ANNUAL REPORT 2013

BEP International Holdings Limited

百靈達國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 2326)

* For identification purpose only

CONTENTS

Abbreviations

In this annual report, the following abbreviations have the following meanings unless otherwise specified:

"Board"	the Board of Directors of the Company
"Company"	BEP International Holdings Limited
"Directors"	the directors of the Company
"Group"	the Company and its subsidiaries
"HK$" and "cents"	Hong Kong dollars and cents
"JPY"	Japanese yen
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China
"RMB"	Renminbi
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"US$"	United States dollar
"%"	per cent.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Suen Cho Hung, Paul *(Chairman)*
Mr. Sue Ka Lok *(Chief Executive Officer)*
Mr. Li Hiu Ming

Independent Non-executive Directors

Mr. Chan Kwong Fat, George
Mr. Siu Hi Lam, Alick
Mr. To Yan Ming, Edmond

AUDIT COMMITTEE

Mr. To Yan Ming, Edmond *(Chairman)*
Mr. Chan Kwong Fat, George
Mr. Siu Hi Lam, Alick

REMUNERATION COMMITTEE

Mr. Siu Hi Lam, Alick *(Chairman)*
Mr. Chan Kwong Fat, George
Mr. To Yan Ming, Edmond
Mr. Sue Ka Lok

NOMINATION COMMITTEE

Mr. Chan Kwong Fat, George *(Chairman)*
Mr. Siu Hi Lam, Alick
Mr. To Yan Ming, Edmond
Mr. Sue Ka Lok

COMPANY SECRETARY

Ms. Hui Yee Ling

AUDITOR

Crowe Horwath (HK) CPA Limited

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

PRINCIPAL PLACE OF BUSINESS AND HEAD OFFICE IN HONG KONG

Suite 1005, 10th Floor
Great Eagle Centre
23 Harbour Road
Wanchai, Hong Kong

PRINCIPAL BANKERS

Hang Seng Bank Limited
Bank of China (Hong Kong) Limited
Bank of Communications Co., Ltd., Hong Kong Branch
The Hongkong and Shanghai Banking Corporation Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

HSBC Securities Services (Bermuda) Limited
6 Front Street
Hamilton HM11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

COMPANY HOMEPAGE

http://www.bepgroup.com.hk
http://www.tricor.com.hk/webservice/02326

STOCK CODE

2326

CHAIRMAN'S STATEMENT

BUSINESS REVIEW

For the year under review, the Group reported a profit attributable to owners of the Company of HK$7,429,000, decreased by 28% when comparing to HK$10,301,000 in last year, and was primarily due to the slowdown of the Group's businesses during the latter half of the financial year. The Group's turnover amounted to HK$150,645,000, representing a 41% decline from HK$257,507,000 in the previous year, and the Group's gross profit was also down to HK$15,980,000, which dropped by 38% comparing to HK$25,936,000 in last year. The earnings per share for the year attributable to owners of the Company were HK0.38 cent, decreased by 49% comparing to last year earnings per share of HK0.74 cent.

The Group's three business segments, namely, sale of home electrical appliances, electronic products and related plastic injection components, distribution and sale of electronic consumer products, and sourcing and sale of computer and related products all continued to report profitable results for the year under review, although showing a slowdown in their businesses during the second half of the financial year.

The Group's operation of sale of home electrical appliances, electronic products and related plastic injection components reported revenue of HK$33,841,000 and segment profit of HK$2,808,000, representing declines of 64% and 73% respectively from their last year comparables of HK$94,562,000 and HK$10,254,000. The declines in the operation's revenue and segment profit were mainly due to the lowered demand from the Europe and US based buyers and customers in the Mainland.

The Group's operation of distribution and sale of electronic consumer products continued to focus on the distribution sales of premium Japanese brand imaging products including digital cameras, lenses and accessories during the year. The operation posted revenue of HK$32,012,000 and segment profit of HK$1,394,000, showing decreases of 43% and 56% respectively from their comparables of HK$55,795,000 and HK$3,196,000 in the previous year, and was, to a considerable extent, attributed to the "China-Japan Diaoyu Islands Dispute". The operation's revenue decreased considerably during the second half of the financial year as there were wide spread calls for boycotting Japanese goods subsequent to the dispute.

The Group's operation of sourcing and sale of computers and related products recorded revenue of HK$84,792,000 and segment profit of HK$9,673,000, decreased by 21% and 11% respectively from their last year comparables of HK$107,150,000 and HK$10,828,000. The operation continued to focus on the sale of notebook, netbook and tablet computers and their related products during the year. Orders from customers dropped considerably during the latter half of the financial year that mainly caused the operation to report an overall lower revenue and segment profit from last year. There are signs that the increasing popularity of smart phones have considerably reduced the demand for netbook and notebook computers and may further adversely affect the results of the operation in the coming years.

CHAIRMAN'S STATEMENT

PROSPECTS

The financial position of the Company, after having completed the open offer and the capitalisation of loan from its immediate holding company in May 2012, has been substantially strengthened and restored to a net assets position. The new capital raised from the open offer has also vested with the Group additional financial resources to develop its existing businesses and to capture attractive investment opportunities when they arise. Nevertheless, the slowdown of GDP growth of the Mainland economy, the slow recovery of the US economy, the sluggish economic and financial conditions in Europe, and the aftermath of the "China-Japan Diaoyu Islands Dispute" have all posed negative impacts to the Group's performance and hinder the development and growth of the Group. Looking ahead, the management will continue to adopt a cautious and prudent approach in managing the businesses of the Group and in evaluating new investment opportunities to ensure a stable prospect to shareholders.

APPRECIATION

I would like to take this opportunity to thank all our shareholders, business partners, customers and bankers for their continuous support to the Group, and to my fellow directors and staff members for their hard work and contributions during the past year.

Suen Cho Hung, Paul
Chairman

Hong Kong, 25 June 2013

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONS REVIEW

For the year ended 31 March 2013, the Group reported a turnover of HK$150,645,000, decreased by 41% from the previous year (2012: HK$257,507,000), and gross profit of HK$15,980,000, which also dropped by 38% comparing to last year (2012: HK$25,936,000). The declines of the Group's turnover and gross profit were primarily due to the slowdown of the Group's businesses during the latter half of the financial year. The Group posted a profit for the year amounting to HK$7,469,000, decreased by 32% comparing to last year (2012: HK$11,056,000), and profit attributable to owners of the Company of HK$7,429,000, which also declined by 28% from the previous year (2012: HK$10,301,000). Earnings per share of the Company were HK0.38 cent (2012: HK0.74 cent).

For the year under review, the Group's operation of sale of home electrical appliances, electronic products and related plastic injection components reported revenue of HK$33,841,000 (2012: HK$94,562,000) and segment profit of HK$2,808,000 (2012: HK$10,254,000), decreased by 64% and 73% respectively from the previous year. The declines in the operation's revenue and segment profit were mainly due to the lowered demand from the Europe and US based buyers and Mainland customers. The sluggish economic conditions in Europe and the slow economic recovery in the US led to drop in orders and profit margins from buyers based in these regions. The slowdown of economic growth in the Mainland also led to the decrease in demand from local customers. In April 2012, the Group completed the acquisition of a production plant which had been a subcontractor of the operation before the acquisition. Details of the transaction were stated in the Company's circular dated 29 November 2010. The increase in manufacturing costs of the production plant caused by the rise of mandated minimum wage and the surge in raw material prices also led to the decline of operation's segment profit.

The Group's operation of distribution and sale of electronic consumer products was to a considerable extent adversely affected by the "China-Japan Diaoyu Islands Dispute". For the year ended 31 March 2013, the operation posted revenue of HK$32,012,000 (2012: HK$55,795,000) and segment profit of HK$1,394,000 (2012: HK$3,196,000), decreased by 43% and 56% respectively from last year. During the review year, the operation continued to focus on the distribution sales of premium Japanese brand imaging products including digital cameras, lenses and accessories in the southern and eastern region of the Mainland. Sales of the operation decreased considerably during the latter half of the financial year as there were wide spread calls for boycotting Japanese goods.

The Group's operation of sourcing and sale of computers and related products also showed a slowdown in business for the year. The operation reported revenue of HK$84,792,000 (2012: HK$107,150,000) and segment profit of HK$9,673,000 (2012: HK$10,828,000) for the year, representing decreases of 21% and 11% respectively from their last year comparables. The operation continued to focus on the sale of netbook, notebook and tablet computers and their related products during the year. Orders from computer distributor customers dropped considerably during the second half of the financial year that mainly caused the operation to report an overall lower revenue and segment profit from last year. There are signs that the increasing popularity of smart phones have considerably reduced the demand for netbook and notebook computers and may further adversely affect the results of operation in the coming years.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

In May 2012, following approval by shareholders of the Company, a loan in the sum of approximately HK$37,614,000 (including accrued interests) due to the Company's immediate holding company was capitalised through issuing 195,907,214 new shares of the Company at the issue price of HK$0.192 per share. In addition, in May 2012, the Company completed an open offer of new shares and raised gross proceeds of approximately HK$116,448,000 by issuing 606,500,000 new shares also at the issue price of HK$0.192 per share. The two exercises have substantially strengthened the Group's financial and liquidity position and caused the Group to turn from a net liabilities to net assets position. Details of the two exercises were stated in the Company's circular dated 22 March 2012 and prospectus dated 24 April 2012.

During the year, the Group had utilised part of the proceeds of HK$5.5 million raised from the open offer to pay for the remaining consideration for acquisition of a production plant in the Mainland (referred in the Company's circular dated 29 November 2010); approximately HK$50 million as additional working capital for the Group's three business segments; and with the remaining surplus funds being, as part of the Group's treasury management measures, placed with banks as time deposits and where considered appropriate, advanced to third parties on short term basis earning interest income. The management intends to utilise the surplus funds for, after cautious and prudent considerations, attractive business opportunities when they arise or to allocate the surplus funds to the Group's three business segments as additional working capital according to their operational needs from time to time.

The Group's trade and other payables amounted to HK$19,085,000 and decreased by HK$44,053,000 or 70% from last year (2012: HK$63,138,000) as additional working capital raised from the open offer allowed the Group to shorten credit periods with trade creditors and hence receiving better purchase terms. As at 31 March 2013, there were trade payables totaling HK$11,490,000 owed by the Group for over 180 days, a majority of these debts have been settled after the year end according to the terms of purchase.

The Group's trade and other receivables, deposits and prepayments amounted to HK$63,159,000 and decreased by HK$21,956,000 or 26% from the previous year (2012: HK$85,115,000) primarily due to the slowdown of the Group's businesses in the latter half of the financial year. As at 31 March 2013, there were trade debts totaling HK$27,129,000 owed to the Group for over 180 days, a majority of these receivables were less than one month past due according to the terms of sale and have been settled after the year end.

At 31 March 2013, the Group was in net assets position of HK$156,900,000 (2012: net liabilities of HK$2,882,000) and had current assets of HK$173,001,000 (2012: HK$99,191,000) comprising bank balances of HK$107,489,000 (2012: HK$13,677,000). The significant increases in the Group's current assets and bank balances were mainly due to the completion of the open offer as referred to above. The Group's current ratio, calculated based on current assets of HK$173,001,000 (2012: HK$99,191,000) over current liabilities of HK$19,397,000 (2012: HK$65,826,000, excluding amount due to immediate holding company) was at a strong ratio of 8.92 (2012: 1.51).

MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 March 2013, the Group's gearing ratio, calculated on the basis of total liabilities of HK$19,477,000 (2012: HK$65,903,000, excluding amount due to immediate holding company) divided by total assets of HK$176,377,000 (2012: HK$100,836,000) was at a low ratio of 0.11 (2012: 0.65).

With the amount of liquid assets on hand, the management is of the view that the Group has sufficient financial resources to meet its ongoing operational requirement.

Foreign Currency Management

The monetary assets and liabilities and business transactions of the Group are mainly carried and conducted in Hong Kong dollars, Renminbi and US dollars. The Group maintains a prudent strategy in its foreign currency risk management, to a large extent, foreign exchange risks are minimized via balancing the foreign currency monetary assets versus the corresponding currency liabilities, and foreign currency revenues versus the corresponding currency expenditures. In light of the above, it is considered that the Group's exposure to foreign exchange risks is not significant and no hedging measure has been undertaken by the Group.

Capital Commitment

As at 31 March 2013, the Group had no material capital commitment (2012: nil).

Contingent Liabilities

As at 31 March 2013, the Group had no material contingent liabilities (2012: nil).

