AV CONCEPT HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

Stock Code: 595

ANNUAL REPORT 2013

"Music should move you...make you feel something. It's about expression and passion. If you're getting a proper musical experience, you can feel it in your soul."

- CHRIS "LUDACRIS" BRIDGE

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FINANCIAL HIGHLIGHTS

	2013 HK$'million	2012 HK$'million (Restated)	2011 HK$'million	2010 HK$'million	2009 HK$'million
Revenue					
– Semiconductor distribution	**2,230.1**	3,064.3	2,801.3	2,389.3	1,958.4
– Consumer electronic product	**230.4**	278.9	105.8	68.4	54.9
– Others	**3.5**	23.3	2.0	–	–
	2,464.0	3,366.5	2,909.1	2,457.7	2,013.3
Profit/(loss) before interest, tax, depreciation, amortisation and non-cash items					
– Corporate	**24.0**	(20.7)	67.2	17.5	(71.6)
– Venture capital	**15.2**	(5.9)	–	–	–
– Semiconductor distribution	**46.9**	61.5	50.4	45.5	26.0
– Consumer electronic product	**(62.1)**	10.3	19.5	2.4	(1.0)
– Others	**(2.8)**	(8.6)	5.4	(1.9)	–
	21.2	36.6	142.5	63.5	(46.6)
Depreciation and amortisation	**(18.1)**	(13.1)	(9.3)	(4.6)	(4.9)
Profit/(loss) for the year attributable to					
– Shareholders of the Company	**9.2**	2.4	123.6	76.8	(66.3)
– Non-controlling interests	**(16.1)**	(1.9)	(0.5)	–	–
	(6.9)	0.5	123.1	76.8	(66.3)
Dividends					
– Interim	**–**	6.1	15.7	14.0	–
– Proposed final	**6.0**	–	24.8	20.9	–
	6.0	6.1	40.5	34.9	–
Earnings/(loss) per share (HK cents)	**1.53**	0.39	22.8	17.7	(16.0)
Dividends per share (HK cents)					
– Interim	**–**	1.0	3.0	3.0	–
– Proposed final	**1.0**	–	4.0	4.0	–
	1.0	1.0	7.0	7.0	–

FINANCIAL HIGHLIGHTS

	2013	2012	2011	2010	2009
	HK$'million	HK$'million	HK$'million	HK$'million	HK$'million
Total assets	**1,482.8**	1,443.4	1,388.1	871.0	765.2
Total assets less current liabilities	**674.8**	692.5	685.8	388.5	282.0
Total equity	**647.2**	634.7	680.2	380.9	276.7
Bank debts	**536.3**	579.0	507.3	369.1	309.3
Cash and cash equivalents	**87.0**	166.5	287.4	151.8	146.3
Equity investments at fair value through profit or loss	**186.2**	111.1	223.3	104.8	72.4
Cash and cash equivalents and equity investments	**273.2**	277.6	510.7	256.6	218.7
Total debt to total equity	**83%**	91%	75%	97%	112%
Current assets to current liabilities	**122%**	127%	148%	129%	130%
Cash and cash equivalents and equity investments per share (HK$)	**0.45**	0.46	0.82	0.55	0.53
Total equity per share (HK$)	**1.07**	1.05	1.10	0.82	0.67
Revenue to property, plant and equipment (x)	**20.7**	25.7	43.0	36.0	29.8
Revenue to inventories (x)	**7.1**	11.4	11.3	23.1	12.8
Revenue to trade receivables (x)	**11.0**	12.4	12.2	11.7	9.4
Revenue to trade payables, deposits received and accrued expenses (x)	**8.6**	16.0	15.1	24.7	14.8
Revenue to bank debts (x)	**4.6**	5.8	5.7	6.7	6.5

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Dr. Hon. So Yuk Kwan *(Chairman)*
Mr. So Chi On *(Chief Executive Officer)*
Mr. Ho Choi Yan Christopher

Independent Non-Executive Directors

Dr. Lui Ming Wah, SBS, JP
Mr. Charles Edward Chapman
Mr. Wong Ka Kit

CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY

Mr. Ho Choi Yan Christopher

AUDIT COMMITTEE

Dr. Lui Ming Wah, SBS, JP *(Chairman)*
Mr. Charles Edward Chapman
Mr. Wong Ka Kit

REMUNERATION COMMITTEE

Dr. Lui Ming Wah, SBS, JP *(Chairman)*
Mr. Charles Edward Chapman
Mr. Wong Ka Kit

NOMINATION COMMITTEE

Dr. Lui Ming Wah, SBS, JP *(Chairman)*
Mr. Charles Edward Chapman
Mr. Wong Ka Kit

CORPORATE GOVERNANCE COMMITTEE

Dr. Lui Ming Wah, SBS, JP *(Chairman)*
Mr. Charles Edward Chapman
Mr. Wong Ka Kit

REGISTERED OFFICE

P. O. Box 309
Ugland House
Grand Cayman, KY1-1104
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

6th Floor
Enterprise Square Three
39 Wang Chiu Road
Kowloon Bay
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Bank (Hong Kong) Limited
Hang Seng Bank Limited
Citic Bank International Limited

LEGAL ADVISORS

LEUNG & LAU, Solicitors

AUDITORS

Ernst & Young

CAYMAN ISLANDS SHARE REGISTRAR

HSBC Bank (Cayman) Limited
68 West Bay Road
Grand Cayman KY1-1102
Cayman Islands

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE (BRANCH REGISTRAR)

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

STOCK CODE

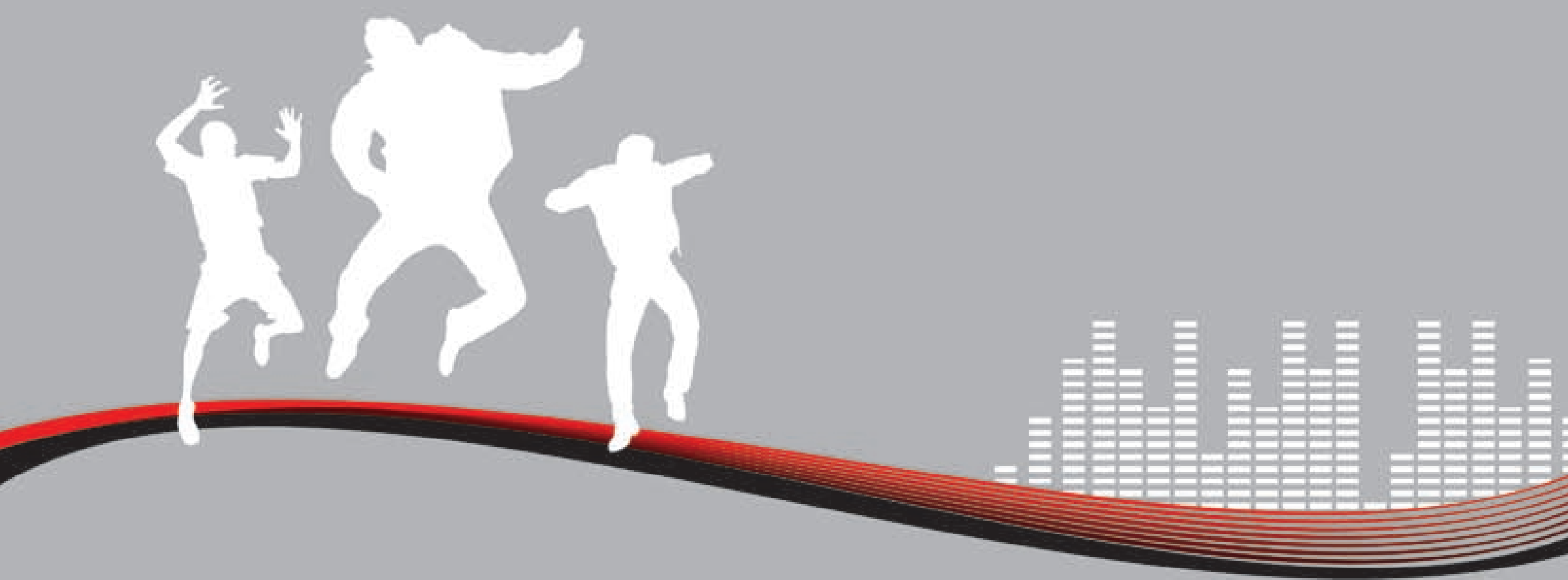
595

WEBSITE ADDRESS

www.avconcept.com

CHAIRMAN'S STATEMENT

A Commitment to Deliver Quality



CHAIRMAN'S STATEMENT

Dr. Hon. So Yuk Kwan
Chairman

TO OUR SHAREHOLDERS

On behalf of the Board of Directors, I am honored to present the annual results of AV Concept Holdings limited ("AV Concept" or the "Company") together with its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2013.

Business remained challenging in 2012 both for the industry and AV Concept. During the review period, the Group's total turnover recorded as HK$2,464 million (2012: HK$3,367 million). Gross profit reported as HK$177 million (2012: HK$260 million). The overall gross profit margin remained high due to our commitment to processing our own consumer electronics brand with higher gross profit margin contributions.

In the past year, the consumer electronic product business continued to record steady turnover to the Group. Due to the fact that our premium headphones – SOUL® highly emphasise on the design and sound performance, SOUL® has successfully secured a leading position in the worldwide headphone market. With wider footprints across the globe including USA, Canada, European Union countries, Korea, Japan and other Southeast Asian countries, we are confident that sales of SOUL® products will be our major income driver in the years to come.

Last year, we spent relentless efforts on the establishment of SOUL® brand image around the world. In addition to participating in sound marketing events in the world, our close collaboration with Grammy-winning artist and actor Chris "Ludacris" Bridges, renowned American football player and Heisman Trophy winner Tim Tebow, and Jamaican Olympic gold medalist Usain Bolt, who are the brand's ambassadors, further build a positive image to our brand. Therefore, SOUL® has swiftly gained an important position in the high-end headphone market in two years since the product was launched in 2011. To take SOUL® going further, especially to the Greater China market, SOUL® has appointed the international megastar, PSY, as the exclusive global brand ambassador in May 2013. PSY will collaborate on an international level with SOUL® to develop his own special-edition headphones and speakers and represent the brand throughout the coming year. All the SOUL® brand ambassadors demonstrate the versatility of the brand's offerings and international appeal.

In view of semiconductor distribution business, it continues to serve as a core income stream driver for AV Concept. Largely boosted by the fast-growing demand in smartphones, tablets and other mobile devices, our revenue of semiconductors which are used in smartphone and tablet productions was driven up remarkably under AVP Electronics Limited and its subsidiaries, jointly-controlled entities of the Company. To further tap into the rising trend of smartphone and tablet market, the Company has been working hard on continuing its efforts and strategic initiatives towards growing its market share. We trust that this business will continue delivering favorable returns for our shareholders.

CHAIRMAN'S STATEMENT

Prospects and Acknowledgement

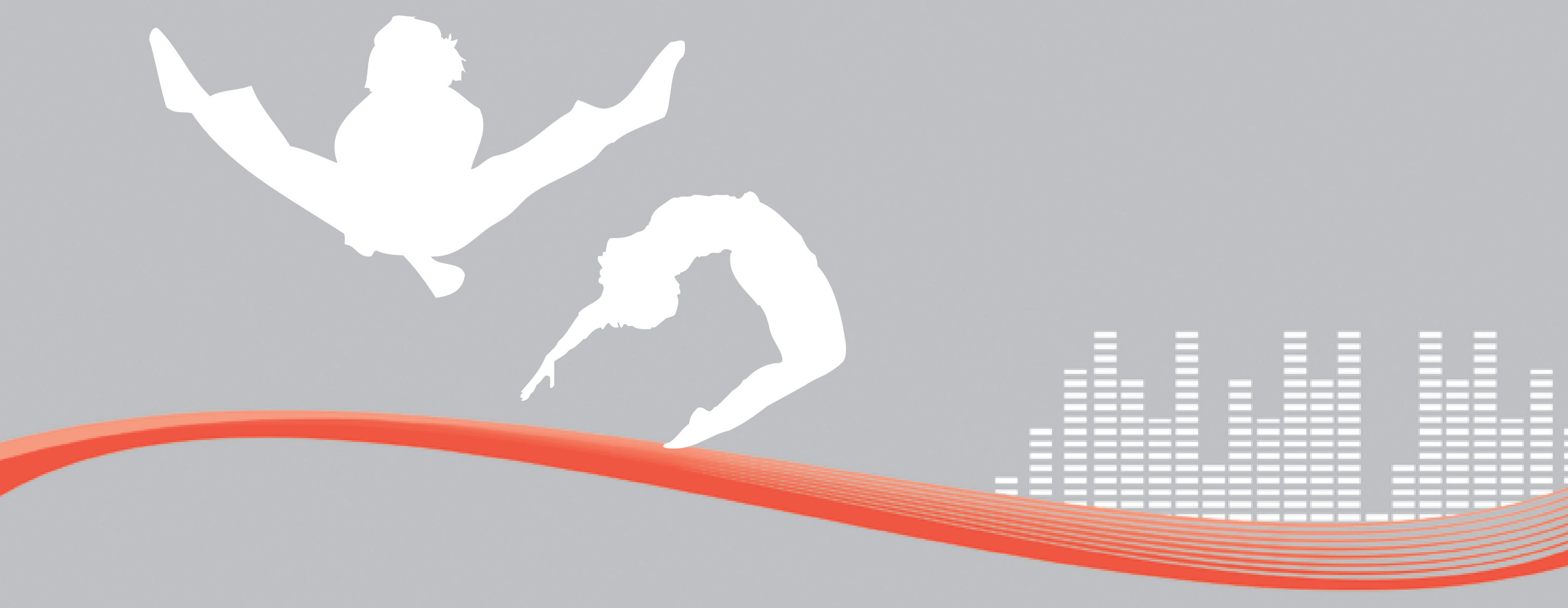
Despite the global economic conditions in the coming year set to remain sluggish, the consumer electronic products continue to play an increasingly indispensable role in daily life, consumer adoption of smartphones and tablets will definitely continue to expand briskly. We expect, under the pull of fast-growing smartphone and tablet market, overall revenues including the peripheral accessories and semiconductors will significantly improve in the coming years. Furthermore, there is an increasing awareness of the impact of sound quality on the overall audio experience. Capitalising on our SOUL® brand which was launched in 2011, AV concept is optimistic to ride on this global trend for achieving more favorable sales results going forward.

Lastly, I would like to extend our sincere gratitude to all our stakeholders including our customers and our business partners, who have reposed great trust in us and in our products. I also thank all our employees for supporting us in our businesses and helping us grow further. Through our commitment to excellence and the realisation of the group's comprehensive strategies, I believe we will realise further successes and deliver satisfactory returns to our shareholders.

So Yuk Kwan
Chairman

Hong Kong
28 June 2013

MANAGEMENT
DISCUSSION AND ANALYSIS



MANAGEMENT DISCUSSION AND ANALYSIS

The following sets out the financial highlights for the year ended 31 March 2013, with the comparative figures for the corresponding financial year of 2012.

	2013	2012
	HK$'million	HK$'million (Restated)
Revenue		
Semiconductor distribution	**2,230.1**	3,064.3
Consumer electronic product	**230.4**	278.9
Others	**3.5**	23.3
	2,464.0	3,366.5
Profit/(loss) before interest, tax, depreciation, amortisation and non-cash items		
Corporate	**24.0**	(20.7)
Venture capital	**15.2**	(5.9)
Semiconductor distribution	**46.9**	61.5
Consumer electronic product	**(62.1)**	10.3
Others	**(2.8)**	(8.6)
	21.2	36.6
Depreciation and amortisation		
Corporate	**(1.7)**	(0.0)
Venture capital	**(1.5)**	(1.4)
Semiconductor distribution	**(8.5)**	(8.1)
Consumer electronic product	**(6.4)**	(3.6)
Total depreciation and amortisation	**(18.1)**	(13.1)
Non-cash item	**0.0**	(0.4)
	(18.1)	(13.5)
Profit/(loss) before interest and tax	**3.1**	23.1
Interest expenses	**(14.3)**	(17.8)
Profit/(loss) before tax	**(11.2)**	5.3
Income tax	**4.3**	(4.8)
Profit/(loss) for the year	**(6.9)**	0.5
Profit/(loss) for the year attributable to:		
Shareholders of the Company	**9.2**	2.4
Non-controlling interests	**(16.1)**	(1.9)
	(6.9)	0.5

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

With global economic prospects remaining uncertain, the worldwide market is continued to suffer a slow year in 2012 marked by sluggish growth. Despite the challenging macro environment, our long-established operational foundation and proven business strategies have given AV Concept to maintain steady results in its consumer electronic products and semiconductor distribution. The Group's turnover totaled HK$2,464.0 million in 2013, compared to HK$3,366.5 million in 2012. Gross profit amounted to HK$176.5 million (2012: HK$260.1 million), while higher-than-average gross profit margin is 7.16% (2012: 7.72%). Profit attributable to shareholders increased to HK$9.2 million (2012: HK$2.4 million).

In accordance with current accounting policies, turnover of the Group's jointly-controlled entities, AVP Electronics Limited and its subsidiaries ("AVPEL Group"), was not consolidated in the Group's financial statements during the review period after the merger of AVPEL Group in January 2012. Likewise, the encouraging turnover recorded from a Samsung Electronics Co., Ltd. ("Samsung Electronics") business related in China was not included in the Group's financial statements. Exclusion of the turnover mentioned above, it directly contributed to the overall decline in turnover by the semiconductor distribution business, which contracted to HK$2,230.1 million. AVPEL Group's turnover amounted to HK$2,928.9 million (2012: HK$1,157.0 million).

Consumer Electronic Product Business

With a view to establishing SOUL®'s brand image in the world, the Group collaborate with Grammy-winning Chris "Ludacris" Bridges, "Gangnam Style" artist PSY, Jamaican Olympic gold medalist Usain Bolt, professional NFL quarterback Tim Tebow as brand's ambassadors. In addition to devoting sound marketing efforts to solidify its foundation, SOUL® has successfully recognised in worldwide premium headphone market.

Originated in the U.S., SOUL®'s headphone collection has entered into a number of major countries in the world and recently the sales network has been further expanded into Poland, Romania, Belgium, Netherlands, Turkey, a number of Nordic countries, the Philippines, Vietnam, etc. Since the product launched in 2011, SOUL® has swiftly gained an important position in the high-end headphone market in two years.

During the year, the Group's turnover of the consumer electronic product business maintained at HK$230.4 million (2012: HK$278.9 million).

Semiconductor Distribution Business

After the further merger of AVPEL Group in early 2012, the Group has still witnessed the benefits brought by the fast growing global demand for smartphones and tablets in bolstering its wide spectrum of smartphone and tablet related semiconductors and electronic components.

During the review period, AV Concept has continued to supply a wide spectrum of semiconductors and electronic components to our customers who covering the Greater China region and East Asian countries. Semiconductor distribution remained the core business pillar for AV Concept. Due to the current accounting policies, turnover of AVPEL was not included in Group's turnover. Therefore it brings in terms of overall contribution, in a total of HK$2,230.1 million of revenue compared with last review period (2012: HK$3,064.3 million).

In view of the worldwide popularity of smartphones and tablets, the Group will continuously strengthen its competiveness in this business area, and continuously contributing to the Group.

Venture Capital Business

As a result of a series of significant investment transactions entered into during the year, the Group has reassessed the operating performance which resulted in one new operating segment, Venture Capital. During the year, the Group had invested 35.9% equity interest in Integrated Energy Limited (formerly known as Nitgen&Company Co., Ltd.). As of 31 March 2013, various funds, equity investments, and debt securities were held at fair market value of HK$186.2 million in the Group. The management monitor the Venture Capital Business by reference to the world financial markets. Although global economy is volatile with uncertainty ahead, the Group will strive for satisfactory results for its Venture Capital Business.

MANAGEMENT DISCUSSION AND ANALYSIS

Prospects

Against the backdrop of sluggish emerging economies as well as the tenuous economic growth in the world in 2013, the global mobile phone market is believed to be more optimistic. Further leveraging on the ride of the growth, it is expected to bring significant growth to the Group's core business segments: consumer electronic product business and semiconductor distribution business.

Upon recent signing with the international megastar, PSY, as the new exclusive global brand ambassador for SOUL® in May 2013, in the second half of 2013, SOUL®'s professional R&D team will closely cooperate with PSY to design and develop special edition premium headphone collection to shake up the global market, especially the enormous Greater China market. Celebrity endorsed headphones are popular among youngsters and there are more upcoming crossover plans to conquer the younger musical fan group. To diversify our headphone market, SOUL® is going to launch a sports line with attractive pricing that targets younger age users. Meanwhile, our sales network of headphone product will also extend to online sales platform which the Group believe to be the upcoming major sales channel of our products.

With more than two decades of solid experience in the distribution of semiconductors, AV Concept has established extensive sales, comprehensive sales support and distribution network. The Group built close ties with key electronics manufacturers and created strong business partnerships with many leading companies. With the semiconductor distribution segment remains the Group's core business, and the rising significance of its headphone business, AV Concept endeavors to continue identifying and looking for opportunities to further expand its product mix and to achieve more sustainable long-term growth and identify opportunity for investment in Venture Capital Business.

LIQUIDITY AND FINANCIAL RESOURCES

The total debt position as at 31 March 2013 and the corresponding gearing ratio are shown as follows:

	2013	2012
	HK$'million	HK$'million
Cash and cash equivalents	**87.0**	166.5
Equity investments at fair value through profit or loss	**186.2**	111.1
Cash and cash equivalents and equity investments	**273.2**	277.6
Bank debts	**536.3**	579.0
Total equity	**647.2**	634.7
Total debt to total equity	**83%**	91%

As at 31 March 2013, the Group had cash and cash equivalents (i.e., cash and bank balances and time deposits) of HK$87.0 million (2012: HK$166.5 million), while the Group's equity investments at fair value through profit or loss amounted to HK$186.2 million (2012: HK$111.1 million). The equity investments included a balanced mix of fixed income, equity and alternative investments and such amount represented the cash reserves held for the Group's medium to long term business development and would form an integral part of the Group's treasury.

MANAGEMENT DISCUSSION AND ANALYSIS

The total debt to total equity ratio as at 31 March 2013 was 83% (2012: 91%), while the Group's total equity as at 31 March 2013 was HK$647.2 million (2012: HK$634.7 million), with the total balances of cash and cash equivalents and equity investments as at 31 March 2013 of HK$273.2 million (2012: HK$277.6 million).

The working capital position of the Group remains healthy. As at 31 March 2013, the liquidity ratio was 122% (2012: 127%).

	2013	2012
	HK$'million	HK$'million
Current assets	**983.5**	950.2
Current liabilities	**(808.0)**	(750.9)
Net current assets	**175.5**	199.3
Current assets to current liabilities	**122%**	127%

The management is confident that the Group follows a prudent policy in managing its treasury position, and maintains a high level of liquidity to ensure that the Group is well placed to take advantage of growth opportunities for the business.

FOREIGN EXCHANGE EXPOSURE

The Group mainly earns revenue and incurs cost in Hong Kong dollars and US dollars. The directors of the Company (the "Directors") consider the impact of foreign exchange exposure of the Group is minimal.

