潤 迅 通 信 國 際 有 限 公 司

China Motion Telecom International Limited

(Incorporated in Bermuda with limited liability)

Stock Code：989

Annual Report 2012/13

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

TING Pang Wan, Raymond *(Chairman)*
JI Zuguang *(Deputy Chief Executive Officer)*

Independent Non-executive Directors

SIN Ka Man
HUANG An Guo
WONG Fei Tat

BOARD COMMITTEES

Audit Committee

SIN Ka Man *(Chairman)*
HUANG An Guo
WONG Fei Tat

Remuneration Committee

SIN Ka Man *(Chairman)*
HUANG An Guo
WONG Fei Tat
JI Zuguang

Nomination Committee

HUANG An Guo *(Chairman)*
SIN Ka Man
TING Pang Wan, Raymond

COMPANY SECRETARY

CHAN Siu Mei

LEGAL ADVISOR

Angela Ho & Associates, Solicitors

AUDITOR

Mazars CPA Limited
Certified Public Accountants

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 3101, Level 31, Tower 1
Enterprise Square Five
38 Wang Chiu Road
Kowloon Bay
Hong Kong
Tel : (852) 2209 2888
Fax : (852) 2209 1888
Website: http://www.chinamotion.com

PRINCIPAL SHARE REGISTRAR

Butterfield Fulcrum Group (Bermuda) Limited
26 Burnaby Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR

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

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited

STOCK CODE

989

Financial Highlights

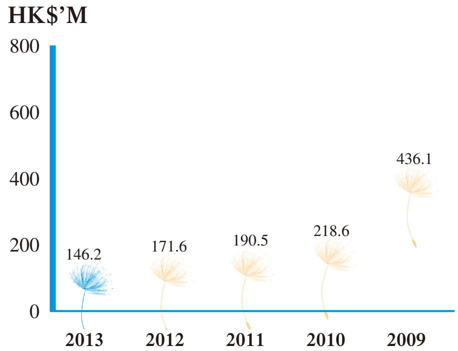
FIVE-YEAR FINANCIAL SUMMARY

	Year ended 31 March				
	2013	2012 (Restated)	2011	2010	2009
Turnover[1] (HK$ million)	146.2	171.6	190.5	218.6	436.1
Gross profit[1] (HK$ million)	64.5	69.7	77.3	85.5	102.0
Profit (loss) for the year from continuing operations (HK$ million)	42.4	(41.9)[2]	3.7	45.7	(53.5)
Profit (loss) for the year from discontinued operations (HK$ million)	40.8	(5.0)[2]	(14.8)	(7.8)	207.0
Profit (loss) for the year[1] (HK$ million)	83.2	(46.9)	(11.1)	37.9	153.5
Earnings (losses) per share[1] (HK cents)	2.95	(1.65)	(0.40)	1.37	6.21
Total assets (HK$ million)	464.7	402.6	442.4	469.7	462.6
Total liabilities (HK$ million)	19.6	41.1	35.1	52.9	71.2
Net assets (HK$ million)	445.1	361.5	407.3	416.8	391.4
Net assets value per share (HK$)	0.16	0.13	0.14	0.15	0.14
Working capital ratio	10.52	3.75	4.31	3.11	3.25
Long-term debt to equity	N/A	N/A	N/A	N/A	0.01
Gearing ratio	0%	0%	0%	0.03%	0.12%

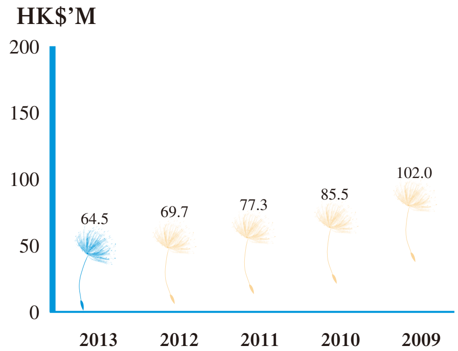
(1) The information represents the continuing and discontinued operations.

(2) The figures for the year ended 31 March 2012 were re-classified to reflect the divestiture of business in year 2013.

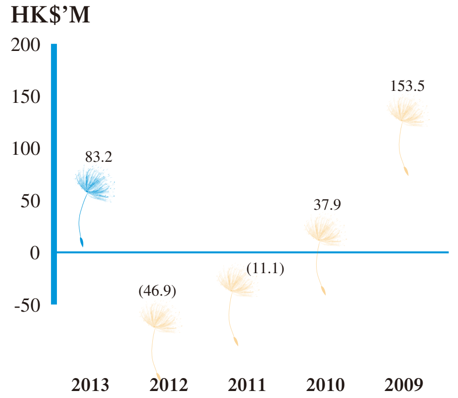
TURNOVER



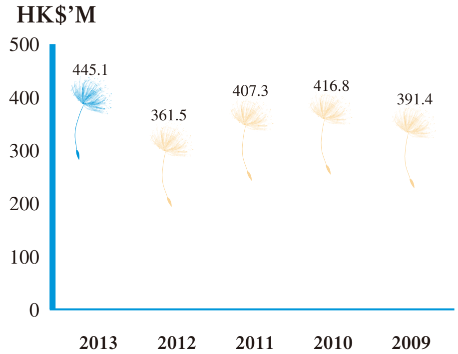
GROSS PROFIT



PROFIT (LOSS) FOR THE YEAR



NET ASSETS



Chairman's Statement

Dear Shareholders,

On behalf of China Motion Telecom International Limited (the "Company") and its subsidiaries (collectively the "Group"), I am pleased to present to shareholders the annual results of the Group for the year ended 31 March 2013.

We continued to make good progress in restructuring of our business in an effort to build a long-term sustainable business portfolio and grow the Company. During the year, we made a thorough strategic review of the businesses and developed a blue-print of how the Group should move forward, leveraging its expertise and experience in both the telecommunications and property investment. The rapid changes in the telecommunications landscape coupled with rising cost of operation and significant investment in upgrading the mobile core network continued to present multiple challenges to the Group's profitability. As a result of this review process and given the right opportunity, the Group decided to exit the mobile communications services business in Hong Kong. This divestiture together with a declining turnover in retail sales and management services business in Shanghai (the "Shanghai Operation") resulted in lowering the Group's turnover to HK$146,205,000 with an operating loss of HK$6,805,000 during the year. The Group, however, reported a profit after tax of HK$83,226,000 due to an aggregate effect of appreciated investment properties, a gain on disposal of discontinued mobile operations and an impairment of goodwill for the Shanghai Operation.

The Shanghai Operation continued to be affected by the high penetration of the mobile service and strategy changes by the Shanghai telecommunications operator. The shifting to all prepaid handset bundles continued to impact the overall sales performance of the Shanghai Operation. We continued to work closely with the Shanghai telecommunications operator to mitigate this impact but we expect the business to remain relatively flat in the foreseeable future.

With the slowdown in telecommunications business, the Group has been actively exploring investment opportunities to broaden its business portfolio. To this end, I am pleased to report that the Group has recently entered into an agreement to acquire an interest in a land property in Jilin Province expanding its portfolio in the property development and management business in China. This project, if materialised and approved by shareholders, will provide a foundation from which the Group could grow and allow the Group to establish a foothold in a promising market segment in China. This together with our telecommunications business and investment properties in Hong Kong will form a more diverse business portfolio in the future.

Lastly, I would like to thank all our staff for their diligence during the year. With the support of all fellow directors, our staff and strategic partners, we are committed to creating value for shareholders by identifying and investing in some high growth businesses and building a new and solid business portfolio for the future.

TING Pang Wan, Raymond
Chairman

Hong Kong, 27 June 2013

Management Discussion and Analysis

RESULTS AND OPERATIONS REVIEW

The telecommunications landscape continues to evolve rapidly in a highly competitive environment with prices continuing its downward spiral trend in mobile and the value-added services. These rapid changes in the industry coupled with significant investment required to upgrade the mobile telecommunications core network and the escalated cost of operations in both Hong Kong and China had presented multiple challenges to the profitability of the Group. The Group made a strategic review of the business and developed a blue-print of how the Group should be moved forward in the long term, leveraging its expertise and experience in both the telecommunications and property investment. As a result of the planning, the Group decided to exit the mobile communications services business in Hong Kong and to broaden its principle business portfolio by exploring investment in certain fast growing industries to balance its dependence on its telecommunications business.

During the year under review, turnover for the Group was HK$146,205,000, representing a decline of 14.8% as compared to HK$171,623,000 last year. Gross margin increased to 44.2% from 40.6% and operating performance was ahead of prior year with an improved operating loss of HK$6,805,000 from HK$10,366,000.

Despite the operating loss, the Group had managed to turn a profit for the year. Net profit after tax was HK$83,226,000 as compared to the net loss after tax of HK$46,903,000 last year. This net profit was attributed to the aggregate effect of some prevailing factors including an appreciation of investment properties of HK$79,000,000, the disposal gain of HK$41,996,000 in the mobile communications services business in Hong Kong and the impairment loss of goodwill of HK$29,117,000 in the Shanghai Operation.

Retail Sales and Management Services

The Shanghai Operation continued to face the challenges in a saturated telecom market and changes in marketing strategy deployed by the Shanghai telecommunications operator. During the year under review, turnover for the Shanghai Operation, representing 41.0% of the Group's turnover, declined 21.6% to HK$59,871,000 from HK$76,324,000 in the last corresponding year. This decline was largely attributed to the decrease in wholesale business associated with the mobile handsets and the use of resellers during the year, both of which carried a much lower gross margin. This smaller mix of low gross margin turnover resulted in an overall improvement of gross margin from 44.5% to 52.3% during the year. For the year, the Shanghai Operation recorded an operating profit of HK$772,000 as compared to an operating profit of HK$3,511,000 in the prior year. This decline in operating profit and the uncertainty in the increasing competitive market led to the decision by the Group to make an appropriate impairment of goodwill in the fiscal year.

The highly penetrated Shanghai telecommunications market had forced the Shanghai telecommunications operator to adjust its marketing strategy and its remuneration to its partners accordingly. During the year, Shanghai telecommunications operator had discontinued the post-paid handset bundled services and shifted its services to prepaid bundled ones that required customers to make a substantial upfront payment. This change had negatively impacted the Group's ability to acquire the subscribers. At the end of the year under review, the Shanghai Operation managed a total of 24 retail service stores, down from 25 from a year earlier. With a view to reducing the operating expenses, it is expected that the leases for the six smaller, specialty stores would be closed in mid-2013. All these changes will undoubtedly impact the service income generated from the operation. In response to these changes, the Shanghai Operation is reviewing its operating cost structure to align itself to the slowdown. However, the Group will continue to work with Shanghai telecommunications operator to explore potential of new type of services and maintain its retail presence and its income stream.

Management Discussion and Analysis

RESULTS AND OPERATIONS REVIEW (continued)

Mobile Communications Services

The mobile communications services segment comprised of a licensed Mobile Virtual Network Operators ("MVNO") business in Hong Kong which operates a mobile service under the brand "CM Mobile". For the period under review, turnover for the MVNO business, which accounted for 59.0% of the Group's total turnover, was HK$86,334,000, representing 11-month of the fiscal year before its disposal. This compared to a turnover of HK$95,299,000 in the prior 12-month period. For the period before its disposal, MVNO business recorded an operating loss of HK$1,179,000 as compared to a previous full year operating loss of HK$5,043,000, which reflects a one-off allowance of HK$9,097,000 made for doubtful debt.

MVNO business continued to face difficulties in the extremely competitive market particularly in the data access services and mobile communications applications. First and foremost was the rapid growth of alternative means of communications via social networking applications which had reduced the usage for traditional voice and short message services. Short message service sent and received in February 2013 for the entire industry in Hong Kong were down by more than 40.6% compared to February 2012 while data usage had gone up by more than 73.3%, according to Office of the Communications Authority. This trend was particularly severe in the cross border communications when the tariffs were higher and customers were taking advantages of the flat rate unlimited data services offered for Internet Protocol (IP) voice and messaging applications. Second, the launching of the popular smart phone devices in the market place continued to affect the decision to which services the customers subscribed to. The inability of MVNO to offer certain popular handset models and the heavy subsidies on some of these devices continued to negatively impact the MVNO performance during the period.

With price continuing to spiral downward in the foreseeable future even for the new 4G data service and the need to significantly invest to upgrade the mobile telecommunications core network, the Group believed the business risk outweighed the benefit derived from the MVNO business and thus it would not be the best interest for the Group to invest into the business in the long term. Given the opportunity, the Group had made a strategic decision to dispose its MVNO business during the year and the transaction had completed on 1 March 2013, resulting in a disposal gain of HK$41,996,000.

PROSPECTS

The slowdown in China's economy and the implementation of Quantitative Easing posts significant risk to the Group's core business operating plan. Taking into account the competitive environment, the escalating operating costs and the substantial need for capital expenditure, it is expected that the profitability and viability of the existing telecommunications business will be threatened in the foreseeable future.

During the year, the Group has been actively exploring investment opportunities outside the telecommunications business to broaden its business portfolio as well as its income stream. With its experience in property investment and management, the Group has been concentrating its effort behind this area. To this end, the Group has recently made an announcement that it has entered into an agreement to acquire an interest in a land property in Jilin Province in China. This project, if materialised and approved by shareholders, will provide a foundation from which the Group could grow and allow the Group to begin gaining a foothold in the vast property market segment in China.

Looking ahead, the Group will continue to engage in the Shanghai Operation while continuing to seize the new business opportunities in the property development and management business. Jilin project is just the first of the many that the Group is considering to invest as it begins to branch out to a new, high growth business segment that would improve the prospect of the Company and add value to the shareholders.

LAPSE OF PLACING AGREEMENT

On 24 May 2012, the Company entered into a placing agreement with a placing agent for placing of a maximum of 564,100,000 new shares of the Company, representing 20% of the Company's existing issued share capital, on a best effort basis, to not fewer than six independent placees at the placing price of HK$0.10 per share with maximum aggregate nominal value of HK$5,641,000 and maximum net proceeds of approximately HK$0.097 per placing share and HK$54,890,000 in aggregate. Such placing price represented a premium of approximately 9.89% to the closing price of HK$0.091 per share as quoted on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the date of the agreement.

Due to the uncertainties of the financial market, it was informed by the placing agent that the placing had not been successful on or before 31 October 2012, being the expiry date of the placing period for the fulfillment of the conditions in the placing agreement, and accordingly the placing agreement had lapsed and become null and void and the placing would not proceed. The directors of the Company were of the view that the lapse of the placing agreement had no material adverse impact on the operation and financial position of the Company as a whole. Details of the placing and the lapse of placing agreement were disclosed in the announcements dated 24 May 2012 and 31 October 2012 respectively.

Management Discussion and Analysis

DISPOSAL OF INVESTMENT PROPERTY

The Group completed the disposal of a premise with fair value of HK$2,800,000 as at 31 March 2012 at a price of HK$2,750,000 in September 2012. Such disposal generated a loss of HK$83,000 and a net cash inflow of HK$2,717,000 during the year.

DISPOSAL OF MOBILE COMMUNICATIONS SERVICES BUSINESS

On 27 November 2012, the Group with the Company as guarantor entered into a stock purchase agreement (the "MVNO Disposal Agreement") with Gulfstream Capital Partners Ltd., an independent third party (the "Purchaser"), pursuant to which the Group conditionally agreed to sell and the Purchaser conditionally agreed to purchase (i) the existing issued shares of China Motion Telecom (HK) Limited ("CMTHK"), a former subsidiary of the Company, principally engaged in the provision of mobile communications services, (the "CMTHK Shares") and (ii) the capitalised shares of CMTHK, being the shares of CMTHK issued in respect of the capitalisation of the shareholders' loans owing by CMTHK to the Group at an issue price of HK$1 per capitalised share at the closing (the "CMTHK Capitalised Shares", together with the CMTHK Shares collectively the "Sale Shares", representing 100% of the issued share capital of CMTHK at the closing) for the consideration of HK$45,000,000 (subject to adjustments) (the "Original Consideration") under the terms and conditions as set out in the MVNO Disposal Agreement (the "MVNO Disposal"). In addition, on the even date, VelaTel Global Communications, Inc. (the "Guarantor"), the holding company of the Purchaser, issued a corporate guaranty unconditionally and irrevocably guaranteeing to the Group each and every obligation of the Purchaser under the MVNO Disposal Agreement.

On 4 February 2013, the Group entered into a supplemental agreement with the Purchaser whereby the closing date of the MVNO Disposal was extended from 31 January 2013 to 28 February 2013 and the Original Consideration was increased to HK$45,405,000 (subject to adjustments) (the "Revised Consideration").

On 3 March 2013, the Group with the Company as guarantor entered into a second supplemental agreement with the Purchaser and the Guarantor, taking effect from 1 March 2013, whereby, inter alia,

(i) the closing date was further extended to 1 March 2013;

(ii) the Revised Consideration was revised to HK$49,500,000 (subject to adjustments), which shall be paid in the following manner:

  (a) as to HK$4,646,862.55 as deposit kept by the escrow agent, which had been released to the Group at early March 2013;

  (b) as to HK$7,362,500.00 paid by the Purchaser to the Group on the closing date; and

  (c) as to HK$37,490,637.45 paid by way of issue of the promissory note (the "Promissory Note") issued by the Guarantor on the closing date;

(iii) the Promissory Note in total amount of HK$38,990,637.45, being the principal sum of HK$37,490,637.45 plus interest accrued thereon in an aggregate sum of HK$1,500,000, was issued on 1 March 2013, which shall be repaid in the following installments:

  (a) as to HK$4,650,000 due and payable in full on or before 31 May 2013, which had been paid as at the date of this report; and

  (b) as to the balance of HK$34,340,637.45, to be due and payable in full on or before 31 August 2013;

(iv) the Sale Shares were pledged to the Group as security for full and punctual repayment of the Promissory Note by the Guarantor pursuant to a stock pledge deed and stock escrow agreement entered into between the Group and the Purchaser on 3 March 2013 (the "Share Pledge"); and

(v) the Group nominated a director to the board of directors of CMTHK until the full repayment of the Promissory Note.

Management Discussion and Analysis

DISPOSAL OF MOBILE COMMUNICATIONS SERVICES BUSINESS (continued)

The MVNO Disposal was completed on 1 March 2013 save for the repayment of the Promissory Note and the release of the Share Pledge as aforesaid. The net proceeds from the MVNO Disposal, after deducting expenses attributable to the MVNO Disposal of approximately HK$4,017,000, were estimated to be approximately HK$45,483,000. The Company intended to apply such net proceeds as general working capital of the Group and to fund future investment opportunities for expansion of the Group. The MVNO Disposal constituted a major transaction for the Company under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and a written shareholders' approval to the MVNO Disposal was given by Marvel Bonus Holdings Limited ("Marvel Bonus"), the controlling shareholder of the Company beneficially interested in approximately 55.13% of the issued share capital of the Company, pursuant to the Listing Rules.

Details of the MVNO Disposal were disclosed in the announcements dated 27 November 2012, 4 February 2013 and 4 March 2013 and the circular dated 18 December 2012.