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2013, the Group had a total of about 170 employees and directors (2012: 33). Total staff costs for the year, including directors' remuneration, amounted to HK$11,004,000 (2012: HK$4,220,000). The increases in the Group's headcount and staff costs were mainly due to the completion of acquisition of a production plant in the Mainland as stated in the Company's circular dated 29 November 2010. Remuneration packages for employees and directors are structured by reference to market terms and individual competence, performance and experience. Benefits plans maintained by the Group include provident fund scheme, medical insurance, share option scheme and discretionary bonuses.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Suen Cho Hung, Paul, *Chairman*

Aged 52, joined the Company as an Executive Director in July 2009 and was appointed the Chairman of the Company in August 2009. Mr. Suen is also a director of several subsidiaries of the Company. He holds a Master of Business Administration degree from the University of South Australia. Mr. Suen has extensive experience in managing metal, minerals and raw materials, electrical and electronic consumer products, energy and property business ventures as well as in strategic planning and corporate management of business enterprises in Hong Kong and the PRC. Mr. Suen is a controlling shareholder of the Company as disclosed in the section headed "Interests and Short Positions of Shareholders Discloseable under the SFO" in the Report of the Directors. He is also an executive director and the chairman of both Poly Capital Holdings Limited ("Poly Capital", formerly known as "Beijing Yu Sheng Tang Pharmaceutical Group Limited") (stock code: 1141) and New Island Printing Holdings Limited (stock code: 377), and a non-executive director of Sunlink International Holdings Limited ("Sunlink International") (stock code: 2336). All of the above companies are listed in Hong Kong.

Mr. Sue Ka Lok, *Chief Executive Officer and member of the Remuneration Committee and the Nomination Committee*

Aged 48, joined the Company as an Executive Director in July 2009 and was appointed the Chief Executive Officer of the Company in August 2009. Mr. Sue is also a director of several subsidiaries of the Company. He holds a Bachelor of Economics degree from the University of Sydney in Australia and a Master of Science in Finance degree from the City University of Hong Kong. Mr. Sue is a fellow member of the Hong Kong Institute of Certified Public Accountants, a certified practising accountant of the CPA Australia, a fellow member of both the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators and a member of the Hong Kong Securities Institute. He has extensive experience in corporate management, finance, accounting and company secretarial practice. Mr. Sue is an executive director and the chief executive officer of Poly Capital, an executive director and the chairman of Sunlink International and a non-executive director and the chairman of China Tycoon Beverage Holdings Limited (stock code: 209). All of the above companies are listed in Hong Kong.

Mr. Li Hiu Ming

Aged 62, joined the Company as an Executive Director in May 2009 and is also a director of several subsidiaries of the Company. Mr. Li has over 20 years of experience in manufacturing and trading of electronic equipment and managing investment ventures in the PRC and Hong Kong. He holds a doctoral degree of philosophy from the School of Philosophy of Wuhan University in the PRC.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Kwong Fat, George, *Chairman of the Nomination Committee and member of the Audit Committee and the Remuneration Committee*
Aged 53, joined the Company as an Independent Non-executive Director in June 2009. Mr. Chan is the executive director of a consultancy company engaging in providing financial investment consultancy services. He has worked in the finance and commercial field for more than 23 years. Mr. Chan had been the principal corporate planner of Airport Authority Hong Kong and was responsible for corporate planning in the areas of commercial and financial strategies. He obtained his Bachelor degree in Social Sciences from the University of Hong Kong in 1982, Master degree in Business Administration from The Chinese University of Hong Kong in 1987 and Master degree in Accounting from Curtin University of Technology, Australia. Mr. Chan is also a member of the CPA Australia.

Mr. Siu Hi Lam, Alick, *Chairman of the Remuneration Committee and member of the Audit Committee and the Nomination Committee*
Aged 58, joined the Company as an Independent Non-executive Director in June 2009. Mr. Siu is the managing director of Fortune Take International Limited, a company engaging in providing business consultancy services. He has worked in the finance and banking field for more than 25 years. Mr. Siu had been the senior vice president of AIG Finance (Hong Kong) Limited and the vice president of Bank of America, responsible for business development and credit risk management. He obtained a Master degree in Business Administration from the University of Hull in 1995. Mr. Siu is also an independent non-executive director of Sage International Group Limited (stock code: 8082), a company listed in Hong Kong.

Mr. To Yan Ming, Edmond, *Chairman of the Audit Committee and member of the Remuneration Committee and the Nomination Committee*
Aged 41, joined the Company as an Independent Non-executive Director in June 2009. Mr. To is a practising accountant and presently the director of Zhonglei (HK) CPA Company Limited, Edmond To CPA Limited and R.C.W. (HK) CPA Limited. He is a member of both the CPA Australia and Hong Kong Institute of Certified Public Accountants. Mr. To had worked for the international accounting firm, Deloitte Touche Tohmatsu and has over 13 years of experience in auditing, accounting, floatation and taxation matters. He holds a Bachelor degree in Commerce in Accounting from Curtin University of Technology in Western Australia. Mr. To is also an independent non-executive director of China Household Holdings Limited (formerly known as Bao Yuan Holdings Limited) (stock code: 692), China Vanguard Group Limited (stock code: 8156), Theme International Holdings Limited (stock code: 990) and Wai Chun Group Holdings Limited (stock code: 1013). All of the above companies are listed in Hong Kong.

SENIOR MANAGEMENT

Ms. Hui Yee Ling, *Company Secretary and Financial Controller*
Aged 48, joined the Company in October 2008. Ms. Hui is the Financial Controller and the Company Secretary of the Company. She obtained a Master in Business Administration degree from Hong Kong Polytechnic University in 1995. Ms. Hui has over 20 years of experience in the accounting and management fields. She had worked for the international accounting firm KPMG and has extensive experience in auditing, accounting and corporate management. Ms. Hui is a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.

REPORT OF THE DIRECTORS

The Directors are pleased to present their annual report and the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 March 2013.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries are principally engaged in the sale of home electrical appliances, electronic products and related plastic injection components, distribution and sale of electronic consumer products and sourcing and sale of computer and related products.

RESULTS

The results of the Group for the year ended 31 March 2013 are set out in the consolidated income statement on page 29.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2013 (2012: nil).

FIVE-YEAR FINANCIAL SUMMARY

A summary of the consolidated results and the assets and liabilities of the Group for the last five financial years is set out on page 102 of this annual report. This summary does not form part of the audited consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the year are set out in note 14 to the consolidated financial statements.

SHARE CAPITAL

On 12 April 2012, a shareholders' resolution was passed to approve the consolidation of every four issued and unissued ordinary shares of par value of HK$0.0005 each in the share capital of the Company into one ordinary share of par value of HK$0.002 each (the "New Share(s)"). The New Shares rank pari passu in all respects with each other in accordance with the Memorandum of Association and Bye-laws of the Company. Immediately after completion of the said share consolidation, the authorised share capital of the Company remained at HK$100,000,000 comprising 50,000,000,000 New Shares of HK$0.002 each, of which 1,213,000,000 New Shares of HK$0.002 each were issued.

REPORT OF THE DIRECTORS

SHARE CAPITAL (continued)

A shareholders' resolution was also passed on 12 April 2012 to approve the loan capitalisation agreement (the "Capitalisation Agreement") entered into between the Company and its immediate holding company dated 27 February 2012 in relation to the subscription for 195,907,214 New Shares of HK$0.002 each at a price of HK$0.192 per New Share by way of capitalising a sum of approximately HK$37,614,000 (including interests accrued up to 31 May 2011) out of the balance of the amount due to the immediate holding company as of 31 May 2011.

On 16 May 2012, an open offer of 606,500,000 offer shares at the subscription price of HK$0.192 per offer share on the basis of one offer share for every two New Shares was completed and the Company raised gross proceeds of HK$116,448,000.

Save as disclosed above, there were no other movements in the share capital of the Company during the year. Details of movements in the share capital of the Company are set out in note 22(b) to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Company and of the Group during the year are set out in note 22(a) to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

DIRECTORS

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

Executive Directors:

Mr. Suen Cho Hung, Paul
Mr. Sue Ka Lok
Mr. Li Hiu Ming
Mr. Poon Hor On (retired on 27 August 2012)

Independent Non-executive Directors:

Mr. Chan Kwong Fat, George
Mr. Siu Hi Lam, Alick
Mr. To Yan Ming, Edmond

In accordance with bye-law 87 of the Company's Bye-laws, Mr. Sue Ka Lok and Mr. Siu Hi Lam, Alick will retire by rotation at the forthcoming annual general meeting ("AGM") and, being eligible, will offer themselves for re-election at the AGM.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' REMUNERATION

Details of the directors' remuneration are set out in note 8 to the consolidated financial statements.

DIRECTORS' AND CONTROLLING SHAREHOLDER'S INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "Connected Transactions" in this directors' report and in note 26 to the consolidated financial statements, no contract of significance to which the Company or any of its subsidiaries was a party and in which a director or the controlling shareholder of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

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

Long position in the shares of the Company

Name of director	Capacity and nature of interest	Number of shares held	Approximate percentage of the Company's issued share capital
Mr. Suen Cho Hung, Paul ("Mr. Suen")	Interest of controlled corporation	1,210,189,214 *(Note)*	60.05%

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (continued)

Long position in the shares of the Company (continued)

Note:

These shares were beneficially owned by Long Channel Investments Limited ("Long Channel") and Loyal Giant Holdings Limited ("Loyal Giant") as to 1,209,532,214 shares and 657,000 shares, respectively. Long Channel was a wholly owned subsidiary of Loyal Giant which in turn was wholly owned by Mr. Suen. Accordingly, Mr. Suen and Loyal Giant were deemed to be interested in 1,210,189,214 shares under the SFO.

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

SHARE OPTION SCHEME

Details of the share option scheme are set out in note 23 to the consolidated financial statements.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" and "Share Option Scheme" above, at no time during the year ended 31 March 2013 was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisitions of shares in, or debentures of, the Company or any other body corporate, and none of the directors of the Company or their spouse or minor children had any rights to subscribe for the securities of the Company, or had exercised any such rights during the year ended 31 March 2013.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 31 March 2013, the following interests of more than 5% of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO (continued)

Long positions in the shares of the Company

Name of shareholder	Capacity and nature of interest	Number of shares held	Approximate percentage of the Company's issued share capital
Mr. Suen	Interest of controlled corporation	1,210,189,214 *(Note)*	60.05%
Loyal Giant	Beneficial owner	657,000	0.04%
	Interest of controlled corporation	1,209,532,214 *(Note)*	60.01%
Long Channel	Beneficial owner	1,209,532,214 *(Note)*	60.01%

Note:

These shares were beneficially owned by Long Channel as to 1,209,532,214 shares and Loyal Giant as to 657,000 shares. Long Channel was a wholly owned subsidiary of Loyal Giant which in turn was wholly owned by Mr. Suen. Accordingly, Mr. Suen and Loyal Giant were deemed to be interested in 1,210,189,214 shares under the SFO.

Save as disclosed above, the Company had not been notified of any other relevant interests or short positions in the shares and underlying shares of the Company as at 31 March 2013 as required pursuant to section 336 of the SFO.

CONNECTED TRANSACTIONS

On 27 February 2012, the Company and Long Channel, the controlling shareholder of the Company which was wholly and ultimately owned by Mr. Suen, entered into the Capitalisation Agreement whereby 195,907,214 New Shares of the Company would be issued to Long Channel at the price of HK$0.192 per New Share as repayment of loans totaling HK$37,614,185.17 (including interests accrued up to 31 May 2011) due to Long Channel by the Company. The Capitalisation Agreement was subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Capitalisation Agreement was approved by independent shareholders of the Company on 12 April 2012 and was completed on 16 May 2012.

CONNECTED TRANSACTIONS (continued)

Save as disclosed above, the related party transactions as disclosed in note 26 to the consolidated financial statements did not fall under the scope of "Connected Transactions" or "Continuing Connected Transactions" under Chapter 14A of the Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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

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

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws or the Companies Act 1981 of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate sales attributable to the Group's largest customer and five largest customers accounted for 27% and 58% respectively of the Group's total turnover for the year.

The aggregate purchases attributable to the Group's largest supplier and five largest suppliers accounted for 37% and 86% respectively of the Group's total purchases for the year.

None of the directors, their associates, or any shareholder (which to the knowledge of the directors owns more than 5% of the Company's share capital) has any interest in the Group's five largest customers and suppliers.

REMUNERATION POLICY

The Group remunerates its employees based on their competence, performance, experience and prevailing market terms. Other employee benefits included provident fund scheme, medical insurance, subsidised training programme, share option scheme as well as discretionary bonuses.

The remuneration of directors are reviewed and determined by the Remuneration Committee of the Company having regard to the Company's operating results, individual performance and comparable market information. None of the directors of the Company or any of his associates is involved in dealing with their remunerations.

REPORT OF THE DIRECTORS

AUDIT COMMITTEE

The audited consolidated financial statements of the Company for the year ended 31 March 2013 have been reviewed by the Audit Committee of the Company before they are duly approved by the Board under the recommendation of the Audit Committee.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the Company's total issued share capital is held by the public as at the date of this report.

EVENTS AFTER THE REPORTING PERIOD

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

AUDITOR

Crowe Horwath (HK) CPA Limited ("Crowe Horwath") has been appointed as auditor of the Company by the Board with effect from 28 March 2013 to fill the casual vacancy arising from the resignation of Deloitte Touche Tohmatsu on 28 March 2013 and to hold office until the conclusion of the forthcoming AGM. A resolution will be proposed at the forthcoming AGM to re-appoint Crowe Horwath as auditor of the Company.

Save for the above, there were no other changes of auditor of the Company in the past three years.

The consolidated financial statements for the year ended 31 March 2013 have been audited by Crowe Horwath.