CONTINGENT LIABILITIES

Details of contingent liabilities are set out in note 40 to the financial statements.

EMPLOYEES

As at 31 March 2013, the Group employed a total of approximately 379 (2012: approximately 260) full-time employees. The Group recruits and promotes individuals based on merit and their development potentials for the positions offered. Remuneration package is determined with reference to their performance and the prevailing salary levels in the market. In addition, the Group operates a share option scheme for eligible employees to provide incentive to the participants for their contribution and continuing efforts to promote the interests of the Group. Share options and discretionary bonuses are granted based on the Group's and individual's performances.

PROFILE OF
DIRECTORS AND SENIOR MANAGEMENT

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Dr. Hon. So Yuk Kwan, aged 63, is the founder, Chairman and Executive Director of the Company. Dr. Hon. So Yuk Kwan is the father of Mr. So Chi On. In the early 1980's, he founded AV Concept Limited. Dr. So is primarily responsible for overall business strategies and business development to the Company. Dr. So has over 37 years of experience in the electronics industry. Under his leadership, AV Concept achieved remarkable results in the sales and marketing of semiconductors contributing to the appointment by Samsung Electronics as its distributor since 1982. In 1989, AV Concept Singapore Pte. Ltd. was established to develop its electronic business in Singapore, South-east Asia countries and subsequently expand to the market in PRC through vertical integration in early 90's. In April 1996, AV Concept Holdings Limited listed on the Main Board of the Stock Exchange of Hong Kong Limited. The Group continuously received numerous awards, including Samsung Electronics's and Fairchild Semiconductor Corporation's "Best Performance Award" in recognition of the excellent sales and marketing performance as well as contribution to cultivate strong customers relationship in the semiconductors market.

Dr. So holds an honorary degree, Doctor of Philosophy in Business Administration from the International American University and a Master Degree in Business Administration from the University of East Asia (now known as University of Macau) and he is also a Fellow Member of the British Institute of Management. Presently, he is the Vice Chairman of the Executive Committee and the Chairman of both of the External Affairs Sub-Committee and HKEIA Education Fund of The Hong Kong Electronic Industries Association. Dr. So is also the Vice President of The Hong Kong Semiconductor Industry Council. Further, Dr. So is a Fellow Member of The Hong Kong Institute of Directors, the Honorary Chairman of Advisory Committee (Industry) of Cooperative Education Centre of City University of Hong Kong and a Fellow Member of CEO Club of The Hong Kong Polytechnic University. Dr. So currently is the Vice Chairman of Yan Oi Tong The 33rd Term of board of Director. In addition, Dr. So received Glorious Chinese 2009 from Glorious China Association in 2010.

Mr. So Chi On, aged 36, is the Chief Executive Officer and Executive Director of the Company. Mr. So is responsible for the overall corporate strategies and operation of the Group. Mr. So joined the Group in 1999 and was appointed as an Executive Director of the Company in March 2001. Mr. So has over 14 years of experience in corporate and financial management. Mr. So holds a Bachelor Degree of Business Administration from the University of Wisconsin Madison. Mr. So Chi On is the son of Dr. Hon. So Yuk Kwan.

Mr. Ho Choi Yan Christopher, aged 39, was appointed as an Executive Director of the Company in January 2011. Mr. Ho is also the Chief Financial Officer and Company Secretary of the Company. Mr. Ho joined the Group in 2006 and has over 18 years of experience in finance, accounting and taxation. Mr. Ho obtained a Bachelor's degree in Accountancy from The Hong Kong Polytechnic University. Mr. Ho is a member of Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Prior to joining the Group, Mr. Ho had been working for various Hong Kong listed companies holding key positions in financial and corporate accounting.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Lui Ming Wah, SBS, JP, aged 75, has been an Independent Non-executive Director of the Company since 1996. Dr. Lui is an established industrialist. Dr. Lui was a member of the Legislative Council of the HKSAR between 1998 – 2008 and also a member of the Chinese People's Political Consultative Conference. He is now an Honorary Chairman of The Chinese Manufacturers Association of Hong Kong, The Hong Kong Electronic Industries Association and The Hong Kong Shandong Chamber of Commerce. In addition, he is also an Advisor of the Hong Kong International Arbitration Centre and a member of the Hong Kong Economic Development Commission. Dr. Lui obtained a Master Degree in Applied Science from the University of New South Wales in Australia and a Doctorate in Engineering from the University of Saskatchewan in Canada. He is currently the Managing Director of Keystone Electronics Co. Ltd..

Mr. Charles Edward Chapman, aged 64, has been an Independent Non-executive Director of the Company since 2000. He was executive Director of the Hong Kong Electronic Industries Association (HKEIA) and Managing Director of the HKEIA's subsidiary publishing company, the Hong Kong Electronics Promotions Ltd. from May 1988 to June 2007 when he retired. Currently, Mr. Chapman is an Independent Non-executive Director of Mobicon Group Limited and he is also a Senior Industry Consultant for a number of overseas-based trade fair organisers. Prior to joining the HKEIA, Mr. Chapman worked for 12 years as Economics Editor at the Hong Kong Trade Development Council and for 8 years as Business Editor in a local English-language newspaper.

Mr. Wong Ka Kit, aged 36, has been an Independent Non-executive Director of the Company since September 2004. Mr. Wong is the Senior Vice President, Mergers and Acquisitions of a Hong Kong listed property company. Mr. Wong holds a Bachelor Degree in Accounting, Finance and Economics from the University of Wisconsin Madison.

SENIOR MANAGEMENT

Mr. Kweon Jong Keun, aged 49 is the President of AV Concept Limited, a subsidiary of the Company. Mr. Kweon joined the Group in 2006 and he has over 24 years of experience in Sales and Marketing. Prior to joining the Group, Mr. Kweon was the Managing Director and President of Gencore Co., Ltd., the Senior Marketing Manager and Market Manager of Fairchild Semiconductor International, Inc. Hong Kong Branch and Korea Branch respectively. He had also been working for Samsung Electronics Co., Ltd. (Semiconductor Business) as Sales and Marketing (Europe, Korea and America).

Mr. Choi Joon Yun, aged 49, was appointed as the President and Chief Executive Officer of AV Concept Limited, a subsidiary of the Company from 2006-2011. Mr. Choi currently is the President and Chief Executive Officer of AVP Electronics Limited, a jointly-controlled entity of the Company in January 2012. Mr. Choi has over 24 years of experience in Sales and Marketing. Prior to joining the Group, Mr. Choi was the Sales and Marketing Director of Samsung Electronics Co., Ltd. (Shanghai), and the Sales and Marketing Senior Manager of Samsung Electronics Co., Ltd. (Hong Kong and Shenzhen). He had also been working for Samsung Electronics Co., Ltd. (Semiconductor Business) as Sales and Marketing for Asian market.

Mr. Lee Jun Hyog, aged 50, is the President of AV Concept Singapore Pte. Ltd., a subsidiary of the Company. Mr. Lee joined the Group in 2003 and has over 23 years of experience in Sales and Marketing. Prior to joining the Group, Mr. Lee was the Marketing Vice President of Onyx Technologies Taiwan Branch, Sales and Marketing Manager of Fairchild Semiconductor International, Inc. (Taiwan Branch), and the Sales and Marketing Manager of Samsung Electronics Co., Ltd. (Semiconductor Business).

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Giovanni D. Gapasin, aged 46, was appointed as the Vice President of Operations of Soul Electronics Limited, a subsidiary of the Company. Mr. Gapasin joined the Group in 2003 and has over 23 years of experience in the Manufacturing and Trading Business. Prior to joining the Group, he was the Product and Marketing Manager of SENTON Enterprises, Limited (Xiamen, Fujian, China), Product Engineering Manager of Unical Enterprises (Northwestern Bell Phones) Inc. (Shanghai, China), Operations Manager of Smoothline Limited (Xixiang, Shenzhen, China), Production Manager of PL Engineering (Cavite, Philippines), Telecom Engineer of Al-Henaki Construction Co. (Riyadh, Saudi Arabia), and Division Supervisor (Production Planning) of Maxon Systems (Philippines), Inc. (Cavite, Philippines).

Mr. Tsang Chiu Ki, Andrew, aged 52, was appointed as the President of AVC Technology (International) Limited, a subsidiary of the Company. Mr. Tsang joined the Group in 2005 and has over 29 years of experience in Electronic Manufacturing Business. Prior to joining the Group, he was the Senior Materials Manager of Beautiful Enterprise Co. Ltd..

DIRECTORS' REPORT

DIRECTORS' REPORT

The Directors of the Company present their report and the audited consolidated financial statements for the year ended 31 March 2013.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Group consist of the marketing and distribution of electronic components, the product design, development and sale of electronic products, and distribution of Light-emitting Diode ("LED") business.

RESULTS AND DIVIDEND

The results of the Group for the year ended 31 March 2013 and the state of affairs of the Company and the Group as at that date are set out in the financial statements on pages 38 to 149 of this annual report.

The directors recommended the proposed payment of final dividend of HK1 cent per ordinary share is subject to the passing of an ordinary resolution by the shareholders at the Annual General Meeting. The record date for entitlement to the proposed final dividend is Tuesday, 27 August 2013. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Friday, 23 August 2013 to Tuesday, 27 August 2013, both days inclusive, and no transfer of shares will be effected on such date. This recommendation has been incorporated in the financial statements as an allocation of retained profits within the equity section of the statement of financial position.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment of the Company and Group, and investment properties of the Group during the year are set out in notes 14 and 15 to the financial statements, respectively.

SHARE CAPITAL AND SHARE OPTIONS

Details of the movements in the Company's share capital and share options during the year are set out in notes 34 and 35 to the financial statements, respectively.

PRE-EMPTIVE RIGHTS

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

DIRECTORS' REPORT

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

During the year, the Company repurchased a total of 1,084,000 ordinary shares of the Company at an aggregate consideration of HK$524,640 on The Stock Exchange of Hong Kong Limited and these shares were subsequently cancelled by the Company. The details of the repurchases are as follows:

Month of repurchase	Number of ordinary shares repurchased	Price per ordinary share		Aggregate consideration
		Highest	Lowest	
		(HK$)	(HK$)	(HK$)
September 2012	984,000	0.53	0.45	473,980
October 2012	100,000	0.51	0.50	50,660
	1,084,000			524,640

Save of the disclosed above, neither the Company nor any of its subsidiaries had repurchased, sold or redeemed any of the listed securities of the Company during the year.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 36 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 March 2013, the Company's reserves available for distribution, calculated in accordance with the Companies Law of the Cayman Islands, amounted to approximately HK$376,848,000. The share premium of the Company is available for distribution or paying dividends to the shareholders provided that immediately following the distribution or the payment of dividends, the Company is able to pay its debts as they fall due in the ordinary course of business.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements, is set out below.

DIRECTORS' REPORT

RESULTS

	Year ended 31 March				
	2013	2012	2011	2010	2009
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
REVENUE	**2,464,015**	3,366,541	2,909,125	2,457,688	2,013,299
PROFIT/(LOSS) BEFORE TAX	**(11,146)**	5,241	121,809	49,957	(63,182)
Income tax	**4,268**	(4,756)	1,254	26,859	(3,127)
PROFIT/(LOSS) FOR THE YEAR	**(6,878)**	485	123,063	76,816	(66,309)
Attributable to:					
Shareholders of the Company	**9,237**	2,416	123,601	76,816	(66,309)
Non-controlling interests	**(16,115)**	(1,931)	(538)	–	–
	(6,878)	485	123,063	76,816	(66,309)

ASSETS AND LIABILITIES

	As at 31 March				
	2013	2012	2011	2010	2009
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TOTAL ASSETS	**1,482,833**	1,443,422	1,388,107	870,991	765,231
TOTAL LIABILITIES	**(835,606)**	(808,730)	(707,935)	(490,115)	(488,539)
	647,227	634,692	680,172	380,876	276,692

DIRECTORS' REPORT

DIRECTORS

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

Executive Directors:
Dr. Hon. So Yuk Kwan *(Chairman)*
Mr. So Chi On *(Chief Executive Officer)*
Mr. Ho Choi Yan Christopher *(Chief Financial Officer and Company Secretary)*

Independent Non-executive Directors:
Dr. Lui Ming Wah, SBS, JP
Mr. Charles Edward Chapman
Mr. Wong Ka Kit

The Company has received annual written confirmation from each of the Independent Non-executive Directors, namely Dr. Lui Ming Wah, SBS, JP, Mr. Charles Edward Chapman and Mr. Wong Ka Kit, confirming their independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), and considers the Independent Non-executive Directors to be independent.

Profile of the Directors and Senior management of the Group as at the date of this annual report are set out on pages 13 to 16 of this annual report.

REMUNERATION POLICY

The remuneration of the Directors are recommended by the Remuneration Committee, and approved by the board of Directors (the "Board"), as authorised by shareholders in the annual general meeting of the Company, having regard to their skills, knowledge and involvement in the Company's affairs. No Directors are involved in deciding their own remuneration.

We offer competitive remuneration package, including medical and retirement benefits, to eligible employees. Apart from basic salary, executive Directors and employees are eligible to receive a discretionary bonus taking into account factors such as market conditions as well as corporate and individual's performance during the year.

In order to attract, retain and motivate the eligible employees, including the Directors, the Company has adopted a new share option scheme. The scheme enables the eligible persons to obtain an ownership interest in the Company and thus will motivate them to optimise their continuing contributions to the Group.

DIRECTORS' INTERESTS IN CONTRACTS

None of the Directors had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

DIRECTORS' REPORT

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 March 2013, the interests and short positions of the Directors and chief executives of the Company in the shares and underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules, were as follows:

Long position in shares of the Company

(a) Interests in shares of the Company

Name of Director	**Nature of Interest and Capacity**	**Number of Ordinary Shares of the Company**	**Approximate percentage of interest in the Issued Shares**
Dr. Hon. So Yuk Kwan	Corporate Interest Beneficial owner Beneficial owner	269,778,189 614,000 600,000 *(Note 1)*	44.93%
Mr. So Chi On	Beneficial owner Beneficial owner	4,450,000 6,000,000 *(Note 2)*	1.73%
Mr. Ho Choi Yan Christopher	Beneficial owner	3,000,000 *(Note 3)*	0.50%

Notes:

1. These shares include (i) 189,138,300 shares held by B.K.S. Company Limited ("BKS"); (ii) 80,639,889 shares held by Jade Concept Limited ("Jade Concept"); and (iii) 614,000 shares and 620,000 share options held by Dr. Hon. So Yuk Kwan as beneficial owner ("Dr. So"). Dr. So is deemed to be interested in 269,778,189 shares by virtue of his interests in BKS and Jade Concept, the particulars are more fully described in the section headed "Interests of Substantial Shareholders" below.

2. These Shares include (i) 4,450,000 shares and (ii) 6,000,000 share options were held by Mr. So Chi On as beneficial owner.

3. The 3,000,000 share options was held by Mr. Ho Choi Yan Christopher as beneficial owner.

(b) Interests in underlying shares of the Company

The interests of the Directors and chief executive in the share options of the Company are separately disclosed in note 35 to the financial statements.

Save as disclosed above, as at 31 March 2013, none of the Directors or chief executives of the Company had registered any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company pursuant to the Model Code.

DIRECTORS' REPORT

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "Directors' and Chief Executive's Interest in Shares and Underlying Shares" and in the share option scheme disclosures in note 35 to the financial statements, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouses or minor children, or were any such rights exercised by them or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 31 March 2013, the following substantial shareholders (other than the Directors and chief executive of the Company) had interests in the shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were set out as follows:

Long position in the shares of the Company

Name of shareholder	Nature of capacity	Number of shares held	Approximate percentage of interest in the issued shares
B.K.S. Company Limited ("BKS")	Beneficial owner	189,138,300 *(Note 1)*	31.36%
Jade Concept Limited ("Jade Concept")	Beneficial owner	80,639,889 *(Note 2)*	13.37%
Madam Yeung Kit Ling ("Madam Yeung")	Interest of spouse	270,992,189 *(Note 3)*	44.93%
Och Daniel Saul	Interest of controlled corporation	54,376,000 *(Note 4)*	9.02%
Och-Ziff Capital Management Group LLC	Interest of controlled corporation	54,376,000 *(Note 4)*	9.02%
OZ Management L.P.	Investment manager	54,376,000 *(Note 4)*	9.02%
OZ Master Fund, Ltd.	Beneficial owner	30,616,000 *(Note 5)*	5.08%

Notes:

1. BKS is beneficially owned by Dr. Hon. So Yuk Kwan ("Dr. So"). By virtue of the SFO, Dr. So is deemed to be interested in 189,138,300 shares of the Company held by BKS.

2. Jade Concept is beneficially owned by Dr. So. By virtue of the SFO, Dr. So is deemed to be interested in 80,639,889 shares of the Company held by Jade Concept.

3. As Madam Yeung is the spouse of Dr. So, by virtue of the SFO, she is deemed to be interested in the shares of BKS and Jade Concept of the Company in which Dr. So has interested 614,000 shares and 620,000 share options held by Dr. So.

DIRECTORS' REPORT

4. Based on the individual substantial shareholder notice of Daniel Saul Och filed on 17 January 2012: (i) of these shares of the Company: (a) 14,614,000 shares are held by OZ Asia Master Fund, Ltd.; (b) 1,184,000 shares are held by Gordel Holdings Ltd.; (c) 33,688,000 shares are held by OZ Master Fund, Ltd.; (d) 906,000 shares are held by OZ Global Special Investments Master Fund, LP; (e) 2,048,000 shares are held by OZ Eureka Fund, LP; (f) 1,008,000 shares are held by OZ ELS Master Fund, Ltd.; and (g) 928,000 shares are held by Goldman Sachs & Co. Profit Sharing Master Trust; (ii) OZ Management II L.P. has 100% control in each of OZ ELS Master Fund, Ltd and Goldman Sachs & Co. Profit Sharing Master Trust; (iii) OZ Management, LP has 100% control in each of OZ Asia Master Fund, Ltd., Gordel Holdings Ltd., OZ Master Fund, Ltd., OZ Global Special Investments Master Fund, LP, OZ Eureka Fund, LP and OZ Management II, LP; (iv) Och-Ziff Capital Management Group LLC has 100% control in Och-Ziff Holding Corporation, which in turn has 100% control in OZ Management, LP; and (v) Daniel Saul Och has 77.40% control in Och-Ziff Capital Management Group LLC and accordingly, is interested or deemed to be interested in the 54,376,000 shares of the Company by virtue of the SFO.

5. This interest is based on the individual substantial shareholder notice of OZ Master Fund, Ltd filed on 23 November 2011.

Save as disclosed above, as at 31 March 2013, the Company has not been notified by any person or corporation (other than the Directors and chief executives of the Company whose interests were set out above) having interests in the shares and underlying shares of the Company which were required to be notified to the Company pursuant to Part XV of the SFO or which are recorded in the register required to be kept by the Company under Section 336 of the SFO.

RELATED PARTY TRANSACTIONS

Details of the significant related party transactions undertaken in the normal course of business are provided under note 43 to the financial statements. None of the related party transactions as disclosed in note 43 to the financial statements is subject to the reporting, announcement and independent shareholders' approval requirements of the Listing Rules.

SHARE OPTION SCHEME

The share option scheme conditionally adopted by resolution of the Shareholders of the Company held on 13 May 2002 was expired. The new share option scheme (the "Scheme") of the Company had been passed by the Shareholders by way of poll at the extraordinary general meeting held on 3 August 2012. The Company operates the Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operation. Further details of the Scheme are disclosed in note 35 to the financial statements.

CHARITABLE DONATIONS

During the year, the Group made charitable contributions amounting to HK$1,596,730 (2012: HK$877,000).

DIRECTORS' REPORT

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for approximately 37% of the total sales for the year and sales to the largest customer included therein amounted to approximately 20%. Purchases from the Group's five largest suppliers for the year accounted for approximately 87% of the Group's total purchases and purchases from the largest supplier included therein amounted to approximately 45%.

None of the Directors or any of their associates, or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the share capital of the Group's five largest customers and suppliers.

DIRECTORS' INTEREST IN COMPETING BUSINESSES

During the year, none of the Directors or their respective associates (as defined in the Listing Rules) were considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group, other than those businesses of which the Directors were appointed as directors to represent the interests of the Company and/or the Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public during the year ended 31 March 2013 and as at the date of this report.

MANAGEMENT CONTRACTS

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

CORPORATE GOVERNANCE

Particulars of the Company's corporate governance practices are set out on pages 27 to 34 of this annual report.

DIRECTORS' REPORT

DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES

As at 31 March 2013, the aggregate amount of financial assistance to, and (where applicable) guarantee given for the loan facilities granted to, affiliated companies of the Company, exceeds 8% under the assets ratio as defined under Rule 14.07 (1) of the Listing Rules. In compliance with the requirement of Rule 13.22 of the Listing Rules, the combined balance sheet of the affiliated companies (with attributable interest of the Group in the affiliated companies) as at the latest applicable date is set out below:

	Combined balance sheet HK$'000	**Group's attributable interest** HK$'000
Non-current assets	2,939	2,204
Current assets	691,424	518,568
Current liabilities	(567,532)	(425,649)
Non-current liabilities	(9)	(7)
	126,822	95,116
Share capital	80,000	60,000
Reserve	45,519	34,139
Non-controlling interests	1,303	977
	126,822	95,116

EVENT AFTER THE REPORTING PERIOD

Details of the significant event after the reporting period of the Group are set out in note 48 to the financial statements.

AUDITORS

Ernst & Young retire and a resolution for their re-appointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

On Behalf of the Board

So Yuk Kwan
Chairman

Hong Kong, 28 June 2013

CORPORATE GOVERNANCE
REPORT

CORPORATE GOVERNANCE REPORT

The Group is committed to maintain a high standard of corporate governance and enhance its transparency and corporate value. The Group believes that good corporate governance provides a framework between the board and the shareholders so as to enhancing shareholders' interest and value as a whole. The Board continually reviews and improves its corporate governance practices to ensure the Company keeps abreast of the expectation of shareholders of the Company ("Shareholders").

The purpose of this report is to provide Shareholders with information on the major principles and corporate governance practices adopted by the Company.

Throughout the year ended 31 March 2013, the Company has applied the major principles with the code provisions set out in the Code on Corporate Governance Practices (the "Corporate Governance Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Further details of the Company's corporate governance practices will be described in the following sections.

BOARD OF DIRECTORS

The Board should assure responsibility for leadership and control of the Company and its subsidiaries; and is collectively responsible for directing and supervising the Company and its subsidiaries affairs.

The Board, led by the Chairman, is responsible for the formulation of the Group's business objectives and strategies. Matters reserved for the Board are those affecting the Group's overall strategic policies, finance and risk management. The senior management is responsible for the day-to-day operations of the Group directed by leadership of the Executive Directors. To this end, the senior management has to implement, manage and monitor the business plans, internal controls and corporate governance practices developed by the Board.

Board Composition

The Composition of the Board ensures a balance of skills and experience appropriate for the requirements of the business of the Company.