LIQUIDITY AND FINANCIAL RESOURCES

The Group has consistently maintained sufficient working capital. As at 31 March 2013, the Group had current assets of HK$156,216,000 *(2012: HK$137,395,000)*, including cash and bank balances and time deposits in an aggregate of HK$102,099,000 *(2012: HK$102,684,000)*. The Group's current liabilities as at 31 March 2013 were HK$14,854,000 *(2012: HK$36,597,000)*. The liquidity ratio of the Group as at 31 March 2013 remained healthy at 10.52 times *(2012: 3.75 times)*.

As at 31 March 2013, the Group has no outstanding loans or borrowings from banks or financial institutions *(2012: Nil)*. The Group has no gearing as at 31 March 2013 *(2012: Nil)*.

SHARE CAPITAL

As at 31 March 2013, the Company had 2,820,500,000 shares in issue with total shareholders' fund of the Group amounting to approximately HK$439,197,000 *(2012: HK$355,566,000)*.

FINANCIAL GUARANTEES

As at 31 March 2013, the Group did not have any contingent liabilities *(2012: Nil)*.

CHARGE ON ASSETS

As at 31 March 2013, the Group did not have any charge on its assets *(2012: Nil)*.

EXPOSURES TO FLUCTUATIONS IN EXCHANGE RATES

The majority of the Group's transactions, assets and liabilities are denominated in Hong Kong dollars and Renminbi. The Group is exposed to the fluctuations in Renminbi as certain receipts and payments are settled by Renminbi. However, the management will continue to monitor its foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

EMPLOYEES AND REMUNERATION POLICIES

Following the MVNO Disposal, the Group had 304 full-time staff as at 31 March 2013. Total staff costs (including directors' emoluments) incurred by both continuing and discontinued operations for the year amounted to approximately HK$51,353,000 *(2012: HK$50,607,000)*. The Group's remuneration policy is in line with prevailing market practice and performance of individual staff. In addition to salaries, the Group also offers other benefits to its staff, including discretionary bonus, training allowance and provident fund.

Biographical Details of Directors

EXECUTIVE DIRECTORS

Mr. Ting Pang Wan, Raymond, aged 40, was appointed as an executive director of the Company in October 2006 and became the chairman of the Group in November 2006. Mr. Ting is also a member of Nomination Committee and holds directorships in various subsidiaries of the Company. Mr. Ting has over 18 years of experience in property development and investments in the People's Republic of China (the "PRC"). He is currently the sole shareholder and director of LT International Holdings Limited ("LT International") which was established by Mr. Ting's father and other business partners and is a holding company with subsidiaries principally engaged in property development and investments in Guangzhou, Shanghai and Beijing, the PRC and investment in securities since 1991. Mr. Ting has been an executive director and the chairman of Credit China Holdings Limited ("Credit China"), a company listed on the Growth Enterprise Market (the "GEM") of the Stock Exchange, since September 2012 and October 2012 respectively. He studied Economics and International Relation in Beloit College in the United States of America from 1992 to 1994. He is responsible for the business development and overall strategic planning of the Group.

Mr. Ji Zuguang, aged 56, was appointed as an executive director of the Company and the deputy chief executive officer of the Group in September 2012. Mr. Ji is also a member of Remuneration Committee and holds directorships in various subsidiaries of the Company. Mr. Ji has years of experience in property development industry and around 8 years of experience in secured financing industry in the PRC. From 1992 to 2000, he had served as secretary and engineer of the Shanghai Postal, Telephone and Communication Bureau (上海市郵電管理局). Since 2000, Mr. Ji has been the deputy general manager of LT International and is mainly responsible for the overall operation of property development projects. He has also been an executive director of Credit China, a company listed on the GEM of the Stock Exchange, since January 2010. Mr. Ji graduated from the Party School of the Central Committee of C.P.C (中共中央黨校) in 1992 majoring in Economic Management. He received a Master degree in Advanced Business Management from the Nanyang Technological University of Singapore in 2006.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Sin Ka Man, aged 46, was appointed as an independent non-executive director of the Company in September 2009. Mr. Sin is also a member and the chairman of Audit Committee and Remuneration Committee and a member of Nomination Committee. Mr. Sin has over 21 years of professional experience in auditing, accounting and financial management for both private and listed corporations. Mr. Sin is currently a vice-president of Huayu Expressway Group Limited and is responsible for the accounting and financial management. Mr. Sin is an independent non-executive director of each of Chinese People Holdings Company Limited, Fornton Group Limited, PNG Resources Holdings Limited, Sino Haijing Holdings Limited and Xtep International Holdings Limited, companies listed on the Main Board of the Stock Exchange. Mr. Sin holds a Bachelor degree in Social Sciences from the University of Hong Kong, a Master degree in Finance from the University of Strathclyde in the United Kingdom and a Master degree in Accounting from Curtin University of Technology in Australia. He is an associate member of The Hong Kong Institute of Certified Public Accountants, a fellow member of The Association of Chartered Certified Accountants and a certified practising accountant of the CPA Australia.

Mr. Huang An Guo, aged 59, was appointed as an independent non-executive director of the Company in February 2006 and was the chairman of the Group from April 2006 to November 2006. Mr. Huang is also a member of Audit Committee and Remuneration Committee and a member and the chairman of Nomination Committee. Mr. Huang has substantial experience in the advertising industry. He is an experienced project coordinator in the field of public relation for media business. Mr. Huang currently is a director of Shanghai Jin Li Advertising Company Limited and China Digital Broadcasting Company Limited. Mr. Huang graduated from Shanghai Fudan University, the PRC.

Ms. Wong Fei Tat, aged 38, was appointed as an independent non-executive director of the Company in February 2006. Ms. Wong is also a member of Audit Committee and Remuneration Committee. Ms. Wong has over 17 years of experience in the accounting field. She has been an independent non-executive director of China Print Power Group Limited, a company listed on the Main Board of the Stock Exchange, since January 2012. Ms. Wong holds a Bachelor degree in Commerce from the University of Sydney and a postgraduate diploma in Corporate Administration and a Master degree in Corporate Governance from the Hong Kong Polytechnic University. She is an associate member of the Chartered Institute of Management Accountants, the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries and is a certified practising accountant of the CPA Australia.

Directors' Report

The board of directors of the Company (the "Board") is pleased to submit its report together with the audited consolidated financial statements of the Group for the year ended 31 March 2013.

PRINCIPAL ACTIVITIES AND SEGMENT INFORMATION

The principal activity of the Company is investment holding. During the year, its subsidiaries were principally engaged in provision of mobile communications services which were disposed of in March 2013 and retail sales and management services. The principal activities and other particulars of its subsidiaries are set out in note 33 to the consolidated financial statements.

Details of the analysis of the performance of the Group for the year by operating segments are set out in note 8 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2013 are set out in the consolidated income statement on pages 51 and 52.

The Board does not recommend the payment of any dividend for the year ended 31 March 2013 *(2012: Nil)*.

RESERVES

Movement in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 56 and note 28 to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 March 2013 calculated under the Companies Act 1981 of Bermuda (as amended) amounted to approximately HK$376,999,000 *(2012: HK$283,294,000)* subject to restrictions as set out in note 28 to the consolidated financial statements.

INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

Details of the movement in investment properties and property, plant and equipment of the Group during the year are set out in notes 15 and 16 to the consolidated financial statements respectively.

SHARE CAPITAL AND SHARE OPTIONS

Details of the movement in share capital and share options of the Company during the year are set out in notes 26 and 27 to the consolidated financial statements respectively.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 3.

PRE-EMPTIVE RIGHTS

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

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the year ended 31 March 2013.

DIRECTORS

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

Executive Directors

Mr. TING Pang Wan, Raymond, *Chairman*	
Mr. JI Zuguang, *Deputy Chief Executive Officer*	*(appointed on 5 September 2012)*
Mr. WU Chi Chiu, *Vice Chairman and Chief Executive Officer*	*(resigned on 31 March 2013)*
Ms. ZHOU Lijuan, *Deputy Chief Executive Officer*	*(resigned on 5 September 2012)*

Independent Non-executive Directors

Mr. SIN Ka Man
Mr. HUANG An Guo
Ms. WONG Fei Tat

Directors' Report

DIRECTORS (continued)

In accordance with bye-law 86(1) of the Bye-laws of the Company, Mr. Sin Ka Man and Mr. Huang An Guo shall retire from office as directors by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

In accordance with bye-law 85(2) of the Bye-laws of the Company, Mr. Ji Zuguang, being a director appointed by the Board subsequent to the previous annual general meeting, shall hold office only until the forthcoming annual general meeting and, being eligible, offer himself for re-election.

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

BIOGRAPHICAL DETAILS OF DIRECTORS

Biographical details of directors are set out on pages 14 and 15.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' INTERESTS IN CONTRACTS

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the directors was interested in any business which competed or was likely to compete, either directly or indirectly, with the business of the Group during the year.

DIRECTORS' INTERESTS IN SECURITIES

As at 31 March 2013, the directors and chief executive of the Company or their respective associates had the following interests or short positions in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which such director or chief executive was taken or deemed to have under such provisions of the SFO), or as recorded in the register required to be kept pursuant to Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in the Listing Rules, to be notified to the Company and the Stock Exchange:

(a) Interests in shares of the Company

Name of director	Nature of interest	Position	No. of ordinary shares held	Approximate percentage of shareholding
Mr. TING Pang Wan, Raymond	Corporate *(Note)*	Long	1,555,000,000	55.13%
Mr. JI Zuguang	Personal	Long	1,300,000	0.05%

Note: The corporate interest of Mr. Ting Pang Wan, Raymond is beneficially owned by Marvel Bonus, the entire issued share capital of which is owned as to 50% by Integrated Asset Management (Asia) Limited ("Integrated Asset") and as to the remaining 50% by Shanghai Assets (BVI) Limited ("Shanghai Assets"). Shanghai Assets is wholly and beneficially owned by Mr. Ting. Mr. Ting is therefore deemed to be interested in the 1,555,000,000 shares held by Marvel Bonus. Mr. Ting is also a director of Marvel Bonus and a director of Shanghai Assets.

On 25 April 2013, Marvel Bonus entered into a conditional sale and purchase agreement with Charm Success Group Limited ("Charm Success") whereby Charm Success has conditionally agreed to purchase and Marvel Bonus has conditionally agreed to sell the 1,555,000,000 shares of the Company at a consideration of HK$244,135,000. However, the said agreement and the transactions contemplated thereunder are subject to certain conditions precedent to be fulfilled, including the approval of independent shareholders of the Company. Upon completion, a mandatory unconditional cash offers by Charm Success will be made for all other then shares of the Company under the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code") as announced on 10 May 2013, 13 May 2013 and 17 June 2013.

DIRECTORS' INTERESTS IN SECURITIES (continued)

(b) Interests in share options of the Company

Name of director	Nature of interest	Position	No. of share options held	Approximate percentage of issued shares
Mr. WU Chi Chiu *(Note 1)*	Personal *(Notes 2&3)*	Long	20,000,000	0.71%
Mr. JI Zuguang	Personal *(Notes 2&3)*	Long	15,000,000	0.53%

Notes:

1. Mr. Wu Chi Chiu resigned as a director of the Company on 31 March 2013. The 20,000,000 share options granted to Mr. Wu will lapse on 30 September 2013 (i.e. 6 months following the date of cessation as qualified person) as a result of his resignation pursuant to the share option scheme adopted on 6 September 2002.

2. The share options were granted to subscribe for shares of the Company under the share option scheme adopted by the Company on 6 September 2002 with scheme limit refreshed on 23 September 2009 but terminated on 5 September 2012, details of which are set out in the section of "Share Option Schemes" below.

3. All share options granted are subject to the possible mandatory unconditional cash offers as announced on 10 May 2013, 13 May 2013 and 17 June 2013.

(c) Interests in shares of associated corporation of the Company

Name of director	Name of associated corporation	Relationship with the Company	Nature of interest	Position	No. of share held	Approximate percentage of shareholding
Mr. TING Pang Wan, Raymond	Marvel Bonus	Holding company of the Company	Corporate *(Note)*	Long	1	50.00%

Note: The corporate interest of Mr. Ting Pang Wan, Raymond in Marvel Bonus is beneficially owned by Shanghai Assets. Shanghai Assets is wholly and beneficially owned by Mr. Ting. Mr. Ting is therefore deemed to be interested in the 1 share held by Shanghai Assets in Marvel Bonus.

All interests disclosed above represent long positions.

Save as disclosed above, as at 31 March 2013, none of the directors, chief executive of the Company nor their respective associates had or were deemed to have any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which such director or chief executive was taken or deemed to have under such provisions of the SFO), or as recorded in the register required to be kept pursuant to Section 352 of the SFO, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Save as disclosed herein, at no time during the year was the Company or any of its subsidiaries a party to any arrangements 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, and neither the directors, nor chief executive of the Company, or any of their spouses or children under the age of 18 had any interests in, or had been granted, any rights to subscribe for any securities in or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), or had exercised any such rights during the year.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2013, so far as being known to the directors and chief executive of the Company, the following parties (other than the directors and chief executive of the Company) had or were deemed to have the following interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as being directly or indirectly interested in 5% or more of the issued share capital of the Company:

Name of shareholder	Nature of interest	Position	No. of ordinary shares held	Approximate percentage of shareholding
Mr. YAM Tak Cheung	Corporate *(Notes)*	Long	1,555,000,000	55.13%
Integrated Asset	Corporate *(Notes)*	Long	1,555,000,000	55.13%
Shanghai Assets	Corporate *(Notes)*	Long	1,555,000,000	55.13%
Marvel Bonus	Beneficial owner	Long	1,555,000,000	55.13%

Notes:

1. Marvel Bonus is owned as to 50% by Integrated Asset and as to the remaining 50% by Shanghai Assets. Integrated Asset and Shanghai Assets are therefore deemed to be interested in the 1,555,000,000 shares held by Marvel Bonus. Integrated Asset is in turn wholly and beneficially owned by Mr. Yam Tak Cheung. Mr. Yam is therefore also deemed to be interested in the 1,555,000,000 shares held by Marvel Bonus.

   On 25 April 2013, Marvel Bonus entered into a conditional sale and purchase agreement with Charm Success whereby Charm Success has conditionally agreed to purchase and Marvel Bonus has conditionally agreed to sell the 1,555,000,000 shares of the Company at a consideration of HK$244,135,000. However, the said agreement and the transactions contemplated thereunder are subject to certain conditions precedent to be fulfilled, including the approval of independent shareholders of the Company. Upon completion, a mandatory unconditional cash offers by Charm Success will be made for all other then shares of the Company under the Takeovers Code as announced on 10 May 2013, 13 May 2013 and 17 June 2013.

2. The interests disclosed represent the same interests as the corporate interest of Mr. Ting Pang Wan, Raymond as disclosed under the section of "Directors' interests in securities" above.

Save as disclosed above, the Company has not been notified of any persons who, as at 31 March 2013, had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as being directly or indirectly interested in 5% or more of the issued share capital of the Company.

SHARE OPTION SCHEMES

The share option scheme of the Company adopted on 6 September 2002 with scheme limit refreshed on 23 September 2009, which was due to expire on 6 September 2012 (the "2002 Share Option Scheme") was terminated and for replacement, a new share option scheme (the "2012 Share Option Scheme") was adopted by the shareholders of the Company at the annual general meeting held on 5 September 2012.

Upon termination of the 2002 Share Option Scheme, no further share options would be granted by the Company under the 2002 Share Option Scheme but the share options granted and not yet exercised thereunder would however remain valid and exercisable and are bound by the terms therein.

Since adoption of the 2012 Share Option Scheme which will be valid and effective for 10 years from the date of adoption, i.e. 5 September 2012, there were no share options granted by the Company thereunder.

During the year, the movement in the share options under the 2002 Share Option Scheme is as follows:

	Number of share options									
Grantee	Outstanding and exercisable as at 1 April 2012	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	Outstanding and exercisable as at 31 March 2013	Date of grant	Exercise period	Exercise price per share option HK$	Closing price immediately before the date of grant HK$	Approximate percentage of issued shares
Directors:										
Mr. WU Chi Chiu	12,000,000	–	–	–	12,000,000	10/08/2009	10/08/2009 – 09/08/2019	0.182	0.176	0.43%
(Note 1)	8,000,000	–	–	–	8,000,000	29/09/2009	29/09/2009 – 28/09/2019	0.160	0.155	0.28%
	20,000,000	–	–	–	20,000,000					0.71%
Mr. JI Zuguang	9,000,000	–	–	–	9,000,000	10/08/2009	10/08/2009 – 09/08/2019	0.182	0.176	0.32%
(Note 2)	6,000,000	–	–	–	6,000,000	29/09/2009	29/09/2009 – 28/09/2019	0.160	0.155	0.21%
	15,000,000	–	–	–	15,000,000					0.53%
Sub-total	35,000,000	–	–	–	35,000,000					1.24%
Employees:	15,800,000	–	–	–	15,800,000	10/08/2009	10/08/2009 – 09/08/2019	0.182	0.176	0.56%
	10,200,000	–	–	–	10,200,000	29/09/2009	29/09/2009 – 28/09/2019	0.160	0.155	0.36%
Sub-total	26,000,000	–	–	–	26,000,000					0.92%
Total	61,000,000	–	–	–	61,000,000					2.16%

SHARE OPTION SCHEMES (continued)

Notes:

1. Mr. Wu Chi Chiu resigned as a director of the Company on 31 March 2013. The 20,000,000 share options granted to Mr. Wu will lapse on 30 September 2013 (i.e. 6 months following the date of cessation as qualified person) as a result of his resignation pursuant to the 2002 Share Option Scheme.

2. Mr. Ji Zuguang was appointed as a director of the Company on 5 September 2012.

3. All share options granted are subject to the possible mandatory unconditional cash offers as announced on 10 May 2013, 13 May 2013 and 17 June 2013.

There was no vesting period for the share options granted.

No share options were granted, exercised, cancelled or lapsed under the 2002 Share Option Scheme and the 2012 Share Option Scheme during the year.

Summary of each of the 2002 Share Option Scheme and the 2012 Share Option Scheme is as follows:

	2002 Share Option Scheme *(Terminated on 5 September 2012)*	**2012 Share Option Scheme**
1) Purpose	To recognise and acknowledge the contributions or potential contributions made or to be made by the qualified persons to the Group, to motivate the qualified persons to optimise their performance and efficiency for the benefit of the Group, and to maintain or attract business relationship with the qualified persons whose contributions are or may be beneficial to the growth of the Group.	To recognise and acknowledge the contributions or potential contributions made or to be made by the participants to the Group or any entity in which the Group holds any equity interests (the "Invested Entity"), to motivate the participants to optimise their performance and efficiency for the benefit of the Group or the Invested Entity, and to maintain or attract business relationship with the participants whose contributions are or may be beneficial to the growth of the Group or the Invested Entity.

