China Environmental Energy Investment Limited
中國環保能源投資有限公司*

(Incorporated in Bermuda with limited liability)
(Stock code: 986)



2013 ANNUAL REPORT

*For identification purposes only

Contents

Corporate Information

Executive Directors

Ms. Chen Tong *(Chairman and Chief Executive Officer)*
Ms. Chan Ching Ho, Kitty
Mr. Xiang Liang
Ms. Li Lin (Appointed on 1 Dec 2012)
Ms. Deng Hong Mei (Resigned on 1 Dec 2012)

Non-Executive Directors

Ms. Yao Zhengwei
Mr. Wang Zhenghua
Mr. Liang Jian Hua (Appointed on 29 Jan 2013)

Independent Non-Executive Directors

Mr. Ong King Keung (Appointed on 1 Mar 2013)
Mr. Tse Kwong Chan
Ms. Zhou Jue
Ms. Kwok Wing Kiu (Appointed on 29 Jan 2013)
Mr. Chan Ying Kay (Resigned on 1 Mar 2013)

Company Secretary

Ms. Tam Hang Yin (Appointed on 29 Jan 2013)
Mr. Leung Chi Wing, Billy (Resigned on 29 Jan 2013)

Audit Committee

Mr. Ong King Keung *(Chairman)*
Mr. Tse Kwong Chan
Ms. Zhou Jue
Ms. Kwok Wing Kiu

Remuneration Committee

Mr. Tse Kwong Chan *(Chairman)*
Ms. Chan Ching Ho, Kitty
Ms. Zhou Jue
Ms. Kwok Wing Kiu

Nomination Committee

Mr. Ong King Keung *(Chairman)*
Mr. Tse Kwong Chan
Ms. Chan Ching Ho, Kitty
Ms. Kwok Wing Kiu

Auditor

CCTH CPA Limited
Certified Public Accountants
Unit 5-6, 7/F, Greenfield Tower
Concordia Plaza
1 Science Museum Road
Tsim Sha Tsui
Kowloon
Hong Kong

Legal Advisor

Li, Wong, Lam & W.I. Cheung
22nd Floor, Infinitus Plaza
199 Des Voeux Road Central
Hong Kong

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head Office and Principal Place of Business

Room 2211, 22/F, Lippo Centre, Tower Two
89 Queensway
Hong Kong

Principal Bankers

DBS Bank (Hong Kong) Limited
Industrial and Commercial Bank of China Limited
Wing Lung Bank Ltd.

Principal Share Registrar and Transfer Office

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

Hong Kong Branch Share Registrar and Transfer Office

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

Website

http://www.986.com.hk

Stock Code

986

I would like to report to the shareholders the annual report of China Environmental Energy Investment Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2013.

BUSINESS REVIEW AND PROSPECTS

On 28 March 2013, the Company has entered into a sale and purchase agreement to dispose of the entire equity interests in Nam Hing (B.V.I.) Limited and its subsidiaries (the "Disposed Group"), being the Company's subsidiaries mainly engaged in trading and manufacturing of printed circuit boards and trading of industrial laminates (the "Disposal"). The Disposal was completed on 10 April 2013. The principal activities of the Company become recycling of waste paper, scrap metal and consumable wastes subsequent to the completion of the Disposal.

The turnover of the Group for the year ended 31 March 2013 was HK$99,655,000, representing a 26.74% decrease as compared with HK$136,028,000 of the previous year. Gross profit from continuing operations was RMB952,000 equivalent to HK$1,181,000 (2012: RMB15,471,000 equivalent to HK$19,029,000) and gross margin was 1.19% (2012: 14%). The decrease in gross profit was attributable to the written down of inventories amounted to HK$5,937,000 during the year and keen competition in the market. Operating loss from continuing operations after tax of the Group was HK$377,292,000 which included a loss of HK$40,583,000 on change in fair value of financial liabilities designated at fair value through profit or loss (2012: gain of HK$77,658,000) and impairment loss of HK$47,616,000 on investment in electric car battery business (2012: HK$44,888,000) and HK$203,849,000 on goodwill arising from acquisition of recycling business respectively.

Administrative and other expenses were HK$76,524,000 (2012: HK$30,051,000). The increase in the expenses was attributable to the impairment loss recognised in respect of account receivables amounting to HK$6,188,000 and other receivables amounting to HK$35,555,000. Over 75% of the said impairment loss represents amounts being overdue more than one and a half year that related to recycling business before acquired by the Group.