On Behalf of the Board

Sue Ka Lok
Chief Executive Officer

Hong Kong, 25 June 2013

CORPORATE GOVERNANCE REPORT

The Board is committed to upholding good corporate governance. The Board considers effective corporate governance is essential to protect shareholders' interests and enhance stakeholders' value.

CORPORATE GOVERNANCE

During the year, the Board has continued to implement appropriate corporate governance practices to ensure transparency, accountability and effective internal control. The Board has applied the principles and complied with all the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules as the code of conduct regarding directors' securities transactions. Specific enquiries have been made of all Directors and they have confirmed their compliance with the required standards set out in Model Code during the year ended 31 March 2013.

BOARD OF DIRECTORS

The Board is responsible for the overall management, leadership and control of the Group. The Board's primary responsibilities are to formulate long-term corporate strategies, to establish policies and plans, to oversee the management of the Group, to evaluate the performance of the Group, to assess the achievement of targets set by the Board periodically and to review and approve annual and interim results and other significant financial and operational matters. The Board is directly accountable to the shareholders of the Company. The responsibility of day-to-day management and operations of the Group are delegated to the senior management of the Company.

As at the date of this annual report, the Board comprises six directors including three Executive Directors, namely Mr. Suen Cho Hung, Paul ("Mr. Suen") (Chairman), Mr. Sue Ka Lok ("Mr. Sue") (Chief Executive Officer) and Mr. Li Hiu Ming and three Independent Non-executive Directors, namely Mr. Chan Kwong Fat, George, Mr. Siu Hi Lam, Alick and Mr. To Yan Ming, Edmond. The biographical details of the Directors are set out in the "Biographical Details of Directors and Senior Management" on pages 9 to 10 of this annual report.

As disclosed in that section, both Mr. Suen and Mr. Sue are executive directors of Poly Capital Holdings Limited (formerly known as "Beijing Yu Sheng Tang Pharmaceutical Group Limited"), of which Mr. Suen is the chairman and a substantial shareholder. Mr. Suen is the controlling shareholder of China Tycoon Beverage Holdings Limited of which Mr. Sue is a non-executive director and the chairman. Mr. Suen is also a non-executive director and a controlling shareholder of Sunlink International Holdings Limited of which Mr. Sue is an executive director and the chairman. Save for the aforesaid, there are no other financial, business, family or other material/relevant relationships between the Chairman and the Chief Executive Officer and among members of the Board.

BOARD OF DIRECTORS (continued)

The independent non-executive directors bring a broad range of financial, regulatory and commercial experience and skills to the Board, which contribute to the effective strategic management of the Group.

The Company has received the annual confirmation of independence from each of the independent non-executive directors as required under Rule 3.13 of the Listing Rules. The Company considers all independent non-executive directors to be independent under the guidelines set out in the Listing Rules.

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

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

During the year ended 31 March 2013, four regular Board meetings, one special general meeting ("SGM") and the 2012 Annual General Meeting ("2012 AGM") were held and the attendance of each director is set out as follows:

	Number of attendance		
Name of director	**Board meetings**	**SGM**	**2012 AGM**
Executive Directors			
Mr. Suen Cho Hung, Paul	4/4	0/1	1/1
Mr. Sue Ka Lok	4/4	1/1	1/1
Mr. Li Hiu Ming	4/4	1/1	1/1
Mr. Poon Hor On (retired on 27 August 2012)	3/4	1/1	0/1
Independent Non-executive Directors			
Mr. Chan Kwong Fat, George	4/4	1/1	1/1
Mr. Siu Hi Lam, Alick	4/4	1/1	1/1
Mr. To Yan Ming, Edmond	4/4	1/1	1/1

CORPORATE GOVERNANCE REPORT

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Currently the Chairman and the Chief Executive Officer of the Company are Mr. Suen Cho Hung, Paul and Mr. Sue Ka Lok respectively. Their roles are separated such that the Chairman is responsible for managing and providing leadership to the Board and the Chief Executive Officer is responsible for managing the day-to-day operations of the Group.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the independent non-executive directors of the Company is appointed for a term of twelve-month period which automatically renews for successive twelve-month periods unless terminated by either party in writing prior to the expiry of the term. All the independent non-executive directors are also subject to retirement by rotation and re-election at least once every three years at the annual general meetings of the Company in accordance with the Company's Bye-laws.

REMUNERATION COMMITTEE

The Remuneration Committee has specific written terms of reference as set out in the CG Code. As at the date of this annual report, the Remuneration Committee comprises four members, including three Independent Non-executive Directors, namely Mr. Siu Hi Lam, Alick, Mr. Chan Kwong Fat, George and Mr. To Yan Ming, Edmond, and one Executive Director, namely Mr. Sue Ka Lok. Mr. Siu Hi Lam, Alick is the Chairman of the Remuneration Committee.

The Remuneration Committee is mainly responsible for making recommendations to the Board on the Company's policy and structure for all directors' and senior management remuneration; determining the remuneration packages of individual executive directors and senior management and making recommendations to the Board on remuneration of non-executive directors. The full terms of reference of the Remuneration Committee are available on Company's website and the Stock Exchange's website.

REMUNERATION COMMITTEE (continued)

The Remuneration Committee met two times during the year ended 31 March 2013 to review the remuneration of the directors. The attendance of each member is set out as follows:

Name of member	Number of attendance
Mr. Siu Hi Lam, Alick	2/2
Mr. Chan Kwong Fat, George	2/2
Mr. To Yan Ming, Edmond	2/2
Mr. Sue Ka Lok	2/2

NOMINATION COMMITTEE

The Nomination Committee has specific written terms of reference as set out in the CG Code. As at the date of this annual report, the Nomination Committee comprises four members, including three Independent Non-executive Directors, namely Mr. Chan Kwong Fat, George, Mr. Siu Hi Lam, Alick and Mr. To Yan Ming, Edmond, and one Executive Director, namely Mr. Sue Ka Lok. Mr. Chan Kwong Fat, George is the Chairman of the Nomination Committee.

The Nomination Committee is mainly responsible for making recommendations to the Board on the appointment of directors, evaluation of board composition, assessment of the independence of independent non-executive directors and the management of Board succession. The full terms of reference of the Nomination Committee are available on Company's website and the Stock Exchange's website.

The Nomination Committee met once during the year ended 31 March 2013 to review the structure, size and composition of the Board. The attendance of each member is set out as follows:

Name of member	Number of attendance
Mr. Chan Kwong Fat, George	1/1
Mr. Siu Hi Lam, Alick	1/1
Mr. To Yan Ming, Edmond	1/1
Mr. Sue Ka Lok	1/1

AUDIT COMMITTEE

The Audit Committee has specific written terms of reference as set out in the CG Code. As at the date of this annual report, the Audit Committee comprises all the three Independent Non-executive Directors, namely Mr. To Yan Ming, Edmond, Mr. Chan Kwong Fat, George and Mr. Siu Hi Lam, Alick. Mr. To Yan Ming, Edmond is the Chairman of the Audit Committee.

The Audit Committee is mainly responsible for assisting the Board in applying financial reporting and internal control principles and in maintaining an appropriate relationship with the Company's auditor. The Audit Committee is also delegated the corporate governance function of the Board to monitor, procure and manage corporate governance compliance within the Group. The full terms of reference of the Audit Committee are available on Company's website and the Stock Exchange's website.

The Audit Committee met three times during the year ended 31 March 2013 and the attendance of each member is set out as follows:

Name of member	**Number of attendance**
Mr. To Yan Ming, Edmond	3/3
Mr. Chan Kwong Fat, George	3/3
Mr. Siu Hi Lam, Alick	3/3

The following is a summary of work performed by the Audit Committee during the year:

- reviewed and discussed the audited financial statements of the Group for the year ended 31 March 2012 and recommended to the Board for approval;
- reviewed and discussed the unaudited financial statements of the Group for the six months ended 30 September 2012 and recommended to the Board for approval;
- reviewed and discussed with the management and auditor of the Company the accounting policies and practices which may affect the Group and the scope of the audit;
- reviewed the effectiveness of the internal control system of the Group;
- reviewed and approved the remuneration and the terms of engagement of the Company's auditor; and reviewed and made recommendations to the Board on the re-appointment of the Company's auditor; and
- proposed to the Board the appointment of Crowe Horwath (HK) CPA Limited ("Crowe Horwath") as the auditor of the Company to fill the casual vacancy arising from resignation of Deloitte Touche Tohmatsu ("Deloitte").

AUDITOR AND AUDITOR'S REMUNERATION

The statement of the external auditor of the Company about their responsibilities on the Company's consolidated financial statements for the year ended 31 March 2013 is set out in the section headed "Independent Auditor's Report" on pages 27 to 28 of this annual report.

During the year, the following fees were paid or payable to (i) Crowe Horwath, the auditor of the Company; (ii) BDO Limited ("BDO"), the auditor of certain subsidiaries of the Company; and (iii) Deloitte, the former auditor of the Company:

	HK$'000
Fees for audit services *(Note a)*	480
Fees for audit services *(Note b)*	187
	667
Fees for non-audit services *(Note c)*	88
Total	755

Notes:

(a) The audit services provided by Crowe Horwath.

(b) The audit services provided by BDO.

(c) The non-audit services provided by Deloitte.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price-sensitive announcements and other financial disclosures required under the Listing Rules and other regulatory requirements.

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Company for the year ended 31 March 2013.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE FUNCTIONS

In light of the amendments of the Listing Rules which became effective on 1 April 2012 and in order to establish the duties and responsibilities of the Board in performing its corporate governance functions, the Board has delegated certain corporate governance functions to the Audit Committee which include the following:

(a) developing and reviewing the policies and practices on corporate governance;

(b) reviewing and monitoring the training and continuous professional development of the directors and senior management;

(c) reviewing and monitoring the policies and practices on compliance with legal and regulatory requirements;

(d) developing, reviewing and monitoring the code of conduct and compliance manual applicable to employees and directors; and

(e) reviewing the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

INTERNAL CONTROL

The Board recognises its responsibilities for maintaining an adequate system of internal control to safeguard the Group's assets and shareholders' interests. An internal control system, including a defined management structure with limits of authority, is designed to help achieving business objectives, safeguarding assets against unauthorised use, and maintaining proper accounting records for the provision of reliable financial information for internal use and for publication. The internal control system is set up to provide reasonable, but not absolute, assurance against material misstatement of financial statements or loss of assets and to manage rather than eliminate risks of failure in operational systems and achievement of the Group's objectives.

For the year ended 31 March 2013, the Board conducted a review of the effectiveness of the internal control system of the Group.

COMPANY SECRETARY

Ms. Hui Yee Ling was appointed as the Company Secretary of the Company on 8 October 2008. The biographical details of Ms. Hui are set out under the section headed "Biographical Details of Directors and Senior Management" on pages 9 to 10 of this annual report. Ms. Hui has taken no less than 15 hours of the relevant professional training during the financial year ended 31 March 2013.

SHAREHOLDERS' RIGHTS

Procedures for shareholders to convene a special general meeting

According to bye-law 58 of the Company's Bye-laws, shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in accordance with the provisions of Section 74(3) of the Companies Act 1981 of Bermuda (the "Companies Act").

Procedures for shareholders to put forward proposals at general meetings

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

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

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

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

Procedures for shareholders to propose a person for election as a director of the Company

According to bye-law 88 of the Company's Bye-laws, no person other than a director retiring at the general meeting of the Company shall, unless recommended by the directors for election, be eligible for election as a director at any general meeting of the Company unless a notice signed by a shareholder of the Company (other than the person to be proposed) duly qualified to attend and vote at the general meeting of the Company for which such notice is given of his/her intention to propose such person for election and also a notice signed by the person to be proposed of his/her willingness to be elected shall have been lodged at the Company's head office in Hong Kong or at the Company's branch share registrar in Hong Kong, Trior Secretaries Limited provided that the minimum length of the period, during which such notice(s) are given, shall be at least seven days and that the period for lodgement of such notice(s) shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting.

SHAREHOLDERS' RIGHTS (continued)

Procedures for directing shareholders' enquiries to the Board

Shareholders may at any time send their enquiries and concerns in writing to the Company Secretary of the Company at the Company's head office in Hong Kong at Suite 1005, 10th Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong.

INVESTOR RELATIONS

The Company has established a range of communication channels between itself and its shareholders, investors and other stakeholders. These include the annual general meeting, the annual and interim reports, notices, announcements and circulars and the Company's website at www.bepgroup.com.hk or www.tricor.com.hk/webservice/02326.

INDEPENDENT AUDITOR'S REPORT

國富浩華(香港)會計師事務所有限公司
Crowe Horwath (HK) CPA Limited
Member Crowe Horwath International

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

TO THE SHAREHOLDERS OF BEP INTERNATIONAL HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of BEP International Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 29 to 101, 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, in accordance with Section 90 of the Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

INDEPENDENT AUDITOR'S REPORT

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.