	2002 Share Option Scheme *(Terminated on 5 September 2012)*	2012 Share Option Scheme
2) Participants	(a) any part-time or full-time employee or officer of any member of the Group or any affiliate (as defined under the scheme) or of any substantial shareholder of any member of the Group; or	(a) any employee (including any executive director) or officer (including any non-executive director and independent non-executive director) or substantial shareholder of the Company or any subsidiary or any Invested Entity; or
	(b) any director (including executive and non-executive) or chief executive of any member of the Group or of any affiliate (as defined under the scheme); or	(b) any consultant, agent, professional adviser, customer, business partner, joint venture partner, strategic partner, landlord or tenant of, or any supplier or provider of goods or services to, the Company or any subsidiary or any Invested Entity; or
	(c) any supplier, sales agent, customer, joint venture partner, accountant or legal adviser of, or business development and technological consultant to, any member of the Group; or	(c) any trustee(s) of a discretionary trust of which one or more beneficiaries belong to any of the abovementioned category(ies) of persons, or any company beneficially owned by any of the abovementioned category(ies) of persons; or
	(d) any substantial shareholder of the Company or of its subsidiaries	(d) any other person
	who, in the opinion of the Board, has made or will make contributions which are or may be beneficial to the Group as a whole.	who, the Board may determine in its absolute discretion, has made valuable contribution to the business of the Group or Invested Entity based on his performance and/or years of service, or is regarded as valuable resources of the Group or the Invested Entity based on his work experience, knowledge in the industry and other relevant factors, or is expected to be able to contribute to the prosperity, business development or growth of the Group or the Invested Entity based on his/its business connection or network or other relevant factors.

Directors' Report

SHARE OPTION SCHEMES (continued)

	2002 Share Option Scheme *(Terminated on 5 September 2012)*	**2012 Share Option Scheme**
3) Total number of shares available for issue	282,050,000 shares, being 10% of total number of shares in issue as at the date of refreshment of scheme limit on 23 September 2009 and no shares as at the date of this report.	282,050,000 shares, being 10% of the nominal amount of all the issued shares as at the adoption date of the scheme on 5 September 2012 and as the date of this report.
4) Maximum entitlement of each participant	In any 12-month period:	In any 12-month period:
	(a) for each grantee, not exceeding 1% of the shares then in issue (including both exercised and outstanding options);	(a) for each grantee, not exceeding 1% of the aggregate number of shares for the time being in issue (including both exercised and outstanding options);
	(b) for substantial shareholders and independent non-executive directors, not more than 0.1% of the total issued shares for the time being and not having value in excess of HK$5 million (including options exercised, cancelled or outstanding),	(b) for substantial shareholders and independent non-executive directors, not over 0.1% of the number of shares then in issue and not having aggregate value in excess of HK$5 million (including options exercised, cancelled and outstanding),
	unless separate approved by independent shareholders at general meeting.	unless separately approved by independent shareholders at general meeting.
5) Option period	A period set out in the relevant offer letter but expiring no later than the tenth anniversary of the date of offer.	A period commencing on the date as specified in the grant letter and expiring on the earliest of the last day of the said period or such time as specified in the scheme and/or the grant letter but not more than 10 years from the date of grant.

		2002 Share Option Scheme *(Terminated on 5 September 2012)*	2012 Share Option Scheme
6)	Minimum period for which an option must be held before it can vest	No general performance target or minimum holding period to the vesting or exercise of options (subject to the terms of offer letter).	No minimum period before the options can be exercised unless otherwise imposed by the Board at its absolute discretion.
7)	Payment on acceptance of option	HK$1.00 to be payable as consideration for the grant of an option within 21 days from the date of offer.	HK$1.00 in cash to be payable on acceptance within 21 days from the date of grant.
8)	Subscription price	To be notified by the Board and shall be the highest of:	To be determined by the Board and shall be at least the highest of:
		(a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date on which an option is offered; or	(a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheets on the date of the grant of the option, which must be a business day;
		(b) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date on which an option is offered; or	(b) the average closing prices of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of the grant of the option; and
		(c) the nominal value of the shares.	(c) the nominal value of the shares.
9)	Life	A period of 10 years commencing from the date on which the scheme is taken effect, i.e. 6 September 2002, and expiring on the tenth anniversary of such date, i.e. 6 September 2012.	A period of 10 years commencing on 5 September 2012 (being the date on which the scheme is adopted) and expiring on the tenth anniversary of such date, i.e. 5 September 2022.

Directors' Report

MANAGEMENT CONTRACTS

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

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of sales and purchases for the year ended 31 March 2013 attributable to the Group's major customers and suppliers are as follows:

Sales	
The largest customer	31%
Five largest customers combined	48%
Purchases	
The largest supplier	28%
Five largest suppliers combined	62%

At no time during the year did the directors, their associates or any shareholders (which to the knowledge of the directors own more than 5% of the Company's share capital) have an interest in the major customers or suppliers noted above.

AUDIT COMMITTEE

The Audit Committee has reviewed with management and the auditor of the Company the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters. The Group's final results for the year ended 31 March 2013 have been reviewed by the Audit Committee and agreed by the Group's external auditor.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company, the Company has maintained sufficient public float of not less than 25% of the Company's total issued share capital as required under the Listing Rules throughout the year ended 31 March 2013 and as at the date of this report.

SUBSEQUENT EVENT

On 25 April 2013,

(i) Marvel Bonus, Mr. Yam Tak Cheung (as guarantor of Marvel Bonus), Mr. Ting Pang Wan, Raymond (an executive director of the Company and as guarantor of Marvel Bonus), Charm Success (the "Offeror") and Ms. Chai Xiu (as guarantor of the Offeror) entered into a conditional sale and purchase agreement (the "Share Agreement") pursuant to which Marvel Bonus conditionally agreed to sell and the Offeror conditionally agreed to purchase 1,555,000,000 shares of the Company (the "Shares"), representing approximately 55.13% of the entire issued share capital of the Company (the "Share Transaction");

(ii) the Company entered into a conditional sale and purchase agreement with an independent third party to the Company and its connected persons (as defined in the Listing Rules) (the "Vendor") (the "Acquisition Agreement") pursuant to which the Company conditionally agreed to acquire and the Vendor conditionally agreed to sell the entire issued share capital of a company (the "Acquisition") which principal asset is a 35% effective interest of a company established in the PRC (the "PRC Company") which in turn holds contractual rights under (a) fourteen 國有建設用地使用權出讓合同 (Contracts for the Transfer of the Land Use Right of State-owned Land) entered into between 撫松縣國土資源局 (Fusong Land Resources Bureau) ("Fusong Land Resources Bureau") and the PRC Company on 8 November 2012 pursuant to which Fusong Land Resources Bureau agreed to transfer and the PRC Company agreed to acquire the land located at Zone 1, Gusong Village, Fusongxingcheng, Baishan, Jilin Province, the PRC with a total site area of approximately 652,608 square meters; and (b) four 國有建設用地劃撥決定書 (Written Decision of State-owned Construction Land Allocation) issued by Fusong Land Resources Bureau on 8 November 2012 pursuant to which Fusong Land Resources Bureau agreed to allocate and the PRC Company agreed to acquire the land located at Zone 1, Gusong Village, Fusongxingcheng, Baishan, Jilin Province, the PRC with a total site area of approximately 9,592 square meters; and

(iii) two wholly-owned subsidiaries of the Company (the "Disposal Vendors") entered into a conditional sale and purchase agreement with Marvel Bonus (the "Disposal Agreement") pursuant to which (a) the Disposal Vendors conditionally agreed to sell and Marvel Bonus conditionally agreed to acquire the entire issued share capital of certain subsidiaries of the Company (together with their respective subsidiaries and associate companies, the "Disposal Group") which are principally engaged in the retail sales and management services business and property investment and holding business and the aggregate amount of all loans owing by the Disposal Group to the Disposal Vendors; (b) the Disposal Vendors conditionally agreed to procure the Company to assign and transfer the trademarks and the domain names registered and owned by the Company to Marvel Bonus; and (c) one of the Disposal Vendors conditionally agreed to procure the Company to transfer a club membership of the Company to Marvel Bonus (collectively the "Disposal" and together with the Share Transaction and the Acquisition, collectively the "Proposed Transactions").

SUBSEQUENT EVENT (continued)

The Share Agreement, the Acquisition Agreement and the Disposal Agreement are inter-conditional with each other. Upon completion of the Share Agreement, the Offeror will be interested in a total of 1,555,000,000 Shares, representing approximately 55.13% of the issued share capital of the Company, and will be required to make a mandatory unconditional general offer in cash for all the then issued Shares (other than those already acquired or agreed to be acquired by the Offeror) (the "Share Offer") pursuant to Rule 26.1 of the Takeovers Code. At the same time the Share Offer is made, the Offeror will also make a mandatory unconditional cash offer to cancel all the outstanding share options of the Company in the period prior to the close of the Share Offer.

The Acquisition and the Disposal constitute major and connected transactions for the Company under Rule 14.06 and Chapter 14A of the Listing Rules and are subject to the approval of the independent shareholders of the Company at a special general meeting of the Company (the "SGM") by way of poll. The Disposal also constitutes a special deal for the Company under Note 4 to Rule 25 of the Takeovers Code and requires the consent of the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any delegates of the Executive Director (the "Executive"). Such consent, if granted, will be subject to an independent financial adviser to the Company publicly stating that in its opinion the terms of the special deal are fair and reasonable and the approval of the special deal by the independent shareholders of the Company by way of poll at the SGM. The Company will make an application to the Executive for his consent under Note 4 to Rule 25 of the Takeovers Code in relation to the special deal.

On 29 May 2013, the Listing Division of the Stock Exchange ruled that the Proposed Transactions are a series of transactions which constitute a reverse takeover of the Company under Rule 14.06(6) of the Listing Rules. The Company has therefore submitted a revised proposal for consideration by the Stock Exchange on 14 June 2013. As at the date of this report, the revised proposal has not yet been finalised.

Trading in the Shares was suspended on 26 April 2013 and remained suspension as at the date of this report pending the publication of a joint announcement of the Offeror and the Company relating to, among other things, the Proposed Transactions, the Share Offer and the said special deal to be made in compliance with the Listing Rules and the Takeovers Code.

Details of the Proposed Transactions were disclosed in the announcements dated 26 April 2013, 10 May 2013, 13 May 2013 and 17 June 2013.

CHANGE OF DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in the information of directors during the year are as follows:

(a) Ms. Zhou Lijuan resigned as an executive director of the Company, the deputy chief executive officer of the Group and a member of Remuneration Committee on 5 September 2012.

(b) (i) Mr. Ji Zuguang was appointed as an executive director of the Company and the deputy chief executive officer of the Group on 5 September 2012. Mr. Ji was also appointed as a member of Remuneration Committee and a director of various subsidiaries of the Company on 5 September 2012.

Mr. Ji has years of experience in property development industry and around 8 years of experience in secured financing industry in the PRC. From 1992 to 2000, he had served as secretary and engineer of the Shanghai Postal, Telephone and Communication Bureau（上海市郵電管理局）. Since 2000, Mr. Ji has been the deputy general manager of LT International and is mainly responsible for the overall operation of property development projects. He has also been an executive director of Credit China (Stock Code: 8207), a company listed on the GEM of the Stock Exchange, since 4 January 2010. Mr. Ji graduated from the Party School of the Central Committee of C.P.C（中共中央黨校）in 1992 majoring in Economic Management. He received a Master degree in Advanced Business Management from the Nanyang Technological University of Singapore in 2006.

As at the date of this report, Mr. Ji did not have any relationship with any directors, senior management, substantial or controlling shareholders of the Company for the purpose of the Listing Rules. He is entitled to receive a monthly income of HK$90,000 (including rental reimbursement, if any), subject to annual review.

(ii) Following the resignation of Mr. Wu Chi Chiu as the chief executive officer of the Group, Mr. Ji has temporarily assumed all the duties of the chief executive officer until a suitable candidate is identified and appointed by the Board.

(c) Mr. Ting Pang Wan, Raymond, an executive director of the Company and the chairman of the Board, was appointed as an executive director and the chairman of the board of Credit China on 6 September 2012 and 4 October 2012 respectively. Mr. Ting was also appointed as a member of the Nomination Committee, an authorised representative and a director of various subsidiaries of the Company on 31 March 2013.

Directors' Report

CHANGE OF DIRECTORS' INFORMATION (continued)

(d) Mr. Wu resigned as an executive director of the Company, the vice chairman and the chief executive officer of the Group, a member of Nomination Committee, an authorised representative and a director of various subsidiaries of the Company on 31 March 2013.

(e) Details of directors' emoluments for the year are set out in note 10 to the consolidated financial statements.

AUDITOR

The consolidated financial statements for the year ended 31 March 2013 were audited by Mazars CPA Limited who would retire at the conclusion of the forthcoming annual general meeting and being eligible, offer itself for re-appointment. A resolution will be submitted to the forthcoming annual general meeting to re-appoint Mazars CPA Limited as auditor of the Company.

On behalf of the Board
TING Pang Wan, Raymond
Chairman

Hong Kong, 27 June 2013

Corporate Governance Report

The Board recognises the importance of good corporate governance and is committed to maintaining a good governance standards within the Group. The Board has therefore adopted and continuously developed a set of internal guidelines, practices and policies on the corporate governance.

CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has applied the principles in and complied with the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules during the year, except that under code provision E.1.2, Mr. Ting Pang Wan, Raymond, the chairman of the Board, was unable to attend the annual general meeting of the Company held on 5 September 2012 due to other business commitments. Details of the application and compliance are set out in the sections below.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules on 21 July 2009 as the Company's code of conduct for dealings in securities of the Company by directors. All directors have confirmed, following specific enquiries by the Company, that they have complied with the required standard as set out in the Model Code during the year.

THE BOARD

Composition

During the year and as at the date of this report, the Board comprised the following directors:

Executive Directors

Mr. TING Pang Wan, Raymond, *Chairman*	
Mr. JI Zuguang, *Deputy Chief Executive Officer*	*(appointed on 5 September 2012)*
Mr. WU Chi Chiu, *Vice Chairman and Chief Executive Officer*	*(resigned on 31 March 2013)*
Ms. ZHOU Lijuan, *Deputy Chief Executive Officer*	*(resigned on 5 September 2012)*

Independent Non-executive Directors

Mr. SIN Ka Man
Mr. HUANG An Guo
Ms. WONG Fei Tat

The biographical details of the current directors are set out on pages 14 to 15.

Corporate Governance Report

THE BOARD (continued)

Composition (continued)

During the year and as at the date of this report, the Board has at all times maintained three independent non-executive directors with two of whom, namely Mr. Sin Ka Man and Ms. Wong Fei Tat, possessed appropriate professional accounting qualifications and expertise which is in compliance with Rules 3.10(1) and 3.10(2) of the Listing Rules. In addition, the number of the independent non-executive directors in three has represented more than one third of the Board during the year and as at the date of this report which is in compliance with Rule 3.10A of the Listing Rules.

During the year, the Board maintained a balanced composition of the executive directors and independent non-executive directors which generates a strong independent element to the Board. All directors shall be subject to retirement by rotation and re-election at the annual general meeting of the Company following their appointment (in case of filling a casual vacancy) or at least once every three years in accordance with the Company's Bye-laws. A list of directors identifying their role and function is published on the Stock Exchange's website and the Company's website.

The Board has received from each of the independent non-executive directors a written annual confirmation as regards their respective independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors were independent.

To the best knowledge of the directors, there was no relationship (including financial, business, family or other material relationship) among members of the Board and in particular, between the chairman and the chief executive officer.

Responsibilities of the Board and Management

The Board is responsible for setting the strategic goals of the Company, providing leadership and guidance to the Group's activities and for oversight of the management of the Company and direction of its business strategies, with the ultimate aim to maximise the shareholder value and long-term success of the Company while the management is responsible for management and administrative functions on running the day-to-day operations of the Group within the authority delegated by the Board and properly informing the Board of the status of these operations. Matters specifically reserved for the consideration of Board mainly cover, among others, overall corporate strategies, major business plans and objectives and risk policy of the Group, annual and interim results, major acquisitions and disposals, major capital investments, material contracts and transactions, appointment of directors, other significant operational and financial matters as well as corporate governance matters. In addition, the Board has also established Board committees and has delegated to these committees various responsibilities set out in their respective terms of reference.

Continuous Professional Development

All directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills so as to ensure that their contribution to the Board remains informed and relevant. Every newly appointed director shall be given an induction package covering (inter alia) the Group's business, the statutory and regulatory obligations and duties of a director of a listed company. In addition, all directors are provided with monthly updates on the performance and position of the Group to enable the Board a whole and each director to discharge their duties. Furthermore, all directors are also continuously updated on the latest changes and development regarding the Listing Rules, corporate governance practices and other regulatory and statutory regime with reference materials from time to time in order to ensure compliance and raise their concern on good corporate governance.

During the year, all directors have participated in continuous professional development through reading materials regarding regulatory updates, director's duties and responsibilities and corporate governance matters and/or attending relevant seminars or courses given by external professional advisors. As at the date of this report, all directors have provided the Company with a training record they received during the year.

Directors' and Officers' Liabilities Insurance

The Company has arranged for appropriate liability insurance coverage for directors and officers of the Company in respect of potential legal actions against its directors or officers arising out of their duties. Such insurance coverage will be reviewed on an annual basis.

Board Meetings and Attendance

The Board held nine full Board meetings, four of which were the regular ones held at approximately quarterly intervals, during the year ended 31 March 2013. The attendance of each director is as follows:

	Number of meetings attended/ Eligible to attend
Mr. TING Pang Wan, Raymond	7/9
Mr. JI Zuguang *(appointed on 5 September 2012)*	5/6
Mr. SIN Ka Man	9/9
Mr. HUANG An Guo	8/9
Ms. WONG Fei Tat	9/9
Mr. WU Chi Chiu *(resigned on 31 March 2013)*	5/9
Ms. ZHOU Lijuan *(resigned on 5 September 2012)*	0/3

Corporate Governance Report

THE BOARD (continued)

Board Meetings and Attendance (continued)

There were ten additional Board meetings held and attended by certain executive directors for normal course of business and/or for matters under the authorisation by the full Board during the year. Apart from the said meetings, matters requiring Board approval were arranged by means of circulation of written resolutions of all Board members.

All businesses transacted at the Board meetings and by written resolutions of the Board were well-documented. Minutes of the Board meetings and written resolutions of the Board are taken by the company secretary and are available to all directors.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Ting Pang Wan, Raymond serves as the chairman of the Board while Mr. Wu Chi Chiu served as the chief executive officer of the Group till 30 March 2013 due to his resignation and during the absence of chief executive officer, Mr. Ji Zuguang, the deputy chief executive officer, has temporarily assumed all the duties of the chief executive officer until a suitable candidate is identified and appointed by the Board. The roles of the chairman and the chief executive officer are segregated and performed by the two separate individuals.

The chairman is responsible for the leadership of the Board to ensure the Board to function effectively and to successfully perform its overall responsibilities for the activities of the Group while the chief executive officer is responsible for running the Group's business and implementation of the Group's strategies in achieving the overall objectives within the authority delegated by the Board. Their respective roles and responsibilities have been defined and set out in writing.

