SYNERTONE

協同通信集團有限公司
Synertone Communication Corporation

(Incorporated in the Cayman Islands with limited liability)

Stock Code:1613

2013 Annual Report

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS
Mr. Wong Chit On *(Chairman)*
Mr. Lu Zhijie
Mr. Han Weining
Mr. Zhang Jinbing (appointed on 23 August 2012)
Ms. Ni Yun Zi (resigned on 8 November 2012)

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. Lam Ying Hung Andy
Mr. Hu Yunlin
Mr. Cai Youliang (appointed on 28 June 2013 with effect on 2 July 2013)
Mr. Wu Xiaowen (appointed on 23 August 2012 and resigned on 14 May 2013)
Mr. Mao Zhigang (resigned on 8 November 2012)

COMMITTEES

AUDIT COMMITTEE
Mr. Lam Ying Hung Andy *(Chairman)*
Mr. Hu Yunlin
Mr. Cai Youliang (appointed on 28 June 2013 with effect on 2 July 2013)
Mr. Wu Xiaowen (appointed on 23 August 2012 and resigned on 14 May 2013)
Mr. Mao Zhigang (resigned on 8 November 2012)

REMUNERATION COMMITTEE
Mr. Hu Yunlin *(Chairman)*
Mr. Lam Ying Hung Andy
Mr. Cai Youliang (appointed on 28 June 2013 with effect on 2 July 2013)
Mr. Wu Xiaowen (appointed on 23 August 2012 and resigned on 14 May 2013)
Mr. Mao Zhigang (resigned on 8 November 2012)

NOMINATION COMMITTEE
Mr. Cai Youliang *(Chairman)* (appointed on 28 June 2013 with effect on 2 July 2013)
Mr. Lam Ying Hung Andy
Mr. Hu Yunlin
Mr. Wu Xiaowen (appointed on 23 August 2012 and resigned on 14 May 2013)
Mr. Mao Zhigang (resigned on 8 November 2012)

COMPANY SECRETARY
Ms. Lam Mei Shan, *CPA, AICPA*

AUTHORISED REPRESENTATIVES
Mr. Wong Chit On
Mr. Lam Ying Hung Andy (alternate to Mr. Wong Chit On)
Ms. Lam Mei Shan

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

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN THE PRC
Block B, Teng Bang Building
Qingshuihe Yi Road North, Luohu District
Shenzhen
China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG
Room 1301, 13th Floor
Henan Building
90 Jaffe Road
Wanchai, Hong Kong

PRINCIPAL BANKERS

HONG KONG
The Hongkong & Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited

PRC
Bank of China

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE
Tricor Investor Services Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong

LEGAL ADVISER
Alvan Liu & Partners
Rooms 701–704, Nan Fung Tower
173 Des Voeux Road Central
Hong Kong

COMPLIANCE ADVISOR
CLC International Limited
Suites 4703A–04
Two Exchange Square
8 Connaught Place
Central
Hong Kong

AUDITOR
CCIF CPA Limited
Certified Public Accountants
9/F, Leighton Centre
77 Leighton Road
Causeway Bay, Hong Kong

WEBSITE
www.synertone.net

STOCK CODE ON THE STOCK EXCHANGE OF HONG KONG LIMITED
1613

FINANCIAL HIGHLIGHTS

- The Group recorded a decline of revenue of approximately HK$102.6 million or 47.0% from approximately HK$218.3 million for the year ended 31 March 2012 to approximately HK$115.7 million for the year ended 31 March 2013.

- Gross profit of the Group decreased by approximately HK$74.6 million or 50.2% from approximately HK$148.7 million for the year ended 31 March 2012 to approximately HK$74.1 million for the year ended 31 March 2013, with gross profit margin decreasing from approximately 68.1% for the year ended 31 March 2012 to approximately 64.1% for the year ended 31 March 2013.

- Profit for the year decreased by approximately HK$27.6 million or 43.4% from approximately HK$63.6 million for the year ended 31 March 2012 to approximately HK$36.0 million for the year ended 31 March 2013, with net profit margin increasing from approximately 29.1% for the year ended 31 March 2012 to approximately 31.1% for the year ended 31 March 2013.

Results performance for the year ended 31 March	**2013**	2012	2011
Total turnover *(HK$'000)*	**115,690**	218,264	218,824
Gross profit *(HK$'000)*	**74,116**	148,703	143,081
Gross profit margin *(%)*	**64.1**	68.1	65.4
Profit for the year *(HK$'000)*	**36,007**	63,610	72,853
Net profit margin *(%)*	**31.1**	29.1	33.3
Basic earnings per share *(HK cents) (Note 1)*	**3.04**	7.07	8.88

Liquidity and gearing ratios as at 31 March	**2013**	2012	2011
Inventories turnover days *(Note 2)*	**159**	87	93
Trade receivables turnover days *(Note 3)*	**464**	258	294
Trade payables turnover days *(Note 4)*	**115**	55	58
Current ratio	**5.9**	5.1	2.7
Gearing ratio *(%) (Note 5)*	**–**	–	15.2

Operating cash flow and capital expenditure for the year ended 31 March	**2013**	2012	2011
Net cash from operating activities *(HK$'000)*	**105,985**	36,334	185,091
Capital expenditure *(HK$'000) (Note 6)*	**57,148**	4,923	8,206

Notes:

1. The shares of the Company were not listed until 18 April 2012.

2. Calculation was based on the average of the inventory balance at the beginning and the end of the relevant year divided by cost of sales for the year and multiplied by 365 days.

3. Calculation was based on the average of the trade receivables balance at the beginning and the end of the relevant year divided by total turnover for the year and multiplied by 365 days.

4. Calculation was based on the average of the trade payables balance at the beginning and the end of the relevant year divided by costs of sales for the year and multiplied by 365 days.

5. Calculation was based on total bank borrowings at the end of the relevant year over total equity at the end of the relevant year.

6. It represented the payments in relation to the acquisition of property, plant and equipment and intangible assets.

CHAIRMAN'S STATEMENT

To Shareholders,

On behalf of the board of directors (the "Board") of Synertone Communication Corporation (the "Company"), I hereby present the annual report of the Company and its subsidiaries (collectively, the "Group") for the financial year ended 31 March 2013.

FINANCIAL REVIEW

During the year ended 31 March 2013, the Group derived its revenue substantially from digital trunking system. The turnover of the Group for the year ended 31 March 2013 amounted to approximately HK$115.7 million, representing a decrease of approximately HK$102.6 million or 47.0% from approximately HK$218.3 million for the year ended 31 March 2012. The decrease was mainly resulted from the economic and political uncertainties surrounding the domestic and foreign territories, the slow global economic recovery and weaker demand of the Group's products and systems in the PRC.

The gross profit of the Group decreased by approximately HK$74.6 million or 50.2% from approximately HK$148.7 million for the year ended 31 March 2012 to approximately HK$74.1 million for the year ended 31 March 2013. The gross profit margin of the Group decreased from approximately 68.1% for the year ended 31 March 2012 to approximately 64.1% for the year ended 31 March 2013, primarily because of certain fixed costs such as manufacturing overheads and labour costs maintaining relatively stable as compared to the last year despite the decrease in sales.

The Group's profits for the year and earnings per share decreased from approximately HK$63.6 million and HK7.07 cents respectively for the year ended 31 March 2012 to approximately HK$36.0 million and HK3.04 cents respectively for the year ended 31 March 2013. The decrease was mainly attributable to the decrease of revenue during the year.

BUSINESS REVIEW

The global economic recovery was hindered by the lingering impacts of the fiscal cliff in the United States and the debt crisis in Europe together with the tense geopolitical situation in East Asia. In respect of the PRC market, the market demand on our various products in China was negatively affected by the government's continual regulation.

During the year ended 31 March 2013, the turnover derived from digital trucking system amounted to approximately HK$106.8 million, representing a significant decrease of approximately HK$76.1 million or 41.6% when compared to approximately HK$182.9 million for the year ended 31 March 2012. The decrease was mainly due to the decrease in sales of CITONE digital trunking mobile communication systems as a result of decrease in sales orders from some of its major customers because of the economic and political uncertainties.

The sales of Very Small Aperture Terminal ("VSAT") satellite system experienced a decrease of approximately HK$11.2 million or 56.0% from approximately HK$20.1 million for the year ended 31 March 2012 to approximately HK$8.9 million for the year ended 31 March 2013. The decrease in sales of the VSAT satellite system was mainly attributable to the slow global economic recovery which weakens the demand of VSAT satellite system.

In order to compete with other competitors in the satellite communication market by offering products with higher performance and on the other hand lower the cost of VSAT satellite system, the Group underwent the research and development of its own high-end satellite antenna (being a core component of VSAT high speed dynamic digital satellite system). In 2013, the Group officially launched and marketed the Group's own antenna to the customers and has commenced the production.

PROSPECTS

Despite numerous uncertainties being faced by major economies around the globe, the PRC government will maintain the stability and continuity of its macro economy policies, and actively advance adjustments to the underlying economic structure and facilitate a faster transformation of its economic development mode. This will certainly be beneficial to the development of satellite communication industry. The management of the Group will continue to explore potential business opportunities which may generate greater return to the shareholders.

Apart from the changes of economic policies, the PRC government does maintain its support to and emphasis on the development of spacecraft engineering and exploration, communications technology, satellite communications and other high-tech industries and the development of disaster relief and environmental protection, as well as the development of various economic activities in remotes areas, these developments are expected to stimulate the demand of specialised communication products and networks, and in turn, create enormous business opportunities to the Group. Even though the specialised communication market was affected by short-term economic fluctuation, yet, as the economy has stabilized, we believe the industry outlook remains favorable.

In March 2013, Vastsuccess Holdings Limited ("VAST"), being the wholly owned subsidiary of the Company, entered into a definitive agreement with IPSTAR Company Limited (the "Vendor"), a subsidiary of Thaicom Public Company Limited, the issued shares of which are listed on The Stock Exchange of Thailand. Pursuant to the definitive agreement, VAST conditionally agreed to acquire from the Vendor (i) the bandwidth capacity and the bandwidth capacity service and (ii) the right to use of the gateways located in Guangzhou, Beijing and Shanghai (collectively, the "Assets") for the transmission of broadband Internet access and other applications throughout the service period of 9.5 years at a total consideration of US$80.0 million. The transaction under the definitive agreement constituted a very substantial acquisition of the Company under Chapter 14 of the Listing Rules and is subject to approval by the shareholders. Details of the proposed acquisition can be referred to the announcement of the Company dated 15 April 2013. The circular relating to the proposed acquisition will be despatched to the shareholders of the Company in due course.

Upon completion of the transaction, the Group can offer the satellite bandwidth together with the communication network designed by it to its customers as a collaborative communication solution to provide one-stop services to its customers. By doing so, the Group can diversify the source of revenue and enhance the profitability of the Group to create values for all shareholders in the future.

FINAL DIVIDEND

After the end of the reporting period, the Directors have proposed a final dividend of HK3 cents per ordinary share for the year ended 31 March 2013 to the Company's shareholders whose names appear on the register of members of the Company on 29 August 2013, subject to the approval of the shareholders of the Company in the annual general meeting to be held on Thursday, 22 August 2013. If the resolution for the proposed final dividend is passed at the annual general meeting, the proposed final dividend will be payable on or around 10 September 2013.

Finally, on behalf of the Board, I would like to take this opportunity to express my sincere gratitude to our shareholders for their confidence in the Group, to the customers, suppliers and business partners for their continuous support to the Group, and to the diligent employees for their efforts and contribution in the past years.

CLOSURE OF REGISTER OF MEMBERS

(a) For the purpose of ascertaining shareholders' entitlement to attend the forthcoming annual general meeting to be held on Thursday, 22 August 2013, the Company's register of members will be closed from Tuesday, 20 August 2013 to Thursday, 22 August 2013 (both days inclusive), during which period no transfer of shares of the Company will be registered, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Hong Kong shares registrar of the Company in Hong Kong, Tricor Investor Services Limited (the "Share Registrar"), at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wan Chai, Hong Kong, for registration no later than 4:30 p.m. on Monday, 19 August 2013.

(b) For the purpose of ascertaining shareholders' entitlement to receive the proposed final dividend, the register of members of the Company will be closed from Wednesday, 28 August 2013 to Thursday, 29 August 2013 (both days inclusive), during which period no transfer of shares will be registered. In order to be eligible to receive the proposed final dividend, all transfers of shares of the Company accompanied by the relevant share certificates and transfer forms must be lodged with the Share Registrar, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wan Chai, Hong Kong, for registration no later than 4:30 p.m. on Tuesday, 27 August 2013.

Wong Chit On
Chairman

28 June 2013

The Group is a provider of core components of specialised communication system. The Group has designed and developed its products and technologies relating to digital trunking and satellite communication systems through its own research and development and acquisition of relevant intellectual property rights and technology know-how from third parties. In addition, the Group provides specialised communication network design and implementation solutions that can be customarily devised according to the specific needs of client. The Group also engages in research and development of systems technologies for the operation of the specialised communication system and sale of accessory parts and components to some of its customers for further integration or other related uses. Products of the Group are mainly utilized by end-users for public safety and emergency communication purposes. For example, users are able to remotely monitor and co-ordinate emergency rescue exercises or remotely monitor the operation of and location of vehicles through the use of the Group's products. Customers or end-users of the Group's products and solutions are mainly governmental bodies and private business enterprises.

For the year ended 31 March 2013, revenue of the Group amounted to approximately HK$115.7 million, representing a decrease of approximately HK$102.6 million or 47.0% from approximately HK$218.3 million for the year ended 31 March 2012. The decrease was mainly resulted from the economic and political uncertainties surrounding the domestic and foreign territories, the slow global economic recovery and weaker demand of the Group's products and systems in the PRC. The Group's products were principally sold in the PRC which accounted for approximately HK$115.6 million or 99.9% out of the total revenue of approximately HK$115.7 million. The Group derived its revenue substantially from digital trunking system which accounted for approximately HK$106.8 million or 92.3% of its total revenue for the year ended 31 March 2013.

In order to compete with other competitors in the satellite communication market by offering products with higher performance and on the other hand lower the cost of VSAT satellite system, the Group underwent the research and development of its own high-end satellite antenna (being a core component of VSAT high speed dynamic digital satellite system). In 2013, the Group officially launched and marketed the Group's own antenna to the customers and has commenced the production.

FINANCIAL REVIEW

TURNOVER

The Group recorded a revenue of approximately HK$115.7 million for the year ended 31 March 2013, representing a decline of approximately HK$102.6 million or 47.0% from approximately HK$218.3 million for the year ended 31 March 2012, mainly resulting from the economic and political uncertainties surrounding the domestic and foreign territories, the slow global economic recovery and weaker demand of the Group's products and systems in the PRC.

During the year ended 31 March 2013, the Group derived its revenue substantially from digital trunking system. The following table sets forth a breakdown of revenue by product category for the years indicated:

	2013		2012	
	HK$'000	**%**	HK$'000	%
Digital trunking system	**106,768**	**92.3**	182,899	83.8
VSAT satellite system	**8,863**	**7.6**	20,127	9.2
Systems technologies	**–**	**–**	13,424	6.2
Other accessory parts and components	**59**	**0.1**	1,814	0.8
	115,690	**100.0**	218,264	100.0

The sales of digital trunking system decreased significantly by approximately HK$76.1 million or 41.6% from approximately HK$182.9 million for the year ended 31 March 2012 to approximately HK$106.8 million for the year ended 31 March 2013. The decrease was mainly due to the decrease in sales of CITONE digital trunking mobile communication systems as a result of decrease in sales orders from some of its major customers because of the economic and political uncertainties. The sales of VSAT satellite system experienced a decrease of approximately HK$11.2 million or 56.0% from approximately HK$20.1 million for the year ended 31 March 2012 to approximately HK$8.9 million for the year ended 31 March 2013. The decrease in sales of the VSAT satellite system was mainly attributable to the slow global economic recovery which weaken the demand of VSAT satellite system. Revenue derived from system technologies was nil for the year ended 31 March 2013, primarily as a result of no technology being licensed to the Group's customers for the year ended 31 March 2013, as compared to two technologies being licensed for the year ended 31 March 2012 which contributed approximately HK$13.4 million or 6.2% of the total sales last year. The sales of other accessory parts and components amounted to approximately HK$59,000 for the year ended 31 March 2013.

COST OF SALES

Cost of sales of the Group comprises costs of raw materials, labour costs, manufacturing overheads and amortisation of intangible assets. It decreased by approximately HK$28.0 million or 40.2% from approximately HK$69.6 million for the year ended 31 March 2012 to approximately HK$41.6 million for the year ended 31 March 2013, the decrease was in line with the decrease in turnover.

