facilities would become repayable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 29(b). As at 31st March, 2013 and 2012, none of the bank covenants relating to drawn down facilities had been breached.

24. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade creditors	**74,961**	59,205	**—**	—
Other payables and accrued charges	**52,131**	48,393	**313**	614
	127,092	107,598	**313**	614

All of the trade and other payables are expected to be settled within one year.

(a) Included in trade and other payables are trade creditors with the following ageing analysis:

	The Group	
	2013	2012
	HK$'000	*HK$'000*
Current and less than one month past due	**69,853**	49,103
One to three months past due	**4,050**	7,718
More than three months past due	**1,058**	2,384
	74,961	59,205

Trade payables to certain margin and cash clients arising from the business of dealing in securities bear variable interest at commercial rates, and are repayable on demand subsequent to settlement date.

At 31st March, 2013, included in trade creditors, there was an amount of approximately HK$24,358,000 (2012: HK$Nil) in respect of the clients' undrawn monies which arose from securities brokerage transactions. The amount is repayable on demand.

25. BILLS PAYABLE

An ageing analysis of bills payable is as follows:

	The Group	
	2013	2012
	HK$'000	*HK$'000*
Due within one month	**17,145**	4,394
Due after one month but within two months	**4,496**	13,396
Due after two months but within three months	**10,555**	8,394
Due after three months	**321**	—
	32,517	26,184

26. INCOME TAX IN THE CONSOLIDATED BALANCE SHEET

(a) Current taxation in the consolidated balance sheet represents

	The Group	
	2013	2012
	HK$'000	*HK$'000*
Provision for Hong Kong Profits Tax for the year	**223**	10,699
Provisional Profits Tax paid	**—**	(901)
	223	9,798
Balance of Profits Tax provision relating to prior years	**(425)**	1,141
Current tax (recoverable)/liabilities — Hong Kong	**(202)**	10,939
Current tax liabilities — outside Hong Kong	**3,782**	1,859
	3,580	12,798

Represented by:

	The Group	
	2013	2012
	HK$'000	*HK$'000*
Current tax recoverable	**(268)**	—
Current tax liabilities	**3,848**	12,798
	3,580	12,798

26. INCOME TAX IN THE CONSOLIDATED BALANCE SHEET *(Continued)*

(b) Deferred tax assets and liabilities recognized

The components of deferred tax (assets)/liabilities recognized in the consolidated balance sheet and the movements during the year are as follows:

	Depreciation allowances in excess of related depreciation	Provisions	Tax losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1st April, 2011	12,459	(2,355)	—	10,104
Exchange adjustments	83	(102)	—	(19)
Credited to profit or loss	(8,583)	(908)	(90)	(9,581)
At 31st March, 2012	3,959	(3,365)	(90)	504
At 1st April, 2012	**3,959**	**(3,365)**	**(90)**	**504**
Exchange adjustments	**21**	**(40)**	**—**	**(19)**
Additions through business combination *(note 11)*	**17**	**—**	**—**	**17**
(Credited)/charge to profit or loss	**(655)**	**(513)**	**39**	**(1,129)**
At 31st March, 2013	**3,342**	**(3,918)**	**(51)**	**(627)**

Represented by:

	The Group	
	2013	2012
	HK$'000	*HK$'000*
Net deferred tax assets recognized	**(2,149)**	(1,922)
Net deferred tax liabilities recognized	**1,522**	2,426
	(627)	504

(c) Deferred tax assets not recognized

At 31st March, 2013, the Group had not recognized deferred tax assets in respect of tax losses of HK$15,846,000 (2012: HK$Nil) as it was not probable that future taxable profits against which the tax losses could be utilized would be available in the relevant tax jurisdiction and entity. The tax losses do not expire under current tax legislation.

26. INCOME TAX IN THE CONSOLIDATED BALANCE SHEET *(Continued)*

(d) Deferred tax liabilities not recognized

At 31st March, 2013, temporary differences relating to the undistributed profits of the PRC subsidiaries amounted to HK$107,906,000 (2012: HK$95,460,000). Deferred tax liabilities of HK$5,395,000 (2012: HK$4,773,000) representing the tax payable upon the distribution of such retained profits have not been recognized as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that profits will not be distributed in the foreseeable future.

27. CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company

	Share capital *HK$'000*	Share premium *HK$'000* *(note 27(d)(i))*	Contributed surplus *HK$'000* *(note 27(d)(ii))*	Retained profits *HK$'000*	Total *HK$'000*
At 1st April, 2011	26,653	131,911	67,360	18,957	244,881
Loss for the year *(note 9)*	—	—	—	(1,047)	(1,047)
At 31st March, 2012	26,653	131,911	67,360	17,910	243,834
At 1st April, 2012					
Loss for the year *(note 9)*	**—**	**—**	**—**	**(1,101)**	**(1,101)**
At 31st March, 2013	**26,653**	**131,911**	**67,360**	**16,809**	**242,733**

The Company's reserves available for distribution to shareholders at 31st March, 2013 are HK$84,169,000 (2012: HK$85,270,000).

(b) Dividends

The directors of the Company do not recommend the payment of a final dividend for the year ended 31st March, 2013 (2012: HK$Nil per share).

27. CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(c) Share capital

	Ordinary shares *'000*	Amount *HK$'000*
Authorized:		
40,000,000,000 shares of HK$0.01 each at 31st March, 2012 and 2013	**40,000,000**	**400,000**
Issued and fully paid:		
2,665,290,000 shares of HK$0.01 each at 31st March, 2012 and 2013	**2,665,290**	**26,653**

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(d) Nature and purpose of reserves

(i) Share premium

The application of the share premium account is governed by the Bermuda Companies Act 1981 ("Companies Act").

(ii) Contributed surplus

The excess value of the shares of the subsidiaries acquired pursuant to the Group's reorganization scheme in 1993 over the nominal value of the new shares of the Company issued in exchange is credited to the contributed surplus account. Under the Companies Act and the bye-laws of the Company, the contributed surplus is distributable to shareholders under certain circumstances.

(iii) Statutory surplus reserve

In accordance with the prevailing PRC laws and regulations, a wholly-owned foreign enterprise is required to transfer a certain percentage of its profit after taxation to a statutory surplus reserve until the surplus reserve balance reaches 50% of the registered capital of the enterprise. The transfer to the reserve has to be made before distribution of dividends to shareholders. The statutory surplus reserve can be used to make good previous years' losses, and is not distributable to shareholders.

27. CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(d) Nature and purpose of reserves *(Continued)*

(iv) Exchange reserve

The exchange reserve has been set up and will be dealt with in accordance with the accounting policy adopted for foreign currency translation (note 1(u)).

(v) Other reserves

Other reserves were set up by the Company's PRC subsidiaries in accordance with their articles of association. The amounts to be transferred to these reserves are determined by the respective board of directors. They can be used to convert into paid-up capital, and are not distributable to shareholders.

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Consistent with the industry practice, the Group monitors its capital structure on the basis of a net debt-to-capital ratio. For this purpose, the Group defines net debt as total debt (which includes interest-bearing loans and borrowings, and bills payable) less cash and cash equivalents. Capital comprises all components of equity.

During the year ended 31st March, 2013, the Group's strategy, which was unchanged from the prior year, was to lower the net debt-to-capital ratio. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends payable to shareholders, raise new debt financing or sell assets to reduce debt.

27. CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(e) Capital management *(Continued)*

The net debt-to-capital ratios at 31st March, 2013 and 2012 were as follows:

	Notes	**The Group** **2013** ***HK$'000***	2012 *HK$'000*
Current liabilities			
Bank loans	*23*	**70,692**	63,778
Bills payable	*25*	**32,517**	26,184
Total debt		**103,209**	89,962
Less: Cash and cash equivalents	*22(a)*	**87,094**	88,737
Net debt		**16,115**	1,225
Total equity		**502,452**	492,758
Net debt-to-capital ratio		**0.032**	0.002

As disclosed in note 23, the Group is subject to externally imposed capital requirements under covenants relating to certain banking facilities.

28. CONTINGENT LIABILITIES

At 31st March, 2013, the Company has given guarantees to banks to secure banking facilities of HK$199,027,000 (2012: HK$181,328,000) granted to its subsidiaries.

At the balance sheet date, the directors do not consider it is probable that a claim will be made against the Company under any of the guarantees. The maximum liability of the Company at the balance sheet date under the guarantees is the amount of the facilities drawn down by all the subsidiaries which are covered by the guarantees, being HK$103,209,000 (2012: HK$89,962,000).

The Company has not recognized any deferred income in respect of the guarantees as their fair value cannot be reliably measured and their transaction price is HK$Nil.

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

For brokerage services, the Group requires collateral from customers before advances are granted. The amount of advance permitted depends on the quality and value of collateral provided by the customer. Any subsequent change in value as well as quality, of collateral is closely monitored in order to determine whether any corrective action is required.