NON-EXECUTIVE DIRECTORS

As at the date of this report, there were three non-executive directors, all of whom were independent. During the year, all the independent non-executive directors were appointed for a fixed term of one year and shall be subject to retirement by rotation and re-election at the annual general meeting of the Company at least once every three years in accordance with the Company's Bye-laws.

BOARD COMMITTEES

The Board has established three Board committees, including Remuneration Committee, Nomination Committee and Audit Committee to help with the discharge of its responsibilities.

Remuneration Committee

The Board has established a Remuneration Committee since June 2000. On 5 September 2012, Mr. Ji Zuguang was appointed as a member of Remuneration Committee in place of Ms. Zhou Lijuan. As at the date of this report, the Remuneration Committee comprised all the independent non-executive directors, namely Mr. Sin Ka Man, Mr. Huang An Guo and Ms. Wong Fei Tat, and an executive director, namely Mr. Ji Zuguang, as members. Mr. Sin Ka Man was the chairman of the Remuneration Committee.

The main duties of the Remuneration Committee are to formulate and review the Company's policy and structure for the remuneration of all directors and senior management, to determine or make recommendation on the remuneration packages for individual executive directors and senior management, to make recommendations on the remuneration of non-executive directors and to administer and oversee the Company's share option schemes. No director or any of his/her associates is involved in deciding his/her own remuneration. The terms of reference of the Remuneration Committee setting out its role and responsibilities are available on the Stock Exchange's website and the Company's website.

The Board has adopted a remuneration policy for directors and senior management to provide guidelines for structuring all remuneration of directors and senior management. The remuneration policy is reviewed annually by the Board and the Remuneration Committee. The policy sets out, among others, the remuneration structure which mainly covers director's fee, basic salary, discretionary bonus, other benefits in kind, pension scheme, share option schemes and termination payments, and determination or review of remuneration packages. The directors' and senior management's remuneration packages are determined, or reviewed annually, taking into consideration the criteria such as experience, responsibilities, workload, time commitment, individual's and the Company's performance as well as the prevailing market conditions. Details of directors' and senior management's emoluments for the year ended 31 March 2013 are disclosed in note 10 to the consolidated financial statements.

Corporate Governance Report

BOARD COMMITTEES (continued)

Remuneration Committee (continued)

The Remuneration Committee held five meetings during the year ended 31 March 2013. The attendance of each member is set out as follows:

	Number of meetings attended/ Eligible to attend
Mr. SIN Ka Man *(Chairman)*	5/5
Mr. HUANG An Guo	5/5
Ms. WONG Fei Tat	5/5
Mr. JI Zuguang *(appointed on 5 September 2012)*	2/3
Ms. ZHOU Lijuan *(resigned on 5 September 2012)*	0/2

The work performed by the Remuneration Committee during the year is summarised as follows:

(a) To review the remuneration policy and structure of all directors and senior management;

(b) To review the terms of reference;

(c) To approve the discretionary bonus paid to directors for the year ended 31 March 2012;

(d) To review the compensation paid to the resigned director;

(e) To review or consider the remuneration packages of all directors and senior management and to make recommendations thereof;

(f) To review the renewal of term of appointment of all independent non-executive directors;

(g) To administer and oversee the share options granted under the share option schemes of the Company; and

(h) To consider the adoption of new share option scheme of the Company.

Nomination Committee

The Board has established a Nomination Committee since 20 July 2005. On 31 March 2013, Mr. Ting Pang Wan, Raymond was appointed as a member of Nomination Committee in place of Mr. Wu Chi Chiu. As at the date of this report, the Nomination Committee comprised two independent non-executive directors, namely Mr. Huang An Guo and Mr. Sin Ka Man, and an executive director, namely Mr. Ting Pang Wan, Raymond, as members. Mr. Huang An Guo was the chairman of the Nomination Committee.

The main duties of the Nomination Committee are to formulate, review and implement nomination policy for directors, to review the structure, size and composition of the Board, to identify individuals suitably qualified to become Board members, to receive nominations from shareholders or directors, to assess the independence of the independent non-executive directors and to undertake an annual performance evaluation of the Board. The terms of reference of the Nomination Committee setting out its role and responsibilities are available on the Stock Exchange's website and the Company's website.

The Board has adopted a nomination policy for directors to provide guidelines for effective functioning in the course of director's nomination process. The policy sets out, among others, the selection procedures and evaluation criteria for selecting and recommending the candidates for directorship. The Committee will first assess the needs of the Board in respect of its structure, size and composition, identify potential candidates by considering their personal ethics, integrity, skills, professional knowledge and experience and time commitment and so on and then develop a short list of potential appointees for recommendation to the Board.

The Nomination Committee held three meetings during the year ended 31 March 2013. The attendance of each member is set out as follows:

	Number of meetings attended/ Eligible to attend
Mr. HUANG An Guo *(Chairman)*	3/3
Mr. SIN Ka Man	3/3
Mr. TING Pang Wan, Raymond *(appointed on 31 March 2013)*	0/0
Mr. WU Chi Chiu *(resigned on 31 March 2013)*	1/3

The work performed by the Nomination Committee during the year is summarised as follows:

(a) To nominate the incumbent directors for re-election;

(b) To review the nomination policy for directors;

(c) To review the terms of reference;

(d) To review the structure, size and composition of the Board;

(e) To assess the independence of the independent non-executive directors;

(f) To evaluate the performance of the Board during the year;

(g) To recommend the appointment of new director in place of the resigning director; and

(h) To approve and recommend the change of membership of the committee.

Corporate Governance Report

BOARD COMMITTEES (continued)

Audit Committee

The Board has established an Audit Committee since 26 September 1996. The Board at all times complied with the requirement of Rule 3.21 of the Listing Rules for minimum number of three non-executive directors and at least one of whom is an independent non-executive director with appropriate professional qualifications in the Committee. As at the date of this report, the Audit Committee comprised all the independent non-executive directors, namely Mr. Sin Ka Man, Mr. Huang An Guo and Ms. Wong Fei Tat, as members. Two of the three Committee members possessed appropriate professional accounting qualifications and expertise. Mr. Sin Ka Man was the chairman of the Audit Committee.

The main duties of Audit Committee are to review and monitor the financial reporting, to oversee and review the Company's financial reporting system, internal control procedures, risk management systems and the Group's financial and accounting policies and practices with the management and the auditor and to consider the appointment and resignation of the auditor and the auditor's remuneration. The terms of reference of the Audit Committee setting out its role and responsibilities are available on the Stock Exchange's website and the Company's website.

The Audit Committee held two meetings during the year ended 31 March 2013. The attendance of each member is set out as follows:

	Number of meetings attended/ Eligible to attend
Mr. SIN Ka Man *(Chairman)*	2/2
Mr. HUANG An Guo	2/2
Ms. WONG Fei Tat	2/2

The work performed by the Audit Committee during the year is summarised as follows:

(a) To review the annual results for year ended 31 March 2012 and the interim results for six months ended 30 September 2012 and the reports from external auditor, management representation letters and management's response in relation thereto;

(b) To review the accounting policies and practices as well as the financial reporting system of the Group;

(c) To review the terms of reference;

(d) To review the connected transactions/continuing connected transactions incurred during the year ended 31 March 2012 and six months ended 30 September 2012;

(e) To review the practice and procedures relating to related party transactions;

(f) To recommend and/or approve re-appointment of the external auditor and its remuneration; and

(g) To review the effectiveness of internal control system of the Group.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the following main corporate governance functions set out under the adopted written responsibilities of the Board:

(a) To develop and review the Company's terms of reference, policies, codes and guidelines on corporate governance and to make recommendations thereof;

(b) To review and monitor the training and continuous professional development of directors and senior management;

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

(d) To develop, review and monitor the code of conduct applicable to employees and directors; and

(e) To review the Company's compliance with the code and disclosure in the corporate governance report.

During the year and up to the date of this report, the Board has reviewed and performed the said corporate governance functions.

AUDITOR'S REMUNERATION

The external auditor of the Company is Mazars CPA Limited. For the year ended 31 March 2013, the auditor's remuneration paid and payable in respect of the audit services and other non-audit services, including tax and consultancy services, provided by the auditor to the Group amounted to HK$1,114,000 and HK$477,000 respectively.

Corporate Governance Report

RESPONSIBILITY FOR PREPARATION AND REPORTING OF FINANCIAL STATEMENTS

The directors of the Company are responsible for monitoring the preparation of consolidated financial statements of the Group which give a true and fair view, and are prepared in accordance with the relevant statutory requirements and applicable accounting standards in force, and are published in a timely manner. The directors of the Company are also responsible for selecting appropriate accounting policies and have applied them consistently, ensuring timely adoption of Hong Kong Accounting Standards and Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company acknowledge their responsibility for preparing the consolidated financial statements of the Group and report that the Company has announced its annual and interim results in a timely manner after the end of the relevant period as laid down in the Listing Rules.

The directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the auditor of the Company about its reporting responsibilities is set out in the "Independent Auditor's Report" on pages 49 and 50 to this annual report.

INTERNAL CONTROL

The Board is responsible for overseeing the Group's internal control system and ensuring that a sound and effective internal control system is maintained. The Board is also responsible for approving and reviewing internal control policy while the responsibility of day-to-day management of operational risks and implementation of mitigation measures lies with the management.

The internal control system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and management rather than elimination of risks associated with its business activities. The processes to identify and manage key risks to the achievement of the Group's strategic objectives are an integral part of the internal control environment. Such processes include strategic planning, proper segregation of duties and functions of the respective operational departments of the Group, the regular monitoring and reviewing of performance, and control over capital expenditure.

The Board has established an on-going process for identifying, evaluating and managing the significant risks faced by the Group and this process includes updating the internal control manual when there are changes to business environment or regulatory guidelines.

The Board has conducted an annual review of the effectiveness of the internal control system of the Group covering all material controls, including financial, operational and compliance as well as risk management. Besides, the Group has also engaged Mazars CPA Limited (the "External Auditor") to conduct review and make recommendations for the improvement and strengthening of the internal control system.

The review by the External Auditor is conducted with reference to the principles outlined in Internal Control and Risk Management – A Basic Framework issued by the Hong Kong Institute of Certified Public Accountants. The assessment covers the major internal controls and measures, including financial, operational and compliance as well as risk management. Any material non-compliance or failures in internal controls maintained by the Group's management and relevant recommendations for improvements are reported to the Audit Committee.

Based on the evaluations made by the External Auditor, the Audit Committee and the Board considered that the key areas of the Group's internal control system are reasonably implemented with room for improvement. The Group shall use its best endeavour to implement the recommendations made by the External Auditor in order to further improve the internal control system.

Corporate Governance Report

COMPANY SECRETARY

Ms. Chan Siu Mei who is a full-time employee and was appointed as a company secretary of the Company in April 2004 has taken no less than 15 hours of relevant professional training during the year. Ms. Chan, being the company secretary, reports to the chairman and the chief executive officer of the Group directly and is responsible for advising the Board on corporate governance matters.

SHAREHOLDERS' RIGHTS

The Company has adopted written shareholders' rights since March 2012 setting out the procedures for shareholders to serve the following purposes:

Procedures for Convening Special General Meetings

Pursuant to the bye-law 57 of the Company's Bye-laws, shareholders at the date of the deposit of the requisition holding not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all time have right, by written requisition to be sent to the Company's principal place of business at Unit 3101, Level 31, Tower 1, Enterprise Square Five, 38 Wang Chiu Road, Kowloon Bay, Hong Kong (the "Principal Place of Business") for the attention to the Board or the company secretary, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition.

The written requisition must state the purposes of the meeting, and must be signed by the requisitionists, and may consist of several documents in like form each signed by one or more requisitionists.

The written 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 convene the general meeting by serving sufficient notice to all shareholders.

Such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days after such deposit the Board fails to proceed to convene such 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 (3) months from the said date.

A meeting convened by the requisitionists shall be convened in the same manner as that in which meetings are to be convened by the directors.

Procedures for Putting Forward Proposals

Pursuant to section 79 of the Companies Act 1981 of Bermuda, shareholders at the date of the deposit of the requisition (i) holding not less than one-twentieth of the total voting rights of all shareholders having a right to vote at the meeting to which the requisition relates or (ii) being not less than one hundred (100) shareholders, shall have right to require the proposals to put forward in any general meeting by written requisition to be sent to the Principal Place of Business for the attention to the Board or the company secretary

(i) in case of a requisition requiring notice of a resolution, not less than six (6) weeks before the meeting; and
(ii) in case of any other requisition, not less than one (1) week before the meeting,

together with a sum of money reasonably sufficient to meet the Company's expenses to effect thereto.

The written requisition must state the resolution, accompanied by a statement of not more than one thousand (1,000) words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting and must be signed by the requisitionists, and may consist of several documents in like form.

The written requisition will be verified with the Company's share registrars and upon their confirmation that the requisition is proper and in order, the Company shall

(i) give to all shareholders 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 the meeting; or
(ii) circulate to all shareholders entitled to have notice of any general meeting sent to them the said statement.

Procedures for Sending Enquiries to the Board

Shareholders may send their enquiries and concerns, together with their contact information, to the Board by addressing them to the company secretary at the Principal Place of Business. The company secretary will forward such enquiries or concerns to the appropriate Board members or Board committees for following up.

Corporate Governance Report

SHAREHOLDERS' RIGHTS (continued)

Procedures for Election of Directors by Shareholders

Pursuant to bye-law 87 of the Company's Bye-laws, if a shareholder wishes to nominate a person other than a retiring director for election as a director at any general meeting of the Company, the following documents shall be lodged at the Principal Place of Business for the attention of the company secretary not less than seven (7) days before the date appointed for the meeting:

(a) a notice in writing of the intention to propose a resolution for electing a person at the general meeting, including the name and contact details of, and the number of shares in the Company held by the nominating shareholder; and

(b) a notice in writing signed by the person of his/her willingness to be elected together with information as required to be disclosed under Rule 13.51(2) of the Listing Rules and his/her written consent to the publication of his/her personal data.

The period for lodgment of the aforesaid notices shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

The procedures for election of directors by shareholders are available on the Company's website.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Board recognise the importance of maintaining an effective communication with the shareholders and investors of the Company. A shareholders' communication policy was adopted by the Board on 27 March 2013 to ensure the promotion of effective communication. The principal communication channels with shareholders and investors were established as set out below.

General Meetings

Shareholders' meetings, including annual general meetings or other general meetings, of the Company provide a communication channel between the shareholders and the Board that the shareholders are encouraged to participate in such meetings for expressing their views and raising enquiries about the Company's performance while the Board members who attend such general meetings shall reply and answer the enquiries and questions raised by the shareholders.

During the year, there was an annual general meeting held on 5 September 2012. Mr. Ting Pang Wan, Raymond, the chairman of the Board, who shall attend the annual general meeting of the Company pursuant to code provision E.1.2 was unable to attend the said meeting due to other business commitments. The attendance of each director is set out as follows:

	Number of meeting attended/ Eligible to attend
Mr. TING Pang Wan, Raymond *(Chairman)*	0/1
Mr. JI Zuguang *(appointed on 5 September 2012)*	0/0
Mr. SIN Ka Man	1/1
Mr. HUANG An Guo	1/1
Ms. WONG Fei Tat	1/1
Mr. WU Chi Chiu *(resigned on 31 March 2013)*	0/1
Ms. ZHOU Lijuan *(resigned on 5 September 2012)*	0/1

Any vote of shareholders at a general meeting is taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The poll results are published on the Stock Exchange's website and the Company's website after the conclusion of the general meeting.

Corporate Governance Report

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS (continued)

Other Communication Channels

The Company will provide corporate communications, including annual and interim reports, notices of meeting and circulars, to shareholders in printed form by post to facilitate the shareholders' understanding.

The Company also maintains a website at www.chinamotion.com, as other communication channel for the shareholders and investors, for posting the corporate communications, disseminating information and updates on the Company's business developments and operations, financial information, corporate governance practices and other shareholders information as well as other corporate communications in a timely and convenient manner.

For enquiries about shareholdings, the shareholders may contact the share registrars of the Company and for other enquiries, the shareholders, the investors, media or the public may contact the Company directly, contact details of which are posted on the Company's website.

CONSTITUTIONAL DOCUMENTS

During the year, in order to reflect (i) the amendments made to the Listing Rules and the Corporate Governance Code contained in Appendix 14 to the Listing Rules which came into effect on 1 April 2012; (ii) the amendments made to the Companies Act of Bermuda 1981 (as amended) since the Bye-laws were last amended in 2009; and (iii) certain housekeeping and administrative amendments, the Bye-laws of the Company were amended by way of passing the special resolutions by the shareholders at the annual general meeting held in September 2012. Details of the amendments are set out in the circular of the Company dated 26 July 2012.

A consolidated version of the Memorandum of Association and the Bye-laws of the Company is available on the Stock Exchange's website and the Company's website.

By order of the Board
TING Pang Wan, Raymond
Director

Hong Kong, 27 June 2013

Independent Auditor's Report

Mazars CPA Limited
瑪澤會計師事務所有限公司
42nd Floor, Central Plaza,
18 Harbour Road, Wanchai, Hong Kong
香港灣仔港灣道 18 號中環廣場 42 樓

To the shareholders of
China Motion Telecom International Limited
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of China Motion Telecom International Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 51 to 119, which comprise the consolidated and the Company's statements of financial position as at 31 March 2013, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 90 of the Companies Act 1981 of Bermuda (as amended), 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.