GROSS PROFIT AND GROSS PROFIT MARGIN

As a result of the foregoing factors, the gross profit of the Group decreased by approximately HK$74.6 million or 50.2% from approximately HK$148.7 million for the year ended 31 March 2012 to approximately HK$74.1 million for the year ended 31 March 2013. The gross profit margin of the Group decreased from approximately 68.1% for the year ended 31 March 2012 to approximately 64.1% for the year ended 31 March 2013, primarily because of certain fixed costs such as manufacturing overheads and labour costs maintaining relatively stable as compared to the last year despite the decrease in sales.

OTHER REVENUE

The other revenue of the Group amounted to approximately HK$33.9 million for the year ended 31 March 2013, representing an increase of approximately HK$30.0 million or 780.7% from approximately HK$3.9 million for the year ended 31 March 2012, mainly contributed by a grant of the value-added tax refund by the relevant government authority of approximately HK$30.9 million as a financial support to the business of specialised communication system in which the Group is operating, and government grants of approximately HK$2.2 million from relevant government bodies for the purpose of giving incentive to hi-tech enterprise.

SELLING AND DISTRIBUTION EXPENSES

The selling and distribution expenses of the Group increased by approximately HK$1.0 million or 9.1% from approximately HK$11.0 million for the year ended 31 March 2012 to approximately HK$12.0 million for the year ended 31 March 2013, primarily due to the increase in travelling expense of the sales staff for marketing the Group's products in light of the sales drop and for the promotion of the newly developed satellite antenna, and the increase in repair cost for products sold under warranty as demanded by the customers.

ADMINISTRATIVE EXPENSES

The administrative expenses of the Group decreased by approximately HK$3.8 million or 10.8% from approximately HK$35.3 million for the year ended 31 March 2012 to approximately HK$31.5 million for the year ended 31 March 2013, primarily due to a smaller amount of legal and professional expenses amounting to approximately HK$4.3 million charged for the year, as compared to approximately HK$11.0 million including the listing expense of approximately HK$9.3 million charged last year.

RESEARCH AND DEVELOPMENT EXPENDITURE

The research and development expenditure of the Group increased by approximately HK$1.4 million or 9.2% from approximately HK$15.2 million for the year ended 31 March 2012 to approximately HK$16.6 million for the year ended 31 March 2013. The increase was mainly attributable to the combined effect of the increase in materials costs and other expenditures in relation to the development of the satellite antenna, and the decrease in staff costs for the research and development of CITONE digital trunking mobile communication systems as the associated technologies have already been well developed.

FINANCE COSTS

The finance costs of the Group was nil for the year ended 31 March 2013, as compared to approximately HK$1.2 million for the year ended 31 March 2012, since the Group had no bank borrowings during the year under review.

TAX EXPENSE

The tax expense of the Group decreased by approximately HK$14.3 million or 54.6% from approximately HK$26.2 million for the year ended 31 March 2012 to approximately HK$11.9 million for the year ended 31 March 2013 mainly due to the decline of the Group's revenue.

PROFIT FOR THE YEAR

The Group's profits for the year decreased by approximately HK$27.6 million or 43.4% from approximately HK$63.6 million for the year ended 31 March 2012 to approximately HK$36.0 million for the year ended 31 March 2013 as a result of the factors described above.

LIQUIDITY AND CAPITAL RESOURCES

The liquidity requirements arise principally from the need for working capital to finance its operations and expansions. The Group has historically met its working capital and other capital requirements principally from cash generated from its operations, bank borrowings and capital contributions by its shareholders. In the long term, the operation of the Group will be funded by internally generated cash flow and, if necessary, additional equity financing and bank borrowings. The following table summarises the cash flows for the two years ended 31 March 2012 and 2013:

	2013 **HK$'000**	2012 HK$'000
Net cash generated from operating activities	**105,985**	36,334
Net cash used in investing activities	**(56,553)**	(4,685)
Net cash generated from/(used in) financing activities	**36,095**	(41,362)

OPERATING ACTIVITIES

Net cash generated from operating activities amounted to approximately HK$106.0 million for the year ended 31 March 2013 compared to approximately HK$36.3 million for the year ended 31 March 2012. The increase was due to the combined effect of the decrease in trade and other receivables of approximately HK$70.4 million for the year ended 31 March 2013 as compared with the increase in trade and other receivables of approximately HK$31.6 million for the previous year, the increase in amounts due to directors of approximately HK$241,000 for the year ended 31 March 2013 as compared with the decrease in amounts due to directors of approximately HK$11.6 million for the previous year, the decrease in income tax payment of approximately HK$4.4 million, and the decrease in profit before taxation of approximately HK$41.9 million.

INVESTING ACTIVITIES

Net cash used in investing activities amounted to approximately HK$56.6 million for the year ended 31 March 2013 compared to approximately HK$4.7 million for the year ended 31 March 2012. The increase in the net cash used in investing activities was mainly attributable to the payment for the acquisition of property, plant and equipment which amounted to HK$44.4 million.

FINANCING ACTIVITIES

Net cash generated from financing activities amounted to approximately HK$36.1 million for the year ended 31 March 2013 compared to net cash used in financing activities amounting to approximately HK$41.4 million for the year ended 31 March 2012. The significant increase was primarily due to the combined effect of the proceeds from the Listing of approximately HK$99.0 million, the increase in dividend paid by approximately HK$21.0 million for the year ended 31 March 2013 from approximately HK$27.0 million for the year ended 31 March 2012 to approximately HK$48.0 million for the year ended 31 March 2013 and the increase in payment of transaction costs attributable to the Listing of approximately HK$10.4 million.

MATERIAL TRANSACTION

During the period under review, the Group entered into the following material transactions:

1. On 29 March 2013, Vastsuccess Holdings Limited ("VAST"), being the wholly owned subsidiary of the Company, entered into a definitive agreement (subsequently amended by an amendment agreement dated 10 April 2013) with IPSTAR Company Limited (the "Vendor"), a subsidiary of Thaicom Public Company Limited, the issued shares of which are listed on The Stock Exchange of Thailand. Pursuant to the definitive agreement, VAST conditionally agreed to acquire from the Vendor and the Vendor conditionally agreed to provide to VAST (i) the bandwidth capacity and the bandwidth capacity service and (ii) the right to use of the gateways located in Guangzhou, Beijing and Shanghai (collectively, the "Assets") for the transmission of broadband Internet access and other applications throughout the service period of 9.5 years.

   The total consideration for the transaction amounts to US$80.0 million, based on normal commercial terms after arm's length negotiations, which consists of (i) cash installments in aggregate of approximately US$75.9 million; and (ii) the 64,000,000 consideration shares amounting to approximately US$4.1 million to be allotted and issued at the issue price of HK$0.5034 per consideration share on the date on which service commencement takes place. The transaction under the definitive agreement constituted a very substantial acquisition of the Company under Chapter 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and is subject to approval by the shareholders.

2. On 29 March 2013, VAST and the Vendor entered into a revenue sharing agreement pursuant to which VAST will share its revenue derived from the service provision of the bandwidth capacity and right to use of the gateways located in Guangzhou, Beijing and Shanghai to its customers with the Vendor. VAST and the Vendor agreed that during the agreement term, revenue entitled to receive by VAST shall be shared with the Vendor at 8% of the sum of revenue derived from (i) the revenue entitled to receive by VAST through China Telecom Satellite Communications Limited's service providers or customers; and (ii) the revenue entitled to receive by VAST through VAST's customers.

An extraordinary general meeting will be convened to seek approval from the shareholders for the transactions contemplated under the definitive agreement and the revenue sharing agreement. Please refer to the announcements of the Company dated 30 December 2012 and 15 April 2013 for further details. The circular of the transactions will be despatched to shareholders in due course.

BANK BORROWINGS

As of 31 March 2013, the Group had no outstanding bank borrowings.

PLEDGE OF ASSETS

As of 31 March 2013, the Group had no assets pledged for securing any credit facilities.

CONTINGENT LIABILITIES

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

SIGNIFICANT CAPITAL EXPENDITURE FOR THE YEAR

The Group's capital expenditures for the year under review was approximately HK$57.1 million which was mainly used for office decoration and leasehold improvement of HK$44.4 million for the relocation of the office in the PRC, purchase of intangible assets of HK$8.0 million; and deposit payment of HK$4.7 million in respect of material transaction mentioned above.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save for the proposed acquisition as disclosed in the paragraph headed "Material transaction" above, the Group did not have other plans for material investments and capital assets.

EMPLOYEE AND REMUNERATION POLICY

As at 31 March 2013, the Group had 227 employees. For the year ended 31 March 2013, the staff cost of the Group was approximately HK$40.4 million.

The Group's employee remuneration policy is determined based on a number of factors such as their performance, experience and prevailing industry practices. Compensation policies and packages of employees are being reviewed on a yearly basis. In addition to basic salary, performance related salary such as bonus may also be awarded to employees based on internal performance evaluation.

The Group invests in continuing education and training programmes for management staff and other employees in order to upgrade their skills and knowledge. These training courses include internal courses run by the management of the Group and external courses provided by professional trainers. They range from technical training for production staff to financial and administrative trainings for management staff.

DIRECTOR

EXECUTIVE DIRECTORS

Wong Chit On (王浙安), (formerly known as Wang Gang Jun (王鋼軍)) aged 54, is an executive Director, the chairman and the chief executive officer of the Group. He is the founder of the Group and was appointed as a Director in October 2006. He is primarily responsible for overall corporate strategy, management and operation of the Group. Mr. Wong founded the Group in 2001 and has over 12 years of experience in the specialised communication industry. He was an executive director and the chairman of China Public Healthcare (Holding) Limited (中國公共醫療(控股)有限公司) (formerly known as Neolink Cyber Technology (Holding) Limited and Global Resources Development (Holding) Limited (大地資源發展(控股)有限公司)) from 1999 to 2001, a company listed on the Growth Enterprise Market board of the Stock Exchange (Stock Code: 8116). In 2004, Mr. Wong was appointed as an adjunct professor of Harbin Institute of Technology Shenzhen Graduate School (哈爾濱工業大學深圳研究生院). From 2005 to 2009, he served as a committee member of electronics and communications specialist working committee of Shenzhen City Specialist Working Association (深圳市專家工作聯合會). In 2009, Mr. Wong was recognized as one of the "2009 Outstanding and Innovation Entrepreneur in China" (2009中國優秀創新企業家). Mr. Wong was nominated as the standing supervisor of the China Users Association for Communications Broadcasting & Television in December 2010. Save as disclosed herein, Mr. Wong did not hold any directorship in any listed companies in the past three years.

Lu Zhijie (律智杰), aged 54, was appointed as an executive Director in February 2011. Mr. Lu has been the legal representative of Guangzhou You Yang Golf Management Consultant Co., Ltd (廣州優揚高爾夫管理顧問有限公司) from 2003 to 2009. He was also the legal representative and director of Bonson Technology Co., Ltd (廣州市邦訊科技有限公司) from 1994 to 2001, and 1998 to 2002, respectively. He graduated from Guilin University of Electronic Technology (formerly known as Guilin Institute of Electronics) (桂林電子科技大學, 前稱桂林電子工業學院中專部) in 1981, major in communication machine manufacturing. He further received education at Guangxi Radio and TV University (廣西廣播電視大學), specialised in engineering management in 1987. Save as disclosed herein, Mr. Lu did not hold any directorship in any listed companies in the past three years.

Han Weining (韓衛寧), aged 51, was appointed as an executive Director in February 2011. From 1989 to 2006, Mr. Han worked at Citect Corporation Limited, later acquired by Schneider Electric and his last position was the director of Asia pacific region. Since 2006, Mr. Han has been an executive director of MOX Group in Australia. He graduated from Zhejiang University (浙江大學) with major in wireless electronic technology and Master Degree in Engineering in 1983 and 1986, respectively. He was elected as a member of the Institution of Engineers in Australia in 1994. Save as disclosed herein, Mr. Han did not hold any directorship in any listed companies in the past three years.

Zhang Jinbing (張金兵), aged 42, was appointed as an executive Director in August 2012. Mr. Zhang obtained a Bachelor Degree of Arts from Guangzhou Foreign Language Institute (廣州外國語學院) in 1994. Mr. Zhang has 9 years of experience in business management. He worked as the general manager for Guangdong Copper Alloy Material Company Limited (廣東銅合金屬材料有限公司) from 2004, and has been the chairman of the board of China Golden Holdings Limited (中光集團有限公司) since May 2006. Mr. Zhang did not hold any directorship in any listed companies in the past three years.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Lam Ying Hung Andy (林英鴻), aged 48, was appointed as an independent non-executive Director in February 2011. Mr. Lam has over 20 years of experience in logistics, accounting, banking and finance industry. He is a fellow of the Association of Chartered Certified Accountants (United Kingdom), a member of the Hong Kong Institute of Company Secretaries, the Institute of Chartered Secretaries and Administrators (United Kingdom) and the Chartered Institute of Bankers. Mr. Lam obtained his postgraduate diploma in corporate administration, master degree of professional accounting and master degree in E-commerce for executives from the Hong Kong Polytechnic University in 1997, 1999 and 2004 respectively. Mr. Lam is currently the managing consultant of Lontreprise Consulting Limited, and has been the finance director and administrative accountant in two logistics companies. Mr. Lam is currently an independent non-executive director of Xingfa Aluminum Holdings Limited (Stock Code: 0098), and Brilliant Circle Holdings International Limited (Stock Code: 1008), both are companies listed on the Main Board of the Stock Exchange. Save as disclosed above, Mr. Lam did not hold any directorship in any listed companies in the past three years.

Hu Yunlin (胡雲林), aged 51, was appointed as an independent non-executive Director in February 2011. He graduated from People's Liberation Army Air Force Electronic Communication Engineering Institute (中國人民解放軍空軍電訊工程學院) in 1986, major in wireless electronic engineering. He has served as chief manager in Zhuhai Ji Di Te Communication Utilities Company Limited (珠海吉迪特通信器材有限公司) since 1995. He has also served as director in Zhuhai Gao Ling Information Technology Company Limited (珠海高凌信息科技有限公司) since 2000. Save as disclosed herein, Mr. Hu does not hold any directorship in any listed companies in the past three years.

Cai Youliang (蔡友良), aged 49, was appointed as an independent non-executive Director on 28 June 2013 with effect on 2 July 2013. Mr. Cai has over 15 years of experience in the investment management field. He was an independent director of SZZT Electronics Co., Ltd. (深圳市證通電子股份有限公司), a company listed on the Shenzhen Stock Exchange (Stock Code: 002197) from December 2007 to June 2011. He has also served in various managerial positions in various private companies since 1995. He was the general manager of Shenzhen Eagle Computer Technology Network Co., Ltd. (深圳市依格計算機網絡有限公司) from 1995 to 2002 and was an executive director of Shenzhen Chips Information S&T Co., Ltd. (深圳市齊普生資訊技術有限公司) from 2002 to 2011. Mr. Cai has also been an executive director of Shenzhen Eagle Computer Technology Co., Ltd. (深圳市依格欣電腦技術有限公司) since 1998, an executive director of Shenzhen Careland Technology Co., Ltd. (深圳市凱立德科技股份有限公司) since 1999 and an executive director of Apexone Microelectronics (Shanghai) Co., Ltd. (埃派克森微電子（上海）有限公司) since 2002. Prior to the above positions, Mr. Cai worked as a software engineer and sales engineer in Shenzhen Jiankang Electromechanical Co., Ltd. (深圳市建康機電有限公司) from 1989 to 1992 and subsequently engaged in his own trading business from 1993 to 1994.

Mr. Cai obtained a bachelor degree in engineering from Huazhong University of Science and Technology (華中科技大學) in 1986. He obtained a master degree in computer from WuHan University (武漢大學) in 1989. He also obtained a master degree in senior managers of industrial and commercial management from Cheang Kong Commercial College (長江商學院) in 2009.

SENIOR MANAGEMENT

Fan Zhiwen (范志文), aged 44, has served as the vice-president of the Group since 2008. He is responsible for overseeing the finance department and the satellite communication operation of the Group. Mr. Fan has more than 10 years of experience in business management, with extensive experience in marketing, production and sales. Prior to joining the Group, Mr. Fan worked at Shenzhen Tai Feng Electronic Co., Ltd. (深圳泰豐電子有限公司) as a quality control and assurance manager from 1992 to 2000. He also served as vice general manager at Shenzhen Jia Yu Shun Technology Limited (深圳市嘉宇順科技有限公司) in 2001 and QA analyst at Viva Magnetic (Canada) Ltd. from 2003 to 2004. Mr. Fan obtained a Bachelor Degree of Information Engineering from Xidian University (西安電子科技大學) in 1992. He also obtained a post-graduate certificate of telecommunications management from Sheridan College Institute of Technology and Advanced Learning in 2003.