As at 31 March 2013, the Board comprised three Executive Directors and three Independent Non-executive Directors ("INEDs"). One of the INEDs has appropriate professional qualifications, or accounting or related financial management expertise as required under the Listing Rules.

Each of the INEDs has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers the INEDs to be independent. Having the INEDs in the Board ensure that independent judgment is exercised and that a proper balance of power is maintained for full and effective control of the Group and its executive management. The Directors believe that the existing Board composition reflects the Company's respect for high standards of business conduct commonly adopted by multinational enterprises. The INEDs perform an important role in safeguarding the Shareholders' interests.

The Board as a whole is responsible for reviewing the Board composition (which include an assessment of the skills, knowledge and experience of the existing Directors and suitable candidates) and for formulating procedures for appointment of its own members and for nominating them for election by the Shareholders on the first appointment and thereafter at regular intervals through the retirement by rotation process pursuant to the Articles of Association of the Company.

Each of the INEDs has been appointed for specific term and has entered into a service agreement with the Company for a term of one year, which shall continue thereafter unless and until terminated by either party giving the other not less than three months' notice in writing. All the Directors are subjected to retirement by rotation in accordance with the Articles of Association of the Company.

CORPORATE GOVERNANCE REPORT

In accordance with Article 112 of the Articles of Association of the Company. Dr. Hon. So Yuk Kwan and Mr. Charles Edward Chapman will retire from the office by rotation and are being eligible to offer themselves for re-election at the forthcoming annual general meeting. The board has assessed the independence of Mr. Charles Edward Chapman who has met the independence guidelines set out in rule 3.13 of the Listing Rules. He has given an annual confirmation concerning his independence to the Company. The Board, therefore, consider him to be independent.

Chairman and Chief Executive Officer

The position of the Chairman and Chief Executive Officer (the "CEO") are held by separate individuals. Such division of responsibilities helps to reinforce their independence and accountability and responsibility.

The Chairman is responsible for providing leadership to, and overseeing the functioning of the Board to ensure that the Board acts in the best interest of the Company and the Shareholders as a whole. The Chairman determines that the Board is provided with direction and sufficient consultation for the Directors in effectively discharging their responsibilities for different aspects of the business.

The CEO, supported by senior management, are responsible for implementation of corporate goals, business strategies and policies resolved by the Board from time to time. The CEO assumes full accountability to the Board in respect of the Group's operations and development.

Save as Dr. Hon. So Yuk Kwan, the Chairman, is the father of Mr. So Chi On, the CEO, there is no relationship among members of the Board.

Board Meetings

Board meetings are scheduled to be held at about quarterly interval. The senior management of the Group from time to time reports to the Directors information on the activities and development of the Group's business. In addition, the Directors have full access to information on the Group and independent professional advice whenever deemed necessary by the Directors.

The attendance records of regular four board meetings held during the year is set out below:

Name of Directors	**Attendance/ Number of meetings**
Executive Directors	
Dr. Hon. So Yuk Kwan *(Chairman)*	4/4
Mr. So Chi On *(Chief Executive Officer)*	4/4
Mr. Ho Choi Yan Christopher *(Chief Financial Officer and Company Secretary)*	4/4
Independent Non-executive Directors	
Dr. Lui Ming Wah, SBS, JP	4/4
Mr. Charles Edward Chapman	4/4
Mr. Wong Ka Kit	4/4

Board Committees

As at the date of the report, there were four Board Committees, namely, the Audit Committee, the Remuneration Committee, the Nomination Committee and the Corporate Governance Committee in operation and each one of them was established with specific terms of references to assist the Board discharging its responsibilities and maintain proper internal controls and to promote good corporate governance as a whole.

CORPORATE GOVERNANCE REPORT

Audit Committee

As at 31 March 2013, the Audit Committee comprises of three Independent Non-executive Directors, namely Dr. Lui Ming Wah, SBS, JP (the Chairman of the Audit Committee), Mr. Charles Edward Chapman and Mr. Wong Ka Kit.

The principal duties of the Audit Committee include (i) to discuss with the external auditors before the audit commence, the nature and scope of the audit and confirm their independence and objectivity; (ii) to review the Group's financial information before submission to the Board; (iii) to review the Group's financial reporting system and the effectiveness of the audit process with internal control procedure; and (iv) to review external auditors' management letter and the relationship with the Group.

In accordance with the terms of reference of the Audit Committee, the Audit Committee met at least twice a year to review the interim results and the final results of the Company.

During the year, two Audit Committee meetings were held and all the Audit Committee members had attended the meetings. The Audit Committee had reviewed the Group's audited financial statements for the year ended 31 March 2012 and the interim results for the six months ended 30 September 2012. The Audit Committee had also reviewed and discussed with the management the accounting principles and practices adopted by the Group, and discussed auditing, internal control and financial reporting matters including the financial statements for the year ended 31 March 2013.

The attendance records of the Audit Committee meetings held during the year is set out below.

Name of Audit Committee Members	**Attendance/ Number of meetings**
Dr. Lui Ming Wah, SBS, JP *(Chairman)*	2/2
Mr. Charles Edward Chapman	2/2
Mr. Wong Ka Kit	2/2

Remuneration Committee

As at 31 March 2013, the Remuneration Committee consists of three Independent Non-executive Directors. The Remuneration Committee is chaired by Dr. Lui Ming Wah, SBS, JP and the other members include Mr. Charles Edward Chapman and Mr. Wong Ka Kit. One Remuneration Committee meeting was held during the year to consider the salary increment of the Directors and all members had attended the meeting.

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure for the remuneration of Directors and senior management and reviewing the specific remuneration packages of all executive Directors and senior management by reference to the Company's performance and profitability as well as remuneration benchmarks in the industry and the prevailing market conditions. No Director or any of his associates shall be involved in deciding his own remuneration. The Remuneration Committee normally meets once a year and at other times as required. The Remuneration Committee had reviewed the Directors' remuneration for the year ended 31 March 2013.

CORPORATE GOVERNANCE REPORT

The attendance records of the Remuneration Committee meeting held during the year is set out below.

Name of Remuneration Committee Members	**Attendance/ Number of meetings**
Dr. Lui Ming Wah, SBS, JP *(Chairman)*	1/1
Mr. Charles Edward Chapman	1/1
Mr. Wong Ka Kit	1/1

Nomination Committee

As at 31 March 2013, the Nomination Committee comprises of three Independent Non-executive Directors. The members of the Nomination Committee are Dr. Lui Ming Wah, SBS, JP, Mr. Charles Edward Chapman and Mr. Wong Ka Kit, all are the Independent Non-executive Directors. Dr. Lui Ming Wah, SBS, JP is the chairman of the Nomination Committee.

The principal responsibilities of the Nomination Committee include (i) review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; (ii) identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships; (iii) assess the independence of independent non-executive directors; and (iv) make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the chief executive.

The Nomination Committee meeting held at least once a year and additional meeting may be held as required. During the year, the Nomination Committee held a meeting and reviewed the structure, size and composition of the Board.

The attendance record of the Nomination Committee meeting held during the year is set out below:

Name of Nomination Committee Members	**Attendance/ Number of meetings**
Dr. Lui Ming Wah, SBS, JP *(Chairman)*	1/1
Mr. Charles Edward Chapman	1/1
Mr. Wong Ka Kit	1/1

CORPORATE GOVERNANCE REPORT

Corporate Governance Committee

As at 31 March 2013, the Corporate Governance Committee comprises of three Independent Non-executive Directors. The members of the Corporate Governance Committee are Dr. Lui Ming Wah, SBS, JP, Mr. Charles Edward Chapman and Mr. Wong Ka Kit, all are the Independent Non-executive Directors. Dr. Lui Ming Wah, SBS, JP is the Chairman of the Corporate Governance Committee.

The Corporate Governance Committee is primarily responsible for developing and reviewing the Company's policies and practices on corporate governance and make recommendations to the Board and to reviewing the Company's compliance with the Code in Corporate Governance Practices in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Corporate Governance Committee meeting held at least once a year. During the year, the Corporate Governance Committee held a meeting and reviewed the Company's policies and practices on compliance with legal and regulatory requirements.

The attendance record of the Corporate Governance Committee meeting held during the year is set out below:

Name of Corporate Governance Committee Members	**Attendance/ Number of meetings**
Dr. Lui Ming Wah, SBS, JP *(Chairman)*	1/1
Mr. Charles Edward Chapman	1/1
Mr. Wong Ka Kit	1/1

INTERNAL CONTROL

The Board reviews the Group's internal control system from time to time and will take any necessary and appropriate action to maintain an adequate internal control system to safeguard Shareholders' interests. An overall review on the effectiveness of the internal control system will be discussed annually with the Audit Committee.

During the financial year under review, the Directors had arranged to conduct reviews over the effectiveness of the Group's internal control system to provide reasonable assurance on the effectiveness and efficiency of operations in achieving the established corporate objectives, safeguarding Group assets, providing reliable financial reporting, and complying with applicable laws and regulations.

The Board has also reviewed the adequacy of resources, qualifications and experience of staff for the Company's accounting and financial reporting function and their training programmes and budget. Both the Audit Committee and the Board were satisfied that the internal control system of the Group has been functioned effectively during the year and no material internal control aspects of any significant problems were noted.

CORPORATE GOVERNANCE REPORT

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. Having made specific enquiry with the Directors, all Directors confirmed that they have complied with the required standard as set out in the Model Code throughout the year ended 31 March 2013.

AUDITORS' REMUNERATION

The remuneration paid/payable to the Company's independent auditors during the year, is set out as follows:

Services rendered	**Fee paid/payable** HK$'000
Audit of Financial Statements	3,195
Tax advisory services	785
Due diligence services	572
	4,552

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Group.

With the assistance of the Finance Department which is under the supervision of the Chief Financial Officer, the Directors ensure the preparation and publication of the Group's financial statements in a timely manner in accordance with the applicable laws, rules, regulations and accounting standards. The Directors, having made appropriate enquiries, consider that the Group has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the financial statements.

A statement by the Company's auditors about their reporting responsibilities on the Group's financial statements is set out in the Independent Auditors' Report on pages 35 to 37 of this report.

CONSTITUTIONAL DOCUMENTS

The special resolutions regarding the amendments to memorandum of association and articles of association and adoption of new memorandum of association and articles of association of the Company in compliance with applicable laws and regulations had been passed by the shareholders of the Company at the extraordinary general meeting held on 4 May 2012.

An updated version of the new memorandum of association and articles of association of the Company was then adopted and was published on the website of the Company (www.avconcept.com) and the website of the Stock Exchange (http://www.hkexnews.hk).

CORPORATE GOVERNANCE REPORT

INVESTORS RELATIONS

The Company established a dedicated investor relations section in order to provide timely information to the investors as well as Shareholders and institutional investors. The Company also conducted a meeting with institutional investors and analysts from time to time and to maintain updated information opened to the public regarding recent development of the Company. Relevant information of investor relations is available on the Company's website (http://www.avconcept.com/html/en/investor_relations.html).

SHAREHOLDERS' RIGHTS

The Company recognises the rights of Shareholders and their opinions are valuable to the Company. The Shareholders are encouraged to participate in general meetings or to appoint proxies or corporate representatives to attend and vote at meetings for and on their behalf if they are unable to attend the meetings. The Shareholders are encouraged to raise their enquiries on the operations, corporate governance, corporate strategy and further development of the Company during the meeting by way of shareholders' rights. The process of the Company's general meeting will be monitored and reviewed on a regular basis, and, if necessary, changes will be made to ensure that Shareholders' needs are best served. The Board members, in particular, either the chairmen or deputy chairmen of Board committees or their delegates, appropriate management executives and external auditors will attend annual general meetings to answer Shareholders' questions.

SHAREHOLDERS COMMUNICATION POLICY

The Company has established Shareholders Communication Policy in providing a communication platform to the Shareholders of the Company with information about the Company and enabling them to engage actively with the Company and exercise their rights as shareholders in an informed manner. Effective and timely dissemination of information to Shareholders shall be ensured at all times. Any question regarding this Policy shall be directed to the company secretary of the Company or the board of directors of the Company. Appropriate arrangements for the annual general meeting shall be in place to encourage Shareholders' participation and all corporate communication will be provided to Shareholders in plain language and in both English and Chinese version to facilitate Shareholders' understanding, including but not limited to interim reports, annual reports, results announcements, notice of general meeting, circulars, and associated explanatory documents, other announcements and monthly return on movements in the Company's securities for each month and next day disclosure returns in relation to the Company are available on the Company's website (www.avconcept.com).

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

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安 永

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To the shareholders of AV Concept Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of AV Concept Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 38 to 149, which comprise the consolidated and company statements of financial position as at 31 March 2013, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' 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 auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

INDEPENDENT AUDITORS' REPORT

OPINION

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

Ernst & Young
Certified Public Accountants
Hong Kong
28 June 2013

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
REVENUE	*5*	**2,464,015**	3,366,541
Cost of sales		**(2,287,431)**	(3,106,351)
Gross profit		**176,584**	260,190
Other income and gains	*5*	**13,395**	31,870
Changes in fair value of investment properties		**8,293**	13,017
Selling and distribution expenses		**(142,098)**	(123,647)
Administrative expenses		**(150,541)**	(147,207)
Fair value gains/(losses), net:			
Equity investments at fair value through profit or loss		**(60,055)**	(47,518)
Convertible bonds		**5,797**	–
Gain on disposal of subsidiaries	*38*	**2**	29,612
Gain on disposal of associates		**150,285**	19,839
Other expenses		**(24,750)**	(9,599)
Finance costs	*7*	**(14,336)**	(17,759)
Share of profits and losses of:			
Jointly-controlled entities		**42,518**	1,913
Associates		**(16,240)**	(5,470)
PROFIT/(LOSS) BEFORE TAX	*6*	**(11,146)**	5,241
Income tax	*10*	**4,268**	(4,756)
PROFIT/(LOSS) FOR THE YEAR		**(6,878)**	485
Attributable to:			
Owners of the Company	*11*	**9,237**	2,416
Non-controlling interests		**(16,115)**	(1,931)
		(6,878)	485
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*13*		
Basic		**1.53 cents**	0.39 cents
Diluted		**1.53 cents**	0.39 cents

Details of the dividends paid and proposed for the year are disclosed in note 12 to the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2013

	2013	2012
	HK$'000	HK$'000
PROFIT/(LOSS) FOR THE YEAR	**(6,878)**	485
OTHER COMPREHENSIVE INCOME/(LOSS)		
Changes in fair value of available-for-sale investments, net of tax	**1,847**	–
Gains on property revaluation	**15,974**	–
Income tax effect	**(3,993)**	–
Exchange differences on translation of foreign operations	**1,096**	(3,956)
Exchange differences released upon disposal of an associate	**2,171**	–
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**17,095**	(3,956)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**10,217**	(3,471)
Attributable to:		
Owners of the Company	**26,332**	(1,540)
Non-controlling interests	**(16,115)**	(1,931)
	10,217	(3,471)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**119,153**	131,037
Investment properties	15	**82,760**	97,065
Goodwill	16	**40,848**	48,795
Other intangible assets	17	**23,141**	30,572
Investments in jointly-controlled entities	19	**95,610**	53,199
Investments in associates	20	**3,927**	110,025
Convertible bonds	21	**71,262**	–
Available-for-sale investments	22	**39,507**	6,623
Deposits and other receivables	25	**21,119**	13,448
Pledged time deposits	27	**1,994**	–
Deferred tax asset	33	**–**	2,473
Total non-current assets		**499,321**	493,237
CURRENT ASSETS			
Available-for-sale investments	22	**19,825**	15,091
Inventories	23	**349,417**	296,278
Trade receivables	24	**224,528**	270,531
Due from associates	20	**24,251**	–
Prepayments, deposits and other receivables	25	**23,012**	89,692
Equity investments at fair value through profit or loss	26	**186,229**	111,129
Tax recoverable		**3,263**	997
Cash and cash equivalents	27	**86,987**	166,467
		917,512	950,185
Assets classified as held for sale	28	**66,000**	–
Total current assets		**983,512**	950,185

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
CURRENT LIABILITIES			
Trade payables, deposits received and accrued expenses	*29*	**288,173**	210,938
Interest-bearing bank borrowings	*30*	**495,542**	525,909
Finance lease payables	*31*	**429**	423
Tax payable		**1,206**	9,578
Financial guarantee obligation	*32*	**1,410**	4,030
		786,760	750,878
Liabilities directly associated with the assets classified as held for sale	*28*	**21,270**	–
Total current liabilities		**808,030**	750,878
NET CURRENT ASSETS		**175,482**	199,307
TOTAL ASSETS LESS CURRENT LIABILITIES		**674,803**	692,544
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	*30*	**18,362**	51,523
Finance lease payables	*31*	**731**	1,142
Deferred tax liabilities	*33*	**8,483**	5,187
Total non-current liabilities		**27,576**	57,852
Net assets		**647,227**	634,692
EQUITY			
Issued capital	*34*	**60,311**	60,419
Reserves	*36(a)*	**601,660**	579,402
Proposed final dividend	*12*	**6,031**	–
Equity attributable to equity holders of the Company		**668,002**	639,821
Non-controlling interests		**(20,775)**	(5,129)
Total equity		**647,227**	634,692

Director *Director*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2013

		Attributable to equity holders of the Company									
		Issued capital	Share premium account	Capital reserve#	Equity-settled share-based payments reserve	Exchange fluctuation reserve	Retained profits###	Proposed final dividend	Total	Non-controlling interests	Total equity
	Notes	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2011		62,056	383,227*	15,778*	2,660*	10,373*	182,493*	24,822	681,409	(1,237)	680,172
Profit for the year		–	–	–	–	–	2,416	–	2,416	(1,931)	485
Other comprehensive loss for the year:											
Exchange differences on translation of foreign operations											
– Associates		–	–	–	–	(2,007)	–	–	(2,007)	–	(2,007)
– Subsidiaries		–	–	–	–	(1,949)	–	–	(1,949)	–	(1,949)
Total comprehensive loss for the year		–	–	–	–	(3,956)	2,416	–	(1,540)	(1,931)	(3,471)
Acquisition of non-controlling interests		–	–	1,961	–	–	–	–	1,961	(1,961)	–
Repurchase and cancellation of Company's shares	*34*	(1,637)	(10,848)	1,637	–	–	(1,637)	–	(12,485)	–	(12,485)
Equity-settled share option arrangements	*35*	–	–	–	1,340	–	–	–	1,340	–	1,340
Share of reserve of an associate		–	–	–	41	–	–	–	41	–	41
Share options lapsed		–	–	–	(2,372)	–	2,372	–	–	–	–
Final 2011 dividend		–	–	–	–	–	–	(24,822)	(24,822)	–	(24,822)
Interim 2012 dividend	*12*	–	–	–	–	–	(6,083)	–	(6,083)	–	(6,083)
At 31 March 2012		60,419	372,379*	19,376*	1,669*	6,417*	179,561*	–	639,821	(5,129)	634,692

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2013

		Attributable to equity holders of the Company											
		Issued capita	Share premium account	Capital reserve#	Available-for-sale investments revaluation reserve	Asset revaluation reserve##	Equity-settled share-based payments reserve	Exchange fluctuation reserve	Retained profits###	Proposed final dividend	Total	Non-controlling interests	Total equity
	Notes	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2012		60,419	372,379	19,376	–	–	1,669	6,417	179,561	–	639,821	(5,129)	634,692
Profit/(loss) for the year		–	–	–	–	–	–	–	9,237	–	9,237	(16,115)	(6,878)
Other comprehensive income/(loss) for the year:													
Changes in fair value of available-for-sale investments, net of tax		–	–	–	1,847	–	–	–	–	–	1,847	–	1,847
Gain on property revaluation, net of tax		–	–	–	–	11,981	–	–	–	–	11,981	–	11,981
Exchange differences on translation of foreign operations													
– Associates		–	–	–	–	–	–	(183)	–	–	(183)	–	(183)
– Subsidiaries		–	–	–	–	–	–	1,373	–	–	1,373	–	1,373
– Jointly-controlled entities		–	–	–	–	–	–	(94)	–	–	(94)	–	(94)
Exchange differences released upon disposal of an associate		–	–	–	–	–	–	2,171	–	–	2,171	–	2,171
Total comprehensive income/(loss) for the year		–	–	–	1,847	11,981	–	3,267	9,237	–	26,332	(16,115)	10,217
Capital contribution from a non-controlling interest		–	–	–	–	–	–	–	–	–	–	469	469
Repurchase and cancellation of Company's shares	*34*	(108)	(417)	108	–	–	–	–	(108)	–	(525)	–	(525)
Equity-settled share option arrangements	*35*	–	–	–	–	–	2,415	–	–	–	2,415	–	2,415
Share of reserve of an associate		–	–	–	–	–	48	–	–	–	48	–	48
Release of reserve of an associate upon disposal		–	–	–	–	–	(89)	–	–	–	(89)	–	(89)
Share options lapsed		–	–	–	–	–	(1,628)	–	1,628	–	–	–	–
Proposed final dividend	*12*	–	–	–	–	–	–	–	(6,031)	6,031	–	–	–
At 31 March 2013		60,311	371,962*	19,484*	1,847*	11,981*	2,415*	9,684*	184,287*	6,031	668,002	(20,775)	647,227

\# Included in the balance of the capital reserve as at 31 March 2013 was a capital redemption reserve balance amounting to approximately HK$16,142,000 (2012: HK$16,034,000).

\## The asset revaluation reserve arose from a change in use from an owner-occupied property to an investment property carried at fair value, during the year ended 31 March 2013. In accordance with HKAS 16, these balances are frozen and are not available to offset the current and future years' revaluation deficits on investment properties until the retirement or disposal of these assets.

\### As at 31 March 2013, there was goodwill of HK$12,470,000 (2012: HK$12,470,000) arising from the acquisition of subsidiaries in prior years which remained eliminated against the consolidated retained profits.