Recycling business

Pursuant to the sale and purchase agreement dated 9 May 2011, the Company acquired all indebtedness, obligations and liabilities due, owing or incurred by Ideal Market Holdings Limited ("Ideal Market") and its subsidiaries and shares of 80% of the issued share capital of Ideal Market (the "Acquisition"). Ideal Market indirectly holds Suzhou Baina Renewable Resources Co., Ltd, which is principally engaged in the recycling business of waste paper, scrap metal and consumable wastes. The vendors of the Acquisition have provided the Company with the profit guarantee, such that the actual amount of net profits after taxation of Ideal Market group for the period from 1 April 2011 to 31 March 2012, as shown in the accountants' reports of Ideal Market group in accordance with Hong Kong Financial Reporting Standards, shall not be less than RMB55 million (the "Profit Guarantee"). On 22 February 2013, the board of directors of the Company (the "Board") announced that from the audited consolidated financial statements of Ideal Market group for the year ended 31 March 2012, the net profits after taxation for the 12-month period ended 31

Recycling business (continued)

March 2012 was RMB11,239,190, which was less than the Profit Guarantee. A total audited shortfall of RMB43,760,810 was noted. As such, in May 2013, the Company repurchased at HK$1 the contingency note with a principal amount of HK$41,373,857, being part of the consideration of the Acquisition; and the remaining balance of the contingency note with a principal amount of HK$10,626,143, being another part of the consideration of the Acquisition, has been released to the vendors. The consideration of the Acquisition after adjustment as a result of the shortfall of the Profit Guarantee was approximately HK$808.6 million.

As sales of the paper manufacturing in the People's Republic of China (the "PRC") has been decreased recently, the demand of waste paper in the recycling business had been worsened. The Board anticipates that there will be pressure on the business and profit margin of the recycling business. The Group will struggle hard to revitalize the business and to make adaptations or reform, whenever necessary, in order to strive for a breakthrough in profitability for this key business.

Electric car battery business

The Company acquired 9.9% of the issued share capital of Swift Profit International Limited ("Swift Profit") on 29 December 2010. Swift Profit has been granted an exclusive licence to apply the patent and the related technology for manufacturing electric car batteries. Due to the slowdown of the China economy and the increasing concern of consumers on the safety of electric cars, the market of electric cars in China shrank in demand. Therefore, the production expansion plan of Swift Profit has been deferred. The carrying value of the business was reduced by HK$47,616,000 to HK$82,081,000 by reference to a business valuation as prepared by an independent professional valuer.

Printed circuit boards and industrial laminates business

As mentioned above, on 28 March 2013, the Company entered into a sale and purchase agreement to dispose of the Disposed Group to Nature Ample Limited (the "Purchaser") at a consideration of HK$2,000,000. Given the unsatisfactory performance of the Disposed Group and continuing loss made by the Disposed Group, the Directors believe that it was in the interest of the Company and the shareholders of the Company as a whole to reallocate the Group's financial resources and human resources to strengthen the remaining recycling business after completing the Disposal. The Group incurred a loss of HK$24,644,000 on the Disposal and the Board would utilize the net proceeds from the Disposal as general working capital of the Group. The Disposal was completed on 10 April 2013 and the Disposed Group has ceased to be the Company's subsidiaries thereafter.

Outlook

In view of the deteriorating performance of the prevailing businesses of the Group, the Group has been exploring and pondering ways to strengthen the source of income and improve the financial position including but not limited to, as disclosed in the announcements of the Company dated 22 October 2012, 25 October 2012, 23 January 2013 and 22 April 2013, the Company's entering into a non-legal binding memorandum of understanding relating to the proposed acquisition of Altman Investment Limited and its subsidiaries which principally engage in energy conservation and development of new energy.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2013, the Group's total cash and bank balances, cash deposit held by securities broker and pledged fixed deposits amounted to HK$3,603,000 (2012: HK$94,830,000). Total bank loans, other borrowings, unconvertible bond, financial liabilities designated at fair value through profit or loss and promissory note payable amounted to HK$301,864,000 as at 31 March 2013 (2012: HK$323,021,000). The Group's gearing ratio, which is net debt divided by total shareholders' equity plus net debt, increased from 0.40 as at 31 March 2012 to 0.67 as at 31 March 2013. Net debt included bank and other borrowings, trade and bills payable, other payables and accruals, promissory note payable, financial liabilities designated at fair value through profit or loss and obligation under finance leases less cash and bank balances, cash deposits and pledged bank deposits. As at 31 March 2013, the Group had a current ratio of 0.26 (2012: 0.52) and net current liabilities of HK$270,604,000 (2012: HK$228,315,000).

As at 31 March 2013, the outstanding amount due by the Company in form of promissory notes was HK$122,000,000 (2012: HK$260,023,000). During the year, an aggregate principal value of HK$138,000,000 of the promissory notes had been repaid.

As at the date of this report, the remaining promissory notes was HK$56,000,000 which comprised of HK$25,000,000, HK$20,000,000, HK$6,000,000 and HK$5,000,000 with maturity dates of 31 December 2013, 5 December 2013, 7 November 2013 and 31 January 2013 respectively.