Crowe Horwath (HK) CPA Limited
Certified Public Accountants
Hong Kong, 25 June 2013

Sze Chor Chun, Yvonne
Practising Certificate Number P05049

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2013

	Notes	**2013** **HK$'000**	2012 HK$'000
Turnover	4(a)	**150,645**	257,507
Cost of sales		**(134,665)**	(231,571)
Gross profit		**15,980**	25,936
Other revenue	5	**4,400**	642
Selling and distribution costs		**(2,105)**	(1,658)
Administrative expenses		**(10,148)**	(8,458)
Profit from operations		**8,127**	16,462
Finance costs	6(a)	**(37)**	(2,414)
Profit before taxation	6	**8,090**	14,048
Income tax	7(a)	**(621)**	(2,992)
Profit for the year		**7,469**	11,056
Attributable to:			
Owners of the Company	10	**7,429**	10,301
Non-controlling interests		**40**	755
Profit for the year		**7,469**	11,056
		HK cent	*HK cent*
Earnings per share	12		
Basic and diluted		**0.38**	0.74

The notes on pages 36 to 101 form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2013

	2013 HK$'000	2012 HK$'000
Profit for the year	**7,469**	11,056
Other comprehensive income for the year		
Exchange differences on translation of financial statements of overseas subsidiaries (net of nil tax (2012: nil))	**32**	299
Total comprehensive income for the year	**7,501**	11,355
Attributable to:		
Owners of the Company	**7,461**	10,600
Non-controlling interests	**40**	755
	7,501	11,355

The notes on pages 36 to 101 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment	14	**2,212**	1,145
Goodwill	15	**819**	–
Deferred tax assets	21(b)	**8**	–
Deposit paid for acquisition of subsidiaries		**–**	500
Rental deposit	17	**337**	–
		3,376	1,645
Current assets			
Inventories	16	**1,204**	399
Tax recoverable	21(a)	**1,149**	–
Trade and other receivables, deposits and prepayments	17	**63,159**	85,115
Cash and cash equivalents	18	**107,489**	13,677
		173,001	99,191
Current liabilities			
Trade and other payables	19	**19,085**	63,138
Amount due to immediate holding company	20	**–**	37,815
Tax payable	21(a)	**312**	2,688
		19,397	103,641
Net current assets/(liabilities)		**153,604**	(4,450)
Total assets less current liabilities		**156,980**	(2,805)
Non-current liabilities			
Deferred tax liabilities	21(b)	**80**	77
Net assets/(liabilities)		**156,900**	(2,882)
Equity			
Equity/(deficiency of equity) attributable to owners of the Company			
Share capital	22(b)	**4,031**	2,426
Reserves		**151,209**	(6,478)
		155,240	(4,052)
Non-controlling interests		**1,660**	1,170
Total equity/(deficiency of total equity)		**156,900**	(2,882)

Approved and authorised for issue by the Board of Directors on 25 June 2013

Suen Cho Hung, Paul
Director

Sue Ka Lok
Director

The notes on pages 36 to 101 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

At 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
Non-current assets			
Investments in subsidiaries	28	**1**	1
Current assets			
Other receivables, deposits and prepayments	17	**112,530**	17,852
Cash and cash equivalents	18	**30,151**	21
		142,681	17,873
Current liabilities			
Other payables	19	**6,680**	1,823
Amount due to immediate holding company	20	**–**	37,635
		6,680	39,458
Net current assets/(liabilities)		**136,001**	(21,585)
Net assets/(liabilities)		**136,002**	(21,584)
Equity	22(a)		
Equity/(deficiency of equity) attributable to owners of the Company			
Share capital		**4,031**	2,426
Reserves		**131,971**	(24,010)
Total equity/(deficiency of total equity)		**136,002**	(21,584)

Approved and authorised for issue by the Board of Directors on 25 June 2013

Suen Cho Hung, Paul
Director

Sue Ka Lok
Director

The notes on pages 36 to 101 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2013

	Attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000	Merger reserve HK$'000	Capital reserve HK$'000	Statutory surplus reserve HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	(Deficiency of total equity)/ total equity HK$'000
At 1 April 2011	2,426	24,292	(1,522)	8,173	–	244	(48,265)	(14,652)	415	(14,237)
Profit for the year	–	–	–	–	–	–	10,301	10,301	755	11,056
Exchange differences on translation of financial statements of overseas subsidiaries	–	–	–	–	–	299	–	299	–	299
Total comprehensive income for the year	–	–	–	–	–	299	10,301	10,600	755	11,355
At 31 March 2012	2,426	24,292	(1,522)	8,173	–	543	(37,964)	(4,052)	1,170	(2,882)
At 1 April 2012	2,426	24,292	(1,522)	8,173	–	543	(37,964)	(4,052)	1,170	(2,882)
Profit for the year	–	–	–	–	–	–	7,429	7,429	40	7,469
Exchange differences on translation of financial statements of overseas subsidiaries	–	–	–	–	–	32	–	32	–	32
Total comprehensive income for the year	–	–	–	–	–	32	7,429	7,461	40	7,501
Shares issued upon open offer *(note 22(b)(ii))*	1,213	115,235	–	–	–	–	–	116,448	–	116,448
Shares issued upon loan capitalisation *(note 22(b)(iii))*	392	37,222	–	–	–	–	–	37,614	–	37,614
Expenses in relation to issuing shares	–	(2,231)	–	–	–	–	–	(2,231)	–	(2,231)
Acquisition of subsidiaries *(note 25)*	–	–	–	–	–	–	–	–	450	450
Transfer to statutory surplus reserve	–	–	–	–	706	–	(706)	–	–	–
At 31 March 2013	4,031	174,518	(1,522)	8,173	706	575	(31,241)	155,240	1,660	156,900

The notes on pages 36 to 101 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
OPERATING ACTIVITIES			
Profit before taxation		**8,090**	14,048
Adjustments for:			
Finance costs	6(a)	**37**	2,414
Loss on disposal of property, plant and equipment	6(c)	**76**	–
Depreciation	6(c)	**912**	592
Interest income	5	**(3,481)**	(6)
		(2,456)	3,000
		5,634	17,048
CHANGES IN WORKING CAPITAL			
Decrease/(increase) in inventories		**183**	(11)
Decrease/(increase) in trade and other receivables, deposits and prepayments		**42,781**	(17,842)
(Decrease)/increase in trade and other payables		**(49,610)**	5,156
		(6,646)	(12,697)
CASH (USED IN)/GENERATED FROM OPERATIONS		**(1,012)**	4,351
Income taxes paid			
Hong Kong		**(3,552)**	(857)
PRC		**(599)**	(551)
Income taxes recovered			
Hong Kong		**34**	–
		(4,117)	(1,408)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES		**(5,129)**	2,943

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
INVESTING ACTIVITIES			
Payment for the purchase of property, plant and equipment		**(90)**	(240)
Acquisition of subsidiaries, net of cash acquired	25	**(4,070)**	–
Advance of loans receivable		**(36,690)**	–
Receipt of loans receivable		**24,190**	–
Interest received		**3,058**	6
NET CASH USED IN INVESTING ACTIVITIES		**(13,602)**	(234)
FINANCING ACTIVITIES			
Repayment of amount due to immediate holding company and interest accrued	20	**(238)**	–
Repayment of amount due to a non-controlling shareholder of a subsidiary		**(1,455)**	–
Proceeds from shares issued upon open offer	22(b)(ii)	**116,448**	–
Expenses in relation to issuing shares		**(2,231)**	–
NET CASH GENERATED FROM FINANCING ACTIVITIES		**112,524**	–
NET INCREASE IN CASH AND CASH EQUIVALENTS		**93,793**	2,709
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**13,677**	10,843
EFFECT OF FOREIGN EXCHANGE RATES CHANGES		**19**	125
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**107,489**	13,677
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash at bank and on hand		**27,408**	13,677
Deposits with banks		**80,081**	–
	18	**107,489**	13,677

The notes on pages 36 to 101 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2013

1. GENERAL INFORMATION

The Company is an exempted company incorporated in Bermuda with limited liability and its shares are listed on the Stock Exchange. Its parent and ultimate parent are Long Channel Investments Limited ("Long Channel") and Loyal Giant Holdings Limited respectively, both are private companies incorporated in the British Virgin Islands ("BVI") with limited liability. The ultimate controlling shareholder is Mr. Suen Cho Hung, Paul. The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information section of this annual report.

The Company is an investment holding company. Its subsidiaries are principally engaged in the manufacture and sale of home electrical appliances, electronic products and related plastic injection components, distribution and sale of electronic consumer products and sourcing and sale of computer and related products.

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 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 which 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 the 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 Group.

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). These financial statements are presented in Hong Kong dollars, rounded to the nearest thousand except for per share data. Hong Kong dollar is the Company's functional and the Group's presentation currency.

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 29.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Subsidiaries and non-controlling interests

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

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any 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.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the owners of the Company. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(g)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d)(i) Business combinations

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

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair values, except that:

– a deferred tax asset or liability arising from the assets acquired and liabilities assumed in a business combination and the potential tax effects of temporary differences and carryforwards of an acquiree that exist at the acquisition date or arise as a result of the acquisition are recognised and measured in accordance with HKAS 12 *Income Taxes*;

– assets or liabilities relating to employee benefit arrangements are recognised and measured in accordance with HKAS 19 *Employee Benefits*;

– liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date; and

– assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2013

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d)(i) Business combinations (continued)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another HKFRS.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39 *Financial Instruments: Recognition and Measurement*, or HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d)(i) Business combinations (continued)

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

(d)(ii) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units, or groups of cash-generating units, that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently whenever there is indication that the unit may be impaired. If some or all of the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro – rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On the disposal of a cash generating unit during the year, any attributable amount of goodwill is included in the calculation of the profit or loss on disposal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2013

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) 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)).

Property, plant and equipment are depreciated at rates sufficient to write off their cost less accumulated impairment loss and estimated residual value over their estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Moulds	30%
Machinery and equipment	10%
Furniture and fixtures	20% – 25%
Office equipment	20% – 25%
Computer equipment	25%
Motor vehicles	20%
Leasehold improvements	Over the remaining term of the lease

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.

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.

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.

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 profit or loss on the date of retirement or disposal.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Property, plant and equipment (continued)

Properties 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. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

(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 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 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Impairment of assets

(i) Impairment of investments in equity securities and other receivables

Investments in equity securities and other receivables that are stated 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Impairment of assets (continued)

(i) Impairment of investments in equity securities and other receivables (continued)

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, deposits and prepayments, 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.

(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, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment; and

– goodwill.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Impairment of assets (continued)

(ii) Impairment of other assets (continued)

– Calculation of recoverable amount

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

– Recognition of impairment losses

An impairment loss is 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 first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying 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

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Impairment of assets (continued)

(iii) Interim financial reporting and impairment

Under the Listing Rules, 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)).

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

(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, 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)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2013

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) 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 profit or loss over the period of the borrowings, together with any interest and fees payables, using the effective interest method.

(k) Trade and other payables

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

(l) 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 readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. 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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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, provide that 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 differences 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 Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Provisions and contingent liabilities (continued)

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.

(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 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 trade discounts and returns.

(ii) Rental income from operating leases

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

(iii) Interest income

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

(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, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised in other comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Translation of foreign currencies (continued)

Non-monetary assets and liabilities 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 stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items, including goodwill arising on consolidation of foreign operations acquired on or after 1 April 2005, are translated into Hong Kong dollars 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 exchange reserve. Goodwill arising on consolidation of a foreign operation acquired before 1 April 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

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), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In the case of a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Related parties

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

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

(b) has significant influence over the Group; or

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

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

(a) 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).

(b) 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).

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

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

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

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

(g) A person identified in (i)(a) 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 financial statements, are identified from the financial information provided regularly to the Group's chief executive officer (the 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. APPLICATION 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*

- 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 years and/or on the disclosures set out in these financial statements.

Amendments to HKFRS 7, Financial Instruments: 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.

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

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 an investment property stated 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 any impact as the Group currently does not have any investment property.

4. TURNOVER AND SEGMENT REPORTING

(a) Turnover

Turnover represents the sales value of goods supplied to customers. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2013	2012
	HK$'000	*HK$'000*
Sale of home electrical appliances, electronic products and related plastic injection components	**33,841**	94,562
Distribution and sale of electronic consumer products	**32,012**	55,795
Sourcing and sale of computer and related products	**84,792**	107,150
	150,645	257,507

(b) Segment reporting

The Group manage its businesses by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's chief executive officer (the chief operating decision maker) for the purposes of resources allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

4. TURNOVER AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

(i) Sale of home electrical appliances, electronic products and related plastic injection components;

(ii) Distribution and sale of electronic consumer products; and

(iii) Sourcing and sale of computer and related products.

Segment results, assets and liabilities

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

Segment assets include property, plant and equipment, goodwill, inventories, trade receivables, other receivables, deposits and prepayments, tax recoverable and deferred tax assets of each segment. Segment liabilities include trade and other payables, trade deposits received, tax payable and deferred tax liabilities of each 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 of assets attributable to those segments.

The measure used for reporting segment profit is gross profit less selling and distribution costs of each segment.

In addition to receiving segment information concerning segment profits, the chief executive officer is provided with segment information concerning revenue, depreciation, income tax expense or income and additions to non-current segment assets used by the segments in their operations.