The Group has well defined policies in place on the setting and approval of trading, credit and investment position limits in order to manage its credit risk exposure and concentration. As at the balance sheet date, the Group did not have a significant concentration of credit risk other than the provision of advances to customers. The Groups credit risk exposure is controlled because these advances of customers are secured by equity shares.

In respect of trade debtors other than that arise from the brokerage services, credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. These receivables are due within 30 to 90 days from the date of billing. Normally, the Group does not obtain collateral from customers.

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(a) Credit risk *(Continued)*

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which the customers operate also has an influence on credit risk but to a lesser extent. At the balance sheet date, the Group has a concentration of credit risk as 6% (2012: 10%) and 15% (2012: 20%) of the total trade debtors were due from the Group's largest customer and the five largest customers respectively.

The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset in the balance sheet after deducting any impairment allowance. The Group does not provide any guarantee which would expose the Group to credit risk.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade debtors are set out in note 21.

(b) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

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

For term loans subject to repayment on demand clauses which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the contractual repayment schedule and, separately, the impact to the timing of the cash outflows if the lenders were to invoke their unconditional rights to call the loans with immediate effect.

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(b) Liquidity risk *(Continued)*

The Group

	2013							2012						
		Contractual undiscounted cash outflow							Contractual undiscounted cash outflow					
	On demand	Within 1 year	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total contractual undiscounted cash flow	Balance sheet carrying amount at 31st March, 2013	On demand	Within 1 year	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total contractual undiscounted cash flow	Balance sheet carrying amount at 31st March, 2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade and other payables	–	127,092	–	–	–	127,092	127,092	–	107,598	–	–	–	107,598	107,598
Bills payable	–	32,632	–	–	–	32,632	32,517	–	26,326	–	–	–	26,326	26,184
Term loans subject to repayment on demand clauses: scheduled repayments	–	20,367	4,992	8,935	24,785	59,079	53,027	–	9,353	9,234	10,986	27,737	57,310	50,328
Other bank loans	–	17,665	–	–	–	17,665	17,665	–	13,450	–	–	–	13,450	13,450
	–	197,756	4,992	8,935	24,785	236,468	230,301	–	156,727	9,234	10,986	27,737	204,684	197,560
Adjustments to disclose cash flows on term loans based on lender's right to demand repayment	53,027	(20,367)	(4,992)	(8,935)	(24,785)	(59,079)		50,328	(9,353)	(9,234)	(10,986)	(27,737)	(57,310)	
	53,027	177,389	–	–	–	177,389		50,328	147,374	–	–	–	147,374	

The Company

	2013							2012						
		Contractual undiscounted cash outflow							Contractual undiscounted cash outflow					
	On demand	Within 1 year	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total contractual undiscounted cash flow	Balance sheet carrying amount at 31st March, 2013	On demand	Within 1 year	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total contractual undiscounted cash flow	Balance sheet carrying amount at 31st March, 2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Accrued charges	–	313	–	–	–	313	313	–	614	–	–	–	614	614

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(c) Interest rate risk

The Group's interest rate risk arises primarily from interest bearing borrowings at the balance sheet date. The Group's interest rate profile as monitored by management is set out in (i) below.

(i) Interest rate profile

The following table details the interest rate profile of the Group's borrowings at the balance sheet date.

	2013		2012	
	Effective interest rate		Effective interest rate	
	%	***HK$'000***	*%*	*HK$'000*
Variable rate borrowings				
Bank loans	**2.26**	**70,692**	2.23	63,778
Bills payable	**1.95**	**32,517**	2.09	26,184
		103,209		89,962

(ii) Sensitivity analysis

At 31st March, 2013 it is estimated that a general increase/decrease of 100 (2012: 100) basis points in interest rates, with all other variables held constant, would have increased/decreased the Group's loss after tax and decreased/increased retained profits by approximately HK$862,000 (2012: profit after tax and retained profits decreased/increased by HK$751,000).

The sensitivity analysis above indicates the instantaneous change in the Group's loss after tax and retained profits that would arise assuming that the change in interest rates had occurred at the balance sheet date and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the balance sheet date. The analysis is performed on the same basis for the year ended 31st March, 2012.

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(d) Currency risk

The Group is exposed to foreign currency risk on sales that are denominated in currencies other than the functional currency of the operations to which they relate. The currency giving rise to this risk is primarily United States dollars ("USD") and Euros ("EUR"). The functional currency of the operations to which such risks relates is Renminbi ("RMB").