Independent Auditor's Report

AUDITOR'S RESPONSIBILITY (continued)

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 31 March 2013 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Mazars CPA Limited
Certified Public Accountants
Hong Kong, 27 June 2013

Chan Chi Ming Andy
Practising Certificate number: P05132

Consolidated Income Statement

Year ended 31 March 2013

	Note	2013 HK$'000	2012 HK$'000 (Restated)
CONTINUING OPERATIONS			
Turnover	6	59,871	76,324
Cost of sales and services		(28,562)	(42,311)
Gross profit		31,309	34,013
Other revenue	6	7,540	9,808
Other net income	7	4	2,614
Distribution costs		(85)	(520)
Administrative expenses		(44,395)	(48,629)
Impairment of goodwill		(29,117)	(51,468)
Change in fair value of investment properties		79,000	15,300
Profit (loss) before taxation	9	44,256	(38,882)
Taxation	11	(1,847)	(2,978)
Profit (loss) for the year from continuing operations		42,409	(41,860)
DISCONTINUED OPERATIONS			
Profit (loss) for the year from discontinued operations	12	40,817	(5,043)
Profit (loss) for the year		83,226	(46,903)

Consolidated Income Statement

Year ended 31 March 2013

	Note	2013 HK$'000	2012 HK$'000 (Restated)
Profit (loss) attributable to:			
Shareholders of the Company			
– continuing operations		42,342	(41,856)
– discontinued operations		40,876	(4,791)
		83,218	(46,647)
Non-controlling interests			
– continuing operations		67	(4)
– discontinued operations		(59)	(252)
		8	(256)
		83,226	(46,903)
Dividend	28	–	–
Earnings (losses) per share	14		
From continuing and discontinued operations			
– Basic and diluted		2.95 HK cents	(1.65) HK cents
From continuing operations			
– Basic and diluted		1.50 HK cents	(1.48) HK cents
From discontinued operations			
– Basic and diluted		1.45 HK cents	(0.17) HK cents

Consolidated Statement of Comprehensive Income

Year ended 31 March 2013

	2013 HK$'000	2012 HK$'000 (Restated)
Profit (loss) for the year	83,226	(46,903)
Other comprehensive income for the year		
Exchange difference on translation of foreign operations	413	1,093
Total comprehensive income (loss) for the year	83,639	(45,810)
Total comprehensive income (loss) attributable to:		
Shareholders of the Company		
– continuing operations	42,755	(40,761)
– discontinued operations	40,876	(4,791)
	83,631	(45,552)
Non-controlling interests		
– continuing operations	67	(6)
– discontinued operations	(59)	(252)
	8	(258)
	83,639	(45,810)

Statements of Financial Position

As at 31 March 2013

	Note	Group 2013 HK$'000	Group 2012 HK$'000	Company 2013 HK$'000	Company 2012 HK$'000
ASSETS AND LIABILITIES					
Non-current assets					
Investment properties	15	304,000	227,800	–	–
Property, plant and equipment	16	1,419	3,913	–	–
Goodwill	17	–	29,117	–	–
Interests in subsidiaries	18	–	–	382,550	349,029
Interests in associates	19	–	–	–	–
Other non-current assets	20	3,130	3,130	–	–
Deferred tax assets	25	–	1,233	–	–
		308,549	265,193	382,550	349,029
Current assets					
Inventories	21	2,435	7,966	–	–
Trade and other receivables	22	51,682	26,745	118	175
Bank balances and cash	23	102,099	102,684	60,193	166
		156,216	137,395	60,311	341
Current liabilities					
Trade and other payables	24	14,805	36,515	1,824	2,038
Taxation		49	82	–	–
		14,854	36,597	1,824	2,038
Net current assets (liabilities)		141,362	100,798	58,487	(1,697)
Total assets less current liabilities		449,911	365,991	441,037	347,332
Non-current liabilities					
Deferred tax liabilities	25	4,780	4,462	–	–
NET ASSETS		445,131	361,529	441,037	347,332

	Note	Group 2013 HK$'000	Group 2012 HK$'000	Company 2013 HK$'000	Company 2012 HK$'000
CAPITAL AND RESERVES					
Share capital	26	**28,205**	28,205	**28,205**	28,205
Reserves	28	**410,992**	327,361	**412,832**	319,127
Total capital and reserves attributable to shareholders of the Company		**439,197**	355,566	**441,037**	347,332
Non-controlling interests		**5,934**	5,963	**–**	–
TOTAL EQUITY		**445,131**	361,529	**441,037**	347,332

Approved and authorised for issue by the Board of Directors on 27 June 2013.

TING Pang Wan, Raymond
Director

JI Zuguang
Director

Consolidated Statement of Changes in Equity

Year ended 31 March 2013

		Reserves attributable to shareholders of the Company											
	Issued capital HK$'000	Share premium HK$'000	Reserves on consolidation HK$'000	Properties revaluation reserve HK$000	Exchange reserve HK$'000	Capital redemption reserve HK$'000	Enterprise expansion reserve HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	Accumulated profits (losses) HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2011	28,205	35,383	4,900	9,845	7,442	450	65,434	210,587	4,986	33,886	372,913	6,221	407,339
Loss for the year	–	–	–	–	–	–	–	–	–	(46,647)	(46,647)	(256)	(46,903)
Other comprehensive income:													
Exchange differences	–	–	–	–	1,095	–	–	–	–	–	1,095	(2)	1,093
Total other comprehensive income (loss)	–	–	–	–	1,095	–	–	–	–	–	1,095	(2)	1,093
Total comprehensive income (loss) for the year	–	–	–	–	1,095	–	–	–	–	(46,647)	(45,552)	(258)	(45,810)
At 31 March 2012 and at 1 April 2012	28,205	35,383	4,900	9,845	8,537	450	65,434	210,587	4,986	(12,761)	327,361	5,963	361,529
Profit for the year	–	–	–	–	–	–	–	–	–	83,218	83,218	8	83,226
Other comprehensive income:													
Disposal of investment property	–	–	–	(551)	–	–	–	–	–	551	–	–	–
Exchange differences	–	–	–	–	413	–	–	–	–	–	413	–	413
Total other comprehensive income	–	–	–	(551)	413	–	–	–	–	551	413	–	413
Total comprehensive income for the year	–	–	–	(551)	413	–	–	–	–	83,769	83,631	8	83,639
Transactions with owners:													
Disposal of discontinued operations	–	–	–	–	–	–	–	–	–	–	–	(37)	(37)
At 31 March 2013	28,205	35,383	4,900	9,294	8,950	450	65,434	210,587	4,986	71,008	410,992	5,934	445,131

Consolidated Statement of Cash Flows

Year ended 31 March 2013

	Note	2013 HK$'000	2012 HK$'000
OPERATING ACTIVITIES			
Cash used in operations	29	(2,848)	(3,449)
Interest received		957	787
Income tax paid		(850)	(1,614)
Net cash used in operating activities		(2,741)	(4,276)
INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment other than buildings		–	227
Net proceeds from disposal of investment property		2,717	–
Net proceeds from disposal of discontinued operations	30	839	–
Purchase of property, plant and equipment		(1,400)	(1,952)
Net proceeds from disposal of prepaid premium for land lease and buildings		–	3,925
Net cash from investing activities		2,156	2,200
Net decrease in cash and cash equivalents		(585)	(2,076)
Cash and cash equivalents at beginning of year		102,684	104,760
Cash and cash equivalents at end of year, represented by bank balances and cash		102,099	102,684

Notes to the Consolidated Financial Statements

Year ended 31 March 2013

1. GENERAL INFORMATION

China Motion Telecom International Limited (the "Company") is a limited liability company incorporated in Bermuda and the shares of which are listed on Main Board of The Stock Exchange of Hong Kong Limited. The Company is an investment holding company. The Company and its subsidiaries (together the "Group") were principally engaged in the provision of mobile communications services and retail sales and management services during the year. The address of the Company's registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. In the opinion of directors, the immediate and ultimate holding company of the Company is Marvel Bonus Holdings Limited ("Marvel Bonus") which is incorporated in the British Virgin Islands.

2. ADOPTION OF NEW/REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Adoption of new/revised HKFRSs

In the current year, the Group has applied, for the first time, the following amendment to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which is effective for the Group's accounting period beginning on 1 April 2012.

Amendments to HKFRS 7	*Disclosures – Transfers of Financial Assets*

The adoption of the above does not have a significant effect on the results and financial positions of the Group for the current and prior years.

Impact of new/revised HKFRSs not yet effective

The Group has not early adopted the following new/revised standards, amendments to standards and interpretations, which are applicable to the Group and have been issued but are not yet effective for the financial year beginning on 1 April 2012.

Amendments to HKAS 1 (Revised)	*Presentation of Items of Other Comprehensive Income (Note a)*
HKFRS 10	*Consolidated Financial Statements (Note b)*
HKFRS 11	*Joint Arrangements (Note b)*
HKFRS 12	*Disclosures of Interests in Other Entities (Note b)*
HKFRS 13	*Fair Value Measurement (Note b)*
HKAS 19 (2011)	*Employee Benefits (Note b)*
HKAS 27 (2011)	*Separate Financial Statements (Note b)*
HKAS 28 (2011)	*Investments in Associates and Joint Ventures (Note b)*
Amendments to HKFRS 7	*Disclosure – Offsetting Financial Assets and Financial Liabilities (Note b)*
Amendments to HKFRSs	*Annual Improvements 2009 – 2011 Cycle (Note b)*
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	*Consolidation Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Note b)*
Amendments to HKAS 32	*Presentation – Offsetting Financial Assets and Financial Liabilities (Note c)*
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	*Investments Entities – Amendments to Consolidated Financial Statements, Disclosure of Interests in Other Entities and Separate Financial Statements (Note c)*
Amendments to HKAS 36	*Recoverable Amount Disclosures for Non-Financial Assets (Note c)*
HK(IFRIC) – Int 21	*Levies (Note c)*
HKFRS 9	*Financial Instruments (Note d)*
Amendments to HKFRS 7 and HKFRS 9	*Mandatory Effective Date of HKFRS 9 and Transaction Disclosures (Note d)*

Notes:

a Effective for annual periods beginning on or after 1 July 2012
b Effective for annual periods beginning on or after 1 January 2013
c Effective for annual periods beginning on or after 1 January 2014
d Effective for annual periods beginning on or after 1 January 2015

The directors do not anticipate that the adoption of these new/revised HKFRSs in the future will have any material impact on the results of the Group.

Notes to the Consolidated Financial Statements

Year ended 31 March 2013

3. PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

These consolidated financial statements have been prepared in accordance with HKFRSs, which collective term includes all individual HKFRSs, HKASs and Interpretations issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated 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 (the "Listing Rules").

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2012 consolidated financial statements except for the adoption of the new/revised HKFRSs as set out in note 2 to the consolidated financial statements. A summary of the principal accounting policies adopted by the Group is set out below.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries as at 31 March each year. The financial statements of the subsidiaries are prepared for the same reporting year as that of the Company using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceased.

Non-controlling interests are presented separately in the consolidated income statement and within equity in the consolidated statement of financial position, separately from owners of the parent. The non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in event of liquidation, is measured initially either at fair value or at the non-controlling interest's proportionate share in the recognised amounts of the acquiree's identifiable net assets. This choice of measurement basis is made on an acquisition-by-acquisition basis.

Allocation of total comprehensive income

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to the owners of the Company and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in ownership interest

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

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest determined at the date when control is lost and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests at the date when control is lost. The amounts previously recognised in other comprehensive income in relation to the disposed subsidiary are recognised on the same basis as would be required if the Company had directly disposed of the related assets or liabilities. Any investment retained in the former subsidiary and any amounts owed by or to the former subsidiary is accounted for as a financial asset, associate, jointly controlled entity or others as appropriate from the date when control is lost.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to profit or loss during the year in which they are incurred.

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment, over their estimated useful lives from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method, at the following rates per annum. Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis and depreciated separately.

Buildings	2%
Furniture, fixtures and office equipment	20%
Telecommunications equipment	20%
Leasehold improvements	Over the unexpired term of leases
Motor vehicles	30%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net sales proceeds and the carrying amount of the item) is included in profit or loss in the year in which the item is derecognised.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Investment properties

Investment properties are land and/or building that are held by owner or lessee under finance lease, to earn rental income and/or for capital appreciation. These include properties held for a currently undetermined future use and properties that are held under operating lease, which satisfy the definition of investment property and carry at fair value.

Investment properties are stated at fair value at the end of the reporting period. Any gain or loss arising from a change in fair value is recognised in profit or loss. The fair value of investment property is based on a valuation by an independent valuer who holds a recognised professional qualification and has recent experience in the location and category of property being valued. The fair value is based on market value, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties have each acted knowledgeably, prudently and without compulsion.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net sales proceeds and the carrying amount of the asset) is included in profit or loss in the year in which the item is derecognised.

Subsidiaries

Subsidiaries are entities in which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses. The carrying amount of each of the investments in subsidiaries is reduced to its recoverable amount on an individual basis. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Associates

An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

The Group's investment in associate is accounted for under the equity method of accounting. The consolidated income statement includes the Group's share of the post-acquisition results of the associate for the year. The consolidated statement of financial position includes the Group's share of the net assets of the associate and also goodwill. The Group discontinues recognising its share of further losses when the Group's share of losses of the associate equals or exceeds the carrying amount of this interest in the associate, which includes any long term interests that, in substance, form part of the Group's net investment in the associate.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

Goodwill

Goodwill arising on an acquisition of a subsidiary is measured at the excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of any previously held equity interest in the acquiree over the acquisition date amounts of the identifiable assets acquired and the liabilities assumed of the acquired subsidiary. Goodwill arising on an acquisition of an associate or a jointly controlled entity is measured as the excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the acquired associate or jointly controlled entity.

Goodwill on acquisition of subsidiary is recognised as a separate asset. Goodwill on acquisitions of associates or jointly controlled entities is included in interests in associates or jointly controlled entities. Goodwill is carried at cost less accumulated impairment losses, which is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment test and determination of gain or loss on disposal, goodwill is allocated to cash-generating units ("CGU"). An impairment loss on goodwill is not reversed.

In respect of a subsidiary, any excess of the acquisition date amounts of identifiable assets acquired and the liabilities assumed of the acquired subsidiary over the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree, if any, after reassessment, is recognised immediately in profit or loss as a bargain purchase. In respect of an associate or a jointly controlled entity, any excess of the Group's share of its net fair value of identifiable assets and liabilities over the cost of investment is recognised immediately as income.

Notes to the Consolidated Financial Statements

Year ended 31 March 2013

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Discontinued operations

A discontinued operation is a component of the Group that comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group. It represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs when the operation is abandoned.

Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when and only when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Group's contractual rights to future cash flows from the financial asset expire or (ii) the Group transfers the financial asset and the Group has transferred substantially all the risks and rewards of ownership of the financial asset. A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

Classification and measurement

Financial assets or financial liabilities are initially recognised at their fair value plus, in the case of financial assets or financial liabilities not carried at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liabilities.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are not held for trading. They are measured at amortised cost using the effective interest method, except where receivables are interest-free loans and without any fixed repayment term or the effect of discounting would be insignificant. In such case, the loans and receivables are stated at cost less impairment loss. Amortised cost is calculated by taking into account any discount or premium on acquisition over the period to maturity. Gains and losses arising from derecognition, impairment or through the amortisation process are recognised in profit or loss.

Financial liabilities

All financial liabilities are recognised initially at their fair value and are subsequently measured at amortised cost, using effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

Impairment of financial assets

At the end of each reporting period, the Group assesses whether there is objective evidence that financial assets are impaired. The impairment loss of financial assets carried at amortised cost is measured as the difference between the assets' carrying amount and the present value of estimated future cash flow discounted at the financial asset's original effective interest rate. Such impairment loss is reversed in subsequent periods through profit or loss when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue and costs, if applicable, can be measured reliably and on the following bases.

(i) Revenue from the sale of telecommunications equipment and products is recognised on the transfer of ownership, which generally coincides with the time of delivery.

(ii) Commission income is recognised in accordance with the terms of agency agreements which is generally when the agency services are rendered.

(iii) Mobile communications services income are recognised upon the rendering of services.

(iv) Management services income is recognised when the services are rendered.

(v) Rental income is recognised on a straight-line basis over the period of the respective leases.

(vi) Interest income is recognised as the interest accrued using the effective interest method to the net carrying amount of the financial asset.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Foreign currency translation

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

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

The results and financial position of all the Group entities that have a functional currency different from the presentation currency ("foreign operations") are translated into the presentation currency as follows:

(a) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that end of the reporting period;

(b) income and expenses for each income statement are translated at the weighted average exchange rates for the year; and

(c) all resulting exchange differences arising from the above translation and exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are recognised as a separate component of equity.

Inventories

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

Impairment of non-financial assets

At the end of each reporting period, the Group reviews internal and external sources of information to assess whether there is any indication that its property, plant and equipment, club debentures and interest in associates may be impaired or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs to sell and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. a cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

A reversal of impairment losses is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior years. Reversal of impairment losses is recognised as income in profit or loss immediately.

The accounting policy for recognition and reversal of the impairment loss for goodwill is stated in the accounting policy for goodwill in the earlier part of this note.

Leases

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

Rental receivable under operating leases are credited to profit or loss on a straight-line basis over the term of the relevant lease.

Rental payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

Lease incentives are recognised in profit or loss as an integral part of the net consideration agreed for the use of the leased asset. Contingent rentals are recognised as expenses in the accounting period in which they are incurred.

Other non-current assets

Club debentures represent intangible assets with indefinite useful lives and are stated at cost less accumulated impairment losses.

Employee benefits

Short term 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.

Notes to the Consolidated Financial Statements

Year ended 31 March 2013

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Employee benefits (continued)

Defined contribution plans

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees who are eligible to participate in the MPF Scheme. Contributions are made based on the percentage of the employees' basic salaries. Contributions are recognised as an expense in profit or loss as they incurred. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund.

The employees of the Group's subsidiaries in the People's Republic of China (the "PRC") are members of state-managed retirement benefits schemes operated by the PRC government. The subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the required contributions under the schemes.

Long service payments

The Group's net obligation in respect of long service payments under the Employment Ordinance is the amounts of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and discounted to its present value and after deducing the fair value of any related assets, including those retirement scheme benefits.

Share-based payment transactions

Equity-settled transactions

The Group's employees, including directors, receive remuneration in the form of share-based payment transactions, whereby the employees rendered services in exchange for shares or rights over shares. The cost of such transactions with employees is measured by reference to the fair value of the equity instruments at the grant date. The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a reserve within equity. The fair value is determined using the binomial model, taking into account the terms and conditions of the transactions, other than conditions linked to the price of the shares of the Company ("market conditions").

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the year(s) in which the vesting conditions are to be fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date"). During the vesting period, the number of share options that is expected to vest ultimately is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to profit or loss for the year of the review, with a corresponding adjustment to the reserve within equity.

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

Taxation

The charge for current income tax is based on the results for the year as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, any deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss is not recognised.

The deferred tax liabilities and assets are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

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

Related parties

A related party is a person or entity that is related to the Group.

(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 of the parent of the Group.

Notes to the Consolidated Financial Statements

Year ended 31 March 2013

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Related parties (continued)

(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. If the Group is itself such a plan, the sponsoring employers are also 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.

Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's chief operating decision maker. The Company's executive directors, who are responsible for allocating resources to, and assessing the performance of, the Group's various lines of business, have been identified as the chief operating decision makers.

Individual 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.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and assumptions concerning the future and judgements are made by the management in the preparation of the consolidated financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

Allowance for bad and doubtful debts

The provisioning policy for bad and doubtful debts of the Group is based on the evaluation collectability and ageing analysis of the accounts receivables and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance will be required.

Useful lives and impairment of property, plant and equipment

The directors evaluate the residual value and useful lives of property, plant and equipment on an annual basis, through careful consideration with regards to expected usage, wear-and-tear and potential technical obsolescence to usage of the assets.

In determining whether an asset is impaired or the event previously causing the impairment no longer exists, the directors have to exercise judgement in the area of asset impairment, particularly in assessing: (1) whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence; (2) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or derecognition; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test.

Notes to the Consolidated Financial Statements

Year ended 31 March 2013

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Deferred tax assets

As at the end of the reporting period, no deferred tax asset *(2012: HK$1,233,000)* in relation to unused tax losses has been recognised in the consolidated statement of financial position. The recognition of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future.

Impairment of investments and receivables

The Group assesses annually if investment in subsidiaries and associates has suffered any impairment in accordance with HKAS 36 and follows the guidance of HKAS 39 in determining whether amounts due from these entities are impaired. Details of the approach are stated in the respective accounting policies. The assessment requires an estimation of future cash flows, including expected dividends, from the assets and the selection of appropriate discount rates. Future changes in financial performance and position of these entities would affect the estimation of impairment loss and cause the adjustments of their carrying amounts.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Details of the estimates used to calculate the recoverable amount are given in note 17 to the consolidated financial statements.

5. RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Financial Risk Management

The Group's major financial instruments include trade and other receivables, trade and other payables and cash and cash equivalents. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Foreign exchange risk

The Group operates mainly in Hong Kong and the PRC and majority of transactions are denominated in HK$ and Renminbi ("RMB"). Therefore, the Group is exposed to foreign exchange risk arising from these currency exposures. The conversion of RMB into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government. The Group is exposed to foreign exchange risk in respect of exchange fluctuation of HK$ against RMB. At 31 March 2013, if RMB had weakened/strengthened by 5% *(2012: 5%)* against HK$ with all other variables held constant, the impact on the Group's results is not significant. The Group currently does not have a foreign currency hedging policy in respect of foreign current assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(ii) Cash flow and fair value interest rate risk

The Group's exposure to changes in interest rates is mainly attributable to its bank deposits. The Group's income and operating cash flow are substantially independent of changes in market interest rates. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Credit risk

As at 31 March 2013, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management has credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In this regard, the management considers that the Group's credit risk is significantly reduced.

The Group's credit risk is primarily attributable to trade and other receivables. At the end of the reporting period, the Group has concentration of credit risk as the trade receivables from the five largest customers represented 99% *(2012: 65%)* of the total trade receivables, while 92% *(2012: 36%)* of the total trade receivables were due from the largest single customer.

At the end of the reporting period, the Group's consideration receivable for disposal of discontinued operations (the "consideration receivable") represented 88% *(2012: Nil)* of the total other receivables. The 1st repayment of the consideration receivable of HK$4,650,000 has been subsequently settled. The remaining repayment of the consideration receivable is not due as at the date of the consolidated financial statements.

The exposures to these credit risks are monitored on an ongoing basis. In this regard, the management considers that the Group's credit risk is significantly reduced.

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Year ended 31 March 2013

5. RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Financial Risk Management (continued)

Credit risk (continued)

The Company's credit risk is primarily attributable to amounts due from subsidiaries. At the end of the reporting period, the Company is exposed to concentration of credit risk where 97% *(2012: 99%)* of amounts due from subsidiaries is originated from one subsidiary.

Liquidity risk

The Group manages liquidity risk by maintaining adequate bank deposits and cash, monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The liquidity risk is under continuous monitoring by management. Management will raise bank borrowings whenever necessary.

The carrying value of the Group's financial liabilities at the end of the reporting period is a reasonable approximate of the contractual undiscounted payments which are all payable within one year or on demand.

Fair value of financial instruments

The carrying value of trade and other receivables (net of allowance for doubtful debts) and trade and other payables is a reasonable approximate of their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(b) Capital Management

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

The capital structure of the Group consists of equity attributable to shareholders of the Company, comprising issued capital and reserves as disclosed in the consolidated statement of changes in equity. As at 31 March 2013 and 2012, the Group did not have long term external borrowings.

The directors of the Company review the capital structure on an annual basis. As a part of this review, the directors of the Company consider the cost of capital and other sources of funds. Adjustments will be made to the capital structure as necessary in response to changes in economic conditions.

6. TURNOVER AND REVENUE

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in note 33 to the consolidated financial statements.

The Group's turnover and revenue recognised by category are as follows:

	Note	2013 HK$'000	2012 HK$'000 (Restated)
CONTINUING OPERATIONS			
Sale of telecommunications equipment and products		16,825	21,763
Commission income		–	64
Retail sales and management services income		43,046	54,497
Turnover		59,871	76,324
Rental income		3,792	7,080
Interest income		955	787
Others		2,793	1,941
Other revenue		7,540	9,808
Total revenue from continuing operations		67,411	86,132
DISCONTINUED OPERATIONS			
Total revenue from discontinued operations	12(a)	86,610	96,120
Total revenue		154,021	182,252

7. OTHER NET INCOME

	2013 HK$'000	2012 HK$'000
Gain on disposal of prepaid premium for land lease and buildings	–	2,609
Sundry income	4	5
	4	2,614

Notes to the Consolidated Financial Statements
Year ended 31 March 2013

8. SEGMENT INFORMATION

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

Primary reporting format – Business segments

The Group's principal activities comprise the following main business segments:

	Operating segments	Nature of business activities	Place of operation
1	Mobile communications services	Provision of mobile communications services, provision of maintenance and accounts management services to telecommunications operators	Hong Kong
2	Retail sales and management services	Retail sales of telecommunications related equipment and products, provision of maintenance and repair services and provision of retail sales and management services	PRC
3	Others	Other businesses, including investment in properties	Hong Kong and PRC

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

Segment assets include all tangible, intangible assets and other current and non-current assets with the exception of interests in associates, deferred tax assets, bank balances and cash and other corporate assets. Segment liabilities include all current and non-current liabilities, with the exception of provision for taxation, deferred tax liabilities and other corporate liabilities. Those assets and liabilities not allocated to reportable segments are grouped in unallocated assets and unallocated liabilities respectively.

Revenue and expenses allocated to the reportable segments include the sales generated by the segment and the expenses incurred by the segment or which arise from the depreciation of assets attributable to those segments.

Inter-segment sales were conducted at price generally not less than cost and with terms mutually agreed amongst those business segments.

For the year ended 31 March 2013

	Continuing operations			Discontinued operations		
	Retail sales and management services HK$'000	Others HK$'000	Sub-total HK$'000	Mobile communications services HK$'000	Inter-segment elimination HK$'000	Group HK$'000
Turnover						
Revenue from external customers	59,871	–	59,871	86,334	–	146,205
Segment turnover	59,871	–	59,871	86,334	–	146,205
Segment results	171	72,247	72,418	(1,181)	–	71,237
Interest income			955	2	–	957
Impairment of goodwill			(29,117)	–	–	(29,117)
Profit (loss) before taxation			44,256	(1,179)	–	43,077
Taxation			(1,847)	–	–	(1,847)
Profit (loss) after taxation			42,409	(1,179)	–	41,230
Gain on disposal of discontinued operations			–	41,996	–	41,996
Profit for the year			42,409	40,817	–	83,226
Assets						
Segment assets	16,067	346,599	362,666	–	–	362,666
Unallocated assets			102,099	–	–	102,099
Total assets			464,765	–	–	464,765
Liabilities						
Segment liabilities	(8,405)	(6,400)	(14,805)	–	–	(14,805)
Unallocated liabilities			(4,829)	–	–	(4,829)
Total liabilities			(19,634)	–	–	(19,634)
Other information						
Capital expenditure	304	38	342	1,058	–	1,400
Change in fair value of investment properties	–	(79,000)	(79,000)	–	–	(79,000)
Depreciation	484	1,154	1,638	525	–	2,163
Impairment of goodwill	–	–	29,117	–	–	29,117
Significant non-cash expenses (other than depreciation and amortisation)	6	189	195	257	–	452

Notes to the Consolidated Financial Statements
Year ended 31 March 2013

8. SEGMENT INFORMATION (continued)

Primary reporting format – Business segments (continued)

For the year ended 31 March 2012
(Restated)

	Continuing operations			Discontinued operations		
	Retail sales and management services HK$'000	Others HK$'000	Sub-total HK$'000	Mobile communications services HK$'000	Inter–segment elimination HK$'000	Group HK$'000
Turnover						
Revenue from external customers	76,324	–	76,324	95,299	–	171,623
Segment turnover	76,324	–	76,324	95,299	–	171,623
Segment results	2,472	9,327	11,799	(5,043)	–	6,756
Interest income			787	–	–	787
Impairment of goodwill			(51,468)	–	–	(51,468)
Loss before taxation			(38,882)	(5,043)	–	(43,925)
Taxation			(2,978)	–	–	(2,978)
Loss for the year			(41,860)	(5,043)	–	(46,903)
Assets						
Segment assets	49,134	236,496	285,630	13,041	–	298,671
Unallocated assets			103,917	–	–	103,917
Total assets			389,547	13,041	–	402,588
Liabilities						
Segment liabilities	(7,531)	(9,457)	(16,988)	(19,527)	–	(36,515)
Unallocated liabilities			(4,544)	–	–	(4,544)
Total liabilities			(21,532)	(19,527)	–	(41,059)
Other information						
Capital expenditure	44	1,269	1,313	639	–	1,952
Change in fair value of investment properties	–	(15,300)	(15,300)	–	–	(15,300)
Depreciation	641	744	1,385	550	–	1,935
Amortisation on prepaid premium for land lease	–	4	4	–	–	4
Impairment of goodwill	–	–	51,468	–	–	51,468
Significant non-cash expenses (other than depreciation and amortisation)	103	452	555	9,314	–	9,869

Secondary reporting format – Geographical segments

The geographical segments of the Group's turnover are as follows:

	Continuing operations		Discontinued operations		Total	
	2013 HK$'000	2012 HK$'000 (Restated)	2013 HK$'000	2012 HK$'000 (Restated)	2013 HK$'000	2012 HK$'000 (Restated)
PRC	59,871	76,324	–	–	59,871	76,324
Hong Kong	–	–	86,334	95,299	86,334	95,299
	59,871	76,324	86,334	95,299	146,205	171,623

The geographical segments of the Group's results are as follows:

	Continuing operations		Discontinued operations		Total	
	2013 HK$'000	2012 HK$'000 (Restated)	2013 HK$'000	2012 HK$'000 (Restated)	2013 HK$'000	2012 HK$'000 (Restated)
PRC	4,821	4,845	–	–	4,821	4,845
Hong Kong	67,597	6,954	(1,181)	(5,043)	66,416	1,911
	72,418	11,799	(1,181)	(5,043)	71,237	6,756

The geographical segments of the Group's total assets are as follows:

	Continuing operations		Discontinued operations		Total	
	2013 HK$'000	2012 HK$'000 (Restated)	2013 HK$'000	2012 HK$'000 (Restated)	2013 HK$'000	2012 HK$'000 (Restated)
PRC	63,032	60,937	–	–	63,032	60,937
Hong Kong	401,733	328,610	–	13,041	401,733	341,651
	464,765	389,547	–	13,041	464,765	402,588

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Year ended 31 March 2013

8. SEGMENT INFORMATION (continued)

Secondary reporting format – Geographical segments (continued)

The geographical segments of the Group's capital expenditure are as follows:

	Continuing operations		Discontinued operations		Total	
	2013 HK$'000	2012 HK$'000 (Restated)	2013 HK$'000	2012 HK$'000 (Restated)	2013 HK$'000	2012 HK$'000 (Restated)
PRC	304	44	–	–	304	44
Hong Kong	38	1,269	1,058	639	1,096	1,908
	342	1,313	1,058	639	1,400	1,952

The geographical segments of the Group's non-current assets are as follows:

	Continuing operations		Discontinued operations		Total	
	2013 HK$'000	2012 HK$'000 (Restated)	2013 HK$'000	2012 HK$'000 (Restated)	2013 HK$'000	2012 HK$'000 (Restated)
PRC	998	1,176	–	–	998	1,176
Hong Kong	307,551	261,686	–	1,098	307,551	262,784
	308,549	262,862	–	1,098	308,549	263,960

Information about major customers – continuing operations

For the year ended 31 March 2013, approximately HK$44,956,000 or 31% *(2012: approximately HK$53,202,000 or 31%)* of the Group's external revenue was derived from a single customer in the retail sales and management services segment.

Information about major customers – discontinued operations

For the year ended 31 March 2013, approximately HK$11,505,000 or 8% *(2012: approximately HK$16,338,000 or 10%)* of the Group's external revenue was derived from a single customer in the mobile communications services segment.

9. PROFIT (LOSS) BEFORE TAXATION

Continuing operations

This is stated after charging (crediting):

	2013 HK$'000	2012 HK$'000 (Restated)
Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	29,942	30,342
Contributions to defined contribution plans	5,853	5,409
	35,795	35,751
Auditor's remuneration		
Current year	720	670
Over provision in prior year	(10)	(50)
Other services	154	–
Cost of inventories	19,670	21,004
Depreciation	1,638	1,385
Amortisation on prepaid premium for land lease	–	4
Operating lease charges		
Premises	7,002	8,748
Allowance for doubtful trade and other receivables	–	229
Loss on disposal of property, plant and equipment	112	104
Loss on disposal of investment property	83	–
Rental income from investment properties less direct outgoings of HK$Nil *(2012: HK$Nil)*	(3,792)	(7,080)

Notes to the Consolidated Financial Statements
Year ended 31 March 2013

10. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

The aggregate amounts of emoluments received or receivable by the Company's directors are as follows:

	Directors' fees HK$'000	Salaries, allowances and benefits in kinds HK$'000	Discretionary Bonus HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
2013					
Executive directors:					
Ting Pang Wan, Raymond	–	2,051	–	15	2,066
Wu Chi Chiu (a)	–	1,574	360	15	1,949
Zhou Lijuan (b)	–	497	–	7	504
Ji Zuguang (c)	–	618	–	9	627
Independent non-executive directors:					
Huang An Guo	100	–	–	–	100
Sin Ka Man	100	–	–	–	100
Wong Fei Tat	100	–	–	–	100
	300	4,740	360	46	5,446
2012					
Executive directors:					
Ting Pang Wan, Raymond	–	2,052	–	12	2,064
Wu Chi Chiu	–	1,110	135	12	1,257
Zhou Lijuan	–	1,080	135	12	1,227
Independent non-executive directors:					
Huang An Guo	100	–	–	–	100
Sin Ka Man	100	–	–	–	100
Wong Fei Tat	100	–	–	–	100
	300	4,242	270	36	4,848

Notes:

(a) Resigned on 31 March 2013.
(b) Resigned on 5 September 2012.
(c) Appointed on 5 September 2012.

No directors have waived emoluments in respect of the years ended 31 March 2013 and 2012.

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

	2013 HK$'000	2012 HK$'000
Salaries, allowances and benefits in kinds	2,847	2,048
Discretionary bonus	–	292
Retirement scheme contributions	44	24
	2,891	2,364

The emoluments were paid to individuals as follows:

Emoluments band	**Number of individuals**	
	2013	2012
Nil to HK$1,000,000	2	1
HK$1,000,001 to HK$1,500,000	1	1
	3	2

11. TAXATION

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements for both years as the Group has no assessable profit arising in Hong Kong or taxable profits were wholly absorbed by estimated tax losses brought forward.

PRC Enterprise Income Tax (the "EIT") has been provided for based on the estimated assessable profits in accordance with the relevant tax laws applicable to the subsidiaries in the PRC. The statutory EIT rate in the PRC is 25% *(2012: 25%)*.

Pursuant to the PRC EIT Law, a 10% withholding tax is levied on dividends distributed to foreign investors by the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings accumulated after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and jurisdiction of the foreign investors. A lower 5% withholding tax rate may be applied when the immediate holding company of the PRC subsidiaries is a resident company in Hong Kong according to the tax treaty arrangements between the PRC and Hong Kong.

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Year ended 31 March 2013

11. TAXATION (continued)

The part of post 2007 earnings that are not expected to be distributed in the foreseeable future would be subject to additional taxation if they are distributed. The estimated withholding tax effects on the distribution of these unremitted retained earnings of these PRC subsidiaries were approximately HK$491,000 *(2012: HK$465,000)*. In the opinion of the directors, these retained earnings, at the present time, are required for financing the continuing operations of the PRC subsidiaries and no distribution would be made in the foreseeable future. Accordingly, no provisions for additional deferred taxation have been made.

The major components of income tax charges are:

	Note	2013 HK$'000	2012 HK$'000
Continuing operations			
Current tax			
Hong Kong Profits Tax			
Current year		–	–
Over provision in prior years		–	(94)
PRC Enterprise Income Tax			
Current year		817	1,372
Under (over) provision in prior years		712	(108)
		1,529	1,170
Deferred taxation			
Origination and reversal of temporary difference		318	327
Reversal of tax losses previously recognised		–	1,481
	25	318	1,808
Tax charge from continuing operations		1,847	2,978
Discontinued operations			
Current tax			
Hong Kong Profits Tax		–	–
Tax charge from discontinued operations	12	–	–
Total tax charge for the year		1,847	2,978

Reconciliation of tax expense

	2013 HK$'000	2012 HK$'000 (Restated)
Profit (loss) before taxation		
Continuing operations	44,256	(38,882)
Discontinued operations	40,817	(5,043)
	85,073	(43,925)
Income tax at applicable tax rates	14,037	(7,247)
Non-deductible expenses	5,764	9,818
Tax exempt revenue	(20,921)	(3,338)
Utilisation of previously unrecognised tax losses	(22)	–
Tax effect of unused tax losses not recognised	1,707	2,032
Under (over) provision in prior years	712	(202)
Unrecognised temporary differences	260	59
Utilisation of previously unrecognised temporary differences	(209)	(169)
Effect on overseas tax rates differences	438	434
Reversal of previously recognised deferred tax asset	–	1,481
Others	81	110
Tax charge for the year	1,847	2,978

The relevant applicable tax rate was 16.5% *(2012: 16.5%)*.

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Year ended 31 March 2013

12. DISCONTINUED OPERATIONS

In 2013, the Group disposed of its mobile communications services business and classified it as discontinued operations.

The results of the discontinued operations are summarised as follows:

	Note	2013 HK$'000	2012 HK$'000 (Restated)
Profit (loss) for the year from discontinued operations			
Turnover	(a)	86,334	95,299
Cost of sales and services		(53,091)	(59,579)
Other revenue	(a)	276	821
Distribution costs		(2,910)	(2,521)
Administrative expenses		(31,788)	(39,063)
Loss before taxation	(b)	(1,179)	(5,043)
Taxation	11	–	–
Loss after taxation		(1,179)	(5,043)
Gain on disposal of discontinued operations	30	41,996	–
Profit (loss) for the year from discontinued operations		40,817	(5,043)

Notes:

	Note	2013 HK$'000	2012 HK$'000 (Restated)
(a) Turnover and revenue			
Sale of telecommunications equipment and products		1,272	224
Commission income		1,845	2,379
Mobile communications services income		83,217	92,696
Turnover		86,334	95,299
Interest income		2	–
Others		274	821
Other revenue		276	821
Total revenue from discontinued operations	6	86,610	96,120

	2013 HK$'000	2012 HK$'000 (Restated)
(b) Loss before taxation		
This is stated after charging (crediting):		
Staff costs (include directors' emoluments)		
Salaries, wages and other benefits	15,185	14,493
Contributions to defined contribution plans	373	363
	15,558	14,856
Auditor's remuneration	250	340
Cost of inventories	3,137	1,898
Depreciation	525	550
Operating lease charges		
Telecommunications equipment	1,380	1,527
Premises	2,831	2,855
Net allowance for and write off of doubtful trade and other receivables	157	9,324
Write-down (reversal of write-down) of inventories	93	(8)
Loss (gain) on disposal of property, plant and equipment	7	(2)
(c) An analysis of the cash flows of discontinued operations is as follows:		
Net cash (used in) from operating activities	(68)	3,763
Net cash used in investing activities	(1,058)	(637)
Net (decrease) increase in cash and cash equivalents	(1,126)	3,126

13. PROFIT (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The consolidated profit (loss) attributable to shareholders of the Company included a loss of HK$2,432,000 *(2012: loss of HK$4,117,000)* which has been dealt with in the financial statements of the Company.