Information regarding the Group's reportable segments as provided to the Group's chief executive officer for the purposes of resources allocation and assessment of segment performance for the years ended 31 March 2013 and 2012 is set out below:

4. TURNOVER AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

	2013			
	Sale of home electrical appliances, electronic products and related plastic injection components *HK$'000*	**Distribution and sale of electronic consumer products** *HK$'000*	**Sourcing and sale of computer and related products** *HK$'000*	**Total** *HK$'000*
Reportable segment revenue from external customers	**33,841**	**32,012**	**84,792**	**150,645**
Reportable segment profit	**2,808**	**1,394**	**9,673**	**13,875**
Depreciation for the year	**775**	**8**	**–**	**783**
Income tax (income)/expense	**(116)**	**515**	**239**	**638**
Reportable segment assets	**14,902**	**1,325**	**39,204**	**55,431**
Additions to non-current segment assets during the year	**3,179**	**16**	**–**	**3,195**
Reportable segment liabilities	**10,611**	**604**	**8,142**	**19,357**

	2012			
	Sale of home electrical appliances, electronic products and related plastic injection components *HK$'000*	Distribution and sale of electronic consumer products *HK$'000*	Sourcing and sale of computer and related products *HK$'000*	Total *HK$'000*
Reportable segment revenue from external customers	94,562	55,795	107,150	257,507
Reportable segment profit	10,254	3,196	10,828	24,278
Income tax expense	1,152	720	1,138	3,010
Reportable segment assets	39,711	9,060	37,125	85,896
Reportable segment liabilities	31,095	797	28,850	60,742

There are no inter-segment sales during the year (2012: nil).

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For the year ended 31 March 2013

4. TURNOVER AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

Reconciliation of reportable segment revenue, profit, assets, liabilities and other items

	2013	2012
	HK$'000	*HK$'000*
Revenue		
Total reportable segment revenue and consolidated turnover	**150,645**	257,507
Profit		
Total reportable segment profit derived from the Group's external customers	**13,875**	24,278
Other revenue	**4,400**	642
Depreciation of reportable segment not included in measurement of segment profit	**(593)**	–
Finance costs	**(37)**	(2,414)
Unallocated head office and corporate expenses		
– Depreciation	**(129)**	(592)
– Staff costs (including directors' emoluments)	**(5,432)**	(2,662)
– Others	**(3,994)**	(5,204)
Consolidated profit before taxation	**8,090**	14,048
Assets		
Total reportable segment assets	**55,431**	85,896
Unallocated head office and corporate assets		
– Cash and cash equivalents	**107,489**	13,677
– Loans receivable	**12,500**	–
– Others	**957**	1,263
Consolidated total assets	**176,377**	100,836
Liabilities		
Total reportable segment liabilities	**19,357**	60,742
Unallocated head office and corporate liabilities		
– Amount due to immediate holding company	**–**	37,815
– Others	**120**	5,161
Consolidated total liabilities	**19,477**	103,718

4. TURNOVER AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

Reconciliation of reportable segment revenue, profit, assets, liabilities and other items (continued)

	2013	2012
	HK$'000	*HK$'000*
Other items		
Depreciation		
Reportable segment total	**783**	–
Unallocated head office and corporate total	**129**	592
Consolidated total	**912**	592
Additions to non-current segment assets during the year		
Reportable segment total	**3,195**	–
Unallocated head office and corporate total	**7**	474
Consolidated total	**3,202**	474
Income tax expense		
Reportable segment total	**638**	3,010
Unallocated head office and corporate total	**(17)**	(18)
Consolidated total	**621**	2,992

Revenue from major products

The following is an analysis of the Group's revenue from its major products:

	2013	2012
	HK$'000	*HK$'000*
Home electrical appliances, electronic products and related plastic injection components	**33,841**	94,562
Consumer imaging products	**32,012**	55,795
Computer and related products and accessories	**84,792**	107,150
	150,645	257,507

4. TURNOVER AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

Geographic information

The following is an analysis of geographical location of (i) the Group's revenue from external customers; and (ii) the Group's non-current assets as specified below. The geographical location of customers refers to the location at which the goods were delivered. The Group's non-current assets include property, plant and equipment, goodwill, deposit paid for acquisition of subsidiaries and rental deposit. The geographical locations of property, plant and equipment and rental deposit are based on the physical location of the assets under consideration. In the case of goodwill and deposit paid for acquisition of subsidiaries, it is based on the location of the operation to which these assets are allocated.

	Revenue from external customers		Non-current assets	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (place of domicile)	**97,682**	178,234	**122**	1,635
PRC except Hong Kong	**38,297**	66,993	**3,246**	10
Other Asian countries	**11,696**	10,253	**–**	–
Europe	**2,970**	2,000	**–**	–
Other	**–**	27	**–**	–
	150,645	257,507	**3,368**	1,645

Information about major customers

Revenue from customers contributing 10% or more of the total sales of the Group are as follows:

	2013	2012
	HK$'000	*HK$'000*
Largest customer *(note (i))*	**40,981**	60,820
Second largest customer *(note (ii))*	**–**	29,770
Third largest customer *(note (ii))*	**–**	28,378

4. TURNOVER AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

Information about major customers (continued)

Notes:

(i) Revenue from the above customer is arisen from the business of sourcing and sale of computer and related products (2012: the business of sourcing and sale of computer and related products).

(ii) There is no revenue from other customers contributed 10% or more of the total sales of the Group (2012: revenue from above customers is arisen from the business of sale of home electrical appliances, electronic products and related plastic injection components).

5. OTHER REVENUE

	2013 HK$'000	2012 HK$'000
Interest income on bank deposits	**850**	6
Interest income on loans receivable	**2,631**	–
Total interest income on financial assets not at fair value through profit or loss	**3,481**	6
Loan handling income	**125**	–
Sundry income	**316**	115
Rental income	**478**	521
	4,400	642

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging the followings:

	2013 HK$'000	2012 HK$'000
(a) Finance costs		
Interest on amount due to immediate holding company	**37**	2,414
Total interest expense on financial liabilities not at fair value through profit or loss	**37**	2,414

	2013 HK$'000	2012 HK$'000
(b) Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	**10,771**	4,095
Contributions to defined contribution retirement plans	**233**	125
	11,004	4,220

	2013 HK$'000	2012 HK$'000
(c) Other items		
Auditors' remuneration	**667**	999
Cost of inventories #	**134,665**	231,571
Depreciation for property, plant and equipment	**912**	592
Operating lease charges: minimum lease payments	**2,447**	558
Loss on disposal of property, plant and equipment	**76**	–
Net foreign exchange loss	**139**	82

Cost of inventories, representing carrying amount of inventories sold, includes HK$6,170,000 (2012: nil) relating to staff costs, depreciation and operating lease charges for the year ended 31 March 2013 which amounts are also included in the respective total amounts disclosed separately in notes 6(b) and (c) for each of these types of expenses.

7. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Income tax in the consolidated income statement represents:

	2013	2012
	HK$'000	*HK$'000*
Current tax		
– Hong Kong Profits Tax *(note (i))*	**494**	2,295
– PRC Enterprise Income Tax ("EIT") *(note (ii))*	**474**	720
	968	3,015
Over-provision in respect of prior years		
– Hong Kong Profits Tax	**(303)**	–
– PRC EIT	**(38)**	–
	(341)	–
Deferred tax		
– Origination and reversal of temporary differences *(note 21(b)(i))*	**(6)**	(23)
Total	**621**	2,992

Notes:

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

(ii) PRC subsidiaries are subject to PRC EIT at 25% (2012: 25%).

According to a joint circular of the Ministry of Finance and State Administration of Taxation, Cai Shui 2008 No. 1, only the profits earned by foreign-investment enterprise prior to 1 January 2008, when distributed to foreign investors, can be grandfathered and exempted from withholding tax. Dividend distributed out of the profits generated thereafter shall be subject to the EIT at 5% or 10% and withheld by the PRC entities.

(iii) The Group is not subject to any taxation under the jurisdiction of Bermuda, Samoa and BVI for the years ended 31 March 2013 and 2012.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2013

7. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT (continued)

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

	2013 *HK$'000*	2012 *HK$'000*
Profit before taxation	**8,090**	14,048
Notional tax on profit before taxation, calculated at the domestic income tax rate of 16.5% (2012: 16.5%)	**1,335**	2,318
Tax effect of non-deductible expenses	**63**	748
Tax effect of non-taxable income	**(141)**	–
Effect of different tax rates arising from other tax jurisdictions	**(83)**	242
Tax effect of utilisation of unused tax losses not recognised in prior years	**(956)**	(576)
Tax effect of unused tax losses not recognised	**483**	–
Over-provision in prior years	**(341)**	–
Withholding tax	**123**	–
Deferred tax on undistributed earnings of PRC subsidiaries	**80**	–
Others	**58**	260
Actual tax expense	**621**	2,992

8. DIRECTORS' EMOLUMENTS

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

	2013				
	Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement benefits scheme contributions	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Executive directors					
Mr. Suen Cho Hung, Paul	–	120	–	6	126
Mr. Sue Ka Lok	–	535	–	27	562
Mr. Li Hiu Ming	–	120	–	6	126
Mr. Poon Hor On (retired on 27 August 2012)	–	50	–	–	50
Independent non-executive directors					
Mr. Chan Kwong Fat, George	84	–	–	–	84
Mr. Siu Hi Lam, Alick	84	–	–	–	84
Mr. To Yan Ming, Edmond	84	–	–	–	84
	252	825	–	39	1,116

	2012				
	Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement benefits scheme contributions	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Executive directors					
Mr. Suen Cho Hung, Paul	–	120	–	6	126
Mr. Sue Ka Lok	–	120	–	6	126
Mr. Li Hiu Ming	–	120	–	6	126
Mr. Poon Hor On	–	120	–	–	120
Independent non-executive directors					
Mr. Chan Kwong Fat, George	60	–	–	–	60
Mr. Siu Hi Lam, Alick	60	–	–	–	60
Mr. To Yan Ming, Edmond	60	–	–	–	60
	180	480	–	18	678

No directors of the Company has waived any emoluments and no emoluments were paid or payable by the Group to any of the directors 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.

9. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, one (2012: nil) is a director of the Company whose emoluments are disclosed in note 8. The emoluments of the remaining four (2012: five) individuals are as follows:

	2013	2012
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**1,435**	1,531
Discretionary bonuses	**43**	56
Retirement benefits scheme contributions	**81**	52
	1,559	1,639

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

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

No emoluments were paid or payable by the Group to any of the four (2012: 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.

10. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit attributable to owners of the Company includes a profit of HK$5,755,000 (2012: a loss of HK$618,000) which has been dealt with in the financial statements of the Company.

11. DIVIDENDS

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

12. 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 HK$7,429,000 (2012: HK$10,301,000) and the weighted average number of 1,937,800,573 ordinary shares (2012: 1,399,615,385 ordinary shares) in issue during the year, and is calculated as follows:

	2013	2012
Issued ordinary shares at beginning of the year	**4,852,000,000**	4,852,000,000
Effect of share consolidation	**(3,639,000,000)**	(3,639,000,000)
Effect of shares issued upon open offer	**553,583,035**	186,615,385
Effect of shares issued upon loan capitalisation	**171,217,538**	–
Weighted average number of ordinary shares at end of the year	**1,937,800,573**	1,399,615,385

(b) Diluted earnings per share

Diluted earnings per share is same as the basic earnings per share as there were no potential ordinary shares outstanding during the years ended 31 March 2013 and 2012.

13. EMPLOYEE RETIREMENT BENEFITS

The Group has arranged its Hong Kong employees to join the 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 make monthly contributions to the scheme at 5% of the employees' relevant income. The contributions from each of the employer and employees are subject to a cap of HK$1,250 (HK$1,000 prior to June 2012) per month and thereafter contributions are voluntary. Contributions to the plan vest immediately.

The Group also participates in a defined contribution state-managed retirement benefit scheme. The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the government of the PRC. The subsidiaries are required to contribute certain percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

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14. PROPERTY, PLANT AND EQUIPMENT

The Group

	Machinery and equipment HK$'000	Moulds HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Computer equipment HK$'000	Motor vehicles HK$'000	Leasehold improvements HK$'000	Total HK$'000
Cost								
At 1 April 2011	–	1,255	464	13	52	–	–	1,784
Additions	–	467	–	1	6	–	–	474
At 31 March 2012 and 1 April 2012	–	1,722	464	14	58	–	–	2,258
Additions	–	–	–	67	23	–	–	90
Disposals	(102)	–	–	–	–	–	–	(102)
Acquisitions through business combinations *(note 25)*	1,335	–	15	494	–	74	38	1,956
Effect of foreign currency exchange differences	6	–	1	3	–	–	–	10
At 31 March 2013	1,239	1,722	480	578	81	74	38	4,212
Accumulated depreciation								
At 1 April 2011	–	374	134	3	10	–	–	521
Charge for the year	–	458	117	3	14	–	–	592
At 31 March 2012 and 1 April 2012	–	832	251	6	24	–	–	1,113
Charge for the year	177	517	125	73	18	–	2	912
Written back on disposals	(26)	–	–	–	–	–	–	(26)
Effect of foreign currency exchange differences	1	–	–	–	–	–	–	1
At 31 March 2013	152	1,349	376	79	42	–	2	2,000
Carrying amounts								
At 31 March 2013	1,087	373	104	499	39	74	36	2,212
At 31 March 2012	–	890	213	8	34	–	–	1,145

15. GOODWILL

	The Group	
	2013	2012
	HK$'000	*HK$'000*
Cost		
At beginning of the year	**–**	–
Arising on acquisition of subsidiaries during the year *(note 25)*	**819**	–
At end of the year	**819**	–

For purposes of impairment testing, goodwill has been allocated to a cash generating unit ("CGU"). A subsidiary of the Company, May Wilson Plastics and Electronics (HK) Co. Limited ("MWHK") is engaged in sale of home electrical appliances, electronic products and related plastic injection components for which part of those home electrical appliances are produced by the newly acquired subsidiaries, May Wilson Holding Limited ("MWH") and its subsidiaries (together the "MWH Group"). The management considered MWHK and MWH Group is a CGU as synergies are derived in such arrangement.