In June 2011, the Group entered into a non-deliverable structured forward contract ("Contract") with a bank. The total notional amount of the Contract, depending on the exchange rate at determination date, ranges from US$14,000,000 to US$28,000,000 with fourteen equal monthly settlement amounts commencing April 2012. On each determination date, if the exchange rate of USD to RMB is at or depreciates below the contracted rate, a fixed amount of US$1,000,000 will be payable by the Group to the bank and a fixed amount of RMB6,520,000 will be receivable from the bank. Under this circumstance, a monthly gain of the Group will be an amount in RMB equal to USD1,000,000 multiplied by the difference between the contracted rate and the exchange rate of USD to RMB at the determination date ("Monthly Gain"). If the exchange rate of USD to RMB appreciates above the contracted rate at the determination date, a fixed amount of US$2,000,000 will be payable by the Group to the bank and a fixed amount of RMB13,040,000 will be receivable from the bank. Under this circumstance, the Monthly Gain will be zero. The Contract will be terminated upon the completion of all fourteen settlements or the accumulated Monthly Gains from the completed settlements reaches RMB300,000.

As at 31st March, 2013, the fair value of the Contract amounted to HK$Nil (asset) (2012: HK$51,000) which was recognized under trade and other receivables in the consolidated balance sheet.

The directors believe that should the exchange rate of USD to RMB be in a rising trend, the Group would benefit from the currency gains associated with the relevant USD trade receivables against the associated costs in RMB and such gains would be sufficient to cover any amount payable under the Contract.

In December 2010, the Group entered into a contract to purchase a set of machinery at a total consideration of EUR1,460,000. The Group had entered into forward exchange contracts with a view to hedge the said transaction. All such forward exchange contracts were executed during the year ended 31st March, 2012 and there were no outstanding forward exchange contracts as at 31st March, 2012 and 2013.

All of the above forward contracts are not qualified for hedge accounting and therefore they are accounted for at fair value through profit or loss.

In respect of other monetary assets and liabilities denominated in currencies other than the functional currency of the operations to which they relate, the directors ensure that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(d) Currency risk *(Continued)*

(i) Exposure to currency risk

The following table details the Group's exposure at the balance sheet date to currency risk arising from recognized assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in Hong Kong dollars, translated using the spot rates at the balance sheet date. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

The Group

	Exposure to foreign currencies (express in HK$)			
	2013		2012	
	USD	**EUR**	USD	EUR
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Cash and cash equivalents	**11,567**	**43**	9,824	17
Trade and other receivables	**39,523**	**110**	37,569	—
Trade and other payables	**(4,122)**	**—**	(8,952)	(378)
Bills payable	**(3,393)**	**—**	(11,166)	—
Exposure arising from recognized assets and liabilities	**43,575**	**153**	27,275	(361)
Notional amounts of non-deliverable structured forward contracts	**—**	**—**	(108,581)	—
Overall net exposure	**43,575**	**153**	(81,306)	(361)

(ii) Sensitivity analysis

At 31st March, 2013, it is estimated that a general increase/decrease of 5% in the EUR exchange rate, assuming all other risk variables remained constant, would have increased/decreased the Group's loss after tax and decreased/increased retained profits by approximately HK$6,000 (2012: profit after tax and retained profits decreased/increased by HK$15,000). In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the USD would be materially unaffected by any changes in movement in value of the USD against other currencies. At 31st March, 2012, in connection with the non-deliverable structured forward contract, it is estimated that a general increase of 5% in the exchange rate of USD to RMB, would have decreased the Group's profit after tax by $2,198,000 (2013: HK$Nil). The Group's profit after tax would have increased by $325,000 (2013: HK$Nil) if the exchange rate of USD to RMB decreases by 5%.

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(d) Currency risk *(Continued)*

(ii) Sensitivity analysis *(Continued)*

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

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the balance sheet date, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of operations outside Hong Kong into the Group's presentation currency. The analysis is performed on the same basis for the year ended 31st March, 2012.

(e) Equity price risk

The Group is exposed to equity price changes arising from trading securities (see note 19).

The Group's equity investments are listed on the Stock Exchange of Hong Kong Limited. Decisions to buy or sell trading securities are based on daily monitoring of the performance of individual securities compared to industry indicators, as well as the Group's liquidity needs.

At 31st March, 2013, it is estimated that an increase/decrease of 10% in the relevant price risk variables, with all other variables held constant, would have decreased/increased the Group's loss after tax and increased/decreased the retained profits by approximately HK$2,516,000.