* These reserve accounts comprised the consolidated reserves of HK$601,660,000 (2012: HK$579,402,000) in the consolidated statement of financial position as at 31 March 2013.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		**(11,146)**	5,241
Adjustments for:			
Finance costs	*7*	**14,336**	17,759
Share of profits of jointly-controlled entities		**(42,518)**	(1,913)
Share of losses of associates		**16,240**	5,470
Depreciation	*6*	**10,272**	5,786
Changes in fair value of investment properties		**(8,293)**	(13,017)
Amortisation of other intangible assets	*6*	**7,821**	7,321
Impairment/(reversal of impairment) of trade receivables	*6*	**2,887**	(477)
Impairment/(reversal of impairment) of slow moving inventories	*6*	**1,252**	(1,945)
Write-off of other receivables	*6*	**4,777**	–
Loss/(gain) on disposal of items of property, plant and equipment	*6*	**250**	(15,728)
Gain on disposal of associates	*6*	**(150,285)**	(19,839)
Gain on disposal of subsidiaries	*6*	**(2)**	(29,612)
Gain on bargain purchase of a subsidiary and a jointly-controlled entity	*5*	**–**	(319)
Provision for amounts due from associates	*6*	**2,663**	279
Impairment of investments in associates	*6*	**–**	1,336
Impairment of available-for-sale investments	*6*	**6,623**	–
Impairment of goodwill	*6*	**7,947**	–
Gain on derecognition of financial guarantee obligation	*6*	**(5,163)**	(2,302)
Impairment of investment in a jointly-controlled entity	*6*	**5,163**	1,040
Fair value losses/(gains), net:			
Equity investments at fair value through profit or loss	*6*	**60,055**	47,518
Convertible bonds	*6*	**(5,797)**	–
Equity-settled share option expense	*6*	**2,415**	1,340
Interest income from debt securities	*6*	**(1,485)**	(1,239)
Dividend income from listed investments	*6*	**(817)**	(488)
Interest income from an associate	*6*	**(1,269)**	(148)
Bank interest income	*6*	**(243)**	(290)
		(84,317)	5,773
Increase in amounts due from associates		**(11,107)**	(6,632)
Movement in balances with jointly-controlled entities		**16,264**	(18,466)
Decrease/(increase) in inventories		**(54,398)**	832
Decrease/(increase) in trade receivables		**43,110**	(963)
Decrease/(increase) in prepayments, deposits and other receivables		**55,943**	(71,849)
Increase/(decrease) in trade payables, deposits received and accrued expenses		**75,814**	(5)
Cash generated from/(used in) operations – page 45		**41,309**	(91,310)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
Cash generated from/(used in) operations – page 44		**41,309**	(91,310)
Dividend income received from an associate		**–**	13,250
Dividend income received from a jointly-controlled entity		**11,129**	16,736
Hong Kong profits tax paid		**(3,211)**	–
Overseas tax paid		**(1,440)**	(1,683)
Net cash flows from/(used in) operating activities		**47,787**	(63,007)
CASH FLOWS FROM INVESTING ACTIVITIES			
Bank interest income received		**243**	290
Interest income from an associate		**–**	148
Interest income from debt securities		**1,485**	1,239
Dividend received		**817**	488
Increase in pledged deposit		**(1,994)**	–
Purchases of items of property, plant and equipment		**(4,153)**	(68,873)
Proceeds from disposal of items of property, plant and equipment		**1,406**	19,717
Additions to other intangible assets		**(214)**	(491)
Additions to investment properties		**(11,727)**	(58,438)
Investments in associates		**(7,770)**	(17,557)
Subscription of shares in associates		**(4,940)**	–
Subscription of shares in a jointly-controlled entity		**(30,000)**	(27,500)
Proceeds from disposal of associates		**200,963**	46,770
Acquisition of subsidiaries	*37*	**–**	(42,879)
Proceeds from disposal of subsidiaries	*38*	**–**	47,477
Subscription of convertible bonds		**(65,465)**	–
Purchase of available-for-sale investments		**(15,540)**	(10,623)
Purchase of investments at fair value through profit or loss		**(175,147)**	–
Disposal of an available-for-sale investment		**–**	1,750
Disposal of equity investments at fair value through profit or loss		**39,992**	63,497
Net cash flows used in investing activities		**(72,044)**	(44,985)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2013

	Note	2013 HK$'000	2012 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Repurchase of shares of the Company		**(525)**	(12,485)
Capital contribution from a non-controlling interest		**469**	–
New bank loans		**126,570**	52,500
Repayment of bank loans		**(6,357)**	(1,693)
Net decrease in import and trust receipt loans		**(164,455)**	(1,711)
Capital element of finance lease rental payments		**(427)**	(423)
Interest paid		**(14,278)**	(17,702)
Interest element on finance lease rental payments		**(58)**	(57)
Dividend paid		**–**	(30,905)
Net cash flows used in financing activities		**(59,061)**	(12,476)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(83,318)**	(120,468)
Cash and cash equivalents at beginning of year		**166,467**	287,364
Effect of foreign exchange rate changes, net		**3,838**	(429)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**86,987**	166,467
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the statement of financial position and in the statement of cash flows	27	**86,987**	166,467

STATEMENT OF FINANCIAL POSITION

31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	*14*	**11**	17
Investments in subsidiaries	*18*	**459,927**	472,892
Total non-current assets		**459,938**	472,909
CURRENT ASSETS			
Due from subsidiaries	*18*	**4,094**	–
Prepayments	*25*	**50**	172
Cash and cash equivalents	*27*	**643**	2,139
Total current assets		**4,787**	2,311
CURRENT LIABILITIES			
Accrued expenses	*29*	**1,568**	1,844
Tax payable		**–**	15
Financial guarantee obligation	*32*	**1,410**	–
Total current liabilities		**2,978**	1,859
NET CURRENT ASSETS		**1,809**	452
Net assets		**461,747**	473,361
EQUITY			
Issued capital	*34*	**60,311**	60,419
Reserves	*36(b)*	**395,405**	412,942
Proposed final dividend	*12*	**6,031**	–
Total equity		**461,747**	473,361

Director *Director*

NOTES TO FINANCIAL STATEMENTS

31 March 2013

1. CORPORATE INFORMATION

AV Concept Holdings Limited (the "Company") is a limited liability company incorporated in the Cayman Islands. The registered office of the Company is at P.O. Box 309, Ugland House, South Church Street, George Town, Grand Cayman, the Cayman Islands, British West Indies and its principal place of business is located at 6th Floor, Enterprise Square Three, 39 Wang Chiu Road, Kowloon Bay, Hong Kong.

The principal activity of the Company is investment holding. During the year, the Group was engaged in the following principal activities:

- Marketing and distribution of electronic components;
- Design, development and sale of electronic products; and
- Trading of Light-emitting Diode ("LED") business

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for equity investments at fair value through profit or loss, certain available-for-sale investments (including key management insurance), convertible bonds and investment properties, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2013. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if it results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

NOTES TO FINANCIAL STATEMENTS

31 March 2013

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

Other than HKAS 12 Amendments *Income Taxes – Deferred Tax: Recovery of Underlying Assets* which was early adopted last year, the Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*

The adoption of the revised HKFRSs has had no significant financial effect on these financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans*[2]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*[2]
HKFRS 9	*Financial Instruments*[4]
HKFRS 10	*Consolidated Financial Statements*[2]
HKFRS 11	*Joint Arrangements*[2]
HKFRS 12	*Disclosure of Interests in Other Entities*[2]
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – *Transition Guidance*[2]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities*[3]
HKFRS 13	*Fair Value Measurement*[2]
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*[1]
HKAS 19 (2011)	*Employee Benefits*[2]
HKAS 27 (2011)	*Separate Financial Statements*[2]
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*[2]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[3]
HKAS 36 Amendments	*Recoverable Amount Disclosures for Non-Financial Assets*[3]
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*[2]
HK(IFRIC)-Int 21	*Levies*[3]
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012[2]

NOTES TO FINANCIAL STATEMENTS

31 March 2013

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

[1] Effective for annual periods beginning on or after 1 July 2012

[2] Effective for annual periods beginning on or after 1 January 2013

[3] Effective for annual periods beginning on or after 1 January 2014

[4] Effective for annual periods beginning on or after 1 January 2015

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

The HKFRS 7 Amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with HKAS 32 *Financial Instruments: Presentation*. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with HKAS 32. The Group expects to adopt the amendments from 1 April 2013.

HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 *Financial Instruments: Recognition and Measurement*. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of HKAS 39.

In November 2010, the HKICPA issued additions to HKFRS 9 to address financial liabilities (the "Additions") and incorporated in HKFRS 9 the current derecognition principles of financial instruments of HKAS 39. Most of the Additions were carried forward unchanged from HKAS 39, while changes were made to the measurement of financial liabilities designated at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income ("OCI"). The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Additions.

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on hedge accounting and impairment of financial assets continues to apply. The Group expects to adopt HKFRS 9 from 1 April 2015. The Group will quantify the effect in conjunction with other phases, when the final standard including all phases is issued.

NOTES TO FINANCIAL STATEMENTS

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2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

HKFRS 10 establishes a single control model that applies to all entities including special purpose entities or structured entities. It includes a new definition of control which is used to determine which entities are consolidated. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled, compared with the requirements in HKAS 27 and HK(SIC)-Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 replaces the portion of HKAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements. It also addresses the issues raised in HK(SIC)-Int 12. Based on the preliminary analyses performed, HKFRS 10 is not expected to have any impact on the currently held investments of the Group.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK(SIC)-Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements, i.e., joint operations and joint ventures, and removes the option to account for joint ventures using proportionate consolidation.

HKFRS 12 includes the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities that are previously included in HKAS 27 *Consolidated and Separate Financial Statements,* HKAS 31 *Interests in Joint Ventures* and HKAS 28 *Investments in Associates.* It also introduces a number of new disclosure requirements for these entities.

In July 2012, the HKICPA issued amendments to HKFRS 10, HKFRS 11 and HKFRS 12 which clarify the transition guidance in HKFRS 10 and provide further relief from full retrospective application of these standards, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. The amendments clarify that retrospective adjustments are only required if the consolidation conclusion as to which entities are controlled by the Group is different between HKFRS 10 and HKAS 27 or HK(SIC)-Int 12 at the beginning of the annual period in which HKFRS 10 is applied for the first time. Furthermore, for disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before HKFRS 12 is first applied.

The amendments to HKFRS 10 issued in December 2012 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss in accordance with HKFRS 9 rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The Group expects that these amendments will not have any impact on the Group as the Company is not an investment entity as defined in HKFRS 10.

Consequential amendments were made to HKAS 27 and HKAS 28 as a result of the issuance of HKFRS 10, HKFRS 11 and HKFRS 12. The Group expects to adopt HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (2011) and HKAS 28 (2011), and the subsequent amendments to these standards issued in July and December 2012 from 1 April 2013.

NOTES TO FINANCIAL STATEMENTS

31 March 2013

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. The Group expects to adopt HKFRS 13 prospectively from 1 April 2013.

The HKAS 1 Amendments change the grouping of items presented in OCI. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net gain on hedge of a net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendments will affect presentation only and have no impact on the financial position or performance. The Group expects to adopt the amendments from 1 April 2013.

HKAS 19 (2011) includes a number of amendments that range from fundamental changes to simple clarifications and re-wording. The revised standard introduces significant changes in the accounting for defined benefit pension plans including removing the choice to defer the recognition of actuarial gains and losses. Other changes include modifications to the timing of recognition for termination benefits, the classification of short-term employee benefits and disclosures of defined benefit plans. The Group expects to adopt HKAS 19 (2011) from 1 April 2013.

The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to setoff" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 April 2014.

The *Annual Improvements to HKFRSs 2009-2011 Cycle* issued in June 2012 sets out amendments to a number of HKFRSs. The Group expects to adopt the amendments from 1 April 2013. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments are expected to have a significant financial impact on the Group. Those amendments that are expected to have a significant impact on the Group's policies are as follows:

NOTES TO FINANCIAL STATEMENTS

31 March 2013

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

(a) HKAS 1 *Presentation of Financial Statements*: Clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the previous period. The additional comparative information does not need to contain a complete set of financial statements.

In addition, the amendment clarifies that the opening statement of financial position as at the beginning of the preceding period must be presented when an entity changes its accounting policies; makes retrospective restatements or makes reclassifications, and that change has a material effect on the statement of financial position. However, the related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented.

(b) HKAS 32 *Financial Instruments: Presentation*: Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with HKAS 12 *Income Taxes*. The amendment removes existing income tax requirements from HKAS 32 and requires entities to apply the requirements in HKAS 12 to any income tax arising from distributions to equity holders.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

Joint ventures

A joint venture is an entity set up by contractual arrangement, whereby the Group and other parties undertake an economic activity. The joint venture operates as a separate entity in which the Group and the other parties have an interest.

The joint venture agreement between the venturers stipulates the capital contributions of the joint venture parties, the duration of the joint venture and the basis on which the assets are to be realised upon its dissolution. The profits or losses from the joint venture's operations and any distributions of surplus assets are shared by the venturers, either in proportion to their respective capital contributions, or in accordance with the terms of the joint venture agreement.

NOTES TO FINANCIAL STATEMENTS

31 March 2013

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Joint ventures (continued)

A joint venture is treated as:

(a) a subsidiary, if the Group has unilateral control, directly or indirectly, over the joint venture;

(b) a jointly-controlled entity, if the Group does not have unilateral control, but has joint control, directly or indirectly, over the joint venture;

(c) an associate, if the Group does not have unilateral or joint control, but holds, directly or indirectly, generally not less than 20% of the joint venture's registered capital and is in a position to exercise significant influence over the joint venture; or

(d) an equity investment accounted for in accordance with HKAS 39, if the Group holds, directly or indirectly, less than 20% of the joint venture's registered capital and has neither joint control of, nor is in a position to exercise significant influence over, the joint venture.

Jointly-controlled entities

A jointly-controlled entity is a joint venture that is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of the jointly-controlled entity.

The Group's investments in jointly-controlled entities are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and reserves of jointly-controlled entities is included in the consolidated income statement and consolidated reserves, respectively. Where the profit sharing ratio is different to the Group's equity interest, the share of post-acquisition results of the jointly-controlled entities are determined based on the agreed profit sharing ratio. Unrealised gains and losses resulting from transactions between the Group and the jointly-controlled entities are eliminated to the extent of the Group's investments in jointly-controlled entities, except where unrealised losses provide evidence of an impairment of the asset transferred.

Associates

An associate is an entity, not being a subsidiary or a jointly-controlled entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

NOTES TO FINANCIAL STATEMENTS

31 March 2013

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Associates (continued)

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses, except that the Group's investment in an associate held through a venture capital organisation. The Group's share of the post-acquisition results and reserves of associates is included in the consolidated income statement and consolidated reserves, respectively. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates and is not individually tested for impairment.

The Group's investment in an associate held through a venture capital organisation is measured at fair value. This treatment is permitted by HKAS 28 "*Investment in Associates*", which required investments held by venture capital organisations to be excluded from its scope where those investments are designated, upon initial recognition, as at fair value through profit or loss and accounted for in accordance with HKAS 39 "*Financial Instruments: Recognition and Measurement*", with changes in fair value recognised in the consolidated income statement in the period of the change.

Business combination and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest in the acquiree is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of HKAS 39 is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets of the subsidiary acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

NOTES TO FINANCIAL STATEMENTS

31 March 2013

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combination and goodwill (continued)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 March. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed in these circumstances is measured based on the relative value of the disposed operation and the portion of the cash-generating unit retained.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, investment properties, financial assets and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the income statement in the period in which it arises.

NOTES TO FINANCIAL STATEMENTS

31 March 2013

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and 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 a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

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

(vi) the entity is controlled or jointly controlled by a person identified in (a); and

(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).

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any 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. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

NOTES TO FINANCIAL STATEMENTS

31 March 2013

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold land and buildings	2% – 3%
Leasehold improvements	20% – $33^1/_3$%
Furniture, fittings and office equipment	20% – $33^1/_3$%
Plant, machinery and tools	20% – 50%
Motor vehicles	20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under “Property, plant and equipment and depreciation” up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as movements in the asset revaluation reserve. On disposal of a revalued asset, the relevant portion of the asset revaluation reserve realised in respect of previous valuation is transferred to retained profits as a movement in reserves.

NOTES TO FINANCIAL STATEMENTS

31 March 2013

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Club memberships

The Group's club memberships are stated at cost less any accumulated amortisation and any accumulated impairment losses, on an individual basis.

Trademarks and customer relationships

Trademarks and customer relationships are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of five years.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the income statement so as to provide a constant periodic rate of charge over the lease terms.

NOTES TO FINANCIAL STATEMENTS

31 March 2013

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance lease, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the income statement on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases are charged to the income statement on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

Investments and other financial assets

Initial recognition and measurement

Financial assets within the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, as appropriate. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by HKAS 39.

NOTES TO FINANCIAL STATEMENTS

31 March 2013

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Financial assets at fair value through profit or loss (continued)

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the income statement. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition" below.

Financial assets designated upon initial recognition at fair value through profit or loss are designated at the date of initial recognition and only if the criteria under HKAS 39 are satisfied.

The Group evaluates its financial assets at fair value through profit or loss (held for trading) to assess whether the intent to sell them in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intent to sell them in the foreseeable future significantly changes, the Group may elect to reclassify them. The reclassification from financial assets at fair value through profit or loss to loans and receivables, available-for-sale financial assets or held-to-maturity investments depends on the nature of the assets. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation, as these instruments cannot be reclassified after initial recognition.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the income statement. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the income statement. The loss arising from impairment is recognised in the income statement in finance costs for loans and in other expenses for receivables.

NOTES TO FINANCIAL STATEMENTS

31 March 2013

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in unlisted equity investments. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated at fair value through profit or loss.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the income statement, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the income statement. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in the income statement as other income in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intent to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or to maturity. The reclassification to the held-to-maturity category is permitted only when the Group has the ability and intent to hold until the maturity date of the financial asset.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the asset using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the income statement.

NOTES TO FINANCIAL STATEMENTS

31 March 2013

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

NOTES TO FINANCIAL STATEMENTS

31 March 2013

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the income statement.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

NOTES TO FINANCIAL STATEMENTS

31 March 2013

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is removed from other comprehensive income and recognised in the income statement.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. The determination of what is “significant” or “prolonged” requires judgement. “Significant” is evaluated against the original cost of the investment and “prolonged” against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement – is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity instruments classified as available for sale are not reversed through the income statement. Increases in their fair value after impairment are recognised directly in other comprehensive income.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of HKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group’s financial liabilities include trade payables, interest-bearing bank borrowings and finance lease payables.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

NOTES TO FINANCIAL STATEMENTS

31 March 2013

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the income statement.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

NOTES TO FINANCIAL STATEMENTS

31 March 2013

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments where there is no active market, the fair value is determined using appropriate valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and option pricing models.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

NOTES TO FINANCIAL STATEMENTS

31 March 2013

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the income statement.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

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 for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and jointly-controlled entities, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO FINANCIAL STATEMENTS

31 March 2013

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and jointly-controlled entities, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

NOTES TO FINANCIAL STATEMENTS

31 March 2013

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

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

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instrument to the net carrying amount of the financial asset;

(c) rental income, on a time proportion basis over the lease terms;

(d) management fee income and trademark licence income, when the services have been rendered; and

(e) dividend income, when the shareholders' right to receive payment has been established.

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 35 to the financial statements.

NOTES TO FINANCIAL STATEMENTS

31 March 2013

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments (continued)

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the income statement for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Paid leave carried forward

The Group provides paid annual leave to its employees under their employment contracts. Under certain circumstances, such leave which remains untaken as at the end of the reporting period is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the end of the reporting period for the expected future cost of such paid leave earned during the year by the employees and carried forward.

NOTES TO FINANCIAL STATEMENTS

31 March 2013

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other employee benefits (continued)

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China, Singapore and Korea are required to participate in pension schemes operated by the respective local municipal governments. These subsidiaries are required to contribute a fixed percentage of their payroll costs to the pension schemes. The contributions are charged to the income statement as they become payable in accordance with the rules of the pension schemes.

Borrowing costs

Borrowing costs are recognised as expenses in the income statement in the period in which they are incurred.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the statements of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the income statement.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation differences on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

NOTES TO FINANCIAL STATEMENTS

31 March 2013

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Judgements (continued)

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses carried forward to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised, based on all available evidence. Recognition primarily involves judgement regarding the future performance of the particular legal entity or tax group in which the deferred tax asset has been recognised. A variety of other factors are also evaluated in considering whether there is convincing evidence that it is probable that some portion or all of the deferred tax assets will ultimately be realised, such as the existence of taxable temporary differences, tax planning strategies and the periods in which estimated tax losses can be utilised. The carrying amount of deferred tax assets and related financial models and budgets are reviewed at the end of each reporting period and to the extent that there is insufficient convincing evidence that sufficient taxable profits will be available within the utilisation periods to allow utilisation of the tax losses carried forward, the asset balance will be reduced and charged to the income statement. The amount of unrecognised tax losses at 31 March 2013 was approximately HK$332 million (2012: approximately HK$202 million). Further details are contained in note 33 to the financial statements.

3. *SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)*

Estimation uncertainty (continued)

Estimation of fair value of investment properties

The best evidence of fair value is current prices in an active market for similar lease terms and other contracts. In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The principal assumptions for the Group's estimation of the fair value include those related to current market rents for similar properties in the same location and condition, appropriate discount rates, expected future market rents and future maintenance costs. The carrying amount of investment properties at 31 March 2013 was HK$82,760,000 (2012: HK$97,065,000).

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Other intangible assets are tested for impairment annually and at other times when such indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, i.e. its value in use. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

NOTES TO FINANCIAL STATEMENTS

31 March 2013

3. *SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)*

Estimation uncertainty (continued)

Impairment of available-for-sale investments

The Group determines that available-for-sale investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. Such determination of what is significant or prolonged decline requires judgement. When the fair value declines, management makes assumptions about the decline in value to determine whether there is an impairment that should be recognised in the income statement. For available-for-sale investments measured at cost, management assess the future prospects of these investments to determine whether there is an impairment that should be recognised in the income statement. As at 31 March 2013, an impairment loss of HK$8,523,000 (2012: HK$4,027,000) had been recognised for available-for-sale investments. The carrying amount of available-for-sale investments as at 31 March 2013 was HK$59,332,000 (2012: HK$21,714,000).

Impairment of trade receivables, deposits and other receivables

The Group makes impairment provision for trade receivables based on an assessment of the recoverability of trade receivables. Impairment provision is made for trade receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful debts requires the use of judgement and estimates, including the current creditworthiness and the past collection history of each customer. Where the expectation on the recoverability of trade receivables is different from the original estimate, such difference will impact the carrying value of trade receivables and impairment provision in the periods in which such estimate has been changed. The aggregate carrying amount of trade receivables as at 31 March 2013 amounted to HK$224,528,000 (2012: HK$270,531,000). The aggregate carrying amount of deposits and other receivables as at 31 March 2013 amounted to HK$44,131,000 (2012: HK$103,140,000).

Provision for inventories

The Group's management reviews the inventory ageing analysis periodically, and makes allowance on an annual basis for obsolete and slow-moving inventory items identified that are no longer suitable for use in production. The Group carries out an inventory review on a product-by-product basis at the end of each reporting period and makes allowance for obsolete and slow-moving items through management's estimation of the net realisable value for such obsolete and slow-moving items based primarily on the latest invoice prices and current market conditions. The aggregate carrying amount of the Group's inventories as at 31 March 2013 was HK$349,417,000 (2012: HK$296,278,000).

NOTES TO FINANCIAL STATEMENTS

31 March 2013

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

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 future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 March 2013 was HK$40,848,000 (2012: HK$48,795,000). Further details are given in note 16 to the financial statements. The carrying amount of goodwill included in investments in associates at 31 March 2012 was HK$44,918,000. Further details are given in note 20 to the financial statements.

Impairment of assets (other than goodwill)

In determining whether an asset is impaired or the event previously causing the impairment no longer exists, the Group has to exercise judgement in the area of asset impairment, particularly in assessing: (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 the 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.

Useful lives of other intangible assets

The Group amortises its intangible assets with a finite useful life on a straight-line basis over their estimated useful lives. The estimated useful lives reflect the management's estimate of the period that the Group intends to derive future economic benefits from the use of these intangible assets. The carrying amount of intangible assets at 31 March 2013 amounted to HK$23,141,000 (2012: HK$30,572,000).