As at 31 March 2013, redeemable convertible notes with principal amount of HK$58,000,000 due in November 2013 (2012: HK$160,000,000) and 8% coupon convertible notes with principal amount of HK$95,000,000 due in April 2014 (2012: Nil) were outstanding. During the year under review, an aggregate principal value of HK$102,000,000 of redeemable convertible notes had been converted into 449,339,204 ordinary shares.

In May 2013, as aforesaid, redeemable convertible notes with aggregate principal value of HK$52,000,000 had been redeemed/released due to the failure to meet the Profit Guarantee. As at the date of this report, redeemable convertible notes with principal amount of HK$6,000,000 due in November 2013 and 8% coupon convertible notes with principal amount HK$95,000,000 due in April 2014 were outstanding. Upon the proposed share subdivision to be approved by the shareholders of the Company at a special general meeting to be held on 17 July 2013 (the "Proposed Share Subdivision") becoming effective, the conversion price of the redeemable convertible notes and 8% coupon convertible notes is expected to be HK$2.8375 and HK$0.148 per subdivided share respectively.

CAPITAL STRUCTURE

On 1 June 2012, the Company entered into a placing agreement with FT Securities Limited in respect of a placing of unconvertible bonds due in Year 2017 with principal amounts of up to HK$200 million on a best effort basis. On 31 August 2012, the Company and FT Securities Limited entered into a supplemental agreement to extend the expiry date of placing period for the unconvertible bonds from 31 August 2012 to 28 February 2013. As at 31 March 2013, the Company has issued the unconvertible bonds due in Year 2017 in principal amount of HK$20 million.

On 26 June 2012, the Company entered into the subscription agreement with Pacific Plywood Holdings Limited (the "Subscriber") pursuant to which the Company has conditionally agreed to issue, and the Subscriber has conditionally agreed to subscribe for the convertible notes due in Year 2014 in the aggregate principal amount of HK$95 million in cash. The subscription was completed on 12 October 2012. The proceeds raised from the subscription were used for the repayment of promissory notes in aggregate principal amount of HK$84 million. The conversion price of the convertible notes is HK$0.592 per conversion share. Upon the Proposed Share Subdivision becoming effective, the conversion price is expected to be adjusted from HK$0.592 per share to HK$0.148 per subdivided share and the number of convertible share will be adjusted from 160,472,972 shares to 641,891,888 subdivided shares.

On 3 August 2012, the Company announced to reorganize the share capital of the Company to implement a share consolidation scheme on the basis that every fifty (50) issued shares of HK$0.01 each in the share capital of the Company will be consolidated into one (1) consolidated share of HK$0.5 each (the "Consolidated Share") in the issued share capital of the Company, the issued share capital of the Company will then be reduced (i) by eliminating any fraction of a Consolidated Share in the issued share capital of the Company following the said share consolidation in order to round down the total number of Consolidated Shares to a whole number; and (ii) by cancelling the paid-up capital of the Company to the extent of HK$0.49 on each issued Consolidated Share so that the nominal value of each issued Consolidated Share will be reduced from HK$0.5 to HK$0.01. The credit of approximately HK$14.04 million arising from the capital reduction has been credited to the contributed surplus account of the Company. The capital reorganization was effected on 10 September 2012.

On 8 October 2012, the Company entered into the placing agreement with Cheong Lee Securities Limited (the "Placing Agent") pursuant to which the Placing Agent has agreed to place, on a best effort basis, to independent placees for up to 8,146,941 new shares of the Company at the placing price of HK$0.57 per placing share. The net proceeds of HK$4.4 million raised from the placing of 8,100,000 shares were used for the working capital of the Group.

On 4 March 2013, the Company entered into the subscription agreement with Mr. Mei ChaoHui ("Mr. Mei") pursuant to which Mr. Mei has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue an aggregate of 6,560,000 new shares in cash at the subscription price of HK$1.20 per subscription share. The subscription was completed on 11 March 2013. The Company utilized approximately HK$5 million of the net proceeds of the subscription for the repayment of debts owed by the Company and the balances for the working capital of the Group.

FOREIGN EXCHANGE EXPOSURE

The Group mainly operates in Hong Kong and Mainland China, with revenue and expenditures denominated in Renminbi. During the year, the Group did not enter into any derivative contracts aimed at minimizing exchange rate risks. But the Group will continue to review its foreign exchange exposure regularly and might consider using financial instruments to hedge against foreign exchange exposure at appropriate times.

SEGMENT INFORMATION

Details of segment information of the Group for the year ended 31 March 2013 are set out in the Notes to consolidated financial statements.

CONTINGENT LIABILITIES

The Company did not have any contingent liabilities as at 31 March 2013. As at 31 March 2012, the Company had provided a corporate guarantee of Thai Baht 70,000,000 (equivalent to HK$17,633,000) to a bank for banking facilities granted by the bank to a former subsidiary of the Company.