Tian Hua Chen (田華臣), aged 42, has served as the general manager of finance and accounts department of the Group since 2007. In April 2013, he was promoted to the Group's vice president, with the duty of overseeing human resources sector, finance department and chairman's office. Mr. Tian has over 15 years of experience in financial planning and management. Prior to joining the Group, he worked as the chief finance officer and secretary to the board of directors of Guangdong East Power Co., Ltd. (廣東易事特電源股份有限公司) from 2005 to 2007. He graduated from Hubei College of Finance, later renamed as Hubei University of Economic (湖北經濟學院, 前稱湖北金融專科學校) with major in accounting in 1991. He also obtained a Master Degree in Chinese ethnic minority economics from South-Central University for Nationalities (中南民族學院) in 2000 and a Doctoral Degree in Economics in Western Countries in Huazhong University of Science and Technology (華中科技大學) in 2005.

Wu Xiaowen (吳曉文), aged 46, was appointed as an independent non-executive Director from August 2012 to May 2013. Subsequent to his resignation as an independent non-executive Director of the Group in mid-May 2013, Mr. Wu has been acting as the Group's vice president, with the responsibility for overseeing digital trunking product and satellite communication products development. He obtained a master's degree of Engineering from the University of Electronic Science and Technology (電子科技大學) in 1995, and a doctoral degree of Engineering from the University of Electronic Science and Technology of China in 1997, majoring in communications and electronic systems. From 1998 to 2011, Mr. Wu served in various companies, he served as the general manager for 3G BSS products of ZTE Corporation of Shenzhen City (深圳市中興通訊股份有限公司), the director of UTStarcom, Shenzhen Branch (UT斯達康通訊有限公司深圳分公司), the department manager of Siemens Ltd., China Shenzhen Branch, as well as the Research & Development Line 2 Manager of Nokia Siemens Networks Technology (Beijing) Company Limited (諾基亞西門子通信系統技術(北京)有限公司).

Huang Guangxin (黃光欣), aged 39, has joined the Group since 2004. She has been appointed as the deputy general manager of the financial vice president, the deputy director of the chairman's office and the deputy general manager of the marketing and sales department successively. She obtained a Bachelor Degree of Economics from Changsha University of Electric Power (長沙電力學院) majoring in accounting in 1996, and obtained a Master Degree of Business Administration from Changsha University of Science and Technology (長沙理工大學) in 2005. Prior to joining the Group, she worked in the financial management team of Rainbow Venture Capital Corporation (彩虹創業投資集團有限公司) in 2002. Ms. Wong holds a mid-level accountant certificate, and has several years of experience in financial management and corporate management.

He Jiafu (何家富), aged 42, joined the Group in May 2012. He has been appointed as the chief engineer of the satellite communication team of the Group overseeing the satellite communication operation of the Group. He graduated from the College of Engineering of the People's Liberation Army University of Science and Engineering (解放軍理工大學工程學院) with a profession in microwave communication engineering in 1995. He obtained a Master Degree of electromagnetic field and micro-technology expertise from the college in 1998. After receiving a doctoral degree of communication from the college. He has developed a set of constellation design and simulation software program, and has become a key research member of the national "863 Project" relating to satellite mobile communication program and design. As a software engineer for wired network of ZTE, as well as a senior engineer and a chief engineer for the R&D of softswitch software of Softswitch, he was involved in software development such as ZTE's switches, Softswitch's softswitches, access gateways, media gateways, trunk gateways, media servers and NAS devices. He has also provided the related technical support for the relevant market.

Zhou Qingqing (周清慶), aged 36, joined the Group in October 2012. He acted as the general manager of production department of the Group. Mr. Zhou obtained a Bachelor Degree of Economics from the International College of Business Administration of Xiangtan University (湘潭大學(國際經貿管理學院)) in 2001. Prior to joining the Group, he served as the deputy general manager of the supply chain of Hytera Communications Corporation Limited (海能達通信股份有限公司) and the deputy general manager of Shenzhen SEG Communication Co., Ltd. (深圳市賽格通信有限公司) under Hytera Communications Corporation Limited (海能達通信股份有限公司). Mr. Zhou has over 10 years of experience in the supply chain management.

Chen Zhiyong (陳志勇), aged 42, joined the Group in November 2012 as the deputy general manager of finance and accounts department. Prior to joining the Group, Mr. Chen served as the chief financial officer of Shenzhen Baoxing Wire and Cable Manufacturing Co., Ltd. (深圳寶興電線電纜製造有限公司), and the senior project manager of Asia-Pacific (Group) Certified Public Accountants Co., Ltd. (亞太集團會計師事務所有限公司). Mr. Chen is also a CPA (Certified Public Accountant) of the Institute of Certified Public Accountants of China and a Certified Tax Agent of China.

Xu Qing (許清), aged 47, has served as the general manager of research and development department and responsible for VSAT satellite products since 2010. Mr. Xu has over 10 years' experience in technological design and research and development. He worked at No. 607 of China Astronautics Industry Laboratory (中航第六零七研究所) from 1989 to 2005. From 2005 to 2007, he worked in research and development management team of the Shenzhen People Communication Co., Ltd (深圳國人通信有限公司). He also worked as research and development manager of RFS Radio Frequency Systems (Shanghai) Co., Ltd. (安弗施無線射頻系統(上海)有限公司), and was responsible for research team management in antenna products from 2007 to 2008. He worked as senior engineer of Scientific-Atlanta (Shanghai) Co., Ltd (上海科學亞特蘭大有限公司) from 2008 to 2009 and Cisco Systems (China) Research and Development Co., Ltd (思科系統(中國)研究有限公司) as technical leader from 2009 to 2010. Mr. Xu obtained a bachelor degree in microwave technology from the People's Liberation Army National University of Defense Technology (中國人民解放軍國防科學技術大學) in 1986, a Master Degree in Engineering from China Electronic Science and Technology University (中國電子科技大學) in 1989 and diploma in senior engineering technology in No. 607 of China Astronautics Industry Laboratory (中航第六零七研究所) in 1995. He was awarded National Security Science Technology Award for his JYL-6D weather radar in 2001 and GPS demonstration pod machine in 2003.

REPORT OF THE DIRECTORS

The directors of the Company (the "Directors") are pleased to present the Company's annual report together with the audited consolidated financial statements of the Group for the year ended 31 March 2013.

CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 11 October 2006 as an exempted company with limited liability under the Companies Law Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. On 18 April 2012, the Shares successfully commenced dealing on the Stock Exchange by initially offering 300,000,000 Shares at the offer price of HK$0.33 per Share.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Particulars of the principal activities of its principal subsidiaries are set out in note 17 to the consolidated financial statements of this annual report.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2013 are set out in the consolidated income statement and consolidated statements of comprehensive income on pages 30 and 31 of this annual report.

A final dividend of HK$48.0 million was declared and fully settled for the year ended 31 March 2012. After the end of the reporting period, the Directors have proposed a final dividend of HK3 cents per ordinary share for the year ended 31 March 2013 to the Company's shareholders whose names appear on the register of members of the Company on 29 August 2013, subject to the approval of the shareholders of the Company in the forthcoming annual general meeting to be held on Thursday, 22 August 2013. If the resolution for the proposed final dividend is passed at the forthcoming annual general meeting, the proposed final dividend will be payable on or around 10 September 2013.

USE OF NET PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

As at 31 March 2013, the Company had used approximately HK$11.2 million, HK$5.4 million and HK$17.7 million for research and development of products of digital trunking system and VSAT satellite system, expansion of sales network and the capacity expansion of the Group respectively. And as at the date of this annual report, the Group has not yet fully utilised the proceeds from the Company's initial public offering.

FINANCIAL SUMMARY

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years is set out on page 88 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group are set out in note 15 to the consolidated financial statements.

SHARE CAPITAL

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

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

RESERVES

The movements in the reserves of the Company and the Group during the year are set out in note 27(a) to the financial statements and in the consolidated statement of changes in equity respectively.

DISTRIBUTABLE RESERVES

As at 31 March 2013, the aggregate amount of reserves available for distribution to owners of the Company, which included retained earnings and share premium, was approximately HK$134,841,000 (2012: HK$44,242,000).

MAJOR SUPPLIERS AND CUSTOMERS

For the year ended 31 March 2013, purchases from the single largest supplier of the Group and the five largest suppliers of the Group in aggregate accounted for approximately 25.3% (2012: 20.7%) and 58.0% (2012: 36.1%) of the Group's total purchases respectively.

For the year ended 31 March 2013, sales to the single largest customer of the Group and the five largest customers of the Group in aggregate accounted for approximately 43.8% (2012: 44.6%) and 99.03% (2012: 94.8%) of the Group's total turnover respectively.

At all time during the year ended 31 March 2013, none of the Directors or any of their associates or any shareholders of the Company who, to the knowledge of the Directors, owns more than 5% of the Company's issued share capital had an interest in any of the five largest suppliers or customers.

DIRECTORS

The Directors during the year and up to the date of this report are as follows:

EXECUTIVE DIRECTORS

Mr. Wong Chit On
Mr. Lu Zhijie
Mr. Han Weining
Mr. Zhang Jinbing (appointed on 23 August 2012)
Ms. Ni Yun Zi (resigned on 8 November 2012)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lam Ying Hung Andy
Mr. Hu Yunlin
Mr. Cai Youliang (appointed on 28 June 2013 with effect on 2 July 2013)
Mr. Wu Xiaowen (appointed on 23 August 2012 and resigned on 14 May 2013)
Mr. Mao Zhigang (resigned on 8 November 2012)

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and the Board considered each of the independent non-executive Directors to be independent.

In accordance with the Company's Articles of Association, Mr. Han Weining, Mr. Zhang Jinbing and Mr. Hu Yunlin will retire at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

Mr. Cai Youliang was appointed by the Board on 28 June 2013 as independent non-executive Director with effect on 2 July 2013. He is subject to re-election by the shareholders of the Company at the next general meeting after his appointment.

Each executive Director has entered into continuous service contract with the Company and each independent non-executive Director is appointed for a fixed term.

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

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or in existence as at the end of the year or at any time during the year ended 31 March 2013.

NON-COMPETITION UNDERTAKINGS

Each of the Company's controlling shareholders and Directors of the Company, has confirmed to the Company of his/its compliance with the non-competition undertakings given to the Company under the Deed of Non-Competition as defined in the Prospectus dated 30 March 2012.

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance to the business of the Group which the Company or any of its subsidiaries was a party, and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 March 2013.

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

As at 31 March 2013, the interests and short positions of the Directors and chief executive of the Company in any of the Company's shares ("Shares"), underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance Chapter 571, Laws of Hong Kong ("SFO")), which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register kept by the Company, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") contained in Appendix 10 to the Listing Rules were as follows:

(A) LONG POSITIONS IN SHARES

Name of Director	Capacity/Nature of interest	Number and class of securities held	Approximate percentage of shareholding
Mr. Wong Chit On *(Note 1)*	Interest in a controlled corporation	810,000,000	67.5%
Mr. Zhang Jinbing	Beneficial owner	40,000,000	3.3%
Mr. Lu Zhijie *(Note 2)*	Interest in a controlled corporation	30,000,000	2.5%
Mr. Han Weining	Beneficial owner	12,000,000	1%

Note 1: Mr. Wong Chit On is the beneficial owner of all the issued share capital of Excel Time Investments Limited ("Excel Time") which holds 810,000,000 Shares. Therefore, Mr. Wong Chit On is deemed, or taken to be, interested in all the Shares which are beneficially owned by Excel Time for the purposes of the SFO.

Note 2: Mr. Lu Zhijie is a director of Jumbo Harbour Group Limited ("Jumbo") and the beneficial owner of 94.2% of the issued share capital of Jumbo which holds 30,000,000 Shares. Therefore, Mr. Lu Zhijie is deemed, or taken to be, interested in all the Shares which are beneficially owned by Jumbo for the purposes of the SFO.

(B) LONG POSITIONS IN THE SHARES OF ASSOCIATED CORPORATIONS

Name of Director	Name of associated corporations	Capacity/Nature of interest	Number and class of securities held	Approximate percentage of shareholding
Mr. Wong Chit On	Excel Time	Beneficial owner	78,000	100%
Mr. Lu Zhijie	Jumbo	Beneficial owner	28,260,000	94.2%

Save as disclosed above, as at 31 March 2013, none of the Directors or chief executives of the Company had 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) which would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which would be required, pursuant to Section 352 of the SFO, to be entered in the register kept by the Company, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS

As at 31 March 2013, the interests and short positions of the then shareholders of the Company (other than a Director or chief executive of the Company) in the Shares or underlying Shares of the Company as recorded in the register kept by the Company under Section 336 of the SFO were as follows:

Name of Shareholder	Capacity/Nature of interest	Number and class of securities held	Approximate percentage of shareholding
Excel Time *(Note 1)*	Beneficial owner	810,000,000	67.5%
Ms. Ni Yun Zi *(Note 1)*	Interest of spouse	810,000,000	67.5%

Note 1: All the issued share capital of Excel Time is owned by Mr. Wong Chit On. Being the spouse of Mr. Wong Chit On, Ms. Ni Yun Zi is also deemed to be interested in all the Shares which are beneficially owned by Excel Time for the purposes of the SFO.

Save as disclosed herein, as at 31 March 2013, no person (other than a Director or chief executive of the Company) had an interest or short position in the Shares or the underlying Shares of the Company that were recorded in the register kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

The Company has a share option scheme (the "Share Option Scheme") which was adopted on 22 March 2012.

Eligible participants of the Share Option Scheme include, (i) any employee (whether full time or part time) of the Company, any of its subsidiaries or any entity (the "Invested Entity") in which the Company or any of its subsidiaries holds an equity interest, including any executive Director of the Company, any of its subsidiaries or any Invested Entity; (ii) any non-executive Director (including any independent non-executive Director) of the Company, any of its subsidiaries or any Invested Entity; (iii) any shareholder of the Company, any of its subsidiaries or any Invested Entity or any holder of any securities issued by the Company, any of its subsidiaries or any Invested Entity who has, in the opinion of the Board, made contribution to the business growth of the Company, any of its subsidiaries or any Invested Entity; (iv) any person or entity that provides research, development or other technological support to the Company, any of its subsidiaries or any Invested Entity; (v) any supplier of goods and/or services to the Company, any of its subsidiaries or any Invested Entity; (vi) any business collaborator, business consultant, joint venture or business partner, technical, financial, legal and other professional advisers engaged by the Company, any of its subsidiaries or any Invested Entity; (vii) any associate of the directors or the substantial shareholders of the Company, any of its subsidiaries or any Invested Entity who has, in the opinion of the Board, made contribution to the business growth of the Company, any of its subsidiaries or any Invested Entity; or (viii) the trustee of any trust pre-approved by the Board, the beneficiary (or in case of discretionary trust, the discretionary objects) of which includes any of the above-mentioned persons and, for the purposes of the Share Option Scheme, the options may be granted to any company wholly-owned by one or more persons belonging to the above classes of participants. For the avoidance of doubt, the grant of any option by the Company for the subscription of Shares or other securities of the Company or its subsidiaries to any person who fall within any of the above classes of participants shall not, by itself, unless the Board otherwise determines, be construed as a grant of option under the Share Option Scheme.

The basis of eligibility of any of the above classes of participants to the grant of any option shall be determined by the Board at its sole and absolute discretion from time to time.

CODE ON CORPORATE GOVERNANCE PRACTICES

As the Company has been listed on 18 April 2012 (the "Listing Date"), the Directors consider that the Company has fully complied with the applicable code provisions as set out in the Code of Corporate Governance Practices (the "CG Code") as contained in Appendix 14 to the Listing Rules from the Listing Date to the date of the publication of this annual report, except for the following deviation from certain code provision:

Code provision A.2.1 *stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual*.

The Company has appointed Mr. Wong Chit On as both the chairman and the chief executive officer of the Company. The Board believes that vesting the roles of the chairman and chief executive officer in the same individual would enable the Company to achieve a higher responsiveness efficiency and effectiveness when formulating business strategies and executing business plans. The Board believes that the balance of power and authority is sufficiently maintained by the operation of the Board, comprising the executive Directors and independent non-executive Directors.