NOTES TO FINANCIAL STATEMENTS

31 March 2013

4. OPERATING SEGMENT INFORMATION

As a result of a series of significant investment transactions entered into during the year, the Group has reassessed the operating performance which resulted in one new operating segment. Prior period comparative segment information has been restated accordingly. The comparative segment information on segment assets and liabilities has been restated to incorporate the changes in the presentation of operating segments disclosure in accordance with HKAS 1 "*Presentation of Financial Statements*".

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

(a) the semiconductor distribution segment engages in the sale and distribution of electronic components;

(b) the consumer electronic product segment engages in the design, development and sale of electronic products;

(c) the venture capital segment engages in the investments in listed/unlisted equity investments with an ultimate objective of capital gain on investee's equity listing or, in some circumstances, prior to listing. It also includes investments in real estates or managed funds; and

(d) the others segment mainly comprises the Group's trading of Light-emitting Diode ("LED") business.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that interest income, dividend income from listed investments, management fee income, rental income, other gains, share of profits and losses of associates and jointly-controlled entities, fair value gains/(losses) on equity investments at fair value through profit or loss, gain/(loss) on disposal of items of property, plant and equipment, gains on disposal of subsidiaries and associates, changes in fair value of investment properties, gains on bargain purchase of a subsidiary and a jointly-controlled entity, provision for amounts due from associates and amounts due from former subsidiaries, impairment of an associate and available-for-sale investments, write-off of other receivables, finance costs and unallocated expenses are excluded from such measurement.

NOTES TO FINANCIAL STATEMENTS

31 March 2013

4. *OPERATING SEGMENT INFORMATION (continued)*

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

	Semiconductor distribution	Consumer electronic product	Venture capital	Others	Elimination	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31 March 2013						
Segment revenue:						
Sales to external customers	2,230,141	230,357	–	3,517	–	2,464,015
Intersegment sales	70	3	–	–	(73)	–
Total	2,230,211	230,360	–	3,517	(73)	2,464,015
Segment results	(6,879)	(68,694)	29,417	(2,867)	–	(49,023)
Reconciliation:						
Bank interest income						243
Interest income from an associate						1,269
Dividend income from listed investments						2
Management fee income from associates						2,856
Management fee income from a related company						360
Rental income						1,120
Share of profits of jointly-controlled entities						42,518
Share of profits and losses of associates						(16,240)
Fair value gains on equity investments at fair value through profit or loss, net						239
Loss on disposal of items of property, plant and equipment						(250)
Gain on disposal of associates						62,160
Gain on disposal of a subsidiary						2
Impairment of available-for-sale investments						(6,623)
Write-off of other receivables						(4,777)
Provision for amounts due from associates						(2,663)
Provision for amounts due from former subsidiaries						(671)
Changes in fair value of investment properties						375
Unallocated expenses						(27,707)
Finance costs						(14,336)
Loss before tax						(11,146)

NOTES TO FINANCIAL STATEMENTS

31 March 2013

4. OPERATING SEGMENT INFORMATION (continued)

	Semiconductor distribution	Consumer electronic product	Venture capital	Others	Elimination	Total
	HK$'000	HK$'000	HK$'000 (Restated)	HK$'000	HK$'000	HK$'000 (Restated)
Year ended 31 March 2012						
Segment revenue:						
Sales to external customers	3,064,301	278,863	–	23,377	–	3,366,541
Intersegment sales	–	215	–	145	(360)	–
Total	3,064,301	279,078	–	23,522	(360)	3,366,541
Segment results	25,926	(1,543)	(749)	(8,706)	–	14,928
Reconciliation:						
Bank interest income						290
Interest income from an associate						148
Management fee income from associates						8,347
Management fee income from a related company						390
Management fee income from a jointly-controlled entity						15
Rental income						601
Changes in fair value of investment properties						5,245
Share of profits of jointly-controlled entities						1,913
Share of profits and losses of associates						(5,470)
Fair value losses on equity investments at fair value through profit or loss, net						(1,167)
Gain on disposal of items of property, plant and equipment						15,728
Gain on disposal of associates						1,317
Gain on disposal of subsidiaries						7
Gain on bargain purchase of:						
a subsidiary						19
a jointly-controlled entity						300
Provision for amounts due from associates						(279)
Impairment of an investment in an associate						(74)
Provision for an amount due from a former subsidiary						(506)
Unallocated expenses						(18,752)
Finance costs						(17,759)
Profit before tax						5,241

NOTES TO FINANCIAL STATEMENTS

31 March 2013

4. OPERATING SEGMENT INFORMATION (continued)

	Semiconductor distribution	Consumer electronic product	Venture capital	Others	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31 March 2013					
Segment assets	**938,893**	**117,909**	**383,787**	**16,140**	**1,456,729**
Reconciliation:					
Elimination of intersegment receivables					**(299,749)**
Investments in associates	**1,581**	**2,346**	**–**	**–**	**3,927**
Investments in jointly-controlled entities	**95,610**	**–**	**–**	**–**	**95,610**
Assets classified as held for sale	**–**	**–**	**66,000**	**–**	**66,000**
Corporate and other unallocated assets					**160,316**
Total assets					**1,482,833**
Segment liabilities	**231,578**	**193,155**	**135,546**	**24,875**	**585,154**
Reconciliation:					
Elimination of intersegment payables					**(299,749)**
Liabilities classified as held for sale	**–**	**–**	**21,270**	**–**	**21,270**
Corporate and other unallocated liabilities					**528,931**
Total liabilities					**835,606**
Year ended 31 March 2012					
Segment assets	851,803	180,254	270,989	21,293	1,324,339
Reconciliation:					
Elimination of intersegment receivables					(286,050)
Investments in associates	804	4,731	92,758	–	98,293
Investment in a jointly-controlled entity	53,199	–	–	–	53,199
Corporate and other unallocated assets					253,641
Total assets					1,443,422
Segment liabilities	189,437	183,356	94,614	27,337	494,744
Reconciliation:					
Elimination of intersegment payables					(286,050)
Corporate and other unallocated liabilities					600,036
Total liabilities					808,730

NOTES TO FINANCIAL STATEMENTS

31 March 2013

4. OPERATING SEGMENT INFORMATION (continued)

Other segment information:

	Semiconductor distribution	Consumer electronic product	Venture capital	Others	Total
	HK$'000	HK$'000	HK$'000 (Restated)	HK$'000	HK$'000 (Restated)
Year ended 31 March 2013					
Depreciation	**3,681**	**3,360**	**1,523**	**6**	**8,570**
Unallocated depreciation					**1,702**
Amortisation of other intangible assets	**4,798**	**3,023**	**–**	**–**	**7,821**
Provision for/(reversal of) impairment of inventories	**2,192**	**(940)**	**–**	**–**	**1,252**
Reversal of impairment of trade receivables	**(28)**	**–**	**–**	**–**	**(28)**
Impairment of trade receivables	**598**	**2,317**	**–**	**–**	**2,915**
Write-off of other receivables	**–**	**211**	**–**	**–**	**211**
Bad debt written off	**–**	**3**	**–**	**65**	**68**
Capital expenditure	**452**	**3,052**	**23,510**	**–**	**27,014**
Year ended 31 March 2012					
Depreciation	3,800	585	1,249	6	5,640
Unallocated depreciation					146
Amortisation of other intangible assets	4,330	2,991	–	–	7,321
Provision for/(reversal of) impairment of inventories	(2,650)	705	–	–	(1,945)
Reversal of provision for impairment of trade receivables	477	–	–	–	477
Bad debt written off	837	–	–	–	837
Capital expenditure	17,000	6,906	59,699	–	83,605
Unallocated capital expenditure					59,918

NOTES TO FINANCIAL STATEMENTS

31 March 2013

4. OPERATING SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from external customers

	2013	2012
	HK$'000	HK$'000
Hong Kong	**818,750**	1,665,083
Singapore	**1,383,636**	1,272,178
Korea	**148,710**	224,052
United States of America	**64,995**	143,774
Other countries	**47,924**	61,454
	2,464,015	3,366,541

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2013	2012
	HK$'000	HK$'000
Hong Kong	**283,517**	315,253
Mainland China	**54,808**	11,713
Singapore	**43,951**	47,355
Korea	**117,045**	118,916
	499,321	493,237

The non-current asset information above is based on the locations of the assets.

Information about major customers attributable to semiconductor distribution

	2013	2012
	HK$'000	HK$'000
Customer A	**481,926**	119,133
Customer B	**69,934**	254,147
	551,860	373,280

NOTES TO FINANCIAL STATEMENTS

31 March 2013

5. *REVENUE, OTHER INCOME AND GAINS*

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts, during the year.

An analysis of revenue, other income and gains is as follows:

	Group	
	2013	2012
	HK$'000	HK$'000
Revenue		
Semiconductor distribution	**2,230,141**	3,064,301
Consumer electronic product sales	**230,357**	278,863
Others	**3,517**	23,377
	2,464,015	3,366,541
Other income and gains		
Bank interest income	**243**	290
Interest income from debt securities	**1,485**	1,239
Interest income from an associate	**1,269**	148
Dividend income from listed investments	**817**	488
Gain on disposal of items of property, plant and equipment	**–**	15,728
Management fee income from associates	**2,856**	8,347
Management fee income from a jointly-controlled entity	**–**	15
Management fee income from a related company	**360**	390
Trademark licence income from an associate	**505**	505
Gain on bargain purchase on:		
Acquisition of subsidiaries *(note 37)*	**–**	19
Subscription of shares of a jointly-controlled entity	**–**	300
Rental income	**2,549**	1,703
Others	**3,311**	2,698
	13,395	31,870

NOTES TO FINANCIAL STATEMENTS

31 March 2013

6. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

		2013	2012
	Notes	**HK$'000**	HK$'000
Cost of inventories sold		**2,275,838**	3,101,123
Depreciation	*14*	**10,272**	5,786
Amortisation of other intangible assets***	*17*	**7,821**	7,321
Impairment/(reversal of impairment) of trade receivables, net**	*24*	**2,887**	(477)
Bad debts written off**		**68**	837
Impairment/(reversal of impairment) of slow moving inventories*		**1,252**	(1,945)
Impairment of available-for-sale investments**	*22*	**6,623**	–
Write-off of other receivables**		**4,777**	–
Impairment of goodwill**	*16*	**7,947**	–
Minimum lease payments under operating leases in respect of land and buildings		**3,916**	4,213
Auditors' remuneration		**3,195**	2,354
Staff costs (including directors' remuneration – *note 8*):			
Wages, salaries and other allowances		**84,570**	96,772
Equity-settled share option expense**	*35*	**2,415**	1,340
Pension scheme contributions		**3,251**	3,837
		90,236	101,949

NOTES TO FINANCIAL STATEMENTS

31 March 2013

6. PROFIT/(LOSS) BEFORE TAX (continued)

The Group's profit/(loss) before tax is arrived at after charging/(crediting): (continued)

	Note	2013 HK$'000	2012 HK$'000
Fair value losses/(gains), net:			
Equity investments at fair value through profit or loss		**60,055**	47,518
Convertible bonds		**(5,797)**	–
Foreign exchange differences, net**		**(10,713)**	(5,515)
Loss/(gain) on disposal of items of property, plant and equipment		**250**	(15,728)
Gain on disposal of subsidiaries	*38*	**(2)**	(29,612)
Gain on disposal of associates		**(150,285)**	(19,839)
Bank interest income		**(243)**	(290)
Interest income from an associate		**(1,269)**	(148)
Interest income from debt securities		**(1,485)**	(1,239)
Dividend income from listed investments		**(817)**	(488)
Impairment of investments in:			
A jointly-controlled entity**		**5,163**	1,040
Associates**		**–**	1,336
Provision for amounts due from associates**		**2,663**	279
Provision for amounts due from former subsidiaries**		**671**	506
Gain on derecognition of financial guarantee obligation**		**(5,163)**	(2,302)
Gain on disposal of an available-for-sale investment		**–**	(3,921)
Gross rental income		**(2,549)**	(1,703)
Less: direct expenses		**870**	175
Net rental income		**(1,679)**	(1,528)

* The balance is included in "Cost of sales" on the face of the consolidated income statement.

** These items are included in "Other expenses" on the face of the consolidated income statement.

*** The balance is included in "Administrative expenses" on the face of the consolidated income statement.

NOTES TO FINANCIAL STATEMENTS

31 March 2013

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Group	
	2013	2012
	HK$'000	HK$'000
Interest on bank loans wholly repayable within five years, including bank loans which contain a repayment on demand clause	**14,167**	17,333
Interest on mortgage loans not wholly repayable within five years	**111**	369
Interest on finance leases	**58**	57
	14,336	17,759

8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Group	
	2013	2012
	HK$'000	HK$'000
Fees	**300**	1,300
Other emoluments:		
Salaries, housing and other allowances, and benefits in kind	**14,441**	13,161
Equity-settled share option expense	**1,486**	1,340
Pension scheme contributions	**578**	502
	16,505	15,003
	16,805	16,303

NOTES TO FINANCIAL STATEMENTS

31 March 2013

8. DIRECTORS' REMUNERATION (continued)

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2013	2012
	HK$'000	HK$'000
Dr. Lui Ming Wah, SBS, JP	**100**	100
Mr. Charles Edward Chapman	**100**	100
Mr. Wong Ka Kit	**100**	1,100
	300	1,300

There were no other emoluments payable to the independent non-executive directors during the year (2012: Nil).

(b) Executive directors

	Salaries, housing and other allowances, and benefits in kind	**Equity-settled share option expense**	**Pension scheme contributions**	**Total remuneration**
	HK$'000	HK$'000	HK$'000	HK$'000
2013				
Executive directors:				
Dr. Hon. So Yuk Kwan	**6,562**	**93**	**272**	**6,927**
Mr. So Chi On	**5,827**	**929**	**291**	**7,047**
Mr. Ho Choi Yan Christopher	**2,052**	**464**	**15**	**2,531**
	14,441	**1,486**	**578**	**16,505**
2012				
Executive directors:				
Dr. Hon. So Yuk Kwan	6,272	100	236	6,608
Mr. So Chi On	5,076	998	254	6,328
Mr. Ho Choi Yan Christopher	1,813	242	12	2,067
	13,161	1,340	502	15,003

There was no other arrangement under which a director waived or agreed to waive any remuneration during the year (2012: Nil).

NOTES TO FINANCIAL STATEMENTS

31 March 2013

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three (2012: three) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining two (2012: two) non-director, highest paid employees for the year are as follows:

	Group	
	2013	2012
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**3,439**	4,180

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2013	2012
HK$1,000,001 to HK$1,500,000	**1**	1
HK$1,500,001 to HK$2,000,000	**1**	–
HK$2,000,001 to HK$3,000,000	**–**	1
	2	2

10. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2013	2012
	HK$'000	HK$'000
Group:		
Current – Hong Kong		
Charge for the year	**428**	10,869
Current – Elsewhere		
Charge for the year	**954**	812
Overprovision in prior years	**(7,388)**	(5,869)
Deferred *(note 33)*	**1,738**	(1,056)
Total tax charge/(credit) for the year	**(4,268)**	4,756

NOTES TO FINANCIAL STATEMENTS

31 March 2013

10. INCOME TAX (continued)

A reconciliation of the tax expense/(credit) applicable to profit/(loss) before tax at the statutory rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled to the tax expense/(credit) at the effective tax rate is as follows:

Group	2013	2012
	HK$'000	HK$'000
Profit/(loss) before tax	(11,146)	5,241
Tax at the statutory tax rate of 16.5% (2012: 16.5%)	(1,839)	865
Effect of different tax rates in other countries	1,342	(9,311)
Profits and losses attributable to jointly-controlled entities and associates	(4,420)	587
Overprovision in prior years	(7,388)	(5,869)
Income not subject to tax	(26,495)	(13,085)
Expenses not deductible for tax	16,345	11,016
Tax losses not recognised	19,692	22,690
Tax losses utilised from previous periods	(2,033)	(1,564)
Others	528	(573)
Tax charge/(credit) for the year	(4,268)	4,756

The share of tax attributable to associates and jointly-controlled entities amounting to HK$55,000 (2012: HK$789,000) and HK$8,812,000 (2012: HK$170,000), respectively, is included in "Share of profits and losses of associates and jointly-controlled entities" in the consolidated income statement.

11. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit attributable to owners of the Company for the year ended 31 March 2013 includes a loss of HK$13,504,000 (2012: profit of HK$41,888,000) which has been dealt with in the financial statements of the Company (note 36(b)).

12. DIVIDENDS

	2013	2012
	HK$'000	HK$'000
Interim – Nil (2012: HK1 cent) per ordinary share	–	6,083
Proposed final – HK1 cent (2012: Nil) per ordinary share	6,031	–
	6,031	6,083

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

NOTES TO FINANCIAL STATEMENTS

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13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 603,608,945 (2012: 612,032,485) in issue during the years.

The calculation of diluted earnings per share is based on the profit for the year attributable to ordinary equity holders of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	2013	2012
	HK$'000	HK$'000
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic and diluted earnings per share calculation	**9,237**	2,416

	Number of shares	
	2013	2012
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**603,608,945**	612,032,485
Effect of dilution – weighted average number of ordinary shares:		
Share options	**98,930**	1,690,948
	603,707,875	613,723,433

NOTES TO FINANCIAL STATEMENTS

31 March 2013

14. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold land and buildings (Hong Kong)#	Land and buildings (outside Hong Kong)#	Leasehold improvements	Furniture, fittings and office equipment	Plant, machinery and tools	Motor vehicles	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
31 March 2013							
At 31 March 2012 and at 1 April 2012:							
Cost	98,327	30,491	7,551	13,243	185	15,767	165,564
Accumulated depreciation	(6,726)	(4,132)	(6,416)	(6,860)	(185)	(10,208)	(34,527)
Net carrying amount	91,601	26,359	1,135	6,383	–	5,559	131,037
At 1 April 2012, net of accumulated depreciation	91,601	26,359	1,135	6,383	–	5,559	131,037
Additions	–	–	799	2,425	–	929	4,153
Disposals	–	(1,192)	–	(184)	–	(279)	(1,655)
Surplus on revaluation on transfer to investment properties	–	15,974	–	–	–	–	15,974
Transfer to investment properties *(note 15)*	–	(20,325)	–	–	–	–	(20,325)
Depreciation provided during the year	(2,584)	(954)	(474)	(3,795)	–	(2,465)	(10,272)
Exchange realignment	–	179	2	22	–	38	241
At 31 March 2013, net of accumulated depreciation	89,017	20,041	1,462	4,851	–	3,782	119,153
At 31 March 2013:							
Cost	98,327	24,419	8,346	15,624	185	16,423	163,324
Accumulated depreciation	(9,310)	(4,378)	(6,884)	(10,773)	(185)	(12,641)	(44,171)
Net carrying amount	89,017	20,041	1,462	4,851	–	3,782	119,153

NOTES TO FINANCIAL STATEMENTS

31 March 2013

14. *PROPERTY, PLANT AND EQUIPMENT (continued)*

Group

	Leasehold land and buildings (Hong Kong)#	Land and buildings (outside Hong Kong)#	Leasehold improvements	Furniture, fittings and office equipment	Plant, machinery and tools	Motor vehicles	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
31 March 2012							
At 1 April 2011:							
Cost	43,057	26,152	6,657	6,177	185	14,335	96,563
Accumulated depreciation	(6,390)	(3,309)	(6,231)	(4,947)	(111)	(7,851)	(28,839)
Net carrying amount	36,667	22,843	426	1,230	74	6,484	67,724
At 1 April 2011, net of accumulated depreciation	36,667	22,843	426	1,230	74	6,484	67,724
Acquisition of subsidiaries *(note 37)*	–	3,311	–	312	–	768	4,391
Additions	59,918	1,204	917	6,040	–	794	68,873
Disposals	(3,929)	–	(30)	(30)	–	–	(3,989)
Depreciation provided during the year	(1,055)	(823)	(192)	(1,196)	(74)	(2,446)	(5,786)
Exchange realignment	–	(176)	14	27	–	(41)	(176)
At 31 March 2012, net of accumulated depreciation	91,601	26,359	1,135	6,383	–	5,559	131,037
At 31 March 2012:							
Cost	98,327	30,491	7,551	13,243	185	15,767	165,564
Accumulated depreciation	(6,726)	(4,132)	(6,416)	(6,860)	(185)	(10,208)	(34,527)
Net carrying amount	91,601	26,359	1,135	6,383	–	5,559	131,037

As the land lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

NOTES TO FINANCIAL STATEMENTS

31 March 2013

14. PROPERTY, PLANT AND EQUIPMENT (continued)

Company

	Leasehold improvements
	HK$'000
31 March 2013	
At 31 March 2012 and at 1 April 2012:	
Cost	**30**
Accumulated depreciation	**(13)**
Net carrying amount	**17**
At 1 April 2012, net of accumulated depreciation	**17**
Depreciation provided during the year	**(6)**
At 31 March 2013, net of accumulated depreciation	**11**
At 31 March 2013:	
Cost	**30**
Accumulated depreciation	**(19)**
Net carrying amount	**11**
31 March 2012	
At 1 April 2011:	
Cost	30
Accumulated depreciation	(7)
Net carrying amount	23
At 1 April 2011, net of accumulated depreciation	23
Depreciation provided during the year	(6)
At 31 March 2012, net of accumulated depreciation	17
At 31 March 2012:	
Cost	30
Accumulated depreciation	(13)
Net carrying amount	17

NOTES TO FINANCIAL STATEMENTS

31 March 2013

14. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group's land and buildings at cost included above were held under the following lease terms:

	Hong Kong	Outside Hong Kong	Total
	HK$'000	HK$'000	HK$'000
31 March 2013			
Freehold	**–**	**12,842**	**12,842**
Medium term leases	**98,327**	**11,577**	**109,904**
	98,327	**24,419**	**122,746**
31 March 2012			
Freehold	–	12,630	12,630
Medium term leases	98,327	17,861	116,188
	98,327	30,491	128,818

The net carrying amount of the Group's property, plant and equipment held under finance leases included in the total amount of motor vehicles at 31 March 2013 was HK$1,230,000 (2012: HK$1,933,000).

At 31 March 2013, the Group's land and buildings with a carrying value of HK$89,017,000 (2012: HK$59,778,000) were pledged to secure the mortgage loans granted to the Group (note 30).

NOTES TO FINANCIAL STATEMENTS

31 March 2013

15. *INVESTMENT PROPERTIES*

	Group	
	2013	2012
	HK$'000	HK$'000
Carrying amount at beginning of year	**97,065**	25,606
Additions	**22,647**	58,438
Transfer from property, plant and equipment *(note 14)*	**20,325**	–
Changes in fair value of investment properties	**8,293**	13,017
Reclassified to non-current assets held for sale *(note 28)*	**(66,000)**	–
Exchange realignment	**430**	4
Carrying amount at end of year	**82,760**	97,065

The Group's investment properties are held under the following lease terms:

	Hong Kong	Outside Hong Kong	Total
	HK$'000	HK$'000	HK$'000
31 March 2013			
Medium term leases	**5,650**	**45,825**	**51,475**
Long term leases	**–**	**31,285**	**31,285**
	5,650	**77,110**	**82,760**
31 March 2012			
Medium term leases	62,000	–	62,000
Long term leases	4,210	30,855	35,065
	66,210	30,855	97,065

The Group's investment properties located in Hong Kong were revalued on 31 March 2013 by Centaline Surveyors Limited, an independent professionally qualified valuer, at HK$5,650,000 on an open market, existing use basis. The Group's investment properties located outside Hong Kong were revalued on 31 March 2013 by Realty International Associates Pte. Ltd. and Prudential Surveyors (Hong Kong) Limited, independent professionally qualified valuers, at HK$31,285,000 and HK$45,825,000, respectively, on an open market, existing use basis. The investment properties are leased to third parties under operating leases, further summary details of which are included in note 41(a) to the financial statements.