CAPITAL COMMITMENTS

The Group had no material capital commitments as at 31 March 2013 and 31 March 2012.

PLEDGE OF ASSETS

As at 31 March 2013, no pledge of asset is noted (2012: pledged assets amounted to approximately HK$37,632,000).

DIVIDEND

No dividend for the year ended 31 March 2013 (2012: nil) is recommended by the Board.

EMPLOYMENT, TRAINING AND REMUNERATION POLICY

During the year under review, the Group continued to strengthen staff quality through staff development and training programmes. The Group had approximately 230 employees as at 31 March 2013 (2012: 452). Remunerations are commensurate with the nature of job, staff experience and market conditions.

APPRECIATION

On behalf of the Board, I would like to express my sincere appreciation to all management and staff for their diligence and continuing support.

ON BEHALF OF THE BOARD

Ms. Chen Tong
Chairman

Hong Kong, 28 June 2013

CORPORATE GOVERNANCE PRACTICES

The Company recognizes the importance of corporate governance in maintaining its corporate transparency and accountability. The Board sets appropriate policies and implements corporate governance practices in accordance with the needs of the Group's business.

The Company has applied the principles as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

In the opinion of the Board, the Company has complied with the code provisions set out in the CG Code, except for the code provisions A.2.1, A.4.1, A.6.7 and E.1.3. Key corporate governance principles and practices of the Company as well as the details of the foregoing deviations are summarized below.

A. THE BOARD

A1. Responsibilities and Delegation

The Board is responsible for the leadership, control and management of the Company and oversees the Group's business, strategic decision and performances in the attainment of the objective of ensuring effective functioning and growth of the Group and enhancing value to investors. All the directors carry out their duties in good faith and in the interests of the Group.

All directors have timely access to all relevant information as well as the advice and services of the Company Secretary and senior management, with a view to ensuring compliance with Board procedures and all applicable laws and regulations. Any director may request for independent professional advice in appropriate circumstances at the Company's expense, upon reasonable request made to the Board.

The Board reserves for its decision on all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant financial and operational matters.

The Executive Committee and the senior management are delegated the authority and responsibilities by the Board for the day-to-day management and operation of the Group. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the abovementioned officers. The Board has the full support of the senior management to discharge its responsibilities.

A. THE BOARD (continued)

A2. Board Composition

The Board comprises the following directors as at 31 March 2013:

Executive directors:

Ms. Chen Tong *(Chairman of the Board, Chief Executive Officer and Chairman of the Executive Committee)*
Ms. Chan Ching Ho, Kitty *(Member of the Executive Committee, the Remuneration Committee and the Nomination Committee)*
Mr. Xiang Liang *(Member of the Executive Committee)*
Ms. Li Lin *(Member of the Executive Committee)*

Non-executive directors:

Ms. Yao Zhengwei
Mr. Wang Zhenghua
Mr. Liang Jian Hua

Independent non-executive directors:

Mr. Ong King Keung *(Chairman of both the Audit Committee and the Nomination Committee)*
Mr. Tse Kwong Chan *(Chairman of the Remuneration Committee, Member of both the Audit Committee and the Nomination Committee)*
Ms. Zhou Jue *(Member of both the Audit Committee and the Remuneration Committee)*
Ms. Kwok Wing Kiu *(Member of the Audit Committee, the Remuneration Committee and the Nomination Committee)*

Throughout the year ended 31 March 2013, the Board has met the requirements of Listing Rules 3.10 and 3.10A of having at least three independent non-executive directors (representing at least one third of the Board) with one of them possessing appropriate professional qualifications and accounting and related financial management expertise.

A. THE BOARD (continued)

A2. Board Composition (continued)

The members of the Board have skills and experience appropriate for the business requirements and objectives of the Group. The independent non-executive directors bring different business and financial expertise, experiences and independent judgement to the Board and they are invited to serve on the Board committees of the Company. Through participating in Board meetings and taking the lead in managing issues involving potential conflicts of interests, the independent non-executive directors have made contributions to the effective direction of the Company and provided adequate checks and balances to safeguard the interests of both the Group and the shareholders.

The biographical details of the directors and the relationship among members of the Board, if any, are set out under "Brief Biographical Details in respect of Directors" in this annual report.

The Company has received written annual confirmation from each independent non-executive director of his/her independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive directors to be independent in light of the independence guidelines set out in the Listing Rules.

A3. Chairman and Chief Executive

Code provision A.2.1 of the CG Code stipulates that the roles of Chairman and Chief Executive should be separate and should not be performed by the same individual.

Ms. Chen Tong ("Ms. Chen") currently holds the positions of Chairman and Chief Executive Officer of the Company. Ms. Chen has extensive experience in management and over 30 years' business experience. The Board believes that it is in the interests of the Group to have an executive Chairman with in-depth management experiences to guide discussion among Board members on the Group's development and planning, as well as to execute business strategies of the Group.