A report on the principal corporate governance practice adopted by the Company is set out in pages 21 to 27 of this annual report.

CONNECTED TRANSACTIONS

The Directors are not aware of any connected transactions of the Group that shall be disclosed in this annual report under the Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

The Group had no significant events occurring after the reporting period up to the date of this annual report.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Company has established an Audit Committee. As of 28 June 2013, the Audit Committee comprised two independent non-executive Directors, namely Mr. Lam Ying Hung Andy (Chairman) and Mr. Hu Yunlin. An Audit Committee meeting was held on 28 June 2013 to review the Company's annual report and financial statements for the year ended 31 March 2013.

At the Board meeting held on 28 June 2013, Mr. Cai Youliang was appointed as independent non-executive Director and a member of Audit Committee and a member of the Remuneration Committee and the Chairman of the Nomination Committee with effect from 2 July 2013 to fill a casual vacancy.

SUFFICIENCY OF PUBLIC FLOAT

Based on the publicly available information and to the best of the Directors' knowledge, information and belief, the Company has maintained sufficient public float as required under the Listing Rules since the Listing Date and up to the date of this report.

AUDITOR

The consolidated financial statements of the Group for the year ended 31 March 2013 were audited by CCIF CPA Limited. CCIF CPA Limited retire and a resolution will be proposed for approval by shareholders of the Company at the forthcoming annual general meeting to reappoint CCIF CPA Limited as the auditor of the Company.

On behalf of the Board

Wong Chit On
Chairman

28 June 2013

The Company has adopted the code provisions of the Code of Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company has been listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 18 April 2012 (the "Listing Date"). The Board believes that the Company was in compliance with all the mandatory code provisions of the CG Code throughout the period from the Listing Date to the date of publication of this annual report apart from the disclosure below.

The directors of the Company (the "Directors") believe that there are adequate corporate governance measures in place to manage the conflict of interests arising from any competing business and to safeguard the interests of the Shareholders.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors (the "Model Code") set out in Appendix 10 of the Listing Rules as the code of conduct for Directors in their dealings in the Company's securities. Having made specific enquiry to all Directors, all Directors have confirmed that they had complied with the required standard of dealings as set out in the Model Code since the Listing Date and up to the date of publication of this annual report.

BOARD OF DIRECTORS

(A) THE COMPOSITION OF THE BOARD

As at 28 June 2013, the Board comprises four executive Directors and two independent non-executive Directors. At the Board meeting held on 28 June 2013, Mr. Cai Youliang was appointed as independent non-executive Director on 28 June 2013 with effect from 2 July 2013. The Board members during the year and up to the date of this annual report, 28 June 2013, were:

Executive Directors
Mr. Wong Chit On *(Chairman)*
Mr. Lu Zhijie
Mr. Han Weining
Mr. Zhang Jinbing

Independent Non-Executive Directors
Mr. Lam Ying Hung Andy
Mr. Hu Yunlin
Mr. Cai Youliang (appointed on 28 June 2013 with effect from 2 July 2013)
Mr. Wu Xiaowen (appointed on 23 August 2012 and resigned on 14 May 2013)
Mr. Mao Zhigang (resigned on 8 November 2012)

Each Director possesses skills and experience appropriate to the business of the Group and the biographical details of the Directors and senior management, as at the date of this annual report, are set out on pages 11 to 14 of this annual report.

(B) RESPONSIBILITY OF DIRECTORS

The executive Directors, with the assistance from the senior management, form the core management team of the Company. The executive Directors are responsible for formulating the business strategies and development plan of the Group, while the senior management personnel are delegated to supervise and execute the plans and overall management of the Group.

(C) BOARD MEETINGS AND ATTENDANCE

In compliance with the code provision A.1.1 of the CG Code, there are at least four regular board meetings should be held each year at approximately quarterly intervals. A notice of the meeting would be given to all Directors at least 14 days prior to the date of the meeting to enable all Directors to attend the meetings. The agenda of the meeting shall be determined after consulting each Director so that each Director is given the opportunity to include their proposals into the agenda.

During the period under review, 5 Board meeting was held and the attendance record of Directors is set out below:

	Number of board meetings attended/held	Attendance ratio
Executive Directors		
Mr. Wong Chit On *(Chairman)*	**5/5**	**100%**
Mr. Lu Zhijie	**5/5**	**100%**
Mr. Han Weining	**4/5**	**80%**
Mr. Zhang Jinbing (appointed on 23 August 2012)	**2/5**	**40%**
Ms. Ni Yun Zi (resigned on 8 November 2012)	**1/5**	**20%**
Independent Non-executive Directors		
Mr. Lam Ying Hung Andy	**4/5**	**80%**
Mr. Hu Yunlin	**4/5**	**80%**
Mr. Wu Xiaowen (appointed on 23 August 2012 and resigned on 14 May 2013)	**3/5**	**60%**
Mr. Mao Zhigang (resigned on 8 November 2012)	**1/5**	**20%**

(D) INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The current independent non-executive Directors are Mr. Lam Ying Hung Andy and Mr. Hu Yunlin. The Board considers that all independent non-executive Directors possess appropriate and sufficient industry and finance experience and qualification to carry out their duties so as to protect the interest of the Shareholders. One of the independent non-executive Directors, Mr. Lam Ying Hung Andy, has over 20 years of experience in accounting and finance industry and he is a fellow of the Association of Chartered Certified Accountants of United Kingdom. Mr. Lam has been the finance director and administrative accountant in two logistics companies.

On 14 May 2013, Mr. Wu Xiaowen tendered his resignation as an independent non-executive Director, the chairman of the Nomination Committee, a member of the Audit Committee and a member of the Remuneration Committee of the Company due to his own decisions to devote more time to his personal endeavours.

Following the resignation of Mr. Wu Xiaowen with effect from 14 May 2013, the number of independent non-executive Directors and the members of the Audit Committee has fallen below the minimum number required under Rules 3.10(1) and 3.21 of the Listing Rules.

On 28 June 2013, the Board appointed Mr. Cai Youliang to fill a casual vacancy of the independent non-executive director and a member of Audit Committee and a member of the Remuneration Committee and the chairman of the Nomination Committee with effect from 2 July 2013.

The Board confirms that the Company has received from each of the independent non-executive Directors an annual confirmation in respect of their independence for the period under review and up to the date of publication of this annual report pursuant to Rule 3.13 of the Listing Rules. Based on the confirmation, the Board considers all independent non-executive Directors to be independent.

(E) TERMS OF APPOINTMENT OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lam Ying Hung Andy and Mr. Hu Yunlin were appointed as independent non-executive Directors for a term of three years commencing from 18 April 2012.

Mr. Cai has entered into a letter of appointment with the Company with effect from 2 July 2013. He is subject to re-election by the shareholders of the Company at the next general meeting after his appointment. The length of service of Mr. Cai as an independent non-executive Director is a term of three years commencing from 2 July 2013 subject to re-election by the shareholders of the Company and determined in accordance with the memorandum and articles of association of the Company.

(F) NOMINATION, APPOINTMENT, RE-ELECTION AND REMOVAL PROCEDURES

The procedures and process of appointment, re-election and removal of Directors are set out in the Company's articles of association. Every Director is subject to the provisions of retirement from office by rotation at an annual general meeting at least once every three years. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of members held immediately after his or her appointment and be subject to re-election at such meeting.

A nomination committee was established by the Company on 22 March 2012 with written terms of reference. The primary duties of the nomination committee are to (1) 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; (2) identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships; (3) assess the independence of the independent non-executive Directors; (4) make recommendation to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive officer. Please refer to the sub-section headed "Nomination Committee" below for more details on the nomination committee of the Board.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code Provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive officer should be clearly established and set out in writing. However, the Company appointed Mr. Wong Chit On as both the chairman and the chief executive officer of the Company. The Board believes that vesting the roles of the chairman and chief executive officer in the same individual would enable the Company to achieve a higher responsiveness, efficiency and effectiveness when formulating business strategies and executing the business plans. The Board believes that the balance of power and authority is sufficiently maintained by the operation at the Board, comprising by the executive Directors and independent non-executive Directors.

BOARD COMMITTEES

In accordance with the requirements of the Listing Rules, the Company has established the board committee in compliance with the CG Code as set out in Appendix 14 of the Listing Rules.

AUDIT COMMITTEE

An audit committee was established by the Company on 22 March 2012 with written terms of reference in compliance with the CG Code as set out in Appendix 14 to the Listing Rules. The primary duties of the audit committee are to review and monitor the Group's financial reporting process and internal control system. The members of the audit committee are Lam Ying Hung Andy and Hu Yunlin, all being independent non-executive Directors. Lam Ying Hung Andy is the chairman of the audit committee.

The Company's annual results for the year ended 31 March 2013 have been reviewed and discussed by the audit committee.

During the period under review, the audit committee has held 3 meeting after the Listing Date and up to the date of publication of this report. The attendance record of each member of the audit committee is set out below:

	Number of audit Committee meetings attended/held	Attendance ratio
Mr. Lam Ying Hung Andy	**3/3**	**100%**
Mr. Hu Yunlin	**3/3**	**100%**
Mr. Wu Xiaowen (appointed on 23 August 2012 and resigned on 14 May 2013)	**1/3**	**33%**
Mr. Mao Zhigang (resigned on 8 November 2012)	**1/3**	**33%**

REMUNERATION COMMITTEE

A remuneration committee was established by the Company on 22 March 2012 with written terms of reference in compliance with the CG Code as set out in Appendix 14 to the Listing Rules. The members of the remuneration committee are Hu Yunlin and Lam Ying Hung Andy, all being independent non-executive Directors. Hu Yunlin is the chairman of the remuneration committee.

The primary duties of the remuneration committee are to make recommendation to the Board on the Company's remuneration policy and structure for all Directors and senior management; to consider and advise on the recommendations regarding remuneration, bonuses and other compensation payable to all Directors and senior management; to review and approve the management's remuneration proposal; to make recommendations on performance evaluation procedure for determining remuneration of Directors and senior management. The remuneration committee shall ensure the Company has a formal and transparent procedure for developing remuneration policy of all Directors and senior management and none of the Directors in involved in determining his/her own remuneration.

During the period under review, the remuneration committee has held nil meeting after the Listing Date and up to the date of publication of this report.

NOMINATION COMMITTEE

A nomination committee was established by the Company on 22 March 2012 with written terms of reference in compliance with the CG Code as set out in Appendix 14 to the Listing Rules. The members of the nomination committee are the independent non-executive Directors, Hu Yunlin and Lam Ying Hung Andy. The primary duties of the nomination committee are to make recommendations to the Board on the appointment of Directors and the management of the Board succession.

During the period under review, the nomination committee has held nil meeting after the Listing Date and up to the date of publication of this report.

INVESTOR COMMUNICATIONS AND SHAREHOLDERS' RIGHTS

The Company recognize the importance of maintaining a timely communication and transparent reporting to the shareholders and/or investors.

The Company maintains an on-going dialogue with the shareholders and/or investors by various communication channels, including but not limited to, general meetings, annual and interim reports, announcements and circulars. The Company publishes all corporate communications on the Company's website at www.synertone.net, and on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk.

In compliance with the CG Code, notice will be given to the shareholders for annual general meeting at least 20 clear business days before the meeting and notice will be given for all other general meetings at least 10 clear business days.

All general meetings of the Company have been conducted by way of poll and detailed procedures for conducting a poll were explained at the commencement of the meeting. The poll voting results will be published by way of an announcement immediately following the relevant general meeting.

The procedures for shareholders to convene and put forward proposals at an annual general meeting or extraordinary general meeting are set out in Article 58 of the Company's articles of association, which can be accessed on the Company's website at www.synertone.net or on the website of the Stock Exchange.

ACCOUNTABILITY AND AUDIT

The Directors have included a management discussion and analysis of the Group's performance for the year ended 31 March 2013 under the section headed "Management Discussion and Analysis" of this annual report.

AUDITOR'S REMUNERATION

For the year ended 31 March 2013, the remuneration paid or payable to the Company's external auditor, CCIF CPA Limited, in respect of audit and non-audit services rendered is set out below:

	Fee paid/payable for services rendered HK$'000
Audit service	**500**
Non-audit service	**146**
Total	**646**

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING

The Directors acknowledge their responsibilities for the preparation of the financial statements of the Group for the year ended 31 March 2013 and confirm that the financial statements give a true and fair view of the state of affairs of the Group in accordance with the 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 the applicable disclosure provisions of the Listing Rules.

The statement of the auditor as to its responsibility for the financial statements is set out in the Independent Auditor's Report set out in page 28 to 29 of this annual report. There are no material uncertainties relating to events or circumstances which would otherwise cast significant doubt upon the Company's and the Group's ability to operate as a going concern. Accordingly, the Directors have prepared the financial statements on a going concern basis.

INTERNAL CONTROLS AND RISK MANAGEMENT

The internal control system has been designed to help achieve the Group's business objectives, safeguard assets, maintain proper accounting records, and execute appropriate authority and compliance of the relevant laws and regulations. The implementation of the internal control system is to minimise the risks to which the Group is exposed and used as a management tool for the day-to-day operation of business. The system is designed to provide reasonable, but not absolute, assurance against material misstatement in the financial statements or loss of assets.

The Board is responsible for maintaining the effectiveness of the Group's internal control systems, which includes financial, operational, and compliance controls and risk management functions. During the period under review, a review of the effectiveness of the Group's internal control system was conducted in preparation for the Listing of the Company and a series of measures have been implemented to further strengthen the internal control system (for example, the establishment of new board committees). The Audit Committee has been established with effect from the Listing for reviewing the effectiveness of the Group's internal control system and its compliance with the Listing Rules.

The Board considered that the Company's internal control system is adequate and effective.

The Directors consider that the above corporate governance measures are sufficient to manage any potential conflict of interests between the Controlling Shareholders and their respective associates on the one hand and the Group on the other, and to protect the interests of the Shareholders, in particular, the minority Shareholders.

On behalf of the Board
Wong Chit On
Chairman

28 June 2013

CCIF

CCIF CPA LIMITED

9/F Leighton Centre
77 Leighton Road
Causeway Bay Hong Kong

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SYNERTONE COMMUNICATION CORPORATION
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Synertone Communication Corporation (the "Company") and its subsidiaries (together the "Group") set out on pages 30 to 87, 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.

AUDITOR'S RESPONSIBILITY

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

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

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

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

OPINION

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

CCIF CPA Limited
Certified Public Accountants

Hong Kong, 28 June 2013

Sze Chor Chun, Yvonne
Practising Certificate Number P05049

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2013

	Note	2013 HK$'000	2012 HK$'000
Turnover	*5*	**115,690**	218,264
Cost of sales		**(41,574)**	(69,561)
Gross profit		**74,116**	148,703
Other revenue	*6*	**33,856**	3,844
Selling and distribution expenses		**(12,007)**	(11,008)
Administrative expenses		**(31,499)**	(35,307)
Research and development expenditure	*7(c)*	**(16,576)**	(15,184)
Profit from operations		**47,890**	91,048
Finance costs	*7(a)*	**–**	(1,231)
Profit before taxation	*7*	**47,890**	89,817
Income tax	*8*	**(11,883)**	(26,207)
Profit for the year attributable to owners of the Company		**36,007**	63,610
Earnings per share	*13*		
— Basic and diluted		**HK3.04 cents**	HK7.07 cents

The notes on pages 37 to 87 form part of these financial statements.

Details of dividends payable to owners of the Company attributable to profit for the year are set out in note 12.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2013

	2013 HK$'000	2012 HK$'000
Profit for the year	**36,007**	63,610
Other comprehensive income for the year		
Exchange differences on translation of financial statements of PRC subsidiaries (net of nil tax (2012: Nil))	**2,004**	4,900
Total comprehensive income for the year attributable to owners of the Company	**38,011**	68,510

The notes on pages 37 to 87 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2013

	Note	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment	*15*	**51,766**	9,686
Intangible assets	*16*	**12,231**	9,948
Deposits paid for acquisition of intangible assets	*19*	**4,680**	–
		68,677	19,634
Current assets			
Inventories	*18(a)*	**19,590**	16,674
Trade and other receivables	*20*	**119,919**	190,285
Tax recoverable	*26(a)*	**–**	919
Cash and cash equivalents	*21*	**124,549**	37,232
		264,058	245,110
Current liabilities			
Trade and other payables	*23*	**24,223**	25,550
Amount due to a director	*25*	**241**	–
Current taxation	*26(a)*	**20,214**	22,178
		(44,678)	(47,728)
Net current assets		**219,380**	197,382
Total assets less current liabilities		**288,057**	217,016
Non-current liabilities			
Deferred tax liabilities	*26(b)*	**(9,871)**	(12,936)
Net assets		**278,186**	204,080
EQUITY			
Equity attributable to owners of the Company			
Share capital	*27(b)*	**12,000**	9,000
Reserves		**266,186**	195,080
Total equity		**278,186**	204,080

Approved and authorised for issue by the board of directors on 28 June 2013.