At 31 March 2013, the Group's investment properties with a carrying value of HK$31,285,000 (2012: HK$62,000,000) were pledged to secure the general banking facilities granted to the Group (note 30).

Further particulars of the Group's investment properties are included on page 150.

NOTES TO FINANCIAL STATEMENTS

31 March 2013

16. GOODWILL

	Group	
	2013	2012
	HK$'000	HK$'000
At beginning of year:		
Cost	**48,795**	37,729
Accumulated impairment	**–**	–
Net carrying amount	**48,795**	37,729
At beginning of year, net of accumulated impairment	**48,795**	37,729
Acquisition of subsidiaries *(note 37)*	**–**	11,066
Impairment *(note 6)*	**(7,947)**	–
At end of year, net of accumulated impairment	**40,848**	48,795
At end of year:		
Cost	**48,795**	48,795
Accumulated impairment	**(7,947)**	–
Net carrying amount	**40,848**	48,795

During the year, the Group recognised an impairment of goodwill of HK$7,947,000 (2012: Nil) for the semiconductor distribution segment because of the lost of major customers under a business restructuring carried out by the Group.

Goodwill acquired through business combinations has been allocated to the cash-generating units ("CGU") of semiconductor distribution business of HK$28,051,000 (2012: HK$28,051,000) and consumer electronic product business of HK$20,744,000 (2012: HK$20,744,000) for impairment testing.

Semiconductor distribution business

The recoverable amount of the CGU has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 12% (2012: 10%). The growth rate used to extrapolate the cash flows of the semiconductor distribution business until beyond the five-year period is 3% (2012: 3%). This growth rate is based on the relevant industry growth forecasts and average long-term growth rate for the relevant industry.

Consumer electronic product business

The recoverable amount of the CGU has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 12% (2012: 10%). The growth rate used to extrapolate the cash flows of the consumer electronic product business until beyond the five-year period is 3% (2012: 3%). This growth rate is based on the relevant industry growth forecasts and average long-term growth rate for the relevant industry.

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16. GOODWILL (continued)

Key assumptions

Key assumptions were used in the value in use calculation of the semiconductor distribution business and consumer electronics product business for 31 March 2013 and 31 March 2012. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted gross margins – The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year.

Discount rates – The discount rates used are before tax and reflect specific risks relating to the relevant units.

The values assigned to the key assumptions on budgeted gross margins and discount rates are consistent with external information sources.

17. OTHER INTANGIBLE ASSETS

Group

	Club memberships	Trademarks	Customer relationships	Total
	HK$'000	HK$'000	HK$'000	HK$'000
31 March 2013				
At 31 March 2012 and at 1 April 2012:				
Cost	4,880	550	38,051	43,481
Accumulated amortisation and impairment	(1,027)	(132)	(11,750)	(12,909)
Net carrying amount	3,853	418	26,301	30,572
Cost at 1 April 2012, net of accumulated amortisation and impairment	3,853	418	26,301	30,572
Additions	–	214	–	214
Amortisation provided during the year	(38)	(135)	(7,648)	(7,821)
Exchange realignment	15	–	161	176
At 31 March 2013	3,830	497	18,814	23,141
At 31 March 2013:				
Cost	4,903	764	38,241	43,908
Accumulated amortisation and impairment	(1,073)	(267)	(19,427)	(20,767)
Net carrying amount	3,830	497	18,814	23,141

NOTES TO FINANCIAL STATEMENTS

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17. OTHER INTANGIBLE ASSETS *(continued)*

Group

	Club memberships	Trademarks	Customer relationships	Total
	HK$'000	HK$'000	HK$'000	HK$'000
31 March 2012				
At 1 April 2011:				
Cost	4,499	59	27,710	32,268
Accumulated amortisation and impairment	(990)	(29)	(4,657)	(5,676)
Net carrying amount	3,509	30	23,053	26,592
Cost at 1 April 2011, net of accumulated amortisation and impairment	3,509	30	23,053	26,592
Acquisition of subsidiaries *(note 37)*	403	–	10,927	11,330
Additions	–	491	–	491
Amortisation provided during the year	(37)	(103)	(7,181)	(7,321)
Exchange realignment	(22)	–	(498)	(520)
At 31 March 2012	3,853	418	26,301	30,572
At 31 March 2012:				
Cost	4,880	550	38,051	43,481
Accumulated amortisation and impairment	(1,027)	(132)	(11,750)	(12,909)
Net carrying amount	3,853	418	26,301	30,572

NOTES TO FINANCIAL STATEMENTS

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18. INVESTMENTS IN SUBSIDIARIES

	Company	
	2013	2012
	HK$'000	HK$'000
Unlisted shares, at cost	**56,426**	55,016
Due from subsidiaries	**491,187**	501,468
Due to subsidiaries	**(48,182)**	(48,182)
	499,431	508,302
Impairment#	**(35,410)**	(35,410)
	464,021	472,892
Less: Current portion	**(4,094)**	–
Non-current portion	**459,927**	472,892

An impairment of approximately HK$35,410,000 (2012: HK$35,410,000) was recognised on an amount due from a subsidiary because the subsidiary has been making losses. There was no change in the impairment account during the current and prior years.

Except for the amounts due from subsidiaries of HK$4,094,000 (2012: Nil) which is unsecured, interest-free and repayable on demand, the remaining amounts due from and to subsidiaries included in the Company's statement of financial position are unsecured, interest-free and have no fixed terms of repayment. The carrying amounts of these amounts due from and to subsidiaries approximate to their fair values.

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18. INVESTMENTS IN SUBSIDIARIES (continued)

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation and operations	Nominal value of issued ordinary share/ registered and paid-up capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
AV Electronics Group Limited*	British Virgin Islands/ Hong Kong	US$40,000	100	–	Investment holding
AV Concept (China) Industrial Co., Limited	Hong Kong	HK$10,000	–	100	Investment holding
AV Concept Limited	Hong Kong	HK$2 HK$1,000,000@	– –	100 100	Trading of electronic components
AV Concept Singapore Pte. Ltd.	Singapore	SGD4,000,000	–	100	Trading of electronic components
AVC Technology (International) Limited	Hong Kong	HK$1	–	100	Procurement of electronic components
New Concept Capital Limited ("New Concept")#	British Virgin Islands/ Hong Kong	US$1	100	–	Investment holding
People & Semiconductor Co., Ltd. ("P&S")	Korea	KRW400,000,000	–	100	Trading of electronic components
Soul Electronics International Limited (formerly known as Signeo International Limited)	Hong Kong	HK$400,007	–	75	Trading of electronic components

* Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network

@ Represents deferred shares issued by AV Concept Limited

New Concept is a venture capital organisation

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for 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.

NOTES TO FINANCIAL STATEMENTS

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19. INVESTMENTS IN JOINTLY-CONTROLLED ENTITIES

	Group	
	2013	2012
	HK$'000	HK$'000
Share of net assets	**94,139**	32,844
Financial guarantee provided *(note 32)*	**1,410**	4,030
Due from a jointly-controlled entity	**61**	16,325
	95,610	53,199

The balance with a jointly-controlled entity is unsecured, interest-free and has no fixed terms of repayment. The carrying amount of the balance with the jointly-controlled entity approximates to its fair value.

Particulars of the principal jointly-controlled entity are as follows:

			Percentage of			
Name	**Nominal value of issued ordinary/registered share capital**	**Place of incorporation/ registration**	**Ownership interest**	**Voting power**	**Profit sharing**	**Principal activities**
AVP Electronics Limited*	80,000,000 (2012: 40,000,000) ordinary shares of HK$1 each	Hong Kong	75	50	75	Trading of electronic components

* Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network

The above table lists the jointly-controlled entity of the Group which, in the opinion of the directors, principally affected the results for the year and formed substantial portion of the net assets of the Group. To give details of other jointly-controlled entities would, in the opinion of the directors, results in particulars of excessive length.

On 29 November 2011, the Group acquired an additional 1% equity interest in AVP Electronics Limited, a former 49% owned associate of the Group, from a shareholder at a consideration of HK$500,000. Since then, it became a jointly-controlled entity of the Group.

On 23 February 2012, the Group acquired an additional 50% equity interest in FLEX Technology Limited ("FLEX"), a former 50% owned jointly-controlled entity, and it became a wholly-owned subsidiary of the Group thereafter. Further details of which are set out in note 37 to the financial statements.

The above jointly-controlled entity has a financial year end of 31 December. The consolidated financial statements are adjusted for the material transactions between 1 January and 31 March.

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19. INVESTMENTS IN JOINTLY-CONTROLLED ENTITIES (continued)

The following table illustrates the summarised financial information of the Group's jointly-controlled entities:

Share of the jointly-controlled entities's assets and liabilities:

	2013	2012
	HK$'000	HK$'000
Non-current assets	**2,204**	1,522
Current assets	**518,568**	292,775
Current liabilities	**(425,649)**	(261,447)
Non-current liabilities	**(7)**	(6)
Non-controlling interests	**(977)**	–
Net assets	**94,139**	32,844

Share of jointly-controlled entities' results:

	2013	2012
Revenue	**2,196,661**	315,636
Other income	**91,486**	11,930
	2,288,147	327,566
Total expenses	**(2,236,934)**	(325,483)
Tax	**(8,812)**	(170)
Non-controlling interests	**117**	–
Profit for the year	**42,518**	1,913

NOTES TO FINANCIAL STATEMENTS

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20. INVESTMENTS IN ASSOCIATES

	Group	
	2013	2012
	HK$'000	HK$'000
Share of net assets	**3,927**	38,125
Due from associates	**24,251**	26,982
Goodwill on acquisition	**–**	44,918
	28,178	110,025
Less: Current portion	**(24,251)**	–
Non-Current portion	**3,927**	110,025

The balances due from associates are unsecured, interest-free and have no fixed terms of repayment except for a balance of HK$8,547,000 as at 31 March 2012 which was unsecured, interest-bearing at 6% per annum and has no fixed terms of repayment. The carrying amounts of the balances due from associates approximate to their fair values. The Group also advanced HK$12,993,000 to Integrated Energy Limited (formerly known as Nitgen&Company Co., Ltd.) ("Nitgen") and its subsidiaries.

During the year, impairment loss of HK$2,663,000 (2012: HK$279,000) was recognised for amounts due from certain associates because these associates has been making losses.

NOTES TO FINANCIAL STATEMENTS

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20. INVESTMENTS IN ASSOCIATES (continued)

Particulars of the principal associates are as follows:

Name	Particulars of issued shares/ registered capital held	Place of incorporation/ registration	Percentage of ownership interest attributable to the Group 2013	2012	Principal activities
Signeo Lifestyle Limited (formerly known as Suwon Beauty Company Limited) ("Signeo Lifestyle")*/#	1,000,000 ordinary shares of HK$1 each	Hong Kong	**32**	100	Trading of personal beauty enrichment products
Me2on Co., Ltd.*	1,034,113 ordinary shares of KRW500 each	Korea	**23.04**	–	Software programming
Memoriki Limited*	400 ordinary shares of HK$1 each	Hong Kong	**23.04**	50	Software programming
Wavesquare Inc.*/^	8,248,647 (2012: 7,070,269) ordinary shares of KRW500 each	Korea	**–**	26.58	Manufacturing and selling of electronic products

* Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

On 25 April 2012, Signeo Lifestyle allotted 999,999 shares to the shareholders. The equity interest in Signeo Lifestyle was diluted from 100% to 32% (note 38).

^ On 11 March 2013, the Group disposed of 15.89% equity interests in Wavesquare Inc. and the remaining interests were classified as available-for-sale investments (note 22).

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

Except for the financial year end of Signeo Lifestyle which is coterminous with that of the Group, the above associates have a financial year end of 31 December. The consolidated financial statements are adjusted for the material transactions between 1 January and 31 March.

NOTES TO FINANCIAL STATEMENTS

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20. INVESTMENTS IN ASSOCIATES (continued)

The Group has discontinued the recognition of its share of losses of certain associates, namely Xocial Limited, Signeo Venture Limited and Nitgen Eco Tech Limited because the share of losses of associates exceeded the Group's interest in these associates. The amounts of the Group's unrecognised share of losses of these associates for the current year and cumulatively were HK$335,000 (2012: HK$55,000) and HK$446,000 (2012: HK$111,000), respectively.

The following table illustrates the summarised financial information of the Group's associates extracted from their management accounts:

	2013	2012
	HK$'000	HK$'000
Assets	**206,597**	310,754
Liabilities	**(34,461)**	(170,079)
Revenue	**81,199**	807,711
Loss	**(68,045)**	(31,328)

21. CONVERTIBLE BONDS

At 31 March 2013, the Group held two unlisted zero coupon convertible bonds with principal amounts of US$756,868 (equivalent to HK$5,881,000) (the "PrivateCo CB") and US$7,425,373 (equivalent to HK$57,695,000) (the "Nitgen CB"), respectively which were issued by a private company and Nitgen.

The PrivateCo CB is unlisted, non-interest-bearing and issued for maturity terms of 33 months from 1 June 2012 to 28 February 2015. The holder has the right to convert the PrivateCo CB into 91,821 common shares of the private company.

The Nitgen CB is unlisted, non-interest-bearing and issued for a maturity term of 36 months from 11 December 2012 to 11 December 2015. The holder has the right to convert the Nitgen CB into shares in Nitgen at any time on or after the first anniversary of the date of issue of the convertible bonds up to the close of business on the date of one business day prior to the maturity date of the Nitgen CB. The conversion price for conversion share is US$0.585793 per conversion share. Further details of the Nitgen CB are included in the Company's announcement on 5 September 2012 and the Company's circular dated 19 November 2012.

The fair value of liability component was calculated based on the present value of the contractually determined stream of future cash flows discounted at the required yield, which was determined with reference to the credit rating of the convertible bonds issuer and remaining time to maturity. The effective interest rates of the debt component of the convertible bonds are 11.532% to 18.3%.

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21. CONVERTIBLE BONDS (continued)

The binomial model is used for the valuation of conversion options of the Nitgen CB and the PrivateCo CB. The key inputs into the model for the conversion options of the Nitgen CB and PrivateCo CB as at 31 March 2013 are as follows:

	Nitgen CB	**PrivateCo CB**
Stock price	US$0.594629	US$5.23965
Expected volatility	43.136%	46%
Risk-free rate (KRW)	2.541%	N/A
Risk-free rate (US$)	0.351%	0.96%
Time to maturity (years)	2.71	1.92

The fair value of each of the liability components and conversion options of the Nitgen CB and PrivateCo CB at the end of the reporting period is determined by valuation performed by RHL Appraisal Limited and Prudential Surveyors (Hong Kong) Limited, respectively, firms of independent valuers not connected with the Group.

The Nitgen CB and the PrivateCo CB were designated as at fair value through profit or loss. The change in fair values of the Nitgen CB and PrivateCo CB is a gain of HK$5,797,000 which was recognised in the consolidated income statement during the year.

22. AVAILABLE-FOR-SALE INVESTMENTS

	Group	
	2013	2012
	HK$'000	HK$'000
Unlisted equity investments, at cost *(note a)*	**8,523**	10,650
Unlisted equity investments, at fair value *(note b)*	**46,679**	15,091
Key management insurance, at fair value *(note c)*	**12,653**	–
Impairment *(note a)*	**(8,523)**	(4,027)
	59,332	21,714
Portion classified as non-current	**(39,507)**	(6,623)
Current portion	**19,825**	15,091

The above investments consist of investments in unlisted equity investments which were designated as available-for-sale investments and have no fixed maturity date or coupon rate.

During the year, the gross gain in respect of the Group's available-for-sale investments recognised in other comprehensive income amounted to HK$1,847,000 (2012: Nil).

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22. *AVAILABLE-FOR-SALE INVESTMENTS (continued)*

Notes:

(a) As at 31 March 2013, certain unlisted equity investments with a carrying amount of HK$8,523,000 (2012: HK$10,650,000) were stated at cost less impairment because the range of reasonable fair value estimates is so significant that the directors are of the opinion that their fair value cannot be measured reliably. The Group does not intend to dispose of them in the near future.

At the end of the reporting period, a full provision for impairment of HK$8,523,000 (2012: HK$4,027,000) was made for available-for-sale investments with an original carrying value (before impairment) of HK$8,523,000 (2012: HK$4,027,000) because they had been making loss for years and have deficiency in assets at the end of the reporting period.

The movements in the impairment provision during the year are as follows:

	Group	
	2013	2012
	HK$'000	HK$'000
At beginning of year	**4,027**	4,027
Impairment losses recognised *(note 6)*	**6,623**	–
Write-off	**(2,127)**	–
At end of year	**8,523**	4,027

(b) As at 31 March 2013, certain unlisted equity investments with a carrying amount of HK$46,679,000 (2012: HK$15,091,000) were measured at fair value, including the investments in Wavesquare Inc. reclassified from investments in associates of HK$26,854,000. Subsequent to the end of the reporting period, the Group entered into a sales and purchase agreement to dispose of one of the unlisted equity investments with a carrying amount of HK$19,825,000. Further details are included in note 48 to the financial statements.

(c) As at 31 March 2013, the insurance contract represented a life insurance plan with investment elements relating to a key management personnel of the Group. The total sum insured is US$10,000,000 (approximately HK$77,700,000) with an annual minimum guaranteed return of 2%.

As at 31 March 2013, if the Group withdrew from the insurance contract, the account value, net of a surrender charge of US$264,190 (approximately HK$2,053,000), will be refunded to the Group. The amount of surrender charge decreases over time and is no longer required from the 19th year of contract conclusion onwards.

At 31 March 2013, the key management insurance contract classified as an available-for-sale investment was pledged as security for certain of the Group's interest-bearing bank borrowings (note 30).

NOTES TO FINANCIAL STATEMENTS

31 March 2013

23. INVENTORIES

	Group	
	2013	2012
	HK$'000	HK$'000
Finished goods	**349,417**	296,278

24. TRADE RECEIVABLES

	Group	
	2013	2012
	HK$'000	HK$'000
Trade receivables	**228,236**	271,346
Impairment	**(3,708)**	(815)
	224,528	270,531

The Group's trading terms with customers vary with the type of products supplied. Invoices are normally payable within 30 days of issuance, except for well-established customers, where the terms are extended to over 60 days. For customer-specific and highly specialised items, deposits in advance or letters of credit may be required prior to the acceptance and delivery of the products. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control policy to minimise credit risk. A credit committee consisting of senior management and the directors of the Group has been established to review and approve large customer credits. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over these balances. Trade receivables are non-interest-bearing. The carrying amounts of the trade receivables approximate to their fair values.

An aged analysis of the trade receivables as at the end of the reporting period, based on the payment due date, is as follows:

	Group	
	2013	2012
	HK$'000	HK$'000
Current	**153,208**	160,591
1 to 30 days	**44,049**	40,895
31 to 60 days	**12,793**	15,605
Over 60 days	**18,186**	54,255
	228,236	271,346

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24. TRADE RECEIVABLES (continued)

The movements in provision for impairment of trade receivables are as follows:

	Group	
	2013	2012
	HK$'000	HK$'000
At beginning of year	**815**	1,284
Acquisition of a subsidiary	**–**	375
Impairment losses recognised/(reversed) *(note 6)*	**2,887**	(477)
Amount written off as uncollectible	**–**	(347)
Exchange realignment	**6**	(20)
At end of year	**3,708**	815

The above provision is for individually impaired trade receivables which related to customers that were in financial difficulties and only a portion of the receivables is expected to be recovered.

The aged analysis of the trade receivables that are not considered to be impaired is as follows:

	Group	
	2013	2012
	HK$'000	HK$'000
Neither past due nor impaired	**153,013**	160,430
Less than 1 month past due	**43,340**	40,895
1 to 3 months past due	**12,360**	15,500
3 to 6 months past due	**15,815**	53,706
	224,528	270,531

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

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Group are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

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25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

		Group		Company	
		2013	2012	**2013**	2012
	Notes	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Prepayments		**5,176**	5,637	**50**	172
Deposits and other receivables		**38,955**	97,503	**–**	–
		44,131	103,140	**50**	172
Portion classified as non-current:					
Other receivables	*(a)*	**(20,758)**	–	**–**	–
Other deposits	*(b)*	**(361)**	(13,448)	**–**	–
Current portion		**23,012**	89,692	**50**	172

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default. The Group held credit enhancements over its other receivables with a carrying amount HK$31,200,000 as at 31 March 2012. The carrying amounts of deposits and other receivables approximate to their fair values.

Notes

(a) In the current year, other receivables classified as non-current represented certain loans to Wavesquare Inc., which is unsecured, interest-bearing at 6% per annum and repayable on 31 March 2015.

(b) In the prior year, other deposits under non-current assets mainly represented a deposit paid for acquisition of a property located in Mainland China. Such deposit was transferred to investment properties during the year.

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26. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2013	2012
	HK$'000	HK$'000
Investment in an associate *(Note)*	**117,621**	–
Managed funds, outside Hong Kong, at market value	**34,281**	45,822
Listed equity investments, at market value:		
Hong Kong	**12,203**	35,300
Elsewhere	**–**	4,728
Debt securities, at market value	**22,124**	25,279
	68,608	111,129
	186,229	111,129

The above equity investments with a carrying amount of HK$68,608,000 (2012: HK$111,129,000) at 31 March 2013 were classified as held for trading.

At 31 March 2013, equity investments amounting to HK$51,024,000 (2012: Nil) were pledged to secure certain of the Group's interest-bearing bank borrowings (note 30).

Note:

During the year, the Group (through a wholly-owned subsidiary, a venture capital organisation) acquired 35.94% equity interest in Nitgen, a limited liability company incorporated in Korea.

The investment in Nitgen is classified as an investment in an associate as the Group exercises significant influence over financial and operating policies of Nitgen. As this associate is held as part of venture capital organisation's investment portfolio, it is carried in the consolidated statement of financial position at fair value. This treatment is permitted by HKAS 28 "*Investment in Associates*" which requires investments held by venture capital organisations to be excluded from its scope where those investments are designated, upon initial recognition, as at fair value through profit and loss and accounted for in accordance with HKAS 39, with changes in fair value recognised in the consolidated income statement in the period of change.