The Board considers that the current structure of vesting the roles of Chairman and Chief Executive in the same person will not impair the balance of power and authority between the Board and the management of the Company. All Directors are experienced businessmen or professionals and they meet regularly to review the Group's performance. For decisions which may have significant effect on the Group's business, attendance of all Directors in a board meeting is secured as far as possible. The Board shall review this structure from time to time to ensure appropriate and timely action to meet changing circumstances.

A. THE BOARD (continued)

A4. Appointment and Re-election of Directors

The procedures and process of appointment, re-election and removal of directors are laid down in the Company's Bye-laws (the "Bye-laws"). According to the Bye-laws, one-third of the directors for the time being (if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation at each annual general meeting provided that every director shall be subject to retirement at an annual general meeting at least once every three years. In addition, any new director appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the first general meeting after appointment. The retiring directors are eligible for re-election by the shareholders at the respective general meetings.

The code provision A.4.1 of the CG Code stipulates that non-executive directors of a listed issuer should be appointed for a specific term, subject to re-election. Mr. Liang Jian Hua, Mr. Ong King Keung and Ms. Kwok Wing Kiu are engaged for a term of 1 year, which are automatically renewable for successive terms of one year upon the expiry of the then current term; whereas the other non-executive directors of the Company, namely Ms. Yao Zhengwei, Mr. Wang Zhenghua, Mr. Tse Kwong Chan and Ms. Zhou Jue, are not appointed for a specific term. However, all of the Company's non-executive directors are subject to retirement by rotation and re-election by shareholders at the annual general meeting pursuant to the Bye-laws provisions as mentioned above. Accordingly, the Board considers that the Company meets the objective of the code provision A.4.1.

At the forthcoming annual general meeting of the Company (the "2013 AGM"), Ms. Chen Tong, Mr. Xiang Liang, Mr. Wang Zhenghua and Mr. Tse Kwong Chan shall retire by rotation. All of the above retiring directors, being eligible, will offer themselves for re-election at the 2013 AGM. The Board and the Nomination Committee recommended the re-appointment of these retiring directors standing for re-election at the 2013 AGM.

A. THE BOARD (continued)

A5. Induction and Continuing Development for Directors

Each newly appointed director receives induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Company and that he/she is sufficiently aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

The existing directors are continually updated with legal and regulatory developments, and business and market updates, to refresh their knowledge and to facilitate the discharge of their responsibilities. Continuing briefings and professional development to directors are arranged whenever necessary. In addition, reading materials on new or changes to salient laws and regulations applicable to the Group are provided to directors from time to time for their studying and reference.

During the year ended 31 March 2013, the directors have participated in continuous professional training pursuant to code provision A.6.5 of the CG Code as follows:

- All directors (being Ms. Chen Tong, Ms. Chan Ching Ho, Kitty, Mr. Xiang Liang, Ms. Li Lin, Ms. Deng Hong Mei, Ms. Yao Zhengwei, Mr. Wang Zhenghua, Mr. Liang Jian Hua, Mr. Ong King Keung, Mr. Tse Kwong Chan, Ms. Zhou Jue, Ms. Kwok Wing Kiu and Mr. Chan Ying Kay) received regular briefings and updates from the Company Secretary on the Group's business, operations and corporate governance matters.

- Ms. Chen Tong, Ms. Chan Ching Ho, Kitty, Ms. Yao Zhengwei, Mr. Liang Jian Hua and Mr. Ong King Keung attended seminars, which are relevant to their duties and responsibilities, organized by professional firms/institutions.

- Ms. Chen Tong, Mr. Xiang Liang, Ms. Li Lin, Mr. Wang Zhenghua, Mr. Liang Jian Hua, Mr. Tse Kwong Chan, Ms. Zhou Jue and Ms. Kwok Wing Kiu studied publications, books and other reading materials in relation to corporate management.

A. THE BOARD (continued)

A6. Directors' Attendance Records

The attendance records of each director at the Board and Board committee meetings and the general meetings of the Company held during the year ended 31 March 2013 are set out below:

	Attendance/Number of Meetings					
Name of Director	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**Annual General Meeting**	**Special General Meeting**
Executive directors:						
Ms. Chen Tong	19/19	N/A	N/A	N/A	1/1	1/3
Ms. Chan Ching Ho, Kitty (Note 1)	19/19	N/A	3/3	2/2	1/1	3/3
Mr. Xiang Liang	15/18	N/A	N/A	N/A	0/1	0/3
Ms. Li Lin (Note 2)	9/9	N/A	N/A	N/A	–	0/1
Ms. Deng Hong Mei (Note 3)	10/10	N/A	N/A	0/1	1/1	2/2
Non-executive directors:						
Ms. Yao Zhengwei	15/19	N/A	N/A	N/A	0/1	0/3
Mr. Wang Zhenghua	11/19	N/A	N/A	N/A	0/1	0/3
Mr. Liang Jian Hua (Note 4)	5/7	N/A	N/A	N/A	–	–
Independent non-executive directors:						
Mr. Ong King Keung (Note 5)	4/4	–	N/A	–	–	–
Mr. Tse Kwong Chan	16/19	1/2	3/3	3/3	1/1	2/3
Ms. Zhou Jue	16/19	2/2	3/3	N/A	0/1	0/3
Ms. Kwok Wing Kiu (Note 6)	5/7	–	0/1	0/1	–	–
Mr. Chan Ying Kay (Note 7)	12/14	2/2	N/A	2/2	1/1	2/3

A. THE BOARD (continued)

A6. Directors' Attendance Records (continued)

Notes:

1. Ms. Chan Ching Ho, Kitty was appointed as a member of the Nomination Committee of the Company on 1 December 2012. Subsequent to her appointment, 2 Nomination Committee meetings were held during the year ended 31 March 2013.

2. Ms. Li Lin was appointed as an executive director of the Company on 1 December 2012. Subsequent to her appointment, only 9 Board meetings and 1 special general meeting were held during the year ended 31 March 2013.

3. Ms. Deng Hong Mei resigned as an executive director and a member of the Nomination Committee of the Company on 1 December 2012. Before her resignation, 10 Board meetings, 1 Nomination Committee meeting, 1 annual general meeting and 2 special general meetings were held during the year ended 31 March 2013.

4. Mr. Liang Jian Hua was appointed as a non-executive director of the Company on 29 January 2013. Subsequent to his appointment, only 7 Board meetings were held during the year ended 31 March 2013.

5. Mr. Ong King Keung was appointed as an independent non-executive director and the chairman of both the Audit Committee and the Nomination Committee of the Company on 1 March 2013. Subsequent to his appointment, only 4 Board meetings were held during the year ended 31 March 2013.

6. Ms. Kwok Wing Kiu was appointed as an independent non-executive director and a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company on 29 January 2013. Subsequent to her appointment, only 7 Board meetings, 1 Remuneration Committee meeting and 1 Nomination Committee meeting were held during the year ended 31 March 2013.

7. Mr. Chan Ying Kay resigned as an independent non-executive director and the chairman of both the Audit Committee and the Nomination Committee of the Company on 1 March 2013. Before his resignation, 14 Board meetings, 2 Audit Committee meetings, 2 Nomination Committee meetings, 1 annual general meeting and 3 special general meetings were held during the year ended 31 March 2013.

In addition, the Chairman of the Board also held a meeting with the non-executive directors without the presence of executive directors during the year under review.

A. THE BOARD (continued)

A7. Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' dealings in the Company's securities (the "Own Code"). Each director has been given a copy of the Own Code. Having made specific enquiry of all the Company's directors, they have complied with the Own Code throughout the year ended 31 March 2013.

The Company has also established written guidelines on no less exacting terms than the Model Code (the "Employees Written Guidelines") for securities transactions by employees who are likely to possess inside information of the Company and/or its securities. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

In case when the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify its directors and relevant employees in advance.

A8. Corporate Governance Functions

The Board is responsible for performing the corporate governance functions set out in code provision D.3.1 of the CG Code.

During the year under review, the Board has performed corporate governance functions as follows: (i) reviewed and developed the Company's corporate governance policies and practices in response to the implementation of the CG Code, (ii) reviewed and monitored the training and continuous professional development of directors and senior management, (iii) reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements, (iv) reviewed and monitored the compliance of the Model Code and the Employee Written Guidelines, and (v) reviewed the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

A9. Directors' Insurance

The Company has arranged appropriate insurance cover in respect of the legal action against the directors.

B. BOARD COMMITTEES

The Board has four Board committees, namely, the Executive Committee, the Remuneration Committee, the Audit Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees have been established with defined written terms of reference which are available on the Stock Exchange's website (www.hkexnews.hk) and on the Company's website (except for the written terms of reference of the Executive Committee which is available to shareholders upon request). All the Board committees should report to the Board on their decisions or recommendations made.

All Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

B1. Executive Committee

The Executive Committee comprises all the executive directors of the Company with the Chairman of the Board, Ms. Chen Tong, acting as the chairman of such Committee. The Executive Committee operates as a general management committee under the direct authority of the Board to increase the efficiency for the business decisions. It monitors the execution of the Company's strategic plans and operations of all business units of the Group and discusses and makes decisions on matters relating to the management and day-to-day operations of the Company.