Wong Chit On
Director

Lu Zhijie
Director

The notes on pages 37 to 87 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 March 2013

	Note	2013 HK$'000	2012 HK$'000
Non-current assets			
Investments in subsidiaries	*17*	**95,012**	95,012
Current assets			
Prepayment and deposits	*20*	**–**	4,529
Amounts due from subsidiaries	*22*	**124,317**	27,263
Cash and cash equivalents	*21*	**153**	35
		124,470	31,827
Current liabilities			
Other payables	*23*	**560**	1,516
Amount due to a subsidiary	*22*	**732**	732
		(1,292)	(2,248)
Net current assets		**123,178**	29,579
Net assets		**218,190**	124,591
EQUITY	*27(a)*		
Share capital		**12,000**	9,000
Reserves		**206,190**	115,591
Total equity		**218,190**	124,591

Approved and authorised for issue by the board of directors on 28 June 2013.

Wong Chit On
Director

Lu Zhijie
Director

The notes on pages 37 to 87 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2013

	Note	Attributable to owners of the Company						
		Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000	Statutory reserve HK$'000	Translation reserve HK$'000	Retained profits HK$'000	Total equity HK$'000
At 1 April 2011		9,000	52,663	(90)	17,978	18,495	64,524	162,570
Comprehensive income								
Profit for the year		–	–	–	–	–	63,610	63,610
Other comprehensive income								
Exchange differences arising on translation of financial statements of PRC subsidiaries		–	–	–	–	4,900	–	4,900
Total comprehensive income for the year		–	–	–	–	4,900	63,610	68,510
Transaction with owners								
Interim dividend in respect of the current year	*12*	–	(27,000)	–	–	–	–	(27,000)
Total transaction with owners		–	(27,000)	–	–	–	–	(27,000)
At 31 March 2012		9,000	25,663	(90)	17,978	23,395	128,134	204,080
At 1 April 2012		9,000	25,663	(90)	17,978	23,395	128,134	204,080
Comprehensive income								
Profit for the year		–	–	–	–	–	36,007	36,007
Other comprehensive income								
Exchange differences arising on translation of financial statements of PRC subsidiaries		–	–	–	–	2,004	–	2,004
Total comprehensive income for the year		–	–	–	–	2,004	36,007	38,011
Transactions with owners								
New issue of shares by way of placing and public offering	*27(b)*	3,000	96,000	–	–	–	–	99,000
Transaction costs attributable to issue of new shares	*27(b)*	–	(14,905)	–	–	–	–	(14,905)
Transfer to statutory reserves		–	–	–	5,865	–	(5,865)	–
Final dividend in respect of the previous year	*12*	–	–	–	–	–	(48,000)	(48,000)
Total transactions with owners		3,000	81,095	–	5,865	–	(53,865)	36,095
At 31 March 2013		12,000	106,758	(90)	23,843	25,399	110,276	278,186

The notes on pages 37 to 87 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2013

	Note	2013 HK$'000	2012 HK$'000
Operating activities			
Profit before taxation		**47,890**	89,817
Adjustments for:			
Interest income	*6*	**(595)**	(191)
Finance costs	*7(a)*	**–**	1,231
Amortisation of intangible assets	*7(c)*	**5,827**	5,338
Depreciation of property, plant and equipment	*7(c)*	**2,952**	3,357
Loss on disposal of property, plant and equipment	*7(c)*	**–**	468
Write down of inventories	*18(b)*	**1,850**	964
Reversal of write down of inventories	*18(b)*	**(1,398)**	(1,877)
		56,526	99,107
Changes in working capital			
(Increase)/decrease in inventories		**(3,368)**	597
Decrease/(increase) in trade and other receivables		**70,366**	(31,632)
Decrease in amount due from related companies		**–**	40
Increase/(decrease) in amounts due to directors		**241**	(11,569)
(Decrease)/increase in trade and other payables		**(1,327)**	611
Cash generated from operations		**122,438**	57,154
Income tax (paid)/refunded			
The People's Republic of China ("PRC")	*26(a)*	**(17,372)**	(25,273)
Hong Kong	*26(a)*	**919**	4,453
		(16,453)	(20,820)
Net cash generated from operating activities		**105,985**	36,334
Investing activities			
Proceeds from disposal of property, plant and equipment		**–**	47
Payment for the purchase of property, plant and equipment		**(44,438)**	(2,052)
Payment for the purchase of intangible assets	*16*	**(8,030)**	(2,871)
Deposits paid for acquisition of intangible assets	*19*	**(4,680)**	–
Interest received	*6*	**595**	191
Net cash used in investing activities		**(56,553)**	(4,685)

The notes on pages 37 to 87 form part of these financial statements.

	Note	2013 HK$'000	2012 HK$'000
Financing activities			
Change in current account with ultimate holding company		**–**	80
Proceeds from new bank borrowings		**–**	14,992
Repayment of bank borrowings		**–**	(23,674)
Proceeds from issue of new shares by way of placing and public offering	*27(b)*	**99,000**	–
Payment of transaction costs attributable to issue of new shares	*27(b)*	**(14,905)**	(4,529)
Dividend paid	*12*	**(48,000)**	(27,000)
Interest paid	*7(a)*	**–**	(1,231)
Net cash generated from/(used in) financing activities		**36,095**	(41,362)
Net increase/(decrease) in cash and cash equivalents		**85,527**	(9,713)
Cash and cash equivalents at beginning of the year		**37,232**	41,667
Effect of foreign exchange rates changes		**1,790**	5,278
Cash and cash equivalents at end of the year		**124,549**	37,232
Analysis of the balances of cash and cash equivalents			
Cash at bank and on hand		**97,042**	37,232
Deposits with banks		**27,507**	–
	21	**124,549**	37,232

The notes on pages 37 to 87 form part of these financial statements.

1. GENERAL

Synertone Communication Corporation (the "Company") was incorporated in the Cayman Islands on 11 October 2006 as an exempted company with limited liability. The addresses of the Company's registered office and the principal place of business are Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands and Block B, Teng Bang Building, Qingshuihe Yi Road North, Luohu District, Shenzhen, the People's Republic of China (the "PRC") respectively.

On 18 April 2012, the shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Listing").

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the design, research and development, manufacture and sales of specialised communication systems, equipment and systems technologies and providing a total solution of specialised communication system, including digital trunking system, Very Small Aperture Terminal ("VSAT") satellite system and operation integrated system.

The principal operations of the Group are conducted in the PRC. The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the functional currency of the Company, while the functional currency of the subsidiaries incorporated in the PRC is Renminbi ("RMB"). The directors consider that presenting consolidated financial statements in HK$ is preferable when controlling and monitoring the performance and financial position of the Group and in reporting to its immediate parent and ultimate holding company whose functional currency is HK$.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) STATEMENT OF COMPLIANCE

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

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 March 2013 comprise the financial statements of the Group.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

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

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

Judgements made by management in the application of HKFRSs that have a significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 4.

(c) SUBSIDIARIES

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

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

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(g)(ii)).

(d) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, other than construction in progress, are stated in the statement of financial position at cost less any accumulated depreciation and any accumulated impairment losses (see note 2(g)(ii)).

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised in profit or loss during the financial period in which they are incurred.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) PROPERTY, PLANT AND EQUIPMENT *(Continued)*

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

Leasehold improvements	5 years
Plant and machinery	4–10 years
Furniture, fixtures and equipment	3–5 years
Motor vehicles	5–10 years

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

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

Construction in progress includes property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Construction in progress is classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

(e) INTANGIBLE ASSETS (OTHER THAN GOODWILL)

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalised includes the costs of materials, direct labour, and an appropriate proportion of overheads and borrowing costs, where applicable (see note 2(r)). Capitalised development costs are stated at cost less accumulated amortisation and impairment losses (see note 2(g)(ii)). Other development expenditure is recognised as an expense in the period in which it is incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimate useful life is finite) and impairment losses (see note 2(g)(ii)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) INTANGIBLE ASSETS (OTHER THAN GOODWILL) *(Continued)*

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

Technical know-how for digital trunking system	3–5 years
Technical know-how for VSAT satellite system	5 years
Administrative system costs	5 years

Both the period and method of amortisation are reviewed annually.

(f) LEASED ASSETS

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

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) Operating lease charges

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

(g) IMPAIRMENT OF ASSETS

(i) Impairment of receivables

Current and non-current receivables that are carried at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

— significant financial difficulty of the debtor;

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) IMPAIRMENT OF ASSETS *(Continued)*

(i) Impairment of receivables (Continued)

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

— For investments in subsidiaries, the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 2(g)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 2(g)(ii).

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) IMPAIRMENT OF ASSETS *(Continued)*

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

— property, plant and equipment;

— intangible assets; and

— investments in subsidiaries.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for intangible assets that are not yet available for use and have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

— Calculation of recoverable amount

The recoverable amount of an asset is the higher of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— Recognition of impairment losses

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

— Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34, *Interim Financial Reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 2(g)(i) and (ii)).

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) INVENTORIES

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

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

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

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

(i) TRADE AND OTHER RECEIVABLES

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 2(g)(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts (see note 2(g)(i)).

(j) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(k) INTEREST-BEARING BORROWINGS

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

(l) TRADE AND OTHER PAYABLES

Trade and other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(m) EMPLOYEE BENEFITS

(i) Short term employee benefits and contributions to defined contribution retirement plans

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

(ii) Termination benefits

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

(n) INCOME TAX

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(n) INCOME TAX *(Continued)*

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

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

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

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

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

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

  — the same taxable entity; or

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

(o) PROVISIONS AND CONTINGENT LIABILITIES

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(p) REVENUE RECOGNITION

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

(i) Sale of goods

Revenue is recognised when goods are delivered at the customers' premises which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value-added tax or other sales taxes and is after deduction of any goods returns and trade discounts.

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method.

(iii) Government grants

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related cost for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

(iv) Value-added taxes refund

Value-added taxes refund is recognised when the Group complied with the conditions attaching to them and the acknowledgement of refund from the PRC Tax Bureau has been received.

(q) TRANSLATION OF FOREIGN CURRENCIES

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

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

The results of foreign operations are translated into HK$ at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into HK$ at the closing foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(r) BORROWING COSTS

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

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

(s) RELATED PARTIES

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

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

  (ii) has significant influence over the Group; or

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

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

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

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

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(t) SEGMENT REPORTING

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

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

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied the following new and revised HKFRSs issued by the HKICPA:

Amendments to HKFRS 7	Financial Instruments: Disclosures — Transfers of Financial Assets; and
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets

As described below, the application of the amendments to HKFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior accounting years and/or on the disclosures set out in these financial statements.

AMENDMENTS TO HKFRS 7, DISCLOSURES — TRANSFERS OF FINANCIAL ASSETS

The amendments to HKFRS 7 require certain disclosures to be included in the financial statements in respect of transferred financial assets that are not derecognised in their entirety and for any continuing involvement in transferred financial assets that are derecognised in their entirety, irrespective of when the related transfer transaction occurred. However, an entity need not provide the disclosures for the comparative period in the first year of adoption. The Group did not have any significant transfers of financial assets in previous periods or the current period which require disclosure in the current accounting period under the amendments.

AMENDMENTS TO HKAS 12, DEFERRED TAX: RECOVERY OF UNDERLYING ASSETS

Under HKAS 12 deferred tax is required to be measured with reference to the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of the asset(s) in question. In this regard, the amendments to HKAS 12 introduced a rebuttable presumption that the carrying amount of investment property carried at fair value under HKAS 40 *Investment Property*, will be recovered through sale. This presumption is rebutted on a property-by-property basis if the investment property in question is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The application of the amendments to HKAS 12 does not have impact as the Group currently does not have any investment property.

4. ACCOUNTING JUDGEMENTS AND ESTIMATES

(a) KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies which are described in note 2, management has made certain key assumptions concerning the future, and other key sources of estimated uncertainty at the end of the reporting period. Judgements made by the management in the application of HKFRSs that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(i) 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. 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, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. 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.

(ii) Useful lives and residual values of property, plant and equipment

Management determines the estimated useful lives and residual values for the Group's property, plant and equipment in accordance with accounting policy stated in note 2(d). The Group will revise the depreciation charge where useful lives and residual values are different from the previous estimates, or will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

As at 31 March 2013, the carrying amount of property, plant and equipment was approximately HK$51,766,000 (2012: HK$9,686,000).

(iii) Amortisation of intangible assets

Intangible assets are amortised on a straight-line basis over their estimated useful lives in accordance with accounting policy stated in note 2(e). The determination of the useful lives involves management's estimation. The Group re-assesses the useful life of the intangible assets and if the expectation differs from the original estimate, such a difference may impact the amortisation in the year and the estimate will be changed in the future period.

As at 31 March 2013, the carrying amount of intangible assets was approximately HK$12,231,000 (2012: HK$9,948,000).

(iv) Net realisable value of inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is determined on the basis of the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale. The directors estimated the net realisable value for inventories based primarily on the latest invoice prices and current market conditions.

As at 31 March 2013, the carrying amount of inventories was approximately HK$19,590,000 (2012: HK$16,674,000).

4. ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

(a) KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

(v) Estimation of impairment of receivables

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

As at 31 March 2013, the carrying amount of trade receivables was approximately HK$115,824,000 (2012: HK$178,100,000).

(vi) Estimation of provision for warranty

The Group generally provides 0 to 3 years warranties to its customers on its products under which faulty products are repaired and replaced. Provision for warranty is made based on possible claims on the products by customers with reference to the percentage of warranty expenses incurred over total sales amounts during the year ended 31 March 2013, and no provision for warranty has been made in the consolidated financial statements. In case where actual claims are greater than expected, a material increase in warranty expenses may arise, which would be recognised in profit or loss for the period in which such claim takes place.

(b) CRITICAL ACCOUNTING JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

In determining the carrying amounts of some assets and liabilities, the Group makes assumptions for the effects of uncertain future events on those assets and liabilities at the end of the reporting period. These estimates involve assumptions about such items as cash flows and discount rates used. The Group's estimates and assumptions are based on historical experience and expectations of future events and are reviewed periodically. In addition to assumptions and estimations of future events, judgements are also made during the process of applying the Group's accounting policies.

(i) Taxation and deferred taxation

The Group is subject to income tax in Hong Kong and various taxes in PRC. Significant judgement is required in determining the provision for taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and certain tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and tax charge in the periods in which such estimate is changed. In this regard, no deferred tax assets was recognised by the Group as at 31 March 2013, and the Group has recognised deferred tax liabilities of approximately HK$9,871,000 (2012: HK$12,936,000) as at 31 March 2013.

4. ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

(b) CRITICAL ACCOUNTING JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES *(Continued)*

(ii) Withholding taxes arising from the distributions of dividends

The Group's determination as to whether to accrue for withholding taxes arising from the distributions of dividends from certain subsidiaries according to the relevant tax jurisdictions is subject to judgement on the timing of the payment of the dividend. As mentioned in details in note 8(a)(v), the directors considered that, withholding taxes have been provided for approximately HK$9,871,000 (2012: HK$12,804,000) as at 31 March 2013.

5. TURNOVER

The principal activities of the Group are the design, research and development, manufacture and sales of specialised communication systems, equipment and systems technologies and providing a total solution of specialised communication system, including digital trunking system, VSAT satellite system and operation integrated system.

Turnover represents the sales value of goods supplied to customers which excludes value-added and business taxes, and is after deduction of any goods returns and trade discounts. The amount of each significant category of revenue recognised during the year is as follows:

	2013 HK$'000	2012 HK$'000
Digital trunking system	**106,768**	182,899
VSAT satellite system	**8,863**	20,127
Systems technologies	**–**	13,424
Other accessory parts and components	**59**	1,814
	115,690	218,264

6. OTHER REVENUE

	2013 HK$'000	2012 HK$'000
Bank interest income from bank deposits *(note a)*	**595**	191
Government grants *(note b)*	**2,162**	983
Value-added taxes refund *(note c)*	**30,932**	2,531
Sundry income	**167**	139
	33,856	3,844

Notes:

(a) Bank interest income from bank deposits represented the total interest income on financial assets not at fair value through profit or loss.