During the year, the Group performed impairment review for goodwill, based on pre-tax cash flow projections derived from the most recent financial budgets approved by management covering a five-year period with discount rate of 8%.

The recoverable amount of the CGU is determined based on value in use calculations. The key factors for the value in use calculations are discount rates, growth rates and expected changes to revenue and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. The growth rate is based on industry growth forecasts. Changes in revenue and direct cost are based on past practices and expectations of future changes in the market. Other key assumptions for the value in use calculations included budgeted sales and gross margins and their related cash inflow and outflow patterns, estimated based on the CGU's historical performance and management's expectation of the market development. The directors believe that any reasonably possible change in any of these assumptions would not cause the recoverable amounts of the CGU to fall below its carrying amount. In the opinion of directors, no impairment loss was considered necessary.

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For the year ended 31 March 2013

16. INVENTORIES

	The Group	
	2013	2012
	HK$'000	*HK$'000*
Raw materials	**373**	–
Work in progress	**605**	–
Finished goods	**226**	399
	1,204	399

17. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade receivables *(notes (b) and (d))*	**42,384**	77,358	**–**	–
Less: Allowance for doubtful debts *(note (c))*	**–**	–	–	–
	42,384	77,358	**–**	–
Other receivables	**669**	1,542	**11**	–
Loans receivable *(note (e))*	**12,500**	–	**–**	–
Amounts due from subsidiaries *(note (f))*	**–**	–	**112,183**	17,354
Loans and receivables	**55,553**	78,900	**112,194**	17,354
Trade deposits paid	**6,912**	4,917	**–**	–
Other deposits and prepayments	**1,031**	1,298	**336**	498
	63,496	85,115	**112,530**	17,852
Representing:				
Current	**63,159**	85,115	**112,530**	17,852
Non-current	**337**	–	**–**	–
	63,496	85,115	**112,530**	17,852

17. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

Notes:

(a) All of the loans and receivables are expected to be recovered within one year and trade deposits and prepayments are expected to be recognised as expense within one year. Deposits expected to be recovered after more than one year is HK$337,000 (2012: nil).

(b) Age analysis

The following is an analysis of trade receivables by age, presented based on the invoice date:

	The Group	
	2013	2012
	HK$'000	*HK$'000*
0 – 60 days	**8,558**	48,554
61 – 120 days	**6,486**	17,881
121 – 180 days	**211**	4,929
Over 180 days	**27,129**	5,994
	42,384	77,358

Trade receivables are due within 30 to 180 days (2012: 30 to 180 days) from the date of billing. Further details on the Group's credit policy are set out in note 24(a).

(c) Impairment of trade receivables

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly (see note 2(g)).

There is no movement in the allowance for doubtful debts account for the years ended 31 March 2013 and 2012.

17. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

Notes: (continued)

(d) Trade receivables that are not impaired

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

	The Group	
	2013	2012
	HK$'000	*HK$'000*
Neither past due nor impaired	**13,946**	71,202
Past due but not impaired		
Less than 1 month past due	**20,737**	3,405
1 to 3 months past due	**681**	2,751
Over 3 months past due	**7,020**	–
	28,438	6,156
	42,384	77,358

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

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

(e) Loans receivable represent two separate loans advanced by the Group according to respective participation agreements, pursuant to which the Group agreed to be the participant under separate loan facilities granted by two lenders to their borrowers respectively. All of the lenders and the borrowers are independent third parties to the Group. The details of the loans are as follows:

17. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

Notes: (continued)

(e) (continued)

(i) an amount of HK$7,250,000 (2012: nil) is unsecured but guaranteed by a director and shareholder of the lender and interest-bearing at 2% per month. As at 31 March 2013, the balance is repayable within the next financial period and is neither past due nor impaired.

(ii) an amount of HK$5,250,000 (2012: nil) is unsecured and interest-bearing at 3% per month. As at 31 March 2013, the balance is repayable within the next financial period and is neither past due nor impaired.

(f) The amounts due from subsidiaries are unsecured and repayable on demand. Except for the balances with carrying amounts of HK$14,544,000 (2012: HK$5,934,000) which are interest-free, the remaining balances of HK$97,639,000 (2012: HK$11,420,000) are interest-bearing at the rate of 2% over Hong Kong Dollar Prime rate (2012: 4% over Hong Kong Dollar Prime rate) per annum. The weighted average effective interest rate is 7% (2012: 9%) per annum.

18. CASH AND CASH EQUIVALENTS

	The Group	
	2013	2012
	HK$'000	*HK$'000*
Deposits with banks	**80,081**	–
Cash at bank and on hand	**27,408**	13,677
Cash and cash equivalents in the consolidated statement of financial position and the consolidated statement of cash flows	**107,489**	13,677

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2013

18. CASH AND CASH EQUIVALENTS (continued)

	The Company	
	2013	2012
	HK$'000	*HK$'000*
Deposits with banks	**30,049**	–
Cash at bank and on hand	**102**	21
Cash and cash equivalents in the statement of financial position	**30,151**	21

The interest rates on the cash at bank and deposits with banks ranged from 0.01% to 0.75% (2012: 0.01% to 0.50%) per annum.

19. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade payables *(note (c))*	**13,521**	58,106	**–**	–
Accruals and other payables	**5,213**	3,652	**120**	1,723
Amounts due to subsidiaries *(note (b))*	**–**	–	**6,560**	100
Financial liabilities measured at amortised cost	**18,734**	61,758	**6,680**	1,823
Trade deposits received	**351**	1,380	**–**	–
	19,085	63,138	**6,680**	1,823

19. TRADE AND OTHER PAYABLES (continued)

Notes:

(a) All of the trade and other payables and trade deposits received are expected to be settled or recognised as income within one year or are repayable on demand.

(b) The amounts due to subsidiaries are unsecured and repayable on demand. Except for the balance with carrying amount of HK$3,969,000 (2012: HK$100,000) which is interest-free, the remaining balance of HK$2,591,000 (2012: nil) is interest-bearing at the rate of 2% over Hong Kong Dollar Prime rate (2012: nil) per annum. The weighted average effective interest rate is 7% (2012: nil) per annum.

(c) The following is an analysis of trade payables by age presented based on the invoice date:

	The Group	
	2013	2012
	HK$'000	*HK$'000*
0 – 60 days	**1,020**	37,700
61 – 120 days	**770**	13,975
121 – 180 days	**241**	1,516
Over 180 days	**11,490**	4,915
	13,521	58,106

20. AMOUNT DUE TO IMMEDIATE HOLDING COMPANY

At 31 March 2012, the outstanding balances due to the immediate holding company by the Group and the Company of HK$37,815,000 and HK$37,635,000, respectively, were unsecured, bearing effective interest rates of 7% and repayable on 1 April 2012. Except for the balances due by the Group and the Company with carrying amount of HK$12,168,000 (the principal amount of HK$12,170,000) and HK$11,988,000 (the principal amount of HK$11,990,000), respectively, which were interest-free, the remaining balances were interest-bearing at a fixed rate of 1% per annum. During the year ended 31 March 2013, the outstanding balances due by the Group and the Company with carrying amount of HK$37,614,000 was capitalised (see note 22(b)(iii)) and the remaining balance of HK$238,000 was repaid to the immediate holding company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2013

21. INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	The Group	
	2013	2012
	HK$'000	*HK$'000*
At beginning of the year	**2,688**	1,074
Acquisitions through business combinations *(note 25)*	**(34)**	–
Provision for the year		
– Hong Kong Profits Tax	**494**	2,295
– PRC EIT	**474**	720
	968	3,015
Over-provision in respect of prior years		
– Hong Kong Profits Tax	**(303)**	–
– PRC EIT	**(38)**	–
	(341)	–
Income tax paid during the year		
– Hong Kong Profits Tax	**(3,552)**	(857)
– PRC EIT	**(599)**	(551)
	(4,151)	(1,408)
Income tax recovered during the year		
– Hong Kong Profits Tax	**34**	–
Effect of foreign currency exchange differences	**(1)**	7
At end of the year	**(837)**	2,688
Representing:		
Tax recoverable	**(1,149)**	–
Tax payable	**312**	2,688
	(837)	2,688

21. INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION (continued)

(b) Deferred tax recognised

(i) The Group

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

Deferred tax arising from:	Undistributed profits of subsidiaries HK$'000	Depreciation allowances in excess of related depreciation HK$'000	Depreciation in excess of related depreciation allowances HK$'000	Total HK$'000
At 1 April 2011	–	100	–	100
Credited to profit or loss	–	(23)	–	(23)
At 31 March 2012 and 1 April 2012	–	77	–	77
Charged/(credited) to profit or loss	79	(77)	(8)	(6)
Effect of foreign currency exchange differences	1	–	–	1
At 31 March 2013	80	–	(8)	72

(ii) Reconciliation to the consolidated statement of financial position:

	The Group 2013 HK$'000	2012 HK$'000
Deferred tax asset recognised in the consolidated statement of financial position	**(8)**	–
Deferred tax liability recognised in the consolidated statement of financial position	**80**	77
	72	77

(c) Deferred tax assets not recognised

As at 31 March 2013, the Group has unused tax losses of HK$1,482,000 (2012: HK$6,831,000) and HK$2,399,000 (2012: nil) available for offset against future profits that may be carried forward indefinitely and with expiry date of within 5 years, respectively. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2013

21. INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION (continued)

(c) Deferred tax assets not recognised (continued)

As at 31 March 2013, the Company has unused tax losses of HK$1,171,000 (2012: HK$6,733,000) available for offset against future profits that may be carried forward indefinitely. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams.

22. 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$'000*	Share premium *HK$'000*	Capital reserve *HK$'000*	Merger reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
At 1 April 2011	2,426	24,292	7,851	(1,522)	(54,013)	(20,966)
Loss for the year	–	–	–	–	(618)	(618)
Total comprehensive loss for the year	–	–	–	–	(618)	(618)
At 31 March 2012	2,426	24,292	7,851	(1,522)	(54,631)	(21,584)
At 1 April 2012	2,426	24,292	7,851	(1,522)	(54,631)	(21,584)
Profit for the year	–	–	–	–	5,755	5,755
Total comprehensive income for the year	–	–	–	–	5,755	5,755
Shares issued upon open offer	1,213	115,235	–	–	–	116,448
Shares issued upon loan capitalisation	392	37,222	–	–	–	37,614
Expenses in relation to issuing shares	–	(2,231)	–	–	–	(2,231)
At 31 March 2013	4,031	174,518	7,851	(1,522)	(48,876)	136,002

22. CAPITAL AND RESERVES (continued)

(b) Share capital

	2013		2012	
	Number of shares	**Amount** *HK$'000*	Number of shares	Amount *HK$'000*
Authorised:				
Ordinary shares of HK$0.002 each (2012: HK$0.0005 each)				
At the beginning of the year	**200,000,000,000**	**100,000**	200,000,000,000	100,000
Share consolidation *(note (i))*	**(150,000,000,000)**	**–**	–	–
At the end of the year	**50,000,000,000**	**100,000**	200,000,000,000	100,000
Issued and fully paid:				
Ordinary shares of HK$0.002 each (2012: HK$0.0005 each)				
At the beginning of the year	**4,852,000,000**	**2,426**	4,852,000,000	2,426
Share consolidation *(note (i))*	**(3,639,000,000)**	**–**	–	–
Shares issued upon open offer *(note (ii))*	**606,500,000**	**1,213**	–	–
Shares issued upon loan capitalisation *(note (iii))*	**195,907,214**	**392**	–	–
At the end of the year	**2,015,407,214**	**4,031**	4,852,000,000	2,426

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

22. CAPITAL AND RESERVES (continued)

(b) Share capital (continued)

Notes:

(i) A shareholders' resolution was passed on 12 April 2012 to approve the consolidation of every four issued and unissued ordinary shares of par value of HK$0.0005 each in the share capital of the Company into one ordinary share of par value of HK$0.002 each (the "New Shares"). The New Shares rank pari passu in all respects with each other in accordance with the Memorandum of Association and Bye-laws of the Company. Immediately after completion of the share consolidation, the authorised share capital of the Company remained at HK$100,000,000 comprising 50,000,000,000 New Shares of HK$0.002 each, of which 1,213,000,000 New Shares of HK$0.002 each were issued.