B2. Remuneration Committee

On 29 January 2013, Ms. Kwok Wing Kiu was appointed as an independent non-executive director and a member of the Remuneration Committee of the Company. At other times during the year ended 31 March 2013, the other members of the Remuneration Committee were Ms. Chan Ching Ho, Kitty, an executive director of the Company, and Mr. Tse Kwong Chan and Ms. Zhou Jue, the two independent non-executive directors of the Company. The majority of the Remuneration Committee members are independent non-executive directors. The chairman of the Remuneration Committee is Mr. Tse Kwong Chan.

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's remuneration policy and structure and the remuneration packages of directors and members of senior management (i.e. the model described in the code provision B.1.2(c)(ii) of the CG Code is adopted). The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no director or any of his/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by reference to the performance of the individual and the Company as well as market practice and conditions.

B. BOARD COMMITTEES (continued)

B2. Remuneration Committee (continued)

During the year under review, the Remuneration Committee has performed the following major works:

- Reviewed the remuneration policy and structure of the Group and made recommendation to the Board.

- Considered and made recommendation to the Board on the remuneration of Ms. Li Lin upon her appointment as the Company's executive director.

- Considered and made recommendation to the Board on the remuneration of Mr. Liang Jian Hua and Ms. Kwok Wing Kiu upon their appointment as the Company's non-executive director and as the Company's independent non-executive director respectively.

- Considered and made recommendation to the Board on the remuneration of Mr. Ong King Keung upon his appointment as the Company's independent non-executive director.

The attendance records of each Committee member at the Remuneration Committee meetings held during the year ended 31 March 2013 are set out in section A6 above.

The senior management of the Company are the directors of the Company. Details of their remuneration for the year ended 31 March 2013 are set out in Note 11 to the consolidated financial statements contained in this annual report.

B. BOARD COMMITTEES (continued)

B3. Audit Committee

During the year ended 31 March 2013, the composition of the Audit Committee was changed as follows:

(i) Ms. Kwok Wing Kiu was appointed as an independent non-executive director and a member of the Audit Committee on 29 January 2013.

(ii) Mr. Chan Ying Kay resigned and Mr. Ong King Keung (who possesses the appropriate professional qualification, and accounting and financial management expertise as required under Rule 3.10(2) of the Listing Rules) was appointed as an independent non-executive director and also the chairman of the Audit Committee on 1 March 2013.

At other times during the year ended 31 March 2013, the other members of the Audit Committee were two independent non-executive directors, namely Mr. Tse Kwong Chan and Ms. Zhou Jue. None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

The main duties of the Audit Committee are reviewing the financial information and reports of the Group and considering significant or unusual items raised by the financial officers of the Group or external auditors before submission to the Board; reviewing the relationship with and the terms of appointment of the external auditors and making the relevant recommendation to the Board; and reviewing the Company's financial reporting system, internal control system and risk management system.

During the year under review, the Audit Committee has performed the following major works:

– Reviewed and discussed the annual financial statements, results announcement and report for the year ended 31 March 2012, the related accounting principles and practices adopted by the Group and the relevant audit findings, the major audit issues reported by the auditor and the internal control of the Group.

– Made recommendation on the re-appointment of the external auditor.

– Reviewed and discussed the interim financial statements, results announcement and report for the six months ended 30 September 2012, the related accounting principles and practices adopted by the Group.

B. BOARD COMMITTEES (continued)

B3. Audit Committee (continued)

The attendance records of each Committee member at the Audit Committee meetings held during the year ended 31 March 2013 are set out in section A6 above.

The external auditors attended one of the above meetings to discuss with the Audit Committee members on issues arising from the audit and financial reporting matters.

There is no disagreement between the Board and the Audit Committee regarding the appointment of external auditors.

B4. Nomination Committee

During the year ended 31 March 2013, the composition of the Nomination Committee was changed as follows:

(i) Ms. Deng Hong Mei resigned and Ms. Chan Ching Ho, Kitty, the Company's executive director, was appointed as a member of the Nomination Committee on 1 December 2012.

(ii) Ms. Kwok Wing Kiu was appointed as an independent non-executive director and a member of the Nomination Committee on 29 January 2013.

(iii) Mr. Chan Ying Kay resigned and Mr. Ong King Keung was appointed as an independent non-executive director and the chairman of the Nomination Committee on 1 March 2013.

At other times during the year ended 31 March 2013, the other member of the Nomination Committee was Mr. Tse Kwong Chan, an independent non-executive director of the Company. Accordingly, a majority of the members are independent non-executive directors.

The principal responsibilities of the Nomination Committee include reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and recommending any changes to the Board; identifying qualified and suitable individuals to become Board members and selecting and making recommendations to the Board on the selection of individuals nominated for directorships; assessing the independence of independent non-executive directors; and making recommendations to the Board on relevant matters relating to the appointment or re-appointment of directors and succession planning for directors in particular, the Chairman and the Chief Executive of the Company.