(b) These government grants are unconditional government subsidies received by the Group from relevant government bodies for the purpose of giving incentive to "hi-tech enterprise".

(c) Value-added taxes refund is recognised when the acknowledgement of refund from the PRC Tax Bureau has been received.

7. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) FINANCE COSTS

	2013 HK$'000	2012 HK$'000
Total interest expense on financial liabilities not at fair value through profit or loss:		
Interest expense on bank borrowings wholly repayable within five years	**–**	1,231

(b) STAFF COSTS (INCLUDING DIRECTORS' REMUNERATION IN NOTE 9)

	2013 HK$'000	2012 HK$'000
Salaries, wages and other benefits	**39,554**	48,062
Retirement benefit scheme contributions	**845**	1,222
	40,399	49,284

As stipulated by the relevant rules and regulations in the PRC, the PRC subsidiaries of Group are required to contribute a state-sponsored retirement plan, which is a defined contribution pension schemes, for all of their employees at a certain percentage of the employee's basic salary. The state-sponsored retirement plan is responsible for the entire pension obligations payable to retired employees.

The Group also operates a Mandatory Provident Fund Scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$25,000 (HK$20,000 prior to June 2012). Contributions to the plan vest immediately.

Save for the above, the Group has no other obligation for payment of retirement benefits beyond the contributions.

7. PROFIT BEFORE TAXATION *(Continued)*

(c) OTHER ITEMS

	2013 HK$'000	2012 HK$'000
Auditor's remuneration	**500**	500
Cost of inventories *(Note 18(b))*	**41,574**	69,561
Amortisation of intangible assets	**5,827**	5,338
Depreciation of property, plant and equipment	**2,952**	3,357
Loss on disposal of property, plant and equipment	**–**	468
Net exchange gain	**(1,146)**	(2,087)
Operating lease charges in respect of leased property	**5,448**	5,373
Research and development expenditure *	**16,576**	15,184

* Research and development expenditure for the year ended 31 March 2013 included approximately HK$7,969,000 (2012: HK$11,550,000) relating to staff costs to which the amounts were also included in the respective total amounts disclosed separately in note 7(b).

8. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT REPRESENTS:

	2013 HK$'000	2012 HK$'000
Current tax		
PRC Enterprise Income Tax ("EIT") *(note (iv))*	**15,955**	23,548
Over-provision in respect of prior years		
PRC EIT	**(1,007)**	–
	14,948	23,548
Deferred tax		
Origination and reversal of temporary differences *(Note 26(b))*	**(3,065)**	2,659
	11,883	26,207

Notes:

(i) The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Company Law of the Cayman Islands and, accordingly, is exempted from payment of the Cayman Islands income tax.

(ii) Pursuant to the rules and regulations of the British Virgin Islands ("BVI"), the BVI subsidiaries of the Group are not subject to any income tax in the BVI.

(iii) No provision has been made for Hong Kong Profits Tax as the Group does not earn any income subject to Hong Kong Profits Tax during the year.

(iv) PRC subsidiaries are subject to PRC EIT at 25%. The PRC subsidiaries of the Group, Synertone Soontend Electronic (Shenzhen) Company Limited ("Synertone Soontend") (literal translation of 協同迅達電子科技(深圳)有限公司) and Synertone Smartend Communication Technology (Shenzhen) Company Limited ("Synertone Smartend") (literal translation of 協同智迅通信技術(深圳)有限公司), being the foreign invested "encouraged hi-tech enterprise" were entitled to a preferential EIT rate of 15% (2012: 15%).

For Synertone Soontend, the period of grant of preferential EIT rate expired on 31 December 2012. The EIT rate was therefore 25% for the period from 1 January 2013 to 31 March 2013.

In June 2013, pursuant to the notice issued by the relevant authority in the PRC, Synertone Soontend has submitted the application for renewal as being an "encouraged hi-tech enterprise". The application is still in progress up to the date of approval of the financial statements.

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

(a) INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT REPRESENTS: *(Continued)*

Notes: (Continued)

(v) Under the EIT Law of the PRC, with effect from 1 January 2008 onwards, non-resident enterprises without an establishment or place of business in the PRC or which have an establishment or place of business but the relevant income is not effectively connected with the establishment or a place of business in the PRC will be subject to withholding income tax at the rate of 10% on various types of passive income such as dividends derived from sources in the PRC. Pursuant to the double tax arrangement between the PRC and Hong Kong effective on 1 January 2007, the withholding income tax rate will be reduced to 5% upon government approval of the investment by the Hong Kong investor in the invested entities in the PRC is not less than 25% on 22 February 2008, the State Administration of Taxation approved Caishui (2008) No. 1, pursuant to which dividend distributions out of retained earnings of foreign investment enterprises prior to 31 December 2007 will be exempted from withholding income tax. Deferred tax liabilities of approximately HK$9,871,000 (2012: HK$12,804,000) in respect of the withholding income tax on dividend to be paid out of earnings not yet distributed since 1 January 2008 has been recognised by the Group for the year ended 31 March 2013.

(b) RECONCILIATION BETWEEN TAX EXPENSE AND ACCOUNTING PROFIT AT APPLICABLE TAX RATES IS AS FOLLOWS:

	2013 HK$'000	2012 HK$'000
Profit before taxation	**47,890**	89,817
Notional tax on profit before taxation, calculated at the rates applicable to the jurisdictions concerned	**6,693**	13,155
Tax effect of non-deductible expenses	**852**	1,637
Tax effect of non-taxable income	**(1,235)**	(2,287)
Tax effect of deductible temporary differences not recognised	**494**	–
Tax effect of unused tax losses not recognised	**2,832**	808
Tax effect of tax losses not allowed for tax deduction	**420**	2,270
Over-provision in prior years	**(1,007)**	–
Withholding tax on dividends	**2,834**	10,624
Actual tax expense	**11,883**	26,207

9. DIRECTORS' REMUNERATION

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

	Year ended 31 March 2013				
	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Bonus HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Executive directors					
Wong Chit On *(note i)*	95	3,529	3	15	3,642
Ni Yun Zi *(note iii)*	56	960	3	15	1,034
Lu Zhijie	95	229	–	12	336
Han Weining	95	229	–	12	336
Zhang Jinbing *(note ii)*	61	365	–	9	435
Independent non-executive directors					
Lam Ying Hung Andy	95	–	–	–	95
Mao Zhigang *(note iii)*	56	–	–	–	56
Hu Yunlin	95	–	–	–	95
Wu Xiaowen *(note iv)*	61	–	–	–	61
	709	5,312	6	63	6,090

9. DIRECTORS' REMUNERATION *(Continued)*

	Year ended 31 March 2012				
	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Bonus HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Executive directors					
Wong Chit On *(note i)*	–	3,265	–	12	3,277
Ni Yun Zi	–	960	–	12	972
Lu Zhijie	–	–	–	–	–
Han Weining	–	–	–	–	–
Independent non-executive directors					
Lam Ying Hung Andy	–	–	–	–	–
Mao Zhigang	–	–	–	–	–
Hu Yunlin	–	–	–	–	–
	–	4,225	–	24	4,249

Notes:

(i) Mr. Wong Chit On was the chief executive officer of the Group during the two years ended 31 March 2013 and 2012 and the emoluments disclosed above include those for services rendered by him as chief executive officer.

(ii) Appointed on 23 August 2012.

(iii) Resigned on 8 November 2012.

(iv) Appointed on 23 August 2012 and resigned on 14 May 2013.

No emoluments or incentive payments were paid to any of the directors as an inducement to join or upon joining the Group or as compensation for loss of office during the year. There was no arrangement under which a director waived or agreed to waive any remuneration for the years ended 31 March 2013 and 2012.

During the year ended 31 March 2012, there were no emoluments paid/payable to two of the executive directors and independent non-executive directors, including Lu Zhijie, Han Weining, Lam Ying Hung Andy, Mao Zhigang and Hu Yunlin.

10. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, three (2012: two) were directors of the Company whose emoluments are disclosed in note 9. The emoluments of the remaining two (2012: three) individuals were as follows:

	2013 HK$'000	2012 HK$'000
Salaries, allowance and benefits in kind	**1,317**	1,404
Bonus	**373**	516
Retirement scheme contributions	**29**	55
	1,719	1,975

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

	2013 Number of individuals	2012 Number of individuals
HK$Nil to HK$1,000,000	**2**	3

No emoluments or incentive payments were paid to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office for the years ended 31 March 2013 and 2012.

11. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit attributable to owners of the Company includes a profit of approximately HK$57,504,000 (2012: HK$17,239,000) which has been dealt with in the financial statements of the Company.

12. DIVIDENDS

(a) Dividends payable to owners of the Company attributable to the year:

	2013 HK$'000	2012 HK$'000
Interim dividend declared and paid of HK3 cents per ordinary share	**–**	27,000
Final dividend proposed of HK3 cents (2012: HK4 cents) per ordinary share after the end of the reporting period	**36,000**	48,000
	36,000	75,000

The final dividend proposed after the end of the reporting period is based on 1,200,000,000 ordinary shares (2012: 1,200,000,000 ordinary shares), being the total number of issued shares at the date of approval of the financial statements.

The final dividend for 2013 proposed after the end of the reporting period is subject to shareholders' approval in the forthcoming annual general meeting. It has not been recognised as a liability at the end of the reporting period.

12. DIVIDENDS *(Continued)*

(b) Dividends payable to owners of the Company attributable to the previous financial year, approved and paid during the year:

	2013 HK$'000	2012 HK$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK4 cents per ordinary share (2012: Nil)	**48,000**	–

13. EARNINGS PER SHARE

(a) BASIC EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of approximately HK$36,007,000 (2012: HK$63,610,000) and the weighted average number of 1,186,027,000 ordinary shares (2012: 900,000,000 ordinary shares) in issue during the year, calculated as follows:

	2013 HK$'000	2012 HK$'000
Profit attributable to owners of the Company	**36,007**	63,610

	2013 '000	2012 '000
Weighted average number of ordinary shares at end of the year	**1,186,027**	900,000

(b) DILUTED EARNINGS PER SHARE

Diluted earnings per share for both the years ended 31 March 2013 and 31 March 2012 were the same as the basic earnings per share as no potential ordinary share was in issue for both years.

14. SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by business lines. On adoption of HKFRS 8, Operating segments, and in a manner consistent with the way in which information is reported internally to the Chairman, who has been identified as the Group's chief operating decision maker, for the purposes of resource allocation and performance assessment, the Group has presented the following reportable segments:

Digital trunking system:	Digital trunking system is designed to meet the demand from governmental departments or agencies, public utilities institutions and business enterprises for public safety and emergency communication, mainly consists of CITONE digital trunking radio communication system, WITONE digital trunking radio communication system and DITONE digital trunking radio communication system. Based on the specifications of customers, the Group offers a range of core components forming digital trunking system which can be operated under direct network, transmission network, single base station trunking network, single area multiple base stations network and multi-area network. Different modes of digital trunking system can be set up and operated with various combinations of components addressing particular needs of users.
VSAT satellite system:	VSAT satellite system is a component of the specialised communication system. VSAT satellite antenna is a major component of the VSAT satellite system which enables and maintains communication under in-motion mode. With different models of VSAT satellite antennae, the Group offers different VSAT satellite systems including (a) VSAT low speed satellite transmission system; (b) VSAT high speed dynamic digital satellite system and (c) VSAT high speed stationary digital satellite system.
Systems technologies:	This segment developed a wide variety of technical know-how and technology relating to specialised communication system. The customers (a) paid a licensing fees to the Group for the use of certain technical know-how and technology; and (b) paid commissions to the Group to conduct research and development and to design and develop particular technical know-how to meet their specifications and requirements and needs.

The Group combined other business activities in "Others", in which, the Group offers accessory parts and components, as options to the customers for use in specialised communication system industry or other industry in accordance with customers' specifications.

14. SEGMENT REPORTING *(Continued)*

(a) SEGMENT RESULTS, ASSETS AND LIABILITIES

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

Segment assets include all tangible, intangible assets and current assets with the exception of other corporate assets which are unallocated to an individual reportable segment. Segment liabilities include trade and other payables attributable to the production and sales activities of the individual segments with the exception of other corporate liabilities which are unallocated to an individual reportable segment.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit is adjusted earnings before interest and taxes ("Adjusted EBIT"). To arrive at adjusted earnings before interest and taxes, the Group's profits are further adjusted for items not specifically attributed to an individual reportable segment and other unallocated corporate expenses.

In addition to receiving segment information concerning adjusted EBIT, management is provided with segment information concerning revenue (including inter-segment sales), interest income, value-added taxes refund, finance costs, amortisation of intangible assets, depreciation of property, plant and equipment, write down of inventories, reversal of write down of inventories, loss on disposal of property, plant and equipment, research and development expenditure, income tax and additions to non-current segment assets used by the segments in their operations.

14. SEGMENT REPORTING *(Continued)*

(a) SEGMENT RESULTS, ASSETS AND LIABILITIES *(Continued)*

Information regarding the Group's reportable segments as provided to the Group's chairman and executive director for the purpose of resource allocation and assessment of segment performance for the years ended 31 March 2013 and 2012 is as follows:

	Digital trunking system		VSAT satellite system		Systems technologies		Others		Total	
	2013 HK$'000	2012 HK$'000	**2013 HK$'000**	2012 HK$'000	**2013 HK$'000**	2012 HK$'000	**2013 HK$'000**	2012 HK$'000	**2013 HK$'000**	2012 HK$'000
Revenue from external customers *(note)*	**106,768**	182,899	**8,863**	20,127	**–**	13,424	**59**	1,814	**115,690**	218,264
Inter-segment revenue	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Reportable segment revenue	**106,768**	182,899	**8,863**	20,127	**–**	13,424	**59**	1,814	**115,690**	218,264
Reportable segment profit/(loss) (adjusted EBIT)	**56,347**	100,871	**(2,867)**	(9,440)	**–**	11,050	**–**	1,480	**53,480**	103,961
Interest income	**584**	164	**10**	13	**–**	13	**–**	1	**594**	191
Value-added taxes refund	**30,932**	2,531	**–**	–	**–**	–	**–**	–	**30,932**	2,531
Finance costs	**–**	(89)	**–**	(1,142)	**–**	–	**–**	–	**–**	(1,231)
Amortisation of intangible assets	**(5,010)**	(4,376)	**(817)**	(892)	**–**	(62)	**–**	(8)	**(5,827)**	(5,338)
Depreciation of property, plant and equipment	**(2,724)**	(2,813)	**(226)**	(310)	**–**	(206)	**(2)**	(28)	**(2,952)**	(3,357)
Write down of inventories	**(1,850)**	(964)	**–**	–	**–**	–	**–**	–	**(1,850)**	(964)
Reversal of write down of inventories	**1,398**	1,877	**–**	–	**–**	–	**–**	–	**1,398**	1,877
Loss on disposal of property, plant and equipment	**–**	(416)	**–**	(18)	**–**	(30)	**–**	(4)	**–**	(468)
Research and development expenditure	**(13,064)**	(11,735)	**(3,512)**	(3,356)	**–**	(93)	**–**	–	**(16,576)**	(15,184)
Income tax	**(11,687)**	(23,238)	**(196)**	(1,101)	**–**	(1,597)	**–**	(271)	**(11,883)**	(26,207)
Reportable segment assets	**320,667**	219,812	**7,171**	22,108	**–**	16,817	**–**	1,406	**327,838**	260,143
Additions to non-current segment assets during the year										
— Property, plant and equipment	**43,707**	2,166	**731**	238	**–**	159	**–**	22	**44,438**	2,585
— Intangible assets	**8,030**	–	**–**	–	**–**	–	**–**	–	**8,030**	–
	51,737	2,166	**731**	238	**–**	159	**–**	22	**52,468**	2,585
Reportable segment liabilities	**51,706**	41,351	**2,037**	2,578	**–**	2,073	**3**	338	**53,746**	46,340
Customer A	**43,249**	75,725	**7,359**	8,066	**–**	13,424	**59**	138	**50,667**	97,353
Customer B	**38,566**	54,369	**–**	–	**–**	–	**–**	–	**38,566**	54,369
Customer C	**21,176**	38,676	**–**	–	**–**	–	**–**	1,540	**21,176**	40,216
	102,991	168,770	**7,359**	8,066	**–**	13,424	**59**	1,678	**110,409**	191,938

Note: Revenues of three (2012: three) customers, each of them accounted for 10 percent or more of the Group's revenue for the year ended 31 March 2013 are set out above. Further details of concentrations of credit risk arising from these customers are set out in note 28(a).