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27. CASH AND CASH EQUIVALENTS

		Group		Company	
		2013	2012	**2013**	2012
	Note	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Cash and bank balances		**88,981**	166,467	**643**	2,139
Less: Pledged time deposits					
Pledged for interest–bearing borrowings	*30*	**(1,994)**	–	**–**	–
Cash and cash equivalents		**86,987**	166,467	**643**	2,139

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to approximately HK$6,303,000 (2012: HK$8,432,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

28. ASSETS/LIABILITIES HELD FOR SALE

On 22 February 2013, New Concept and an independent third party entered into a provisional sale and purchase agreement, and on 8 March 2013, entered into a formal sale and purchase agreement, pursuant to which New Concept agreed to dispose of certain investment properties with a carrying amount of HK$66,000,000 to the independent third party. Deposits of HK$56,800,000 were received as at the end of the reporting period (note 29). The transaction is expected to be completed in September 2013. Accordingly, these investment properties and the related interest-bearing bank borrowings of HK$21,270,000 have been presented as assets and liabilities held for sale.

At 31 March 2013, these investment properties were pledged to secure the liabilities held for sale.

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29. TRADE PAYABLES, DEPOSITS RECEIVED AND ACCRUED EXPENSES

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payables	**201,407**	167,145	**–**	–
Deposits received	**9,203**	7,829	**–**	–
Other deposits received *(note 28)*	**56,800**	–	**–**	–
Accrued expenses	**20,763**	35,964	**1,568**	1,844
	288,173	210,938	**1,568**	1,844

An aged analysis of the trade payables as at the end of the reporting period, based on the payment due date, is as follows:

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payables:				
Current	**166,054**	153,918	**–**	–
1 to 30 days	**32,924**	10,263	**–**	–
31 to 60 days	**574**	1,538	**–**	–
Over 60 days	**1,855**	1,426	**–**	–
	201,407	167,145	**–**	–

The trade payables are non-interest-bearing and are normally settled between 30 and 90 days. The carrying amounts of the trade payables approximate to their fair values.

NOTES TO FINANCIAL STATEMENTS

31 March 2013

30. INTEREST-BEARING BANK BORROWINGS

Group

	2013			2012		
	Effective interest rate	**Maturity**		Effective interest rate	Maturity	
			HK$'000			HK$'000
Current						
Import and trust receipt loans – unsecured	**1.77% to 7.14%**	**2014**	**364,153**	1.97% – 6.75%	2013	519,873
Bank loans – secured	**0.85% to Hong Kong Interbank Offered Rate ("HIBOR") +2.3%**	**2014**	**131,389**	HIBOR + 1.5% to HIBOR + 2.3%	2013	6,036
			495,542			525,909
Non-current						
Bank loans – secured	**1.68%**	**2014-2023**	**18,362**	HIBOR + 1.5% to HIBOR + 2.3%	2013 - 2023	44,771
Bank loan – unsecured			**–**	7.14%	2013	6,752
			18,362			51,523
			513,904			577,432

	Group	
	2013	2012
	HK$'000	HK$'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand *(Note)*	**495,542**	525,909
In the second year	**1,170**	12,788
In the third to fifth years, inclusive	**3,510**	18,108
Over five years	**13,682**	20,627
Total	**513,904**	577,432

NOTES TO FINANCIAL STATEMENTS

31 March 2013

30. INTEREST-BEARING BANK BORROWINGS (continued)

Note:

As further explained in note 47 to the financial statements, the Group's term loan in the amount of HK$23,671,000 containing an on-demand clause has been reclassified as a current liability. For the purpose of the above analysis, the loan is included within current interest-bearing bank borrowings and analysed into bank loans repayable within one year or on demand. Based on the maturity terms of the loan, the amounts repayable in respect of the loan are: within one year or on demand HK$3,996,000; in the second year HK$3,996,000; in the third to fifth years, inclusive HK$11,988,000; and beyond five years HK$3,691,000.

At the end of the reporting period, all the Group's bank borrowings bore interest at floating rates. The carrying amounts of the Group's floating rate borrowings approximate to their fair values.

At the end of the reporting period, certain of the Group's bank loans are secured by:

(i) mortgages over the Group's investment properties, which had an aggregate carrying value at the end of the reporting period of HK$31,285,000 (2012: HK$62,000,000) (note 15);

(ii) mortgages over the Group's land and buildings situated in Hong Kong, which had an aggregate carrying value at the end of the reporting period of HK$89,017,000 (2012: HK$59,778,000) (note 14);

(iii) pledge of certain of the Group's time deposits amounting to HK$1,994,000 (2012: Nil) (note 27);

(iv) pledge of the Group's equity investments at fair value through profit or loss amounting to HK$51,024,000 (2012: Nil) (note 26); and

(v) pledge of an available-for-sale financial investment amounting to HK$12,653,000 (2012: Nil) (note 22).

NOTES TO FINANCIAL STATEMENTS

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31. FINANCE LEASE PAYABLES

The Group leases certain of its motor vehicles for the Group's marketing and distribution business. These leases are classified as finance leases and have lease terms ranging from one to seven years.

At 31 March 2013, the total future minimum lease payments under finance leases and their present values are as follows:

Group

	Minimum lease payments 2013	Minimum lease payments 2012	**Present value of minimum lease payments 2013**	Present value of minimum lease payments 2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Amounts payable:				
Within one year	**488**	480	**429**	423
In the second year	**272**	480	**243**	423
In the third to fifth years, inclusive	**551**	663	**488**	588
After five years	**–**	148	**–**	131
Total minimum finance lease payments	**1,311**	1,771	**1,160**	1,565
Future finance charges	**(151)**	(206)		
Total net finance lease payables	**1,160**	1,565		
Portion classified as current liabilities	**(429)**	(423)		
Non-current portion	**731**	1,142		

As at 31 March 2013, the effective interest rates of the finance lease payables ranged from 4.3% to 5.3% (2012: ranged from 4.3% to 5.3%) per annum. The carrying amounts of the Group's finance lease payables approximate to their fair values.

NOTES TO FINANCIAL STATEMENTS

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32. FINANCIAL GUARANTEE OBLIGATION

During the year, the Company has provided financial guarantees to a jointly-controlled entity in relation to the bank lending facilities granted to a jointly-controlled entity, and the Company will make payments to reimburse the lenders upon failure of the guaranteed entity to make payments when due.

As at 31 March 2013, the carrying amount of the financial guarantee obligation of the Group amounted to HK$1,410,000 (2012: HK$4,030,000), based on the valuation from an independent professionally qualified valuer engaged by the Group, less cumulative amortisation. The method used in determining the fair value of these guarantees was by reference to the recovery rate and key financial ratio of the guaranteed entity.

33. DEFERRED TAX

The movements in deferred tax liabilities and asset during the year are as follows:

Deferred tax liabilities

Group

	Depreciation allowance in excess of depreciation	Revaluation of properties	Total
	HK$'000	HK$'000	HK$'000
At 1 April 2011	4,042	–	4,042
Acquisition of subsidiaries *(note 37)*	2,644	–	2,644
Deferred tax credited to the income statement during the year *(note 10)*	(1,379)	–	(1,379)
Exchange realignment	(120)	–	(120)
At 31 March 2012 and at 1 April 2012	**5,187**	**–**	**5,187**
Deferred tax credited to the income statement during the year *(note 10)*	**(1,355)**	**620**	**(735)**
Deferred tax charged to the asset revaluation reserve during the year	**–**	**3,993**	**3,993**
Exchange realignment	**38**	**–**	**38**
At 31 March 2013	**3,870**	**4,613**	**8,483**

Deferred tax asset

Group

	Recognition of tax losses	
	2013	2012
	HK$'000	HK$'000
At beginning of year	**2,473**	2,796
Deferred tax charged to the income statement during the year *(note 10)*	**(2,473)**	(323)
At end of year	**–**	2,473

NOTES TO FINANCIAL STATEMENTS

31 March 2013

33. DEFERRED TAX (continued)

Deferred tax asset (continued)

The Group has estimated tax losses arising in Hong Kong of HK$249,563,000 (2012: HK$128,467,000) that are available indefinitely for offsetting against future taxable profits of the companies in which losses arose. The Group also has unrecognised tax losses arising in elsewhere of HK$82,395,000 (2012: HK$88,767,000) that will expire during 2013 to 2032 for offsetting against future taxable profits. Deferred tax assets in respect of losses of approximately HK$331,958,000 (2012: HK$202,162,000) have not been recognised as they have arisen in subsidiaries that have been loss-making for some time and, in the opinion of the directors, it is not considered probable that sufficient future taxable profits will be available against which the tax losses can be utilised.

At 31 March 2013, there was no significant unrecognised deferred tax liability (2012: Nil) for taxes that would be payable on the unremitted earnings of certain of the Company's subsidiaries or associates.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

34. SHARE CAPITAL

Shares

	Company	
	2013	2012
	HK$'000	HK$'000
Authorised:		
800,000,000 ordinary shares of HK$0.10 each	**80,000**	80,000
Issued and fully paid:		
603,108,419 (2012: 604,192,419) ordinary shares of HK$0.10 each	**60,311**	60,419

During the year ended 31 March 2013, 1,084,000 (2012: 16,368,000) shares repurchased by the Company were cancelled. Accordingly, the issued share capital of the Company was reduced by the nominal value of these shares and the premium paid on these shares upon the repurchase was charged against the share premium account. An amount equivalent to the par value of the ordinary shares cancelled was transferred from the Company's retained earnings to the capital redemption reserve as set out in the consolidated statement of changes in equity.

The directors considered that, as the Company's shares are trading at a discount to the expected net asset value per share, the repurchase of shares would be beneficial to the Company.

NOTES TO FINANCIAL STATEMENTS

31 March 2013

34. SHARE CAPITAL (continued)

Shares (continued)

A summary of the transactions during the year with reference to the above movements in the Company's issued share capital is as follows:

	Number of ordinary shares in issue	Issued capital	Share premium account	Equity-settled share-based payments reserve	Total
		HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2011	620,560,419	62,056	383,227	2,660	447,943
Repurchase and cancellation of the Company's shares	(16,368,000)	(1,637)	(10,848)	–	(12,485)
Equity-settled share option arrangements	–	–	–	1,340	1,340
Share options lapsed	–	–	–	(2,372)	(2,372)
At 31 March 2012 and at 1 April 2012	**604,192,419**	**60,419**	**372,379**	**1,628**	**434,426**
Repurchase and cancellation of the Company's shares	**(1,084,000)**	**(108)**	**(417)**	**–**	**(525)**
Equity-settled share option arrangements	**–**	**–**	**–**	**2,415**	**2,415**
Share options lapsed	**–**	**–**	**–**	**(1,628)**	**(1,628)**
At 31 March 2013	**603,108,419**	**60,311**	**371,962**	**2,415**	**434,688**

Share options

Details of the Company's share option scheme and the share options issued under the scheme are included in note 35 to the financial statements.

NOTES TO FINANCIAL STATEMENTS

31 March 2013

35. SHARE OPTION SCHEME

The share option scheme adopted on 13 May 2002 (the "2002 Scheme") expired on 12 May 2012. On 3 August 2012, the Company adopted a new share option scheme (the "2012 Scheme").

2002 Scheme

The Company operated the 2002 Scheme for the purpose of providing incentives and rewards to eligible participants who contributed to the success of the Group's operations. Eligible participants of the 2002 Scheme included the Company's directors, including the independent non-executive directors, other employees of the Group, suppliers of goods or services to the Group, customers of the Group and any non-controlling interests in the Company's subsidiaries. The 2002 Scheme became effective on 13 May 2002 and, unless otherwise cancelled or amended, would remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the 2002 Scheme was an amount equivalent, upon their exercise, to 30% of the ordinary shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the 2002 Scheme within any 12-month period was limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit was subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, were subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK$5 million, within any 12-month period, were subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options might be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commenced after a certain vesting period and ended on a date which was not later than the expiry date of the 2002 Scheme.

The exercise price of share options was determinable by the directors, but might not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; and (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer.

Share options did not confer rights on the holders to dividends or to vote at shareholders' meetings.

NOTES TO FINANCIAL STATEMENTS

31 March 2013

35. SHARE OPTION SCHEME (continued)

2002 Scheme (continued)

The following share options were outstanding under the 2002 Scheme during the year:

Name or category of participant	Number of share options: At 1 April 2012	Granted during the year	Lapsed during the year	Exercised during the year	Cancelled during the year	Expired during the year	At 31 March 2013	Date of grant of share options	Exercise period of share options	Exercise price of share options	The Company's share price at grant date of share options
								(Note 1)	(both dates inclusive)	HK$ per share *(Note 2)*	HK$ per share *(Note 3)*
Directors											
So Yuk Kwan	620,000	–	(620,000)	–	–	–	–	15 July 2011	15 July 2011 to 12 May 2012	1.28	1.28
So Chi On	3,500,000	–	(3,500,000)	–	–	–	–	18 July 2007	19 July 2007 to 12 May 2012	0.50	0.50
So Chi On	6,200,000	–	(6,200,000)	–	–	–	–	15 July 2011	15 July 2011 to 12 May 2012	1.28	1.28
Ho Choi Yan Christopher	1,500,000	–	(1,500,000)	–	–	–	–	15 July 2011	15 July 2011 to 12 May 2012	1.28	1.28
Total	11,820,000	–	(11,820,000)	–	–	–	–				

Notes:

1. The vesting period of the share options is from the date of grant until the commencement of the exercise period.

2. The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

3. The price of the Company's shares disclosed as at the date of grant of the share options is the Stock Exchange closing price on the date of grant of the options.

35. SHARE OPTION SCHEME (continued)

2012 Scheme

The Company operates the 2012 Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the 2012 Scheme include the Company's directors, including the independent non-executive directors, other employees of the Group, suppliers of goods or services to the Group, customers of the Group, any person or entity that provides research, development or technological support to the Group, any non-controlling interests in the Company's subsidiaries, any advisor or consultant to any area of business or business development to the Group and any other group or class of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangements to the Group. The 2012 Scheme became effective on 3 August 2012 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the 2012 Scheme is an amount equivalent, upon their exercise, to 30% of the ordinary shares of the Company in issue at any time. The total number of ordinary shares which may be issued upon exercise of all share options to be granted under the 2012 Scheme (excluding any which have lapsed) and any other schemes of the Company must not, in aggregate, exceed 10% of the ordinary shares of the Company in issue as at the date of the adoption of the 2012 Scheme. The maximum number of shares issuable under share options to each eligible participant in the 2012 Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than the expiry date of the 2012 Scheme.

The exercise price of share options is determinable by the directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; and (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

NOTES TO FINANCIAL STATEMENTS

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35. SHARE OPTION SCHEME (continued)

2012 Scheme (continued)

The following share options were outstanding under the 2012 Scheme during the year:

	Number of share options										
Name or category of participant	At 1 April 2012	Granted during the year	Lapsed during the year	Exercised during the year	Cancelled during the year	Expired during the year	At 31 March 2013	Date of grant of share options	Exercise period of share options	Exercise price of share options	The Company's share price at grant date of share options
								(Note 1)	(both dates inclusive)	HK$ per share *(Note 2)*	HK$ per share *(Note 3)*
Directors											
So Yuk Kwan	–	600,000	–	–	–	–	600,000	13 March 2013	13 March 2013 to 12 March 2018	0.435	0.415
So Chi On	–	6,000,000	–	–	–	–	6,000,000	13 March 2013	13 March 2013 to 12 March 2018	0.435	0.415
Ho Choi Yan Christopher	–	3,000,000	–	–	–	–	3,000,000	13 March 2013	13 March 2013 to 12 March 2018	0.435	0.415
Sub-total	–	9,600,000	–	–	–	–	9,600,000				
Employees											
In aggregate	–	6,000,000	–	–	–	–	6,000,000	13 March 2013	13 March 2013 to 12 March 2018	0.435	0.415
Total	–	15,600,000	–	–	–	–	15,600,000				

Notes:

1. The vesting period of the share options is from the date of grant until the commencement of the exercise period.

2. The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

3. The price of the Company's shares disclosed as at the date of grant of the share options is the Stock Exchange closing price on the date of grant of the options.

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35. SHARE OPTION SCHEME (continued)

	2013 Weighted average exercise price	2013 Number of options	2012 Weighted average exercise price	2012 Number of options
	HK$ per share	’000	HK$ per share	’000
At beginning of year	**1.050**	**11,820**	0.870	12,820
Granted during the year	**0.435**	**15,600**	1.280	8,320
Lapsed during the year	**1.050**	**(11,820)**	1.010	(9,320)
At end of year	**0.435**	**15,600**	1.050	11,820

The exercise price and exercise period of the share options outstanding as at the end of the reporting period are as follows:

	Number of options	Exercise price*	Exercise period
	’000	HK$ per share	
2013			
	15,600	**0.435**	**13 March 2013 to 12 March 2018**
2012			
	3,500	0.500	19 July 2007 to 12 May 2012
	8,320	1.280	15 July 2011 to 12 May 2012
	11,820		

* The exercise price of the share options is subject to adjustment in case of rights or bonus issues, or other similar changes in the Company’s share capital.

The fair value of the share options granted during the year was HK$2,415,000 (2012: HK$1,340,000) and the whole amount was recognised as other expenses in the consolidated income statement during the year ended 31 March 2013.

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35. SHARE OPTION SCHEME (continued)

The fair values of equity-settled share options granted were estimated as at the dates of grant of 13 March 2013, 15 July 2011 and 18 July 2007 using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	13 March 2013	15 July 2011	18 July 2007
Dividend yield (%)	1.032	5.470	–
Expected volatility (%)	56.939	46.050	0.620
Risk-free interest rate (%)	0.229	0.170	3.890
Expected life of options (year)	2.500	0.830	4.820
Weighted average share price (HK$ per share)	0.435	1.280	0.500

The expected life of the options is based on the historical data over the past three years and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

At the end of the reporting period, the Company had 15,600,000 share options outstanding under the 2012 Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 15,600,000 additional ordinary shares of the Company and additional share capital of HK$1,560,000 and share premium of HK$5,226,000 (before issue expenses).

At the date of approval of these financial statements, the Company had 15,600,000 share options outstanding under the 2012 Scheme, which represented approximately 2.59% of the Company's shares in issue as at that date.

36. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 42 to 43 of the financial statements.

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31 March 2013

36. RESERVES (continued)

(b) Company

	Notes	Share premium account	Equity-settled share-based payment expenses reserve	Capital redemption reserve	Retained profits/ (accumulated losses)	Total
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2011		383,227	2,660	14,397	(13,639)	386,645
Total comprehensive income for the year	11	–	–	–	41,888	41,888
Repurchase and cancellation of the Company's shares		(10,848)	–	1,637	(1,637)	(10,848)
Equity-settled share option arrangements		–	1,340	–	–	1,340
Share options lapsed		–	(2,372)	–	2,372	–
Interim 2011 dividend	12	–	–	–	(6,083)	(6,083)
At 31 March 2012 and at 1 April 2012		**372,379**	**1,628**	**16,034**	**22,901**	**412,942**
Total comprehensive loss for the year	**11**	**–**	**–**	**–**	**(13,504)**	**(13,504)**
Repurchase and cancellation of the Company's shares		**(417)**	**–**	**108**	**(108)**	**(417)**
Equity-settled share option arrangements		**–**	**2,415**	**–**	**–**	**2,415**
Share options lapsed		**–**	**(1,628)**	**–**	**1,628**	**–**
Proposed final dividend	**12**	**–**	**–**	**–**	**(6,031)**	**(6,031)**
At 31 March 2013		**371,962**	**2,415**	**16,142**	**4,886**	**395,405**

In accordance with the Companies Law (2004 Revision) of the Cayman Islands, the Company's share premium account is distributable in certain circumstances.

37. ACQUISITION OF SUBSIDIARIES

On 31 May 2011, the Group acquired all the equity interests in Bestore Limited ("Bestore") at a cash consideration of HK$811,000. The principal activity of Bestore is investment holding.

On 3 June 2011, the Group acquired an additional 50% equity interest in a former associate, Signeo Venture Partners Limited (formerly known as Darwin Investment Strategies Limited) ("SVP"), at a cash consideration of HK$1, and SVP has become a wholly-owned subsidiary of the Group. The principal activity of SVP is investment holding.

On 8 July 2011, the Group acquired all the equity interests in P&S at a cash consideration of KRW6,209,700,000 (equivalent to HK$45,444,000). The principal activity of P&S is the trading of electronic components.

On 23 February 2012, the Group acquired an additional 50% equity interest in a former jointly-controlled entity, FLEX Technology Limited ("FLEX"), at a cash consideration of HK$1, and FLEX has become a wholly-owned subsidiary of the Group. FLEX was dormant during the year.

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37. ACQUISITION OF SUBSIDIARIES (continued)

The fair values of the identifiable assets and liabilities as at the date of acquisition are as follows:

	Notes	Bestore	P&S	SVP and FLEX	Fair value recognised on acquisition
		HK$'000	HK$'000	HK$'000	HK$'000
Property, plant and equipment	14	–	4,391	–	4,391
Intangible assets	17	–	403	–	403
Intangible assets in relation to customer relationships	17	–	10,927	–	10,927
Other deposits		–	249	–	249
Equity investments at fair value through profit or loss		24,294	–	–	24,294
Inventories		–	39,342	–	39,342
Trade and other receivables		–	42,634	–	42,634
Loan to an ex-shareholder		–	–	15,964	15,964
Amount due from a shareholder		–	–	15,964	15,964
Cash and bank balances		11	3,302	63	3,376
Trade and other payables		(23,494)	(37,911)	–	(61,405)
Amounts due to a shareholder and fellow subsidiaries of the shareholder		–	–	(1,393)	(1,393)
Interest-bearing bank borrowings		–	(24,362)	–	(24,362)
Tax payables		–	(1,270)	–	(1,270)
Deferred tax liabilities	33	–	(2,644)	–	(2,644)
Total identifiable net assets at fair value		811	35,061	30,598	66,470
Waiver of a loan to an ex-shareholder		–	–	(15,964)	(15,964)
Gain on bargain purchase recognised in other income and gains in the consolidated income statement	5	–	–	(19)	(19)
Goodwill on acquisition	16	–	10,383	683	11,066
		811	45,444	15,298	61,553
Fair value of equity interest previously held as:					
Investments in associates		–	–	684	684
Investment in a jointly-controlled entity		–	–	(15,982)	(15,982)
Satisfied by cash		811	45,444	–	46,255

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31 March 2013

37. ACQUISITION OF SUBSIDIARIES (continued)

The fair values of trade and other receivables as at the date of acquisition amounted to HK$42,634,000. The gross contractual amount of trade and other receivables was HK$43,009,000, of which HK$375,000 was expected to be uncollectible.

An analysis of the cash flows in respect of the acquisition of subsidiaries is as follows:

	2012
	HK$'000
Cash consideration	(46,255)
Cash and bank balances acquired	3,376
Net outflow of cash and cash equivalents included in cash flows from investing activities	(42,879)

Since the acquisitions, the acquired subsidiaries contributed HK$140,036,000 to the Group's turnover and HK$1,435,000 to the consolidated profit for the year ended 31 March 2012.

Had the combination taken place at the beginning of the year, the revenue of the Group and the profit of the Group for the year ended 31 March 2012 would have been HK$3,429,757,000 and HK$2,558,000, respectively.