(ii) An open offer was completed on 16 May 2012. The Company raised gross proceeds of HK$116,448,000 by way of an open offer of 606,500,000 offer shares at the subscription price of HK$0.192 per offer share on the basis of one offer share for every two New Shares held by existing shareholders.

(iii) A shareholders' resolution was passed on 12 April 2012 to approve the loan capitalisation agreement entered into between Long Channel and the Company dated 27 February 2012 in relation to the subscription for 195,907,214 New Shares of HK$0.002 each in the share capital of the Company at the price of HK$0.192 per New Share by way of capitalising a sum of approximately HK$37,614,000 (including interests accrued up to 31 May 2011) out of the balance of the amount due to the immediate holding company as of 31 May 2011.

(c) Nature and purpose of reserves

(i) Share premium

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

(ii) Merger reserve

On 6 January 2003, the Company became the holding company of the companies then comprising the Group pursuant to a group reorganisation scheme (the "Group Reorganisation") at the time of listing of the Company's shares on the Stock Exchange. The merger reserve of the Group represents the difference between the nominal value of the shares of a former subsidiary of the Company acquired pursuant to the Group Reorganisation and the nominal value of the Company's shares issued in exchange therefor.

(iii) Capital reserve

Capital reserve represents the fair value adjustment on the amounts due to the former ultimate holding company and the immediate holding company at initial recognition, deemed capital contribution from the immediate holding company on the date of extension of repayment and waiver of amount due to the former ultimate holding company.

22. CAPITAL AND RESERVES (continued)

(c) Nature and purpose of reserves (continued)

(iv) Statutory surplus reserve

Pursuant to applicable PRC regulations, certain PRC subsidiaries in the Group are required to appropriate not less than 10% of their profit after tax to the statutory surplus reserve until such reserve reaches 50% of their registered capital. Transfers to this reserve must be made before distribution of dividends to shareholders.

(v) Exchange reserve

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

(d) Distributable reserves

At 31 March 2013, the Company had no reserves available for cash distribution and/or distribution in specie. Under the Companies Act, the Company's share premium account in the amount of HK$174,518,000 as at 31 March 2013 (2012: HK$24,292,000) may be distributed in the form of fully paid bonus shares.

(e) Capital Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to owners through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which includes amount due to immediate holding company disclosed in note 20 and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure regularly. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

The Group is not subject to any externally imposed capital requirements.

23. EQUITY-SETTLED SHARE-BASED TRANSACTIONS

The existing share option scheme of the Company (the "Share Option Scheme") was adopted by the Company at the annual general meeting of the Company held on 27 August 2012 and the previous share option scheme of the Company adopted on 6 January 2003 was terminated on the same date. Unless otherwise cancelled or amended, the Share Option Scheme will be valid and effective for a period of ten years commencing on the date of adoption. The purpose of the Share Option Scheme is to enable the Group to attract, retain and motivate talented participants to strive for future development and expansion of the Group. The Share Option Scheme shall provide incentive to encourage participants to perform their best in achieving the goals of the Group and allow the participants to enjoy the results of the Company attained through their efforts and contributions. Eligible participants of the Share Option Scheme include any individual being an employee, officer, agent, consultant or representatives of any member of the Group (including any executive or non-executive director of any member of the Group) who, as the Board may determine in its absolute discretion, has made valuable contribution to the business of the Group based on his/her performance and/or years of service, or is regarded to be a valuable human resource of the Group based on his/her working experience, knowledge in the industry and other relevant factors. The offer of a grant of share options may be accepted within thirty days from the date of grant, provided that no such grant shall be open for acceptance after the expiry of the period of ten years commencing on the adoption date of the Share Option Scheme or after the Share Option Scheme has been terminated. The amount payable by each grantee of options to the Company on acceptance of the offer for the grant of options is HK$1.00.

The subscription price for the shares on the exercise of options under the Share Option Scheme shall be a price determined by the Board and notified to the relevant participant at the time of grant of the options (subject to any adjustments made pursuant to the Share Option Scheme and the relevant provisions of the Listing Rules) is made to (subject to acceptance by) the participant and shall be at least the highest of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date on which the option is granted, which date must be a business day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date on which the option is granted; and (iii) the nominal value of the share. An option may be exercised in accordance with the terms of the Share Option Scheme and such other terms and conditions upon which an option was granted, at any time during the option period after the option has been granted by the Board but in any event, not longer than ten years from the date of grant.

The total number of shares issued and to be issued upon exercise of the options granted to each participant, together with all options granted and to be granted to him/her under any other share option scheme(s) of the Company within the 12-month period immediately preceding the proposed date of grant (including exercised, cancelled and outstanding options) shall not exceed 1% of the total number of the shares in issue as at the proposed date of grant. Any further grant of options to a participant in excess of the 1% limit shall be subject to the shareholders' approval of the Company with such participant and his/her associates abstaining from voting.

23. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (continued)

The limit on the total number of the shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme(s) of the Company (excluding lapsed and cancelled options) must not exceed 30% of the total number of the shares in issue from time to time. In addition, the total number of the shares which may be issued upon exercise of all options to be granted under the Share Option Scheme, together with all options to be granted under any other share option scheme(s) of the Company (excluding lapsed options), must not represent more than 10% of the total number of the shares in issue as at the date of approval of the Share Option Scheme (the "Scheme Mandate Limit") or as at the date of approval of the refreshed Scheme Mandate Limit as the case maybe. As at the date of this annual report, the total number of shares of the Company available for issue under the Share Option Scheme is 201,540,721 shares which represents 10% of the issued share capital of the Company.

No share options were granted or exercised during the years ended 31 March 2013 and 2012 and no share options were outstanding as at 31 March 2013 and 2012.

24. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

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

The Company's major financial instruments include amounts due from subsidiaries, amounts due to subsidiaries, cash and cash equivalents and amount due to immediate holding company.

Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include credit risk, liquidity risk, currency risk and interest rate 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.

(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 receivables. In order to minimize risk, the management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. The management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Before accepting any new customer, the Group carries out searches on the credibility of the new customer and assesses the potential customer's credit quality and defines credit limits for the customer. Limits attributed to customers are reviewed once a year.

24. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(a) Credit risk (continued)

(ii) (continued)
Credit evaluations of customers' financial position and condition are performed on each and every major customer periodically. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Debts are usually due within 30 to 180 days (2012: 30 to 180 days) from the date of billing. Normally, the Group does not obtain collateral from its customers.

(iii) The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. At the end of the reporting period, 39% (2012: 45%) and 74% (2012: 71%) of the total trade receivables were due from the Group's largest customer and the three largest customers respectively. In the opinion of the directors, the three largest customers are well established customers with good credibility.

(iv) 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 cashflows of the counterparties and the Company does not expect to incur a significant loss for uncollected amounts due from subsidiaries.

(v) In respect of amounts due from subsidiaries, the Company has concentration of credit risk as 62% (2012: 32%) and 18% (2012: 34%) of the amounts due from subsidiaries are owed from subsidiaries within the segment of sourcing and sale of computer and related products and sale of home electrical appliances, electronic products and related plastic injection components, respectively.

(vi) The Group also has credit risk attributable to loans receivable. The management of the Group monitors the credit risk on an ongoing basis. Credit evaluations of the counterparties' financial position and condition are performed periodically. These evaluations focus on the counterparties' current ability to pay, and take into account the value of assets pledged by the counterparties as security for the facilities. Based on the evaluations, management believes that no impairment allowance is necessary in respect of the loans receivable balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

24. FINANCIAL RISK MANAGEMENT AND FAIR VALUES VALUES (continued)

(a) Credit risk (continued)

(vii) The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 17.

(b) Liquidity risk

The cash management policy of the Group includes short-term investment of cash surpluses and raising of loans to cover expected cash demands. The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient amount of cash to meet its liquidity requirements in the short and longer term. The Group relies on its liquid funds as a significant source of liquidity.

The following tables set out the remaining contractual maturities at the end of the reporting period of the Group's and the Company's non-derivative 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.

24. FINANCIAL RISK MANAGEMENT AND FAIR VALUES VALUES (continued)

(b) Liquidity risk (continued)

The Group

	2013		
	Within 1 year or on demand *HK$'000*	**Total contractual undiscounted cash flow** *HK$'000*	**Carrying amount** *HK$'000*
Non-derivative financial liabilities:			
Trade payables	**13,521**	**13,521**	**13,521**
Accruals and other payables	**5,213**	**5,213**	**5,213**
	18,734	**18,734**	**18,734**

	2012		
	Within 1 year or on demand *HK$'000*	Total contractual undiscounted cash flow *HK$'000*	Carrying amount *HK$'000*
Non-derivative financial liabilities:			
Trade payables	58,106	58,106	58,106
Accruals and other payables	3,652	3,652	3,652
Amount due to immediate holding company	37,822	37,822	37,815
	99,580	99,580	99,573

24. FINANCIAL RISK MANAGEMENT AND FAIR VALUES VALUES (continued)

(b) Liquidity risk (continued)

The Company

	2013		
	Within 1 year or on demand	**Total contractual undiscounted cash flow**	**Carrying amount**
	HK$'000	***HK$'000***	***HK$'000***
Non-derivative financial liabilities:			
Accruals and other payables	**120**	**120**	**120**
Amounts due to subsidiaries	**6,560**	**6,560**	**6,560**
	6,680	**6,680**	**6,680**

	2012		
	Within 1 year or on demand	Total contractual undiscounted cash flow	Carrying amount
	HK$'000	*HK$'000*	*HK$'000*
Non-derivative financial liabilities:			
Accruals and other payables	1,723	1,723	1,723
Amounts due to subsidiaries	100	100	100
Amount due to immediate holding company	37,642	37,642	37,635
	39,465	39,465	39,458

(c) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances (see note 18 for details) and fair value interest rate risk mainly in relation to fixed-rate loans receivable (see note 17(e) for details) and amount due to immediate holding company (see note 20 for details).

The Company is exposed to cash flow interest rate risk in relation to variable-rate bank balances (see note 18 for details), amounts due from subsidiaries (see note 17(f) for details) and amount due to a subsidiary (see note 19(b) for details). The Company is exposed to fair value interest rate risk mainly in relation to fixed-rate amount due to immediate holding company (see note 20 for details).

Interest rate risks are managed by the Group by maintaining an appropriate mix between fixed and variable rate financial instruments.

24. FINANCIAL RISK MANAGEMENT AND FAIR VALUES VALUES (continued)

(c) Interest rate risk (continued)

Sensitivity analysis

At 31 March 2013, it is estimated that a general increase/decrease of 50 basis points in interest rates for variable-rate financial instruments, with all other variables held constant, would increase/decrease the Group's profit after tax and decrease/increase the accumulated losses by approximately HK$137,000 (2012: HK$68,000) and increase/decrease the Company's profit after tax and decrease/increase the Company's accumulated losses by approximately HK$397,000 (2012: decrease/increase the Company's loss after tax and the accumulated losses by approximately HK$48,000). Other components of the Group's consolidated equity and the Company's equity would not change in response to the general increase/decrease in interest rates.

The sensitivity analyses above have 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 50 basis points (2012: 50 basis points) increase/decrease in interest rates 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.

(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, that is, a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily US$, JPY, RMB and HK$. The Group currently does not have a foreign currency hedging policy as the Group believes its exposure to foreign exchange rate is not significant. However, the management monitors the Group's foreign currency exposures and will consider hedging significant foreign currency exposures should the need arises.

The following 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 amounts of the exposure are shown in HK$, translated using the spot rate at the year end date.

24. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(d) Currency risk (continued)

(i) Exposure to currency risk (continued)

The Group

	Exposure to foreign currencies (expressed in HK$)				
	2013			2012	
	JPY	***US$***	***RMB***	*US$*	*RMB*
	'000	***'000***	***'000***	*'000*	*'000*
Cash and cash equivalents	**–**	**4,146**	**19**	9,046	18
Trade and other receivables	**–**	**33,686**	**–**	42,524	–
Trade and other payables	**(2,852)**	**(7,978)**	**–**	(35,724)	–
Amount due to immediate holding company	**–**	**–**	**–**	–	(5,170)
Net exposure arising from recognised assets and liabilities	**(2,852)**	**29,854**	**19**	15,846	(5,152)

At 31 March 2013, the PRC subsidiaries of the Group with RMB as their functional currency are also exposed to currency risk with respect to HK$ by holding HK$ denominated cash and cash equivalents, trade and other receivables and trade and other payables in the amount of HK$3,001,000, HK$561,000 and HK$1,072,000 respectively (2012: nil).

The Company

	Exposure to foreign currencies (expressed in HK$)	
	2013	2012
	US$	*RMB*
	'000	*'000*
Cash and cash equivalents	**87**	–
Amount due to immediate holding company	**–**	(5,170)
Net exposure arising from recognised assets and liabilities	**87**	(5,170)

24. 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 and the Company's profit after tax (and accumulated losses) that would arise if foreign exchange rates to which the Group and the Company has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between the HK$ and the US$ would be materially unaffected by any changes in movement in value of the US$ against other currencies. The increase/(decrease) in foreign exchange rates of 5% represents the sensitivity rate of management's assessment of the reasonably possible strengthening/(weakening) of the foreign currency against the functional currencies of the group entities.