14. SEGMENT REPORTING *(Continued)*

(b) RECONCILIATION OF REPORTABLE SEGMENT REVENUES, PROFIT OR LOSS, ASSETS AND LIABILITIES

	2013 HK$'000	2012 HK$'000
Revenue		
Reportable segment revenue	**115,690**	218,264
Elimination of inter-segment revenue	**–**	–
Consolidated revenue	**115,690**	218,264
Profit		
Reportable segment profit	**53,480**	103,961
Elimination of inter-segment profits	**–**	–
Reportable segment profit derived from Group's external customers	**53,480**	103,961
Interest income	**595**	191
Finance costs	**–**	(1,231)
Unallocated corporate expenses	**(6,185)**	(13,104)
Consolidated profit before taxation	**47,890**	89,817
Assets		
Reportable segment assets	**327,838**	260,143
Elimination of inter-segment receivables	**–**	–
	327,838	260,143
Deposits paid for acquisition of intangible assets	**4,680**	–
Unallocated corporate assets	**217**	4,601
Consolidated total assets	**332,735**	264,744
Liabilities		
Reportable segment liabilities	**53,746**	46,340
Elimination of inter-segment payables	**–**	–
	53,746	46,340
Amount due to a director	**241**	–
Unallocated corporate liabilities	**562**	14,324
Consolidated total liabilities	**54,549**	60,664

14. SEGMENT REPORTING *(Continued)*

(c) GEOGRAPHICAL INFORMATION

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, intangible assets and deposits paid for acquisition of intangible assets ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset in the case of property, plant and equipment, and the location of the operation to which they are allocated in the case of intangible assets and deposits paid for acquisition of intangible assets.

	Revenue from external customers		Non-current assets	
	2013 HK$'000	2012 HK$'000	**2013 HK$'000**	2012 HK$'000
Hong Kong	**48**	7,885	**1,403**	22
PRC	**115,642**	210,379	**67,274**	19,612
	115,690	218,264	**68,677**	19,634

(d) INFORMATION ABOUT PRODUCTS AND SERVICES

The Group's revenues from external customers for each principle type of products were set out in note 5.

15. PROPERTY, PLANT AND EQUIPMENT

THE GROUP

	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
Cost						
At 1 April 2011	17	20,500	1,665	5,213	–	27,395
Additions	–	2,310	–	275	–	2,585
Disposals	–	(629)	–	(193)	–	(822)
Exchange differences	–	783	54	195	–	1,032
At 31 March 2012	17	22,964	1,719	5,490	–	30,190
At 1 April 2012	17	22,964	1,719	5,490	–	30,190
Additions	3,564	958	64	3,262	36,590	44,438
Exchange differences	43	290	19	74	444	870
At 31 March 2013	**3,624**	**24,212**	**1,802**	**8,826**	**37,034**	**75,498**
Accumulated depreciation and impairment						
At 1 April 2011	4	12,871	1,298	2,626	–	16,799
Charge for the year	4	2,636	123	594	–	3,357
Written back on disposals	–	(177)	–	(130)	–	(307)
Exchange differences	–	509	43	103	–	655
At 31 March 2012	8	15,839	1,464	3,193	–	20,504
At 1 April 2012	8	15,839	1,464	3,193	–	20,504
Charge for the year	4	1,923	53	972	–	2,952
Exchange differences	–	199	32	45	–	276
At 31 March 2013	**12**	**17,961**	**1,549**	**4,210**	**–**	**23,732**
Carrying amounts						
At 31 March 2013	**3,612**	**6,251**	**253**	**4,616**	**37,034**	**51,766**
At 31 March 2012	9	7,125	255	2,297	–	9,686

16. INTANGIBLE ASSETS

THE GROUP

	Technical know-how for digital trunking system HK$'000	Technical know-how for VSAT satellite system HK$'000	Administrative system costs HK$'000	Total HK$'000
Cost				
At 1 April 2011	44,660	9,500	5,011	59,171
Additions	–	–	–	–
At 31 March 2012	44,660	9,500	5,011	59,171
At 1 April 2012	44,660	9,500	5,011	59,171
Additions	8,030	–	–	8,030
Exchange adjustments	97	–	–	97
At 31 March 2013	52,787	9,500	5,011	67,298
Accumulated amortisation				
At 1 April 2011	35,234	7,900	751	43,885
Charge for the year	3,536	800	1,002	5,338
At 31 March 2012	38,770	8,700	1,753	49,223
At 1 April 2012	38,770	8,700	1,753	49,223
Charge for the year	4,025	800	1,002	5,827
Exchange adjustments	17	–	–	17
At 31 March 2013	42,812	9,500	2,755	55,067
Carrying amounts				
At 31 March 2013	9,975	–	2,256	12,231
At 31 March 2012	5,890	800	3,258	9,948

Administrative system costs represent costs of Group's computer system software. Technical know-how for digital trunking system and VSAT satellite system represent technical know-how acquired by the Group in relation to the production of specialised communication systems.

The amortisation charge for the year is included in cost of sales and administrative expenses in the consolidated income statements.

17. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2013	2012
	HK$'000	HK$'000
Unlisted shares, at cost	**95,012**	95,012

17. INVESTMENTS IN SUBSIDIARIES *(Continued)*

At as 31 March 2013, the details of the Company's subsidiaries are as follows:

Name of subsidiary	Place of incorporation/ establishment	Particulars of issued and paid-up capital	Proportion of equity interest hold: Group's effective interest	Direct	Indirect	Principal activities/place of operation
Synertone Group Holdings Limited ("Synertone Group")	Hong Kong	10,000 ordinary share of HK$1.00 each	100%	100%	–	Investment holding/Hong Kong
Vastsuccess Holdings Limited ("Vastsuccess")	BVI	1 ordinary share of US$1.00 each	100%	–	100%	Investment holding/Hong Kong
Radio World Holding Limited	BVI	1,000 ordinary shares of US$1.00 each	100%	–	100%	Investment holding/Hong Kong
Synertone Communication Limited ("Synertone Communication")	Hong Kong	10,000 ordinary shares of HK$1.00 each	100%	–	100%	Trading of specialised communication systems, investment holding/Hong Kong
Synertone Wireless Limited ("Synertone Wireless")	Hong Kong	10,000 ordinary shares of HK$1.00 each	100%	–	100%	Trading of specialised communication systems, investment holding/Hong Kong
Synertone Soontend Electric (Shenzhen) Company Limited ("Synertone Soontend") *(note (a))*	PRC	Registered capital of HK$16,000,000	100%	–	100%	Design, research and development, production and sales of specialised communication, equipment and systems and system technologies/PRC
Synertone Smartend Communication Technology (Shenzhen) Company Limited ("Synertone Smartend") *(note (a))*	PRC	Registered capital of HK$80,000,000 (2012: HK$15,000,000)	100%	–	100%	Design, research and development, production and sales of specialised communication, equipment and systems and system technologies/PRC

Note:

(a) Registered under the laws of the PRC as a wholly foreign-owned enterprise.

18. INVENTORIES

(a) Inventories in the consolidated statement of financial position comprise:

	The Group	
	2013	2012
	HK$'000	HK$'000
Raw materials	**4,806**	5,022
Work in progress	**7,817**	3,477
Finished goods	**6,967**	8,175
	19,590	16,674

(b) The analysis of the amount of inventories recognised as expense and included in profit or loss is as follows:

	The Group	
	2013	2012
	HK$'000	HK$'000
Carrying amount of inventories sold	**41,122**	70,474
Write down of inventories	**1,850**	964
Reversal of write down of inventories	**(1,398)**	(1,877)
	41,574	69,561

The reversal of write down of inventories arose due to an increase in the estimated net realisable value of certain products as a result of change in market condition and sales of certain products which had been written down to net realisable value in prior years.

19. DEPOSITS PAID FOR ACQUISITION OF INTANGIBLE ASSETS

	The Group	
	2013	2012
	HK$'000	HK$'000
At 31 March	**4,680**	–

19. DEPOSITS PAID FOR ACQUISITION OF INTANGIBLE ASSETS *(Continued)*

On 30 December 2012, Vastsuccess, an indirect wholly-owned subsidiary of the Company, entered into a framework agreement ("Framework Agreement") with an independent third party (the "Vendor") to acquire satellite capacity for serving the whole People's Republic of China's geographic territory (including Hong Kong Special Administration Region and Macao Special Administration Region but excluding Taiwan Region) for the period of at least nine and a half years (the "Service Period").

Further on 29 March 2013, Vastsuccess entered into the agreement ("Definitive Agreement") with the Vendor pursuant to the Framework Agreement. According to the Definitive Agreement, the consideration amount to US$80 million, which consists of (i) cash installments in aggregate of approximately US$75.9 million payable annually by VAST to the Vendor during the Service Period and (ii) the 64,000,000 shares of the Company amounting to approximately US$4.1 million to be allotted and issued at the issue price of HK$0.5034 per share.

If the conditions set out in the Definitive Agreement have not been met or waived on or before 30 September 2013, the Definitive Agreement shall be automatically terminate.

During the year ended 31 March 2013, deposits of HK$4,680,000 were paid in cash by the Group.

20. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade receivables *(note (b), (c) and (d))*	**115,824**	178,100	**–**	–
Advance to suppliers	**1,214**	1,033	**–**	–
Advance to staff	**879**	720	**–**	–
VAT receivables	**175**	–	**–**	–
Loans and receivables	**118,092**	179,853	**–**	–
Prepayment for acquisition of intangible assets	**–**	3,315	**–**	–
Other prepayments and deposits	**1,827**	7,117	**–**	4,529
	119,919	190,285	**–**	4,529

20. TRADE AND OTHER RECEIVABLES *(Continued)*

(a) For certain contracts, retention money representing 5% to 10% of the contract is not due until the warranty period expired, which varies from one year to two years. Included in trade receivables as at 31 March 2013 are retention money of HK$858,000 (2012: HK$1,205,000). All of the trade and other receivables, except for the retention money which are expected to be recovered after the warranty period, apart from prepayments and deposits are expected to be recovered within one year.

(b) For the year ended 31 March 2013, purchases of the Group's products by its customers are in general made on credit with credit period of 30 to 180 days (2012: 30 to 180 days). A longer credit period of 181 to 365 days (2012: 181 to 365 days) may be extended to customers with long term business relationship, established reputation and good repayment history. The credit terms of each customer of the Group are determined by the Group's sales team and are subject to review and approval by the Group's management based on the customers' payment history, financial background, transaction volume and length of business relationship with the Group.

(c) The following is an analysis of trade receivables by age presented based on date of delivery:

	The Group	
	2013	2012
	HK$'000	HK$'000
0–60 days	**50,662**	84,294
61–90 days	**22,832**	4,530
91–180 days	**588**	87,405
181–365 days	**40,190**	–
Over 365 days	**1,552**	1,871
	115,824	178,100
Less: Impairment loss on trade receivables	**–**	–
	115,824	178,100

The directors consider the carrying amounts of trade receivables approximate to their fair values.

20. TRADE AND OTHER RECEIVABLES *(Continued)*

(d) TRADE RECEIVABLES THAT ARE NOT IMPAIRED

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

	The Group	
	2013	2012
	HK$'000	HK$'000
Neither past due nor impaired	**74,206**	176,105
Past due but not impaired		
Less than 1 month past due	**40,395**	1,995
1 to 3 months past due	**–**	–
More than 3 months but less than 12 months past due	**237**	–
More than 12 months past due	**986**	–
	41,618	1,995
	115,824	178,100

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

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. For any significant amounts past due, the Group would actively seek repayment from the debtors and the Group would enforce its legal right to the contractually due amount when considered necessary. There have been no disputes over the balances due from these debtors, therefore, the directors consider that the balances are considered fully recoverable. The Group does not hold any collateral over these balances.

21. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Deposits with banks	**27,507**	–	**–**	–
Cash at bank and on hand	**97,042**	37,232	**153**	35
Cash and cash equivalents in the statement of financial position and statement of cash flows	**124,549**	37,232	**153**	35

The interest rates on the cash at bank and deposits with banks ranged from 0.001% to 2.8% (2012: 0.001% to 1.15%) per annum.

22. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

The balances are unsecured, interest-free and repayable on demand.

23. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payables	**13,524**	12,666	**–**	–
Accrued salaries	**1,732**	1,711	**–**	–
Accrued expenses and other payables	**1,428**	2,249	**560**	1,516
Financial liabilities measured at amortised costs	**16,684**	16,626	**560**	1,516
Deposits received from customers	**1,544**	653	**–**	–
Other tax payables	**5,995**	8,271	**–**	–
	24,223	25,550	**560**	1,516

The following is an analysis of trade payables by age presented based on the date of receipt of goods:

	The Group	
	2013	2012
	HK$'000	HK$'000
0–60 days	**9,316**	2,983
61–90 days	**40**	871
91–180 days	**413**	3,200
181–365 days	**1,008**	2,741
Over 365 days	**2,747**	2,871
	13,524	12,666

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

24. BANK BORROWINGS

	The Group	
	2013	2012
	HK$'000	HK$'000
At 31 March	**–**	–

24. BANK BORROWINGS *(Continued)*

All bank borrowings were settled during the year ended 31 March 2012.

(a) All the Group's bank borrowings were denominated in HK$.

(b) All bank borrowings were variable-rate borrowings which carried prevailing interest rates ranging from 5.06% to 6.88% per annum for the year ended 31 March 2012.

(c) The unsecured bank borrowings were non-revolving facilities and were under financial guarantees provided by certain subsidiaries and Mr. Wong Chit On to a bank (see note 31(c)).

(d) The Group did not have undrawn banking facilities in relation to bank borrowings as at 31 March 2013 and 2012.

25. AMOUNT DUE TO A DIRECTOR

The balance is unsecured, interest-free and repayable on demand.

26. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position and the movement during the year is as follows:

	The Group	
	2013	2012
	HK$'000	HK$'000
At beginning of the year	**21,259**	17,776
Provision for the year *(Note 8(a))*		
— PRC EIT	**15,955**	23,548
	15,955	23,548
Over-provision in respect of prior years		
— PRC EIT	**(1,007)**	–
	(1,007)	–
Tax refunded/(paid) for the year		
— Hong Kong Profits Tax	**919**	4,453
— PRC EIT	**(17,372)**	(25,273)
	(16,453)	(20,820)
Exchange differences	**460**	755
At end of the year	**20,214**	21,259
Representing:		
Tax recoverable	**–**	(919)
Current taxation	**20,214**	22,178
	20,214	21,259

26. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

(b) The components of deferred tax liabilities recognised in the consolidated statement of financial position and the movement during the year are as follows:

The Group

	Intangible assets HK$'000	Undistributable profits of subsidiaries HK$'000	Total HK$'000
At 1 April 2011	264	10,013	10,277
(Credited)/charged to profit or loss *(Note 8(a))*	(132)	2,791	2,659
At 31 March 2012	132	12,804	12,936
At 1 April 2012	132	12,804	12,936
Credited to profit or loss *(Note 8(a))*	(132)	(2,933)	(3,065)
At 31 March 2013	–	9,871	9,871

(c) DEFERRED TAX ASSETS NOT RECOGNISED

In accordance with the accounting policy set out in note 2(n), the Group has not recognised deferred tax assets in respect of cumulative tax losses of approximately HK$24,877,000 (2012: HK$8,334,000) as at 31 March 2013 as it is not probable that future taxable profits against which the tax losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses do not expire under current tax legislation except for tax losses of RMB1,001,000 (equivalent to approximately HK$1,252,000) (2012: Nil) in PRC which is available for carry forward to set-off future assessable income for a period of five years.