The Group incurred transaction costs of HK$1,332,000 for these acquisitions. These transaction costs have been expensed and are included in administrative expenses in the consolidated income statement. Gain on bargain purchase of HK$19,000 during last year was recognised in the income statement because the acquisition of FLEX was a bargain purchase.

38. DISPOSAL OF SUBSIDIARIES

During the year, on 25 April 2012, Signeo Lifestyle allotted 999,999 shares to its shareholders and the Group's equity interest in Signeo Lifestyle was diluted from 100% to 32% since then. As a result, the Group's investment in Signeo Lifestyle was reclassified from a subsidiary to an associate.

During the year ended 31 March 2012, the following disposal occurred as follows:

(i) Pursuant to the approval of the share transfer agreement dated 31 May 2011, the Group disposed of all equity interests in Dragon Favour Technology Limited at a cash consideration of RMB40,800,000 (equivalent to approximately HK$49,337,000).

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31 March 2013

38. DISPOSAL OF SUBSIDIARIES (continued)

(ii) On 19 January 2012, the Group disposed of all equity interests in Megatech Technology Limited to a jointly-controlled entity at a cash consideration of HK$288,000.

(iii) On 2 February 2012, the Group disposed of 68.75% equity interests in Signeo Venture Limited (formerly known as Memoriki Venture Limited) at a cash consideration of HK$7,000.

(iv) On 21 February 2012, the Group disposed of all equity interests in Bestore at a cash consideration of HK$1,008,000.

		2013	2012
	Note	**HK$'000**	HK$'000
Net assets disposed of:			
Investments in associates		**–**	33,872
Amount due from an associate		**–**	1,244
Available-for-sale investments		**–**	4,000
Equity investments at fair value through profit or loss		**–**	25,489
Trade and other receivables		**39**	9,478
Cash and bank balances		**–**	3,163
Trade payables		**–**	(6,322)
Amounts due to fellow subsidiaries		**(42)**	(6,911)
Amount due to an associate		**–**	(500)
Other payables		**–**	(27,394)
Sale loan		**–**	(31,466)
		(3)	4,653
Fair value of investments retained upon disposal and reclassified to:			
Available-for-sale investments		**–**	(15,091)
Investments in associates		**1**	–
Sale loan		**–**	31,466
Gain on disposal of subsidiaries	*6*	**2**	29,612
Consideration		**–**	50,640
Satisfied by:			
Cash		**–**	50,640

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38. DISPOSAL OF SUBSIDIARIES (continued)

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	2013	2012
	HK$'000	HK$'000
Cash consideration	**–**	50,640
Cash and bank balances disposed of	**–**	(3,163)
Net inflow of cash and cash equivalents in respect of disposal of subsidiaries	**–**	47,477

39. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Major non-cash transactions

In the current year, the decrease in an investment in a jointly-controlled entity amounted to HK$2,620,000 (2012: HK$4,030,000) was attributable to the recognition of financial guarantee obligation of HK$2,543,000 (2012: HK$5,070,000) and the derecognition of financial guarantee obligation of HK$5,163,000 (2012: HK$1,040,000) at the end of the reporting period.

In the current year, the Group's investments in associates of HK$26,854,000 (2012: HK$15,091,000) were transferred to available-for-sale investments.

In the current year, a deposit paid for investment properties of HK$10,920,000 was transferred to investment properties.

In the prior year, the decrease in investment in associates amounted to HK$1,262,000 was attributable to the derecognition of financial guarantee obligation of HK$1,262,000 at the end of the reporting period.

NOTES TO FINANCIAL STATEMENTS

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40. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Guarantees given in respect of facilities granted to:				
– subsidiaries	**–**	–	**1,525,570**	1,900,135
– a jointly-controlled entity	**454,650**	424,650	**454,650**	424,650
	454,650	424,650	**1,980,220**	2,324,785

As at 31 March 2013, the bank lending facilities granted to the subsidiaries subject to guarantees given to the banks by the Company were utilised to the extent of approximately HK$508,602,000 (2012: HK$543,043,000).

As at 31 March 2013, the bank lending facilities granted to a jointly-controlled entity subject to cross-guarantees given to the banks by the Company were utilised to the extent of approximately HK$534,962,000 (2012: HK$325,723,000). For the financial guarantees provided to a jointly-controlled entity in relation to the bank lending facilities granted, the Group has recognised the fair value of the financial guarantee obligation of the Group amounting to HK$1,410,000 (2012: HK$4,030,000) as a liability as at 31 March 2013 which was disclosed in note 32 to the financial statements.

41. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases certain of its investment properties (note 15 to the financial statements) under operating lease arrangements, with leases negotiated for terms ranging from one to two years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At 31 March 2013, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	Group	
	2013	2012
	HK$'000	HK$'000
Within one year	**1,659**	2,791
In the second to fifth years, inclusive	**1,960**	1,211
	3,619	4,002

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41. OPERATING LEASE ARRANGEMENTS (continued)

(b) As lessee

The Group leases certain of its staff quarters and motor vehicles under operating lease arrangements. Leases for properties and motor vehicles are negotiated for terms ranging from one to eight years.

At 31 March 2013, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	2013	2012
	HK$'000	HK$'000
Within one year	**1,974**	2,033
In the second to fifth years, inclusive	**3,613**	1,231
After five years	**2,815**	–
	8,402	3,264

At 31 March 2013, the Company had no operating lease arrangements (2012: Nil).

42. COMMITMENTS

In addition to the operating lease commitments detailed in note 41 above, the Group and the Company had the following capital commitments at the end of the reporting period:

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Capital commitments in respect of acquisition of properties:				
Contracted but not provided for	**–**	10,973	**–**	–
Capital commitments in respect of capital contribution payable to a jointly-controlled entity:				
Contracted but not provided for	**–**	30,000	**–**	–
	–	40,973	**–**	–

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43. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

		Group	
		2013	2012
	Notes	**HK$'000**	HK$'000
Associates:			
Sales of products	*(i)*	**7,316**	8,159
Purchases of products	*(i)*	**1,243**	124
Management fee income	*(ii)*	**2,856**	8,347
Management fee expenses	*(ii)*	**–**	129
Rental income	*(iv)*	**1,481**	757
Interest income	*(v)*	**1,269**	148
Trademark licence income	*(vi)*	**505**	505
Promotional expenses	*(ix)*	**–**	341
Proceeds from disposal of associates	*(vii)*	**146,573**	–
Jointly-controlled entities:			
Sales of products	*(i)*	**214**	159,798
Purchases of products	*(i)*	**10**	182
Management fee income	*(ii)*	**–**	15
Handling charges	*(iii)*	**915**	693
Proceeds from disposal of a subsidiary	*(vii)*	**–**	288
Proceeds from disposal of items of property, plant and equipment	*(viii)*	**–**	45
Related companies:			
Management fee income	*(ii)*	**360**	390
Sales of products	*(i)*	**2,989**	–
Purchases of products	*(i)*	**59**	–

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43. *RELATED PARTY TRANSACTIONS (continued)*

(a) (continued)

Notes:

(i) The sales and purchases were made according to the cost of products.

(ii) The management fee income and expenses were charged with reference to the actual staff costs incurred.

(iii) The handling charges arose from the purchase of products for jointly-controlled entities arranged by subsidiaries, which in return received a handling income at an amount mutually agreed between the parties.

(iv) Rental income was charged in accordance with the respective tenancy agreements.

(v) Interest income was charged at 6% (2012: 6%) on the amount due from an associate.

(vi) The trademark licence income from an associate was made with reference to the actual cost incurred.

(vii) The consideration was mutually agreed in accordance with the terms of the sales and purchase agreement.

(viii) The consideration was determined according to mutually agreed prices between the parties.

(ix) The promotion expenses were charged with reference to the price mutually agreed.

(b) Compensation of key management personnel of the Group

The Group's key management personnel are the executive directors of the Company, further details of their compensation are included in note 8(b) to the financial statements.

NOTES TO FINANCIAL STATEMENTS

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44. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2013

Financial assets

		Group				
			Financial assets at fair value through profit or loss			
		Loans and receivables	Designated as such upon initial recognition	Held for trading	Available-for-sale financial assets	Total
	Notes	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Due from a jointly-controlled entity	*19*	61	–	–	–	61
Due from associates	*20*	24,251	–	–	–	24,251
Convertible bonds	*21*	–	71,262	–	–	71,262
Available-for-sale investments	*22*	–	–	–	59,332	59,332
Trade receivables	*24*	224,528	–	–	–	224,528
Financial assets included in prepayments, deposits and other receivables	*25*	38,955	–	–	–	38,955
Equity investments at fair value through profit or loss	*26*	–	117,621	68,608	–	186,229
Cash and bank balances	*27*	88,981	–	–	–	88,981
		376,776	188,883	68,608	59,332	693,599

2013

Financial liabilities

		Group Financial liabilities at amortised cost
	Notes	HK$'000
Liabilities classified as held for sale	*28*	21,270
Trade payables	*29*	201,407
Interest-bearing bank borrowings	*30*	513,904
Finance lease payables	*31*	1,160
Financial guarantee obligation	*32*	1,410
		739,151

NOTES TO FINANCIAL STATEMENTS

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44. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

2012

Financial assets

		Group			
		Loans and receivables	Financial assets at fair value through profit or loss	Available-for-sale financial assets	Total
	Notes	HK$'000	HK$'000	HK$'000	HK$'000
Due from a jointly-controlled entity	*19*	16,325	–	–	16,325
Due from associates	*20*	26,982	–	–	26,982
Available-for-sale investments	*22*	–	–	21,714	21,714
Trade receivables	*24*	270,531	–	–	270,531
Financial assets included in prepayments, deposits and other receivables	*25*	97,503	–	–	97,503
Equity investments at fair value through profit or loss	*26*	–	111,129	–	111,129
Cash and bank balances	*27*	166,467	–	–	166,467
		577,808	111,129	21,714	710,651

2012

Financial liabilities

		Group
		Financial liabilities at amortised cost
	Notes	HK$'000
Trade payables	*29*	167,145
Interest-bearing bank borrowings	*30*	577,432
Finance lease payables	*31*	1,565
Financial guarantee obligation	*32*	4,030
		750,172

NOTES TO FINANCIAL STATEMENTS

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44. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: *(continued)*

Financial assets

		Company	
		Loans and receivables	
		2013	2012
	Notes	**HK$'000**	HK$'000
Due from subsidiaries	*18*	**491,187**	501,468
Cash and bank balances	*27*	**643**	2,139
		491,830	503,607

Financial liability

		Financial liability at amortised cost	
		2013	2012
	Note	**HK$'000**	HK$'000
Due to subsidiaries	*18*	**48,182**	48,182

45. TRANSFER OF FINANCIAL ASSETS

At 31 March 2013, the Group entered into trade receivables factoring arrangements (the "Arrangements") and transferred certain trade receivables to banks with a carrying amount of HK$8,399,000. In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Arrangements, and accordingly, it continued to recognise the full carrying amounts under the Arrangements and the associated interest-bearing bank borrowings with a carrying amount of HK$7,728,000 as collateralised bank advance.

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46. FAIR VALUE AND FAIR VALUE HIERARCHY

The carrying amounts and fair values of the Group's and the Company's financial instruments are as follows:

Group

	Carrying amounts		Fair values	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial assets				
Due from a jointly-controlled entity	**61**	16,325	**61**	16,325
Due from associates	**24,251**	26,982	**24,251**	26,982
Convertible bonds	**71,262**	–	**71,262**	–
Available-for-sale investments	**59,332**	21,714	**59,332**	21,714
Trade receivables	**224,528**	270,531	**224,528**	270,531
Financial assets included in prepayments, deposits and other receivables	**38,955**	97,503	**38,955**	97,503
Equity investments at fair value through profit or loss	**186,229**	111,129	**186,229**	111,129
Cash and bank balances	**88,981**	166,467	**88,981**	166,467
	693,599	710,651	**693,599**	710,651
Financial liabilities				
Liabilities classified as held for sale	**21,270**	–	**21,270**	–
Trade payables	**201,407**	167,145	**201,407**	167,145
Interest-bearing bank borrowings	**513,904**	577,432	**513,904**	577,432
Finance lease payables	**1,160**	1,565	**1,160**	1,565
Financial guarantee obligation	**1,410**	4,030	**1,410**	4,030
	739,151	750,172	**739,151**	750,172

NOTES TO FINANCIAL STATEMENTS

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46. FAIR VALUE AND FAIR VALUE HIERARCHY (continued)

Company

	Carrying amounts		Fair values	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial assets				
Due from subsidiaries	**491,187**	501,468	**491,187**	501,468
Cash and bank balances	**643**	2,139	**643**	2,139
	491,830	503,607	**491,830**	503,607
Financial liabilities				
Due to subsidiaries	**48,182**	48,182	**48,182**	48,182

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of cash and bank balances, trade receivables, trade payables, financial assets included in prepayments, deposits and other receivables, liabilities classified as held for sale, financial guarantee obligation and interest-bearing bank borrowings, approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of amounts due from associates and a jointly-controlled entity, and finance lease payables have been calculated by discounting the expected future cash flows using rates currently available for instruments on similar terms, credit risk and remaining maturities.

The fair values of listed equity investments are based on quoted market prices. The fair values of convertible bonds have been estimated using a valuation technique based on assumptions that are supported by observable or unobservable market prices or rates. The fair values of unlisted available-for-sale equity investments have been estimated using a valuation technique based on assumptions that are not supported by observable market prices or rates.

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46. FAIR VALUE AND FAIR VALUE HIERARCHY (continued)

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

Assets measured at fair value:

Group

As at 31 March 2013:

	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Convertible bonds	**–**	**65,381**	**5,881**	**71,262**
Available-for-sale investments	**–**	**–**	**59,332**	**59,332**
Equity investments at fair value through profit or loss	**186,229**	**–**	**–**	**186,229**
	186,229	**65,381**	**65,213**	**316,823**

As at 31 March 2012:

	Level 1	Level 2	Level 3	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Available-for-sale investments	–	–	15,091	15,091
Equity investments at fair value through profit or loss	111,129	–	–	111,129
	111,129	–	15,091	126,220

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46. *FAIR VALUE AND FAIR VALUE HIERARCHY (continued)*

Fair value hierarchy (continued)

Assets measured at fair value: (continued)

The movements in fair value measurements in Level 3 during the year are as follows:

	2013	2012
	HK$'000	HK$'000
Available-for-sale investments – unlisted:		
At 1 April	**15,091**	–
Total gains recognised in other comprehensive income	**1,847**	–
Total losses recognised in income statement	**(1,889)**	–
Purchases	**23,310**	15,091
Transfer from investments in associates *(note 22(b))*	**26,854**	–
At 31 March	**65,213**	15,091

The Company did not have any financial assets measured at fair value as at 31 March 2013 and 31 March 2012.

The Group and the Company did not have any financial liabilities measured at fair value as at 31 March 2013 and 31 March 2012.

47. *FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES*

The Group's principal financial instruments, comprise interest-bearing bank borrowings, finance lease payables, cash and bank balances, and time deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The Group is also exposed to market price risk in respect of equity investments at fair value through profit or loss and a key management insurance comprising investment and insurance elements classified as an available-for-sale investment.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and market price risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

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47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing bank borrowings with floating interest rates.

The Group's funding policy uses short term interest-bearing debts to finance its working capital requirements and interest-bearing debts over one year or internal generated resources to finance its capital investments. The Group borrows mainly at floating interest rates and the use of fixed rate interest-bearing debts over one year will only be considered for capital investments and favourable market conditions.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit/(loss) before tax (through the impact on floating rate borrowings).

	Group	
	Increase/ (decrease) in basis points	**Increase/ (decrease) in loss before tax**
		HK$'000
2013		
Hong Kong dollars	**10**	**515**
Hong Kong dollars	**(10)**	**(515)**

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax
		HK$'000
2012		
Hong Kong dollars	10	(579)
Hong Kong dollars	(10)	579

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47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk

The Group has no significant foreign currency risk because its business is principally conducted in Hong Kong. Since the Hong Kong dollar is pegged with the United States dollar, the Group's exposure to foreign currency risk is considered to be minimal.

Credit risk

The Group trades only with recognised and creditworthy third parties, associates, jointly-controlled entities and related companies. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and bank balances, convertible bonds, available-for-sale investments, equity investments at fair value through profit or loss, and deposits and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments. The Company is also exposed to credit risk through the granting of financial guarantees, further details of which are disclosed in note 32 to the financial statements.

Since the Group trades only with recognised and creditworthy third parties, associates, jointly-controlled entities and related companies, there is no requirement for collateral except that the Group held credit enhancements over its other receivables with a carrying amount of HK$31,200,000 as at 31 March 2012. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables are widely dispersed in different sectors and industries.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 24 to the financial statements.

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31 March 2013

47. *FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)*

Liquidity risk

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

Group

			2013		
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**Over 5 years**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**
Trade payables	**201,407**	**–**	**–**	**–**	**201,407**
Interest-bearing bank borrowings *(Note)*	**498,844**	**1,589**	**4,766**	**15,224**	**520,423**
Finance lease payables	**488**	**272**	**551**	**–**	**1,311**
Liabilities directly associated with the assets classified as held for sale *(Note)*	**21,270**	**–**	**–**	**–**	**21,270**
Guarantees given to banks in connection with facilities granted to a jointly-controlled entity	**534,962**	**–**	**–**	**–**	**534,962**
	1,256,971	**1,861**	**5,317**	**15,224**	**1,279,373**

			2012		
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Over 5 years	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Trade payables	167,145	–	–	–	167,145
Interest-bearing bank borrowings	529,904	14,451	20,134	21,665	586,154
Finance lease payables	480	480	663	148	1,771
Guarantees given to banks in connection with facilities granted to a jointly-controlled entity	325,723	–	–	–	325,723
	1,023,252	14,931	20,797	21,813	1,080,793

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47. *FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)*

Liquidity risk (continued)

The maturity profile of the Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

Company

	2013 Within 1 year or on demand	2012 Within 1 year or on demand
	HK$'000	HK$'000
Due to subsidiaries	**48,182**	48,182
Guarantees given to banks in connection with facilities granted to subsidiaries	**508,602**	543,043
Guarantees given to banks in connection with facilities granted to a jointly-controlled entity	**534,962**	325,723
	1,091,746	916,948

Note:

Included in interest-bearing bank borrowings in the amount of HK$23,671,000 and liabilities classified as held for sale in the amount of HK$21,270,000 are mortgage loans. The loan agreements contain a repayment on-demand clause giving the banks the unconditional right to call in the loans at any time and therefore, for the purpose of the above maturity profile, the total amounts are classified as "on demand".

Market price risk

Market price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to market price risk arising from individual equity investments classified as trading equity investments (note 26) and a key management insurance classified as an available-for-sale investment (note 22) as at 31 March 2013. Most of the Group's listed investments are listed on the Hong Kong Stock Exchange and Korean Securities Dealers Automated Quotations ("KOSDAQ") and were valued at quoted market prices at the end of the reporting period.

The market equity index for the Hong Kong Stock Exchange and KOSDAQ, at the close of business of the nearest trading day in the year to the end of the reporting period, and their respective highest and lowest points during the year are as follows:

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31 March 2013

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market price risk (continued)

	31 March 2013	High/low 2013	31 March 2012	High/low 2012
Hong Kong – Hang Seng Index	**22,300**	**23,945/ 18,056**	20,556	24,468/ 16,170
Korean Securities Dealers Automated Quotations	**555.02**	**556.63/ 446.35**	519.56	545.47/ 408.35

The following table demonstrates the sensitivity to every 5% change in the fair values of the listed equity investments, a key management insurance classified as an available-for-sale investment and convertible bonds with all other variables held constant, of the Group's profit/(loss) before tax and the Group's equity, based on their carrying amounts at the end of the reporting period.

	Carrying amount	Increase/ decrease in loss before tax	Increase/ decrease in equity*
	HK$'000	**HK$'000**	**HK$'000**
2013			
Equity investments at fair value through profit or loss	**186,229**	**9,311**	**–**
Key management insurance classified as an available-for-sale investment	**12,653**	**–**	**633**
Convertible bonds	**71,262**	**3,563**	**–**

	Carrying amount	Increase/ decrease in profit before tax	Increase/ decrease in equity*
	HK$'000	HK$'000	HK$'000
2012			
Equity investments at fair value through profit or loss	111,129	5,556	–

* Excluding retained profits

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31 March 2013

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise the shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is required to comply with certain capital requirements set out in the bank lending facilities. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2013 and 31 March 2012.

The Group monitors capital using a gearing ratio, which is net debt divided by the total capital. The Group's policy is to maintain the gearing ratio at less than 75%. Net debt includes trade payables, interest-bearing bank borrowings, liabilities classified as held for sale and finance lease payables, less cash and cash equivalents and equity investments at fair value through profit or loss. Capital includes total equity. The gearing ratios as at the end of the reporting periods are as follows:

Group

	2013	2012
	HK$'000	HK$'000
Interest-bearing bank borrowings	**513,904**	577,432
Trade payables	**201,407**	167,145
Liabilities classified as held for sale	**21,270**	–
Finance lease payables	**1,160**	1,565
Less: Cash and cash equivalents	**(86,987)**	(166,467)
Less: Equity investments at fair value through profit or loss	**(186,229)**	(111,129)
Net debt	**464,525**	468,546
Total capital	**647,227**	634,692
Gearing ratio	**72%**	74%

NOTES TO FINANCIAL STATEMENTS

31 March 2013

48. EVENT AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, on 27 June 2013, AV Electronic Group Limited, a wholly-owned subsidiary of the Group, entered into a sales and purchase agreement to dispose of 100% equity interest in Ditec Company Limited, which holds certain available-for-sale investments with a carrying amount of HK$19,825,000 as at 31 March 2013 to Nitgen Eco & Energy International Limited, a wholly-owned subsidiary of Nitgen, at a consideration of HK$23,690,000. The transaction is expected to be completed on 31 October 2013 and the financial impacts of this transaction has not been reflected in these financial statements.

49. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 June 2013.

LIST OF INVESTMENT PROPERTIES

31 March 2013

Address	Approximate gross areas	Lot number	Lease expiry	Effective equity interest to the Group	Usage
HONG KONG					
Flat 302, 3/F, Block G, Telford Gardens, No. 33 Wai Yip Street, Kowloon Bay, Kowloon	603.00 sq.ft.	NKI 5744	2047	100%	Residential
Units 1,2,3,5,6,7 & 8 on 12th Floor and car parking spaces Nos. P24, P25, P26, P27, P28 & P29 on 2nd Floor, Enterprise Square Two, No.3 Sheung Yuet Road, Kowloon Bay, Kowloon	9,420.00 sq.ft.	NKI 6204	2047	100%	Commercial
MAINLAND CHINA					
Unit A, 25/F, Noble Center, 1006 Fu Zhong San Road, Futian District, Shenzhen City, Guangdong Province	325.07 sq.m.	N/A	2053	100%	Commercial
The whole of 28th Floor, Tower One, Neptune Center, Gaoxin District, Chengdu City, Sichuan Province	1,088.42 sq.m.	N/A	2048	100%	Residential
SINGAPORE					
219 Handerson Road, #10-01, Henderson Industrial Park, Singapore	185.00 sq.m.	N/A	Freehold property	100%	Residential