Reconciliation of the above amount to the Company's profit (loss):

	2013 HK$'000	2012 HK$'000 (Restated)
Amount of consolidated loss attributable to shareholders of the Company dealt with in the Company's financial statements	(2,432)	(4,117)
Reversal of allowance for (allowance for) amounts due from subsidiaries	96,137	(38,111)
Company's profit (loss) for the year *(note 28)*	93,705	(42,228)

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Year ended 31 March 2013

14. EARNINGS (LOSSES) PER SHARE

The calculation of basic and diluted earnings (losses) per share is based on the following data:

	2013	2012
A. Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings (losses) per share	2,820,500,000	2,820,500,000
Effect of dilutive potential ordinary shares: Share options issued by the Company	–	–
Weighted average number of ordinary shares for the purpose of diluted earnings (losses) per share	2,820,500,000	2,820,500,000
B. Earnings (losses) for operations:		
(i) For continuing and discontinued operations Earnings (losses) attributable to shareholders of the Company (HK$'000)	83,218	(46,647)

Diluted earnings (losses) per share for the year ended 31 March 2013 and 2012 are the same as the basic earning (losses) per share because the share options in issue have no dilutive effect and there are no dilutive potential ordinary shares in existence.

	2013	2012
(ii) For continuing operations Earnings (losses) from continuing operations attributable to shareholders of the Company (HK$'000)	42,342	(41,856)

Diluted earnings (losses) per share from continuing operations for the year ended 31 March 2013 and 2012 are the same as the basic earnings (losses) per share because share options in issue have no dilutive effect and there are no dilutive potential ordinary shares in existence.

	2013	2012
(iii) For discontinued operations Earnings (losses) from discontinued operations attributable to shareholders of the Company (HK$'000)	40,876	(4,791)

Diluted earnings (losses) per share from discontinued operations for the year ended 31 March 2013 and 2012 are the same as the basic earnings (losses) per share because share options in issue have no dilutive effect and there are no dilutive potential ordinary shares in existence.

15. INVESTMENT PROPERTIES

	Group	
	2013	2012
	HK$'000	HK$'000
At fair value		
At beginning of year	**227,800**	212,500
Disposal	**(2,800)**	–
Change in fair value	**79,000**	15,300
At the end of the reporting period	**304,000**	227,800

Investment properties of the Group are situated in Hong Kong and are held under the following lease terms:

	2013	2012
	HK$'000	HK$'000
Land in Hong Kong		
Long-term lease	**–**	2,800
Medium-term lease	**304,000**	225,000
	304,000	227,800

As at 31 March 2013 and 2012, the investment properties were revalued by DTZ Debenham Tie Leung Limited and Jones Lang LaSalle Limited respectively, which are independent professional qualified valuers, on the open market value basis using direct comparison approach and/or income capitalisation approach.

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16. PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings HK$'000	Furniture, fixtures and office equipment HK$'000	Telecom-munications equipment HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Total HK$'000
Reconciliation of carrying amount – year ended 31 March 2012						
At beginning of year	185	1,859	594	455	1,259	4,352
Additions	–	853	239	860	–	1,952
Disposals	(184)	(14)	–	(315)	–	(513)
Depreciation	(1)	(679)	(338)	(461)	(456)	(1,935)
Exchange differences	–	14	–	6	37	57
At the end of the reporting period	–	2,033	495	545	840	3,913
Reconciliation of carrying amount – year ended 31 March 2013						
At beginning of year	**–**	**2,033**	**495**	**545**	**840**	**3,913**
Additions	**–**	**391**	**953**	**56**	**–**	**1,400**
Reclassification	**–**	**(248)**	**248**	**–**	**–**	**–**
Disposals	**–**	**(119)**	**–**	**–**	**–**	**(119)**
Disposal of discontinued operations	**–**	**(249)**	**(1,369)**	**(6)**	**–**	**(1,624)**
Depreciation	**–**	**(1,087)**	**(327)**	**(423)**	**(326)**	**(2,163)**
Exchange differences	**–**	**6**	**–**	**–**	**6**	**12**
At the end of the reporting period	**–**	**727**	**–**	**172**	**520**	**1,419**
At 1 April 2012						
Cost	–	7,287	17,410	7,383	3,838	35,918
Accumulated depreciation and impairment losses	–	(5,254)	(16,915)	(6,838)	(2,998)	(32,005)
	–	2,033	495	545	840	3,913
At 31 March 2013						
Cost	**–**	**5,218**	**–**	**7,363**	**3,857**	**16,438**
Accumulated depreciation and impairment losses	**–**	**(4,491)**	**–**	**(7,191)**	**(3,337)**	**(15,019)**
	–	**727**	**–**	**172**	**520**	**1,419**

Company

	Motor vehicle HK$'000
Reconciliation of carrying amount – year ended 31 March 2012 and 2013	
At beginning of year and at the end of the reporting period	–
At 1 April 2012 and 31 March 2013	
Cost	509
Accumulated depreciation	(509)
	–

17. GOODWILL

	Group 2013 HK$'000	Group 2012 HK$'000
Reconciliation of carrying amount		
At beginning of year	**29,117**	80,585
Impairment loss	**(29,117)**	(51,468)
At the end of the reporting period	**–**	29,117
Cost	**119,756**	119,756
Accumulated impairment losses	**(119,756)**	(90,639)
	–	29,117

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Year ended 31 March 2013

17. GOODWILL (continued)

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's CGU identified according to the operating segment as follows:

	2013	2012
	HK$'000	HK$'000
Provision of retail sales and management services in Shanghai	**–**	29,117

As at 31 March 2013, the directors of the Company assessed the recoverable amount of the CGU of the retail sales and management services in Shanghai (the "Shanghai Operation") from value in use calculations and its declining operating results and determined that goodwill associated with the CGU was impaired by HK$29,117,000 *(2012: HK$51,468,000)*.

The recoverable amounts of the CGU are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and budgeted gross margin and revenue during the period. The Group estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. The growth rates are based on long-term average growth rate of the industry in the geographical area in which the businesses of the CGU operate. Budgeted gross margin and revenue are based on past practices and expectations on market development.

The Group prepares cash flow projections derived from the most recent financial budgets, which covered a period of 3 years, approved by management and applies a discount rate of approximately 17.77% *(2012: 17.77%)* per annum for the cash flow projections at the end of the reporting period. The Group adopts a growth rate of 2% *(2012: 2%)* per annum for the extrapolation of cash flows beyond the 3 years period. The Shanghai Operation continued to face the challenges in a saturated telecom market and changes in marketing strategy deployed by the Shanghai telecommunications operator. The changes have negatively impacted the Shanghai Operation's ability to acquire the subscribers. As a result, the turnover and operating profit of the Shanghai Operation have vastly declined 21.6% and 78% respectively during this year. As it is expected that the business under such competitive environment may not be turnaround, the management have decided to make an appropriate impairment of goodwill based on the current cash flow forecasting.

18. INTERESTS IN SUBSIDIARIES

	Company	
	2013	2012
	HK$'000	HK$'000
Unlisted shares, at cost	**113,115**	113,115
Impairment loss	**(113,115)**	(113,115)
	–	–
Due from subsidiaries	**1,223,802**	1,286,418
Allowance for doubtful debts	**(834,115)**	(930,252)
	389,687	356,166
Due to subsidiaries	**(7,137)**	(7,137)
	382,550	349,029

The amounts due from (to) subsidiaries are unsecured, interest-free and have no fixed term of repayment but repayment is not expected to be within twelve months from the end of the reporting period. The carrying amounts of the amounts due approximate their fair values.

Particulars of the Company's principal subsidiaries at the end of the reporting period, which in the opinion of the directors principally affect the results for the year or form a substantial portion of the net assets, are set out in note 33 to the consolidated financial statements.

Notes to the Consolidated Financial Statements

Year ended 31 March 2013

19. INTERESTS IN ASSOCIATES

	Group 2013 HK$'000	Group 2012 HK$'000
Share of net assets	5,229	5,451
Goodwill on acquisition	107,045	107,045
	112,274	112,496
Impairment loss	(112,274)	(112,496)
	–	–

Particulars of the Group's principal associate at the end of the reporting period are as follows:

Name	Place of incorporation/ operation	Particulars of registered capital	Proportion of ownership interests *Indirectly held*	Group's investment in the associate unlisted equity, at cost	Principal activity
China Motion Netcom Services Co., Ltd.*	PRC	RMB30,000,000	22.5%	HK$128,973,000	Provision of VoIP related services in the PRC

* The associate is an unlisted corporate entity and is not audited by Mazars CPA Limited.

Summary of financial information of associates which is prepared by using accounting policies consistent with the Group is as follows:

	2013 HK$'000	2012 HK$'000
Non-current assets	**4,404**	5,600
Current assets	**151,415**	187,414
Current liabilities	**(132,581)**	(168,786)
Revenue	**25,054**	25,757
Loss for the year	**(1,056)**	(1,306)

The unrecognised share of losses of associates for the current year and cumulatively up to the end of the reporting period amounted to HK$237,000 *(2012: HK$294,000)* and HK$2,301,000 *(2012: HK$2,064,000)* respectively.

20. OTHER NON-CURRENT ASSETS

	Group	
	2013 HK$'000	2012 HK$'000
Club debentures	**3,130**	3,130

As there is no expiry date, it is considered that the club debentures do not have a finite useful life.

21. INVENTORIES

	Group	
	2013 HK$'000	2012 HK$'000
Finished goods	**2,435**	7,966

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Year ended 31 March 2013

22. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000
Trade receivables					
Trade receivables from third parties		8,877	18,436	–	–
Allowance for doubtful debts	(b)	–	(519)	–	–
	(a)	8,877	17,917	–	–
Other receivables					
Consideration receivable for disposal of discontinued operations	(c)	37,491	–	–	–
Deposits, prepayments and other receivables		14,640	18,154	118	175
Allowance for doubtful debts	(d)	(9,326)	(9,326)	–	–
		42,805	8,828	118	175
		51,682	26,745	118	175

Notes:

(a) Trade receivables

The Group has established credit policies for customers in each of its core businesses. The average credit period granted for trade receivables ranges from 30 to 90 days. The carrying amount of the amounts due approximates their fair values.

The ageing analysis of the trade receivables (net of allowance for doubtful debts) from date of invoices as at the end of the reporting period is as follows:

	Group	
	2013 HK$'000	2012 HK$'000
0 – 30 days	2,964	12,170
31 – 60 days	2,661	4,589
61 – 90 days	2,628	1,007
Over 90 days	624	151
	8,877	17,917

(b) Allowance for doubtful debts – Trade receivables

	Group 2013 HK$'000	2012 HK$'000
Balance at beginning of year	**519**	809
Amount recovered	**(72)**	(290)
Disposal of discontinued operations	**(447)**	–
	–	519

Included in the Group's trade receivable balances are debtors with a carrying amount of HK$3,252,000 *(2012: HK$2,555,000)*, which are past due at the end of the reporting period for which the Group has not impaired as there has not been a significant change in credit quality and the directors consider that the amounts are recoverable. The Group does not hold any collateral over these balances.

The ageing analysis of trade receivables which are past due but not impaired is as follows:

	Group 2013 HK$'000	2012 HK$'000
Past due for		
0 – 30 days	**–**	–
31 – 60 days	**–**	1,397
61 – 90 days	**2,628**	1,007
over 90 days	**624**	151
	3,252	2,555

(c) Consideration receivable for disposal of discontinued operations

The amount is due and receivable according to the agreed repayment within the next 12 months. An interest in an aggregate sum of HK$1,500,000 is receivable with the final payment of the amount due.

(d) Allowance for doubtful debts – Other receivables

	Group 2013 HK$'000	2012 HK$'000
Balance at beginning of year	**9,326**	170
Increase in allowance	**–**	9,326
Amount written off	**–**	(170)
	9,326	9,326

Notes to the Consolidated Financial Statements

Year ended 31 March 2013

23. BANK BALANCES AND CASH

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods between one day and three months, depending on the immediate cash requirement of the Group, and earn interest at the respective short-term deposit rates.

Bank balances and cash in terms of currencies (expressed in Hong Kong dollars) are as follows:

	Group		Company	
	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000
HK$	74,006	81,357	60,168	154
RMB	27,134	20,392	25	12
Others	959	935	–	–
	102,099	102,684	60,193	166

24. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000
Trade payables	(a)	1,482	6,343	–	–
Other payables					
Accrued charges and other creditors		13,228	21,607	1,824	2,038
Advance subscription fees received		–	5,474	–	–
Deposits received		95	3,091	–	–
		13,323	30,172	1,824	2,038
		14,805	36,515	1,824	2,038

Note:

(a) Trade payables

The ageing analysis of trade payables from the date of invoices as at the end of the reporting period is as follows:

	Group	
	2013	2012
	HK$'000	HK$'000
0 – 30 days	**748**	4,118
31 – 60 days	**67**	1,865
61 – 90 days	**108**	113
Over 90 days	**559**	247
	1,482	6,343

25. DEFERRED TAXATION

The movement for the year in the Group's net deferred tax position is as follows:

Recognised deferred tax liabilities (assets)

	Accelerated depreciation allowances	**Tax losses**	**Total**
	HK$'000	HK$'000	HK$'000
At 1 April 2011	4,135	(2,714)	1,421
Charged to profit or loss	327	1,481	1,808
At 31 March 2012	4,462	(1,233)	3,229
At 1 April 2012	**4,462**	**(1,233)**	**3,229**
Charged to profit or loss	**318**	**–**	**318**
Disposal of discontinued operations	**–**	**1,233**	**1,233**
At 31 March 2013	**4,780**	**–**	**4,780**

Notes to the Consolidated Financial Statements
Year ended 31 March 2013

25. DEFERRED TAXATION (continued)

Recognised deferred tax (liabilities) assets

	2013		2012	
	Assets	**Liabilities**	Assets	Liabilities
	HK$'000	**HK$'000**	HK$'000	HK$'000
Depreciation allowance	**–**	**(4,780)**	–	(4,462)
Tax losses	**–**	**–**	1,233	–
Net tax (liabilities) assets	**–**	**(4,780)**	1,233	(4,462)

Unrecognised deferred tax assets arising from

	Group	
	2013	2012
	HK$'000	HK$'000
Deductible temporary differences	**454**	7,838
Tax losses	**335,561**	642,396
At the end of the reporting period	**336,015**	650,234

The Group has not recognised deferred tax assets in respect of tax losses and deductible temporary differences as it is not probable that future taxable profits will be available against which the Group can utilise the benefits therefrom. The tax losses do not expire under current tax legislation.

26. SHARE CAPITAL

	2013		2012	
	No. of shares	HK$'000	No. of shares	HK$'000
Ordinary shares of HK$0.01 each				
Authorised:				
As at 31 March 2013 and 2012	78,000,000,000	780,000	78,000,000,000	780,000
Issued and fully paid:				
As at 31 March 2013 and 2012	2,820,500,000	28,205	2,820,500,000	28,205

27. EQUITY SETTLED SHARE-BASED TRANSACTIONS

The Company adopted a share option scheme on 6 September 2002 (the "2002 Share Option Scheme") as incentive to grant options to eligible employees including executive directors to subscribe for the shares of the Company under the terms and conditions stipulated therein.

The 2002 Share Option Scheme was terminated by the shareholders of the Company on 5 September 2012 but the share options granted and not yet exercised thereunder would however remain effective and are bound by the terms therein.

On 5 September 2012, the Company adopted a new share option scheme (the "2012 Share Option Scheme"). No share options have been granted by the Company under the 2012 Share Option Scheme since its adoption.

Notes to the Consolidated Financial Statements

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27. EQUITY SETTLED SHARE-BASED TRANSACTIONS (continued)

The terms and conditions of the share options granted under the 2002 Share Option Scheme were as follows:

	Date of grant	Exercise price per share option HK$	Number of share options: Outstanding and exercisable as at 31 March 2013	Outstanding and exercisable as at 31 March 2012	Exercise period
Options granted to directors					
Mr. WU Chi Chiu *(Note 1)*	10/08/2009	0.182	12,000,000	12,000,000	10/08/2009 – 09/08/2019
	29/09/2009	0.160	8,000,000	8,000,000	29/09/2009 – 28/09/2019
Mr. JI Zuguang *(Note 2)*	10/08/2009	0.182	9,000,000	9,000,000	10/08/2009 – 09/08/2019
	29/09/2009	0.160	6,000,000	6,000,000	29/09/2009 – 28/09/2019
Sub-total			35,000,000	35,000,000	
Options granted to employees	10/08/2009	0.182	15,800,000	15,800,000	10/08/2009 – 09/08/2019
	29/09/2009	0.160	10,200,000	10,200,000	29/09/2009 – 28/09/2019
Sub-total			26,000,000	26,000,000	
Total			61,000,000	61,000,000	

Notes:

1. Mr. WU Chi Chiu resigned as a director of the Company on 31 March 2013. The 20,000,000 share options granted to Mr. Wu will lapse on 30 September 2013 (i.e. 6 months following the date of cessation as qualified person) as a result of his resignation pursuant to the 2002 Share Option Scheme.

2. Mr. JI Zuguang was appointed as a director of the Company on 5 September 2012.

3. All share options granted are subject to the possible mandatory unconditional cash offers as announced on 10 May 2013, 13 May 2013 and 17 June 2013.

The weighted average exercise prices of share options outstanding under the 2002 Share Option Scheme as at 31 March 2013 and 2012 are as follows:

	Year ended 31 March			
	2013		2012	
	Weighted average exercise price in HK$ per share	**Number of share options ('000)**	Weighted average exercise price in HK$ per share	Number of share options ('000)
Beginning and end of the year	**0.1733**	**61,000**	0.1733	61,000

Summary of each of the 2002 Share Option Scheme and the 2012 Share Option Scheme is as follows:

	2002 Share Option Scheme *(Terminated on 5 September 2012)*	**2012 Share Option Scheme**
1) Purpose	To recognise and acknowledge the contributions or potential contributions made or to be made by the qualified persons to the Group, to motivate the qualified persons to optimise their performance and efficiency for the benefit of the Group, and to maintain or attract business relationship with the qualified persons whose contributions are or may be beneficial to the growth of the Group.	To recognise and acknowledge the contributions or potential contributions made or to be made by the participants to the Group or any entity in which the Group holds any equity interests (the "Invested Entity"), to motivate the participants to optimise their performance and efficiency for the benefit of the Group or the Invested Entity, and to maintain or attract business relationship with the participants whose contributions are or may be beneficial to the growth of the Group or the Invested Entity.