27. CAPITAL AND RESERVES

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

	Share capital HK$'000	Share premium (note 27(c)(i)) HK$'000	Merger reserve (note 27(c)(vi)) HK$'000	Retained profit HK$'000	Total HK$'000
At 1 April 2011	9,000	52,663	71,349	1,340	134,352
Comprehensive income					
Profit for the year	–	–	–	17,239	17,239
Total comprehensive income for the year	–	–	–	17,239	17,239
Transaction with owners					
Interim dividend in respect of the current year	–	(27,000)	–	–	(27,000)
At 31 March 2012	9,000	25,663	71,349	18,579	124,591
At 1 April 2012	9,000	25,663	71,349	18,579	124,591
Comprehensive income					
Profit for the year	–	–	–	57,504	57,504
Total comprehensive income for the year	–	–	–	57,504	57,504
Transactions with owners					
New issue of shares by way of placing and public offering	3,000	96,000	–	–	99,000
Transaction costs attributable to issue of new shares	–	(14,905)	–	–	(14,905)
Final dividend in respect of the previous year	–	–	–	(48,000)	(48,000)
At 31 March 2013	12,000	106,758	71,349	28,083	218,190

27. CAPITAL AND RESERVES *(Continued)*

(b) SHARE CAPITAL

	2013		2012	
	No. of shares '000	**Amount HK$'000**	No. of shares '000	Amount HK$'000
Authorised:				
Ordinary shares of HK$0.01 each				
At beginning and end of the year	**2,000,000**	**20,000**	2,000,000	20,000
Issued and fully paid:				
Ordinary shares of HK$0.01 each				
At beginning of the year	**900,000**	**9,000**	900,000	9,000
Issue of shares under placing and public offering	**300,000**	**3,000**	–	–
At end of the year	**1,200,000**	**12,000**	900,000	9,000

On 18 April 2012, the Company issued 300,000,000 shares with a par value of HK$0.01 each, at a price of HK$0.33 per share by way of placing and public offering (the "Global Offering"). Net proceeds from the Global Offering amounted to HK$84,095,000 (after deducting the issuance costs of HK$14,905,000) were credited to the share premium account.

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

(c) NATURE AND PURPOSE OF RESERVES

(i) Share premium

Under the Companies Law (2011 Revision) of the Cayman Islands, the share premium account is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) Capital reserve

The capital reserve of the Group represents the differences between the nominal value of the Company's shares issued and the nominal value of shares of Synertone Group acquired through a reorganisation in the preparation for the listing of the Company's shares on the Stock Exchange in December 2006.

27. CAPITAL AND RESERVES *(Continued)*

(c) NATURE AND PURPOSE OF RESERVES *(Continued)*

(iii) Statutory reserve

Transfers from retained earnings to statutory reserve fund were made in accordance with the relevant PRC rules and regulations and the articles of association of the Company's subsidiaries established in the PRC and were approved by the respective boards of directors.

Statutory reserve fund can be used to make good previous years' losses, if any, and may be converted into paid-up capital provided that the balance of the statutory reserve fund after such conversion is not less than 25% of the entity's registered capital.

The Company's certain subsidiaries in the PRC are required to transfer a minimum of 10% of their net profits, as determined in accordance with the PRC accounting rules and regulations to the statutory reserves until the reserve balances reaches 50% of the registered capital. The transfer must be made before distribution of dividends to owners.

The statutory reserve can be utilised in setting off accumulated losses or increasing capital of the respective subsidiary and is non-distributable other than in the event of liquidation.

(iv) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 2(q).

(v) Distributable reserve

As at 31 March 2013, the aggregate amount of reserves available for distribution to owners of the Company, which included retained earnings and share premium, was approximately HK$134,841,000 (2012: HK$44,242,000). After the end of the reporting period, the directors proposed a final dividend of HK3 cents per share (2012: HK4 cents per share) amounting to HK$36,000,000 (2012: HK$48,000,000) (note 12(a)). This dividend has not been recognised as a liability at the end of the reporting period.

(vi) Merger reserve

The merger reserve represents the difference between the nominal value of the ordinary shares issued by the Company and the net asset value of Synertone Group and its subsidiaries acquired through an exchange of shares in December 2006 pursuant to the reorganization in the preparation for the listing of the Company's shares on the Stock Exchange, which was not available for distribution.

27. CAPITAL AND RESERVES *(Continued)*

(d) CAPITAL MANAGEMENT

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

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders or sell assets to reduce debt.

Consistent with industry practice, the Group monitors its capital structure on the basis of the adjusted net debt to equity ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as the Group's bank borrowings less cash and cash equivalents.

As at 31 March 2013, the Group has no outstanding bank borrowings (2012: HK$Nil). The adjusted net debt to equity ratio is Nil (2012: Nil).

The Group's capital structure is as follows:

	The Group	
	2013	2012
	HK$'000	HK$'000
Total equity	**278,186**	204,080

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

28. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

The Group's major financial instruments include cash and cash equivalents, trade and other receivables, amount due to a director and trade and other payables.

The Company's major financial instruments include cash and cash equivalents, amounts due from/(to) subsidiaries and other payables.

Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include credit risk, liquidity risk, interest rate risk and currency risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

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

(a) CREDIT RISK

(i) Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

(ii) The Group's credit risk is primarily attributable to trade and other receivables. In order to minimise risk, the management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Credit evaluations of its customers' financial position and condition are performed on each major customer periodically. These evaluations focus on the customers' past history of making payments when due and current ability to pay, and take into account information specific to the customers as well as pertaining to the economic environment in which the customers operate. The Group and the Company do not require collateral in respect of its financial assets. Debts are usually due within 30 to 180 days from the date of billing.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At 31 March 2013, the Group has a certain concentration of credit risk as 43% (2012: 36%) of the total loans and receivables were due from the Groups' largest customer and 98% (2012: 98%) of the total loans and receivables were due from the five largest customers respectively.

(iii) The Company's credit risk is primarily attributable to amounts due from subsidiaries. The Company reviews the recoverable amounts of individual debts at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. The Company's exposure to credit risk arising from default of the counterparties is limited as the Company monitors the operating results and cash flows of the counterparties and the Company does not expect to incur a significant loss for uncollected amounts due from subsidiaries.

(iv) In respect of amounts due from subsidiaries, the Company has concentration of credit risk as 83% (2012: 70%) of the amounts due from subsidiaries are owed from a subsidiary.

(v) Cash is deposited with financial institutions with sound credit ratings that are located where the Group and the Company operate and the Group and the Company have exposure limit to any single financial institution. Given their high credit ratings, management does not expect any of these financial institutions will fail to meet their obligations.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 20.

(b) LIQUIDITY RISK

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to board approval. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

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

(b) LIQUIDITY RISK *(Continued)*

The following liquidity tables set out the remaining contractual maturities at the end of the reporting period of the Group's and the Company's financial liabilities based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group and the Company can be required to pay:

The Group

	Within 1 year or on demand HK$'000	**More than 1 year but less than 2 years** HK$'000	**More than 2 years but less than 5 years** HK$'000	**More than 5 years** HK$'000	**Total contractual undiscounted cash flows** HK$'000	**Carrying amount** HK$'000
As at 31 March 2013						
Trade payables	**13,524**	**–**	**–**	**–**	**13,524**	**13,524**
Accrued salaries	**1,732**	**–**	**–**	**–**	**1,732**	**1,732**
Accrued expenses and other payables	**1,428**	**–**	**–**	**–**	**1,428**	**1,428**
Amount due to a director	**241**	**–**	**–**	**–**	**241**	**241**
	16,925	**–**	**–**	**–**	**16,925**	**16,925**

	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000	Total contractual undiscounted cash flows HK$'000	Carrying amount HK$'000
As at 31 March 2012						
Trade payables	12,666	–	–	–	12,666	12,666
Accrued salaries	1,711	–	–	–	1,711	1,711
Accrued expenses and other payables	2,249	–	–	–	2,249	2,249
	16,626	–	–	–	16,626	16,626

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

(b) LIQUIDITY RISK *(Continued)*

The Company

	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000	Total contractual undiscounted cash flows HK$'000	Carrying amount HK$'000
As at 31 March 2013						
Accrued expenses and other payables	**560**	**–**	**–**	**–**	**560**	**560**
Amount due to a subsidiary	**732**	**–**	**–**	**–**	**732**	**732**
	1,292	**–**	**–**	**–**	**1,292**	**1,292**

	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000	Total contractual undiscounted cash flows HK$'000	Carrying amount HK$'000
As at 31 March 2012						
Accrued expenses and other payables	1,516	–	–	–	1,516	1,516
Amount due to a subsidiary	732	–	–	–	732	732
	2,248	–	–	–	2,248	2,248

(c) INTEREST RATE RISK

The Group and the Company is exposed to cash flow interest rate risk in relation to variable-rate bank balances.

(i) Interest rate profile

The following table details the interest rate profile of the Group's bank deposits at the end of the reporting period:

The Group

	2013 Effective interest rate	**2013** HK$'000	2012 Effective interest rate	2012 HK$'000
Variable rate bank deposits:				
Cash at bank	**0.001% – 1.15%**	**96,398**	0.001% – 1.15%	35,780

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

(c) INTEREST RATE RISK *(Continued)*

(ii) Sensitivity analysis

All of the deposits with banks of the Group which are fixed rate instruments are insensitive to any changes in interest rates. A change in interest rate at the end of the reporting period would not affect profit or loss.

At 31 March 2013, it is estimated that a general increase/decrease of 100 basis points (2012: 100 basis points) in interest rates for variable rate bank deposits, with all other variables held constant, would increase/decrease the Group's profit after taxation and retained profits by approximately HK$805,000 (2012: HK$299,000). Other components of consolidated equity would not change in response to the general increase/decrease in interest rates.

The Company's sensitivity to interest rates was not significant and therefore is not presented at 31 March 2013 and 2012.

The sensitivity analysis above has been determined based on the exposure to interest rates at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis points increase/decrease in interest rate is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. The analysis is performed on the same basis for 2012.

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

(d) CURRENCY RISK

(i) Exposure to currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the entity to which the transactions relate. The currencies giving rise to this risk are primarily United States Dollars and Euro.

The following table details the Group's and the Company's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amount of the exposure are shown in Hong Kong dollars translated using the spot rate at the year end date.

The Group

	2013		2012	
	United States Dollars	**Euro**	United States Dollars	Euro
Trade and other receivables	**266**	**–**	–	204
Cash and cash equivalents	**176**	**60**	68	64
Trade and other payables	**(1,170)**	**–**	(1,170)	–
Net exposure arising from recognised assets and liabilities	**(728)**	**60**	(1,102)	268

The Company

	2013 United States Dollars	2012 United States Dollars
Cash and cash equivalents	**12**	12
Net exposure arising from recognised assets	**12**	12

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

(d) CURRENCY RISK *(Continued)*

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax and retained profits that would arise if exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

The Group

	2013		2012	
	Increase/ (decrease) in foreign exchange rates	**Effect on profit after tax and retained profits HK$'000**	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits HK$'000
United States Dollars	**5%**	**(30)**	5%	(45)
	(5%)	**30**	(5%)	45
Euro	**5%**	**2**	5%	12
	(5%)	**(2)**	(5%)	(12)

The Company

	2013		2012	
	Increase/ (decrease) in foreign exchange rates	**Effect on profit after tax and retained profits HK$'000**	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits HK$'000
United States Dollars	**5%**	**1**	5%	1
	(5%)	**(1)**	(5%)	(1)

Results of the analysis is presented in the above table represent an aggregation of the instantaneous effects on each of the group entities' profit after tax and equity measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis above has been determined assuming that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group at the end of the reporting period. The analysis is performed on the same basis for 2012.

(e) FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT OTHER THAN FAIR VALUE

The carrying amounts of the Group's and the Company's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 March 2013 and 2012.

29. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 March 2013, there were additions of property, plant and equipment of approximately HK$Nil (2012: HK$533,000) which had not been settled and the balance was recognised as trade and other payables in the consolidated statement of financial position at the end of the reporting period.

30. COMMITMENTS

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

	The Group	
	2013	2012
	HK$'000	HK$'000
Contracted but not provided for		
Acquisition of intangible assets and rights to use *(Note 19)*	**619,320**	–
Acquisition of intangible assets	**3,120**	3,120
Renovation of new office	**7,664**	469
	630,104	3,589

The Company had no significant capital commitments as at 31 March 2013 and 2012.

(b) As at 31 March 2013, the total future minimum lease payments under non-cancellable operating leases are payables as follows:

	The Group	
	2013	2012
	HK$'000	HK$'000
Within one year	**4,060**	3,950
In the second to fifth year inclusive	**13,586**	16,452
Over five years	**9,128**	19,789
	26,774	40,191

Operating lease payments represent rental payable by the Group for certain of its office and factory premises. Leases and rentals are negotiated and fixed for an average of 2 to 10 years. None of the leases includes contingent rentals.

The Company had no significant operating lease commitments as at 31 March 2013 and 2012.

31. MATERIAL RELATED PARTY TRANSACTIONS

The Group and the Company have entered into the following material related party transactions:

(a) BALANCES WITH RELATED PARTIES

At the end of each reporting period, the Group and the Company had the following balances with related parties:

(i) *Amount due to a director*

The Group

	2013 HK$'000	2012 HK$'000
Wong Chit On	**241**	–

The amount was unsecured, interest-free and repayable on demand.

(ii) *Amount due from/(to) subsidiaries*
The amounts were unsecured, interest-free and repayable on demand.

(b) TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Remuneration for key management personnel, including amounts paid to the Company's directors as disclosed in note 9 and certain of the highest paid employees as disclosed in note 10 is as follows:

	2013 HK$'000	2012 HK$'000
Salaries and other short-term employee benefits	**8,763**	7,213
Post-employment benefit	**147**	141
	8,910	7,354

31. MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(c) (i) As at 31 March 2011, Synertone Communication and Synertone Wireless were covered by a cross guarantee arrangement issued by both of them to a bank in respect of banking facilities granted to them to the extent of HK$28,000,000 which remains in force so long as they have drawn down under the banking facilities. Under the guarantee, Synertone Communication, Synertone Wireless and Mr. Wong Chit On, that are a party to the guarantee are jointly and severally liable for all and any of the borrowings of Synertone Communication and Synertone Wireless from the bank which is the beneficiary of the guarantee. No recognition was made for the guarantee because its fair value was insignificant and the director did not consider it was probable that a claim would be made against the Group under the guarantee. These banking facilities were settled during the year ended 31 March 2012.

(ii) As at 31 March 2011, Synertone Communication together with Mr. Wong Chit On had given guarantees to the extent of HK$12,000,000 and Government of the Hong Kong Special Administrative Region had given guarantees to the extent of HK$9,100,000 respectively to a bank in connection with banking facilities granted by the bank to Synertone Wireless. No recognition was made for the guarantee because its fair value was insignificant and the director did not consider it was probable that a claim would be made against the Group under the guarantee. These banking facilities were settled during the year ended 31 March 2012.

32. EVENTS AFTER THE REPORTING PERIOD

Other than disclosed elsewhere in the financial statements, no event took place after the end of the reporting period.

33. IMMEDIATE PARENT AND ULTIMATE CONTROLLING PARTIES

As at 31 March 2013, the directors consider the immediate parent and ultimate controlling company of the Group to be Excel Time Investments Limited, which is incorporated in the BVI with limited liability. The ultimate controlling party is Mr. Wong Chit On. Excel Time do not produce financial statements available for public use.

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

Up to the date of issue of these financial statements, the HKICPA has issued the following amendments, new standards and Interpretations which are not yet effective for the year ended 31 March 2013 and which have not been adopted in these financial statements.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009–2011 Cycle[1]
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[2]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
HKAS 19 (as revised in 2011)	Employee Benefits[1]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[4]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[2]
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets[2]
HK (IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]
HK (IFRIC)-Int 21	Levies[2]

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

The Group is in the process of making an assessment of what the impact of these new and revised HKFRSs is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

FIVE YEARS SUMMARY

	For the year ended 31 March				
	2013	2012	2011	2010	2009
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Turnover	**115,690**	218,264	218,824	214,447	161,558
Cost of sales	**(41,574)**	(69,561)	(75,743)	(87,450)	(61,352)
Gross profit	**74,116**	148,703	143,081	126,997	100,206
Profit before taxation	**47,890**	89,817	98,130	86,025	45,454
Income tax	**(11,883)**	(26,207)	(25,277)	(17,882)	(12,945)
Profit for the year	**36,007**	63,610	72,853	68,143	32,509
Attributable to:					
Owners of the Company	**36,007**	63,610	72,853	68,143	32,509

	As at 31 March				
	2013	2012	2011	2010	2009
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Current assets	**264,058**	245,110	233,663	259,712	154,658
Non-current assets	**68,677**	19,634	25,882	27,308	19,638
Total assets	**332,735**	264,744	259,545	287,020	174,296
Current liabilities	**44,678**	47,728	86,698	199,942	113,263
Non-current liabilities	**9,871**	12,936	10,277	3,038	3,279
Total liabilities	**54,549**	60,664	96,975	202,980	116,542
Net assets	**278,186**	204,080	162,570	84,040	57,754
Share capital	**12,000**	9,000	9,000	100	100
Reserves	**266,186**	195,080	153,570	83,940	57,654
Equity attributable to owners of the Company	**278,186**	204,080	162,570	84,040	57,754