The sensitivity analysis indicates the instantaneous change on the Group's loss after tax and retained profits that would arise assuming that the changes in the relevant risk variables had occurred at the balance sheet date and had been applied to re-measure those financial instruments which expose the Group to equity price risk at the balance sheet date. It is also assumed that the fair values of the Group's equity investments would change in accordance with their historical correlation with the relevant risk variables, that none of the Group's trading securities would be considered impaired as a result of the decrease in the relevant risk variables, and that all other variables remain constant.

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(f) Fair values

(i) Financial instruments carried at fair value

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

— Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments.

— Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data.

— Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data.

The Group

	2013	2012	
	HK$'000	*HK$'000*	*HK$'000*
	Level 1	Level 1	Level 2
Assets			
Trading securities	**30,131**	41,039	—
Derivative financial instruments	**—**	—	51

During the years ended 31st March, 2013 and 2012, there were no significant transfers between financial instruments in different levels.

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(f) Fair values *(Continued)*

(ii) Estimation of fair values

Amounts due from subsidiaries are interest-free and have no fixed terms of repayment. Given such terms, it is not meaningful to disclose their fair values.

All other financial assets and liabilities are carried at amounts not materially different from their fair values at 31st March, 2013 and 2012.

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

(1) Interest-bearing loans and borrowings

The fair value is estimated as the present value of future cash flows, discounted at current market interest rates for similar financial instruments.

(2) Derivatives

Forward exchange contracts are either measured using quoted prices in active markets for similar financial instruments, or using the valuation techniques in which all significant inputs are directly or indirectly based on observable market data.

(3) Securities

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

30. COMMITMENTS

(a) Capital commitments outstanding at 31st March, 2013 not provided for in the financial statements were as follows:

	The Group	
	2013	2012
	HK$'000	*HK$'000*
Contracted for	**4,435**	26,359

30. COMMITMENTS *(Continued)*

(b) At 31st March, 2013, the total future minimum lease payments under non-cancellable operating leases in respect of properties are payable as follows:

	The Group	
	2013	2012
	HK$'000	*HK$'000*
Within one year	**6,832**	4,846
After one year but within five years	**13,794**	13,246
After five years	**2,884**	7,204
	23,510	25,296

The Group leases a number of properties under operating leases. The leases run for an initial period of one to fifteen years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

31. RETIREMENT SCHEMES

The Group maintains a mandatory provident fund scheme (the "MPF scheme") for all qualifying employees in Hong Kong. The Group's and employees' contributions to the MPF scheme are based on 5% of the relevant income of the relevant employee (up to HK$25,000 of monthly compensation) and in accordance with the requirements of the Mandatory Provident Fund Schemes Ordinance and related regulations.

Employees of the Group in the PRC are covered by appropriate local retirement schemes pursuant to local labour rules and regulations. The Group's annual contributions to these schemes represent defined contributions, and the Group has no further obligation beyond the contributions made.

32. MATERIAL RELATED PARTY TRANSACTIONS

Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and the highest paid employees as disclosed in notes 7 and 8 respectively.

33. IMMEDIATE PARENT AND ULTIMATE CONTROLLING PARTY

The directors consider the immediate parent and ultimate controlling party of the Group at 31st March, 2013 to be Plus Wealthy Limited, incorporated in the British Virgin Islands. This entity does not produce financial statements available for public use.

34. NON-ADJUSTING POST BALANCE SHEET EVENTS

Since the balance sheet date and as at the date of these financial statements, the market value of the listed equity securities held by the Group, which are classified as trading securities in the consolidated balance sheet (note 19), declined by approximately HK$8,800,000 based on the closing market price of these listed equity securities as at the date of these financial statements.

In addition, the Group has entered into a preliminary sale and purchase agreement with an independent third party for the acquisition of a property located in Hong Kong at a total cash consideration of HK$27,000,000 subsequent to 31st March, 2013.

35. COMPARATIVE FIGURES

Certain comparative figures have been adjusted in order to conform to the current year's presentation.

36. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31ST MARCH 2013

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and new standards which are not yet effective for the year ended 31st March 2013 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 1, *Presentation of financial statements — Presentation of items of other comprehensive income*	1 July 2012
HKFRS 10, *Consolidated financial statements*	1 January 2013
HKFRS 11, *Joint arrangements*	1 January 2013
HKFRS 12, Disclosure of interests in other entities	1 January 2013
HKFRS 13, *Fair value measurement*	1 January 2013
HKAS 27, *Separate financial statements (2011)*	1 January 2013
HKAS 28, *Investments in associates and joint ventures*	1 January 2013
Revised HKAS 19, *Employee benefits*	1 January 2013
Annual Improvements to HKFRSs 2009-2011 Cycle	1 January 2013
Amendments to HKFRS 7, *Financial instruments: Disclosures — Offsetting financial assets and financial liabilities*	1 January 2013
Amendments to HKAS 32, *Financial instruments: Presentation — Offsetting financial assets and financial liabilities*	1 January 2014
HKFRS 9, *Financial instruments*	1 January 2015

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

	2009 *HK$'000*	2010 *HK$'000*	2011 *HK$'000*	2012 *HK$'000*	**2013** ***HK$'000***
Operating results					
Turnover	597,028	519,452	570,333	634,132	**661,581**
Profit/(Loss) from operations	39,300	40,591	22,886	27,011	**(705)**
Finance costs	(10,491)	(3,553)	(2,306)	(2,094)	**(2,217)**
Profit/(Loss) before taxation	28,809	37,038	20,580	24,917	**(2,922)**
Income tax	(5,650)	(12,639)	(4,188)	(5,508)	**(6,346)**
Profit/(Loss) for the year	23,159	24,399	16,392	19,409	**(9,268)**
Attributable to:					
Equity shareholders of the Company	23,159	24,248	16,316	19,114	**(8,952)**
Non-controlling interests	—	151	76	295	**(316)**
Profit/(Loss) for the year	23,159	24,399	16,392	19,409	**(9,268)**
	(Restated)	(Restated)			
Assets and liabilities					
Non-current assets	384,477	353,530	280,067	366,040	**358,100**
Net current (liabilities)/assets	(25,582)	3,140	191,397	129,144	**145,874**
Total assets less current liabilities	358,895	356,670	471,464	495,184	**503,974**
Non-current liabilities	(39,460)	(14,183)	(10,752)	(2,426)	**(1,522)**
	319,435	342,487	460,712	492,758	**502,452**
Capital and reserves					
Share capital	22,253	22,253	26,653	26,653	**26,653**
Reserves	297,182	320,083	433,847	465,598	**461,026**
Total equity attributable to equity shareholders of the Company	319,435	342,336	460,500	492,251	**487,679**
Non-controlling interests	—	151	212	507	**14,773**
Total equity	319,435	342,487	460,712	492,758	**502,452**

Note: As a result of the application of Hong Kong Interpretation 5, *Presentation of financial statements — Classification by the borrower of a term loan that contains a repayment on demand clause,* issued by the Hong Kong Institute of Certified Public Accountants in November 2010, certain figures were restated to the extent that the Interpretation was adopted retrospectively.


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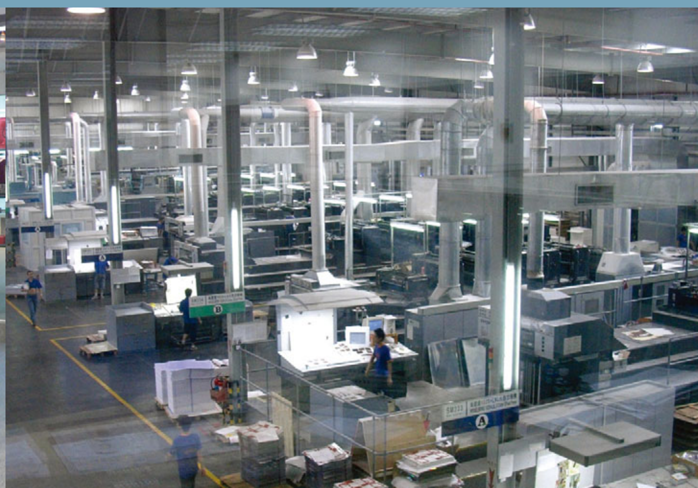
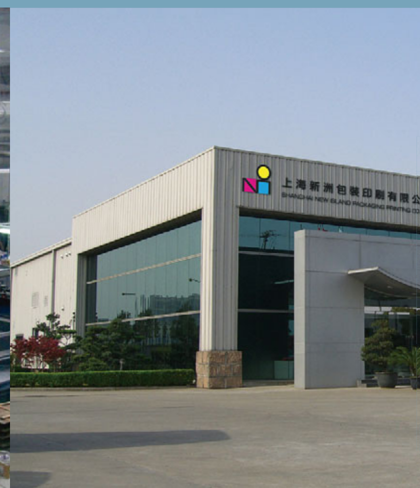
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