The Group

	2013			2012		
	Increase/ (decrease) in foreign exchange rates	**Increase/ (decrease) in profit after tax** *HK$'000*	**(Increase)/ decrease in accumulated losses** *HK$'000*	Increase/ (decrease) in foreign exchange rates	Increase/ (decrease) in profit after tax *HK$'000*	(Increase)/ decrease in accumulated losses *HK$'000*
JPY	**5%**	**(119)**	**(119)**	–	–	–
	(5%)	**119**	**119**	–	–	–
US$	**5%**	**(4)**	**(4)**	–	–	–
	(5%)	**4**	**4**	–	–	–
HK$	**5%**	**93**	**93**	–	–	–
	(5%)	**(93)**	**(93)**	–	–	–
RMB	**5%**	**1**	**1**	5%	(215)	(215)
	(5%)	**(1)**	**(1)**	(5%)	215	215

The Company

	2013			2012		
	Increase/ (decrease) in foreign exchange rates	**Increase/ (decrease) in profit after tax** *HK$'000*	**(Increase)/ decrease in accumulated losses** *HK$'000*	Increase/ (decrease) in foreign exchange rates	(Increase)/ decrease in loss after tax *HK$'000*	(Increase)/ decrease in accumulated losses *HK$'000*
RMB	**5%**	**–**	**–**	5%	(216)	(216)
	(5%)	**–**	**–**	(5%)	216	216

24. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(d) Currency risk (continued)

(ii) Sensitivity analysis (continued)

Results of the analysis as 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 HK$ at the exchange rate ruling at the end of the reporting period for presentation purposes.

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

(e) Fair values 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.

(f) Estimation of fair values

The following summarises the major methods and assumptions applied in determining the fair values of the following financial instruments.

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

25. BUSINESS COMBINATIONS

On 30 April 2012, the Group acquired control of May Wilson Holding Limited ("MWH") through the acquisition of 92% equity interests in MWH, an investment holding company with its subsidiaries, May Wilson Plastics Industries Company Limited and May Wilson Plastics Industries (Shenzhen) Company Limited ("May Wilson Shenzhen") (literal translation of 美偉成塑膠實業（深圳）有限公司) (together the " MWH Group"), which are principally engaged in the manufacture and sale of home electrical appliances, electronic products and related plastic injection components, for a cash consideration of HK$6,000,000. MWH was acquired so as to continue the expansion of the Group's business of home electrical appliances, electronic products and related plastic injection components.

25. BUSINESS COMBINATIONS (continued)

The amounts recognised as of the acquisition date for each major class of assets acquired and liabilities assumed are as follows:

	Amounts recognised (at fair value) ***HK$'000***
Property, plant and equipment *(note 14)*	1,956
Rental deposit	333
Inventories	988
Tax recoverable *(note 21(a))*	34
Trade and other receivables, deposits and prepayments	7,902
Amount due from May Wilson Plastics and Electronics (HK) Co. Limited	18,621
Cash and cash equivalents	1,430
Trade and other payables	(24,178)
Amount due to a non-controlling interest	(1,455)
Total identifiable net assets	5,631
Goodwill arising on acquisition	
Consideration transferred	6,000
Plus: Non-controlling interests	450
Less: Net assets acquired	(5,631)
Goodwill arising on acquisition *(note 15)*	819

The non-controlling interests (8% in MWH) recognised at the acquisition date was measured by reference to the proportionate share of the fair value of the MWH Group's identifiable net assets and amounted to approximately HK$450,000.

Net cash outflow on acquisition

	HK$'000
Consideration, satisfied in cash	(6,000)
Less: Deposit paid for acquisition of subsidiaries in prior year	500
Less: Cash and cash equivalents acquired	1,430
Net cash outflow	(4,070)

25. BUSINESS COMBINATIONS (continued)

Impact of acquisition on the revenue and results of the Group

For the eleven months ended 31 March 2013, MWH Group contributed revenue and loss of HK$4,530,000 and HK$2,054,000 respectively to the revenue and profit of the Group for the year ended 31 March 2013.

Had the acquisition occurred on 1 April 2012, the revenue and profit of the Group for the year ended 31 March 2013 would have been HK$150,967,000 and HK$7,090,000 respectively. The pro forma information is for illustrative purpose only and is not necessarily an indication of the turnover and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2012, nor is intended to be a projection of future results.

Acquisition-related costs are insignificant and have been excluded from the consideration transferred and have been recognised as an expense in the current and prior years, within the 'administrative expenses' line item in the consolidated income statement.

The goodwill of HK$819,000 arising from the acquisition is attributable to economies of scale expected from combining the operations of the Group and MWH Group. None of the goodwill recognised is expected to be deductible for income tax purposes.

At the acquisition date, the gross contractual amount of the receivables acquired were equivalent to their fair value of HK$7,902,000 and it was expected that all amounts were fully collectible.

26. MATERIAL RELATED PARTY TRANSACTIONS

The Group has entered into the following material related party transactions:

(a) Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the Company's directors as disclosed in note 8 and certain of the highest paid employees as disclosed in note 9, is as follows:

	2013	2012
	HK$'000	*HK$'000*
Salaries and other short-term employee benefits	**1,077**	2,247
Post-employment benefits	**39**	70
	1,116	2,317

Total remuneration is included in "staff costs" (see note 6(b)).

26. MATERIAL RELATED PARTY TRANSACTIONS (continued)

(b) Financing arrangement

	The Group				The Company	
	Amount due to related party		Related interest expenses		Amount due to related party	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Amount due to immediate holding company, Long Channel	**–**	37,815	**37**	2,414	**–**	37,635

Details of the terms and conditions of the amount due to immediate holding company are disclosed in note 20.

Details of loans repaid during the year are disclosed in the consolidated statement of cash flows.

(c) Other transactions

During the year, the Group entered into the following transactions with a related party that is not a member of the Group:

	Amount paid to the related party	
	2013	2012
	HK$'000	*HK$'000*
An entity which is controlled by the ultimate controlling shareholder of the Group		
– rental expense	**473**	420
– building management fee	**40**	36
– air-conditioning charge	**27**	24
	540	480

27. OPERATING LEASES COMMITMENTS

(a) The Group as lessee

At 31 March 2013, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2013	2012
	HK$'000	*HK$'000*
Within one year	**1,938**	19
After one year but within five years	**473**	–
	2,411	19

The Group leases properties under operating leases for the purpose of office premises, factory and staff accommodations. Leases are negotiated for an average term of 1 to 3 years (2012: 1 year) and none of the leases includes contingent rentals.

(b) The Group as lessor

At 31 March 2013, the Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	2013	2012
	HK$'000	*HK$'000*
Within one year	**306**	–
After one year but within five years	**77**	–
	383	–

The Group sub-leases its office premises under operating lease for rental income to fully utilise the vacant spaces. The lease runs for a period of 27 months and does not include contingent rentals.

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

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28. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2013	2012
	HK$'000	*HK$'000*
Unlisted shares, at cost	**1**	1

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of subsidiary	Place of establishment or incorporation/ operation	Particulars of issued and paid up ordinary share capital	Attributable equity interest		Principal activities
			2013	2012	
Directly held					
BEP International Trading Limited	Samoa/Hong Kong	US$1 (2012: US$1)	**100%**	100%	Investment holding
Top Splendor International Development Limited	BVI/Hong Kong	US$100 (2012: US$100)	**100%**	100%	Investment holding
May Wilson Investment Co. Ltd.	BVI/Hong Kong	US$100 (2012: US$100)	**92%**	92%	Investment holding
Smarty Code Limited	BVI/Hong Kong	US$1 (2012: US$1)	**100%**	100%	Investment holding
Indirectly held					
BEP Corporate Services Limited	Hong Kong	HK$1 (2012: HK$1)	**100%**	100%	Provision of management services
Vinus Telecom Hong Kong Limited	Hong Kong	HK$1 (2012: HK$1)	**100%**	100%	Sale of home electrical appliances, electronic products and related plastic injection components
Smart Luck Trading Limited	Hong Kong	HK$100 (2012: HK$100)	**100%**	100%	Investment holding

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For the year ended 31 March 2013

28. INVESTMENTS IN SUBSIDIARIES (continued)

Name of subsidiary	Place of establishment or incorporation/ operation	Particulars of issued and paid up ordinary share capital	Attributable equity interest		Principal activities
			2013	2012	
Indirectly held (continued)					
智多貿易（深圳）有限公司*(note (i))*	PRC	HK$8,000,000 (2012: HK$5,000,000)	**100%**	100%	Distribution and sale of electronic consumer products
May Wilson Plastics and Electronics (HK) Co. Limited	Hong Kong	HK$1 (2012: HK$1)	**92%**	92%	Sale of home electrical appliances, electronic products and related plastic injection components
Neo Computer International Co. Limited	Hong Kong	HK$1 (2012: HK$1)	**92%**	92%	Sourcing and sale of computer and related products
Smart Red Limited	BVI/Hong Kong	US$1 (2012: US$1)	**100%**	100%	Investment holding
May Wilson Holding Limited	Hong Kong	HK$27,000,000	**92%**	–	Investment holding
May Wilson Plastics Industries Company Limited	Hong Kong	HK$100,000	**92%**	–	Sale of home electrical appliances, electronic products and related plastic injection components
May Wilson Shenzhen *(note (i))*	PRC	US$3,498,000	**92%**	–	Manufacture and sale of home electrical appliances, electronic products and related plastic injection components

Note:

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

29. ACCOUNTING ESTIMATES AND JUDGEMENTS

Key sources of estimation uncertainty

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

(a) 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.

(b) Impairment of receivables

The Group maintains allowance for doubtful debts based on evaluation of the recoverability of trade and other receivables, where applicable, at the end of each reporting period. The estimates are based on the ageing of the trade and other receivable balances and the historical write-off experience, net of recoveries. If the financial condition of the debtors were to deteriorate, additional impairment allowance might be required.

(c) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated cost necessary to make the sale. These estimates are based on the current market conditions and the historical experience of selling products of similar nature. It could change significantly as a result of changes in customer preferences and competitor actions in response to severe industry cycles. Management reassesses these estimates at the end of each reporting period.

29. ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Key sources of estimation uncertainty (continued)

(d) Depreciation

The management reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation charge for the year.

This estimate is based on the historical experience of the actual useful lives of assets of similar nature and functions and taking into account anticipated technological changes. The depreciation charge for future periods are adjusted if there are significant changes from previous estimates.

(e) Income tax

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

Deferred income tax assets relating to certain temporary differences are recognised as management considers it is likely that future taxable profits will be available against which the temporary differences can be utilised. Where the expectation is different from the original estimates, such differences will impact the recognition of deferred income tax assets and income tax charges in the period in which such estimates are changed.

29. ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Key sources of estimation uncertainty (continued)

(f) *Impairment of goodwill*

The Group tests annually whether goodwill has suffered any impairment. Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which goodwill has been allocated to determine the recoverable amount of the cash-generating unit. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

The value in use calculations primarily use cash flow projections based on financial budgets, in general covered five years, approved by management. There are a number of assumptions and estimates involved for the preparation of cash flow projections for the period covered by the approved budget. Key assumptions include the expected growth in revenues and operating margin, growth rates and selection of discount rates, to reflect the risks involved and the earnings multiple that can be realised.

Management prepared the financial budgets reflecting actual and prior year performance and market development expectations. Judgment is required to determine key assumptions adopted in the cash flow projections and changes to key assumptions can significantly affect these cash flow projections and therefore the results of the impairment reviews.

(g) *Fair value of identifiable assets acquired and liabilities assumed through business combinations*

The Group applies the acquisition method to account for business combinations, which requires the Group to record assets acquired and liabilities assumed at their fair values on the date of acquisition. Significant judgement is used to estimate the fair values of the assets acquired and liabilities assumed, including estimating future cash flows from the acquired business, determining appropriate discount rates, asset lives and other assumptions.

30. 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-YEAR FINANCIAL SUMMARY

	Year ended 31 March				
	2013	2012	2011	2010	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
RESULTS					
Turnover	**150,645**	257,507	177,929	38,685	79,806
Profit/(loss) before taxation	**8,090**	14,048	7,690	(5,396)	(36,318)
Taxation	**(621)**	(2,992)	(1,463)	(129)	(611)
Profit/(loss) for the year	**7,469**	11,056	6,227	(5,525)	(36,929)
Non-controlling interests	**(40)**	(755)	(394)	(21)	–
Profit/(loss) attributable to owners of the Company for the year	**7,429**	10,301	5,833	(5,546)	(36,929)

	At 31 March				
	2013	2012	2011	2010	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS AND LIABILITIES					
Total assets	**176,377**	100,836	80,268	28,089	3,983
Total liabilities	**(19,477)**	(103,718)	(94,505)	(50,747)	(25,998)
Non-controlling interests	**(1,660)**	(1,170)	(415)	(21)	–
	155,240	(4,052)	(14,652)	(22,679)	(22,015)
Equity/(deficiency of equity) attributable to owners of the Company	**155,240**	(4,052)	(14,652)	(22,679)	(22,015)