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Year ended 31 March 2013

27. EQUITY SETTLED SHARE-BASED TRANSACTIONS (continued)

	2002 Share Option Scheme *(Terminated on 5 September 2012)*	2012 Share Option Scheme
2) Participants	(a) any part-time or full-time employee or officer of any member of the Group or any affiliate (as defined under the scheme) or of any substantial shareholder of any member of the Group; or	(a) any employee (including any executive director) or officer (including any non-executive director and independent non-executive director) or substantial shareholder of the Company or any subsidiary or any Invested Entity; or
	(b) any director (including executive and non-executive) or chief executive of any member of the Group or of any affiliate (as defined under the scheme); or	(b) any consultant, agent, professional adviser, customer, business partner, joint venture partner, strategic partner, landlord or tenant of, or any supplier or provider of goods or services to, the Company or any subsidiary or any Invested Entity; or
	(c) any supplier, sales agent, customer, joint venture partner, accountant or legal adviser of, or business development and technological consultant to, any member of the Group; or	(c) any trustee(s) of a discretionary trust of which one or more beneficiaries belong to any of the abovementioned category(ies) of persons, or any company beneficially owned by any of the abovementioned category(ies) of persons; or
	(d) any substantial shareholder of the Company or of its subsidiaries	(d) any other person
	who, in the opinion of the Board, has made or will make contributions which are or may be beneficial to the Group as a whole.	who, the Board may determine in its absolute discretion, has made valuable contribution to the business of the Group or Invested Entity based on his performance and/or years of service, or is regarded as valuable resources of the Group or the Invested Entity based on his work experience, knowledge in the industry and other relevant factors, or is expected to be able to contribute to the prosperity, business development or growth of the Group or the Invested Entity based on his/its business connection or network or other relevant factors.

		2002 Share Option Scheme *(Terminated on 5 September 2012)*	2012 Share Option Scheme
3)	Total number of shares available for issue	282,050,000 shares, being 10% of total number of shares in issue as at the date of refreshment of scheme limit on 23 September 2009 and no shares as at the date of this report.	282,050,000 shares, being 10% of the nominal amount of all the issued shares as at the adoption date of the scheme on 5 September 2012 and as the date of this report.
4)	Maximum entitlement of each participant	In any 12-month period: (a) for each grantee, not exceeding 1% of the shares then in issue (including both exercised and outstanding options); (b) for substantial shareholders and independent non-executive directors, not more than 0.1% of the total issued shares for the time being and not having value in excess of HK$5 million (including options exercised, cancelled or outstanding), unless separately approved by independent shareholders at general meeting.	In any 12-month period: (a) for each grantee, not exceeding 1% of the aggregate number of shares for the time being in issue (including both exercised and outstanding options); (b) for substantial shareholders and independent non-executive directors, not over 0.1% of the number of shares then in issue and not having aggregate value in excess of HK$5 million (including options exercised, cancelled and outstanding), unless separately approved by independent shareholders at general meeting.
5)	Option period	A period set out in the relevant offer letter but expiring no later than the tenth anniversary of the date of offer.	A period commencing on the date as specified in the grant letter and expiring on the earliest of the last day of the said period or such time as specified in the scheme and/or the grant letter but not more than 10 years from the date of grant.

Notes to the Consolidated Financial Statements
Year ended 31 March 2013

27. EQUITY SETTLED SHARE-BASED TRANSACTIONS (continued)

		2002 Share Option Scheme *(Terminated on 5 September 2012)*	2012 Share Option Scheme
6)	Minimum period for which an option must be held before it can vest	No general performance target or minimum holding period to the vesting or exercise of options (subject to the terms of offer letter).	No minimum period before the options can be exercised unless otherwise imposed by the Board at its absolute discretion.
7)	Payment on acceptance of option	HK$1.00 to be payable as consideration for the grant of an option within 21 days from the date of offer.	HK$1.00 in cash to be payable on acceptance within 21 days from the date of grant.

	2002 Share Option Scheme *(Terminated on 5 September 2012)*	2012 Share Option Scheme
8) Subscription price	To be notified by the Board and shall be the highest of:	To be determined by the Board and shall be at least the highest of:
	(a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date on which an option is offered; or	(a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheets on the date of the grant of the option, which must be a business day;
	(b) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date on which an option is offered; or	(b) the average closing prices of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of the grant of the option; and
	(c) the nominal value of the shares.	(c) the nominal value of the shares.
9) Life	A period of 10 years commencing from the date on which the scheme is taken effect, i.e. 6 September 2002, and expiring on the tenth anniversary of such date, i.e. 6 September 2012.	A period of 10 years commencing on 5 September 2012 (being the date on which the scheme is adopted) and expiring on the tenth anniversary of such date, i.e. 5 September 2022.

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27. EQUITY SETTLED SHARE-BASED TRANSACTIONS (continued)

The Group's employees, including directors, receive remuneration in the form of share-based payment transactions, whereby the employees rendered services in exchange for shares or rights over shares. The cost of such transactions with employees is measured by reference to the fair value of the equity instruments at the grant date. The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a share option reserve within equity. The fair value is determined using the Binomial option pricing model (the "Model"), taking into account the terms and conditions of the transactions, other than conditions linked to the price of the shares of the Company ("market conditions").

The cost of equity-settled transactions is recognised, together with a corresponding increase in share option reserve within equity, over the year(s) in which the vesting conditions are to be fulfilled, ending on the date on which the relevant employees become fully entitled to the award. During the vesting period, the number of share options that is expected to vest ultimately is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to profit or loss for the year of the review, with a corresponding adjustment to the reserve within equity.

The estimated fair values of share options granted by the Company were measured on the dates of grant by using the Model. The Model is one of the commonly used models to estimate the fair value of a share option. The variables and assumptions used in computing the fair value of the share options are based on the management's best estimate. The value of a share option varies with different variables of certain subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of a share option.

28. RESERVES

Company

	Note	Share premium HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	Accumulated profits HK$'000	Total HK$'000
At 1 April 2011		35,383	450	263,441	4,986	57,095	361,355
Loss for the year	13	–	–	–	–	(42,228)	(42,228)
At 31 March 2012		35,383	450	263,441	4,986	14,867	319,127
At 1 April 2012		35,383	450	263,441	4,986	14,867	319,127
Profit for the year	13	–	–	–	–	93,705	93,705
At 31 March 2013		35,383	450	263,441	4,986	108,572	412,832

Dividend

The directors do not recommend the payment of any dividend for the year ended 31 March 2013 *(2012: Nil)*.

Share premium and capital redemption reserve

The application of the share premium account and the capital redemption reserve is governed by the Companies Act 1981 of Bermuda (as amended).

Properties revaluation reserve

When an item of property, plant and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to accumulated profits.

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28. RESERVES

Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations and is dealt with in accordance with the accounting policies adopted for foreign currency translation.

Enterprise expansion reserve

Enterprise expansion reserve represents a PRC statutory reserve set up by the operating subsidiaries in the PRC. Upon approval by the relevant PRC authorities, the enterprise expansion reserve may be used for increasing the registered capital of the relevant subsidiaries in the PRC.

Contributed surplus

The contributed surplus of the Company arose from the capital reduction in May 2006, which consists of share capital reduction and cancellation of the entire amount of the share premium account of the Company as at 31 March 2005. Under the Companies Act 1981 of Bermuda (as amended), a company shall not declare or pay a dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that (i) the company is, or would after the payment be, unable to pay its liabilities as they become due; or (ii) the realisable value of the company's assets would thereby be less than its liabilities.

Share option reserve

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payment transactions in the notes to the consolidated financial statements.

29. CASH USED IN OPERATIONS

	2013 HK$'000	2012 HK$'000 (Restated)
Profit (loss) before taxation		
Continuing operations	44,256	(38,882)
Discontinued operations	40,817	(5,043)
	85,073	(43,925)
Interest income	(957)	(787)
Gain on disposal of discontinued operations	(41,996)	–
Depreciation	2,163	1,935
Amortisation on prepaid premium for land lease	–	4
Change in fair value of investment properties	(79,000)	(15,300)
Impairment of goodwill	29,117	51,468
Allowance for doubtful trade and other receivables	157	9,553
Gain on disposal of prepaid premium for land lease and buildings	–	(2,609)
Loss on disposal of investment property	83	–
Loss on disposal of property, plant and equipment other than buildings	119	102
Write-down (reversal of write-down) of inventories	93	(8)
Exchange difference arising on translation	402	1,036
Decrease (increase) in inventories	4,965	(5,555)
Decrease (increase) in trade and other receivables	1,008	(4,046)
(Decrease) increase in trade and other payables	(4,075)	4,683
Cash used in operations	(2,848)	(3,449)

Notes to the Consolidated Financial Statements
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30. DISPOSAL OF DISCONTINUED OPERATIONS

On 1 March 2013, the Group disposed of its 100% interests in China Motion Telecom (HK) Limited. The details are as follows:

	2013 HK$'000
Net assets disposed of:	
Property, plant and equipment	1,624
Deferred tax assets	1,233
Inventories	473
Trade and other receivables	10,676
Cash and bank balances	10,153
Trade and other payables	(14,946)
Advance subscription fees received	(5,689)
	3,524
Total consideration:	
Cash consideration received	12,009
Cash consideration receivable	37,491
	49,500

Analysis of net inflow of cash and cash equivalents in respect of disposal of discontinued operations:

	Note	2013 HK$'000
Cash consideration received		12,009
Cash and cash equivalents disposed of		(10,153)
Paid costs related to disposal		(1,017)
Net inflow of cash and cash equivalents		839
Gain on disposal of discontinued operations		
Consideration received and receivable		49,500
Net assets disposed of		(3,524)
Non-controlling interests		37
Costs related to disposal		(4,017)
	12	41,996

The gain on disposal is included in the profit for the year from discontinued operations in the consolidated income statement (see note 12).

Notes to the Consolidated Financial Statements

Year ended 31 March 2013

31. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these consolidated financial statements, the Group entered into the following material related party transactions in the ordinary course of the Group's business.

	2013 HK$'000	2012 HK$'000
(i) Key management personnel		
Compensation for key management personnel, including amount paid to the Company's directors and certain of the highest paid employees, as disclosed in note 10, is as follows:		
– Salaries, allowance and benefit in kinds	8,147	7,679
– Discretionary bonus	360	741
– Retirement scheme contribution	101	84
	8,608	8,504
(ii) Associate of controlling shareholders of the Company		
Rental expenses paid	–	620

32. COMMITMENTS

(a) Commitments under operating leases – the Group as lessee

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases, which are payable as follows:

	2013 HK$'000	2012 HK$'000
In respect of leased properties:		
Within one year	**3,009**	6,064
In the second to fifth years inclusive	**1,648**	1,682
	4,657	7,746
In respect of leased lines:		
Within one year	**–**	450
In the second to fifth years inclusive	**–**	144
	–	594

Operating lease payments represented rental payable by the Group for certain of its office premises and retail shops. Leases are negotiated for an average term of two years and rentals are fixed for an average of two years.

(b) Operating lease arrangements – the Group as lessor

The Group leased out all its investment properties under operating leases and the leases were expired during the year. At the end of the reporting period, the Group had no future aggregate minimum lease income under non-cancellable operating leases *(2012: HK$4,137,000 in total and within one year)*.

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Year ended 31 March 2013

33. PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries are as follows:

Name	Country/place of incorporation/ operation and kind of legal entity in the PRC	Particulars of issued share capital/ registered capital	Percentage of effective equity interests held [1]	Principal activities
China Motion Data System Limited	Hong Kong	2 ordinary shares of HK$1 each	100%	Property holding
China Motion Holdings Limited	British Virgin Islands	100 ordinary shares of US$1 each	100%	Investment holding
China Motion Properties Limited	Hong Kong	2 ordinary shares of HK$1 each	100%	Property holding
China Motion United Telecom Limited	Hong Kong	66,800,000 ordinary shares of HK$1 each	70%	Investment holding
Jackie Industries Limited	Hong Kong	2 ordinary shares of HK$1 each	100%	Property holding
Sheen Metro Investment Limited	Hong Kong	2 ordinary shares of HK$1 each	100%	Property holding
Victory Marker Limited	Hong Kong	10,000 ordinary shares of HK$1 each	100%	Investment holding
World Sheen Properties Limited	Hong Kong	2 ordinary shares of HK$1 each	100%	Property holding
上海錦翰銀通通信產品銷售有限公司	PRC, wholly foreign-owned enterprise	Paid-up capital RMB500,000 Registered capital RMB500,000	100%	Provision of distribution sales and management services

Name	Country/place of incorporation/ operation and kind of legal entity in the PRC	Particulars of issued share capital/ registered capital	Percentage of effective equity interests held[1]	Principal activities
上海潤迅概念通信產品連鎖銷售有限公司	PRC	Paid-up capital RMB30,000,000 Registered capital RMB30,000,000	100%	Provision of retail sales and management services
上海宏億通信產品銷售有限公司	PRC	Paid-up capital RMB500,000 Registered capital RMB500,000	100%	Provision of distribution sales and management services

[1] All interests are held indirectly by the Company except for China Motion Holdings Limited which is directly owned by the Company.

The above table includes the subsidiaries of the Company which, in the opinion of the directors, principally affected the results of the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

No debts securities have been issued by the subsidiaries of the Company.

34. EVENTS AFTER THE REPORTING PERIOD

On 25 April 2013,

(i) Marvel Bonus, Mr. Yam Tak Cheung (as guarantor of Marvel Bonus), Mr. Ting Pang Wan, Raymond (an executive director of the Company and as guarantor of Marvel Bonus), Charm Success Group Limited (the "Offeror") and Ms. Chai Xiu (as guarantor of the Offeror) entered into a conditional sale and purchase agreement (the "Share Agreement") pursuant to which Marvel Bonus conditionally agreed to sell and the Offeror conditionally agreed to purchase 1,555,000,000 shares of the Company (the "Shares"), representing approximately 55.13% of the entire issued share capital of the Company (the "Share Transaction");

34. EVENTS AFTER THE REPORTING PERIOD (continued)

(ii) the Company entered into a conditional sale and purchase agreement with an independent third party to the Company and its connected persons (as defined in Listing Rules) (the "Vendor") (the "Acquisition Agreement") pursuant to which the Company conditionally agreed to acquire and the Vendor conditionally agreed to sell the entire issued share capital of a company (the "Acquisition") whose principal asset is a 35% effective interest in another company established in the PRC (the "PRC Company") which in turn holds contractual rights under (a) fourteen 國有建設用地使用權出讓合同 (Contracts for the Transfer of the Land Use Right of State-owned Land) entered into between 撫松縣國土資源局 (Fusong Land Resources Bureau) ("Fusong Land Resources Bureau") and the PRC Company on 8 November 2012 pursuant to which Fusong Land Resources Bureau agreed to transfer and the PRC Company agreed to acquire the land located at Zone 1, Gusong Village, Fusongxingcheng, Baishan, Jilin Province, the PRC with a total site area of approximately 652,608 square meters; and (b) four 國有建設用地劃撥決定書 (Written Decision of State-owned Construction Land Allocation) issued by Fusong Land Resources Bureau on 8 November 2012 pursuant to which Fusong Land Resources Bureau agreed to allocate and the PRC Company agreed to acquire the land located at Zone 1, Gusong Village, Fusongxingcheng, Baishan, Jilin Province, the PRC with a total site area of approximately 9,592 square meters; and

(iii) two wholly-owned subsidiaries of the Company (the "Disposal Vendors") entered into a conditional sale and purchase agreement with Marvel Bonus (the "Disposal Agreement") pursuant to which (a) the Disposal Vendors conditionally agreed to sell and Marvel Bonus conditionally agreed to acquire the entire issued share capital of certain subsidiaries of the Company (together with their respective subsidiaries and associate companies, the "Disposal Group") which are principally engaged in the retail sales and management services business and property investment and holding business and the aggregate amount of all loans owing by the Disposal Group to the Disposal Vendors; (b) the Disposal Vendors conditionally agreed to procure the Company to assign and transfer the trademarks and the domain names registered and owned by the Company to Marvel Bonus; and (c) one of the Disposal Vendors conditionally agreed to procure the Company to transfer a club membership of the Company to Marvel Bonus (collectively the "Disposal" and together with the Share Transaction and the Acquisition, collectively the "Proposed Transactions").

The Share Agreement, the Acquisition Agreement and the Disposal Agreement are inter-conditional with each other. Upon completion of the Share Agreement, the Offeror will be interested in a total of 1,555,000,000 Shares, representing approximately 55.13% of the issued share capital of the Company, and will be required to make a mandatory unconditional general offer in cash for all the then issued Shares (other than those already acquired or agreed to be acquired by the Offeror) (the "Share Offer") pursuant to Rule 26.1 of the Takeovers Code. At the same time the Share Offer is made, the Offeror will also make a mandatory unconditional cash offer to cancel all the outstanding share options of the Company in the period prior to the close of the Share Offer.

The Acquisition and the Disposal constitute major and connected transactions for the Company under Rule 14.06 and Chapter 14A of the Listing Rules and are subject to the approval of the independent shareholders of the Company at a special general meeting of the Company (the "SGM") by way of poll. The Disposal also constitutes a special deal for the Company under Note 4 to Rule 25 of the Takeovers Code and requires the consent of the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any delegates of the Executive Director (the "Executive"). Such consent, if granted, will be subject to an independent financial adviser to the Company publicly stating that in its opinion the terms of the special deal are fair and reasonable and the approval of the special deal by the independent shareholders of the Company by way of poll at the SGM. The Company will make an application to the Executive for his consent under Note 4 to Rule 25 of the Takeovers Code in relation to the special deal.

On 29 May 2013, the Listing Division of the Stock Exchange ruled that the Proposed Transactions are a series of transactions which constitute a reverse takeover of the Company under Rule 14.06(6) of the Listing Rules. The Company has therefore submitted a revised proposal for consideration by the Stock Exchange on 14 June 2013. As at the date of the financial statements, the revised proposal has not yet been finalised.

Trading in the Shares was suspended on 26 April 2013 and remained suspension as at the date of this financial statements pending the publication of a joint announcement of the Offeror and the Company relating to, among other things, the Proposed Transactions, the Share Offer and the said special deal to be made in compliance with the Listing Rules and the Takeovers Code.

Details of the Proposed Transactions were disclosed in the announcements dated 26 April 2013, 10 May 2013, 13 May 2013 and 17 June 2013.

35. COMPARATIVE FIGURES

During the year, the Group disposed of its mobile communications services business in Hong Kong. Accordingly, the operating segment of mobile communications services business was classified as discontinued operations and the comparative information of this segment was re-classified from continuing operations to discontinued operations.

Schedule of Principal Properties

Particulars of principal properties held by the Group at 31 March 2013 are as follows:

INVESTMENT PROPERTIES

	Address	Lot No.	Category of the lease	Use	Percentage held by the Group
1.	20th Floor of Towers I, II and III, Enterprise Square, 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong	Aggregate of 40,505/728,680th equal and undivided shares of and in New Kowloon Inland Lot No. 6115 The properties have a total gross floor area of approximately 40,505 sq. ft. and a total saleable area of approximately 30,522 sq. ft.	Medium-term lease	Commercial	100%
2.	Car parking spaces Nos. A1 to A14 (inclusive) on 1P Floor, Enterprise Square, 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong	Aggregate of 14/728, 680th equal and undivided shares in New Kowloon Inland Lot No. 6115	Medium-term lease	Commercial	100%

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