B. BOARD COMMITTEES (continued)

B4. Nomination Committee (continued)

In selecting candidates for directorship of the Company, the Nomination Committee may make reference to certain criteria such as the Company's needs, the integrity, experience, skills, professional knowledge of the candidate and the amount of time and effort that a candidate will devote to carry out his/her duties and responsibilities. External recruitment professionals might be engaged to carry out selection process when necessary.

During the year under review, the Nomination Committee has performed the following major works:

– Reviewed the structure, size and composition of the Board; made recommendation on the re-election of the retiring directors standing for re-election at the Company's annual general meeting held on 26 September 2012 (the "2012 AGM"); and assessed independence of all the Company's then independent non-executive directors.

– Considered and made recommendation to the Board on the appointment of Ms. Li Lin as an executive director.

– Considered and made recommendation to the Board on the appointment of Mr. Liang Jian Hua and Ms. Kwok Wing Kiu as a non-executive director and an independent non-executive director respectively.

– Considered and made recommendation to the Board on the appointment of Mr. Ong King Keung as an independent non-executive director.

The attendance records of each Committee member at the Nomination Committee meetings held during the year ended 31 March 2013 are set out in section A6 above.

C. DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF THE FINANCIAL STATEMENTS

The directors have acknowledged their responsibilities for preparing the financial statements of the Company for the year ended 31 March 2013. The management has provided such explanation and information to the Board as necessary to enable the Board to assess the financial information and position of the Group.

As set out in Note 2 to the consolidated financial statements in this annual report ("Note 2"), the Group and the Company had net current liabilities of approximately HK$270,604,000 and HK$261,321,000 respectively as at 31 March 2013, including promissory notes payable of HK$122,000,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. The consolidated financial statements do not include any adjustments that would result from a failure to obtain the fundings as referred to in Note 2 for financing the working capital and financial commitments of the Group and the Company for the foreseeable future. The auditor considers that adequate disclosures have been made for the above matters in the consolidated financial statements.

Notwithstanding conditions described above and in the Independent Auditor's Report, the consolidated financial statements have been prepared on a going concern basis on the assumption that the Group, as detailed in Note 2, will be able to operate as a going concern for the foreseeable future. In the opinion of the directors, the Group can meet its financial obligations as and when they fall due in the next year from the date of approval of these consolidated financial statements, after taking into consideration of several measures and arrangements made subsequent to the reporting date as detailed in Note 2.

In light of the measures and arrangements implemented to date, the directors are of the view that the Group has sufficient cash resources to satisfy its working capital and other financial obligations for the next twelve months from the date of approval of these consolidated financial statements after having taken into account of the Group's projected cash flows, current financial resources and capital expenditure requirements with respect to the production facilities and development of its businesses. Accordingly, the directors are of the view that it is appropriate to prepare these consolidated financial statements on a going concern basis.

D. INTERNAL CONTROLS

The Board is responsible for maintaining an adequate internal control system and for reviewing the effectiveness of such system on an annual basis. The senior management reviews and evaluates the control process, monitors any risk factors on a regular basis and reports on any findings and measures to address the variances and identified risks.

During the year under review, the Board has conducted a review of the effectiveness of the internal control system of the Company.

E. COMPANY SECRETARY

On 29 January 2013, Mr. Leung Chi Wing, Billy ("Mr. Leung") resigned and Ms. Tam Hang Yin ("Ms. Tam"), is engaged by an external service provider. Ms. Tam has been the company secretary of the Company since 29 January 2013. Ms. Chan Ching Ho, Kitty, the executive director, is the primary corporate contact person at the Company for Ms. Tam.

Both Mr. Leung and Ms. Tam completed not less than 15 hours of relevant professional training.

F. EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

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

The fees paid/payable to CCTH CPA Limited, the Company's external auditor, in respect of audit services and non-audit services for the year ended 31 March 2013 are analyzed below:

Type of services provided by the external auditor	**Fees paid/payable** (HK$)
Audit services:	
– Annual audit for the year ended 31 March 2013	890,000
– Special audit of Suzhou Baina Renewable Resources Co., Ltd. and its subsidiaries (subsidiaries of the Company) for the period from 1 April 2011 to 31 March 2012	200,000
– PRC audit fee performed by other external auditors	75,000
TOTAL:	1,165,000

G. COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company believes that effective communication with shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Group also recognizes the importance of transparency and timely disclosure of its corporate information, which enables shareholders and investors to make the best investment decision.

The Company maintains a website at www.986.com.hk, as a communication platform with shareholders and investors, where information and updates on the Company's financial information and other information are available for public access. Shareholders and investors may send written enquiries or requests to the Company as follows:

Address: Room 2211, 22/F, Lippo Centre, Tower Two, 89 Queensway, Hong Kong
Fax no.: (852) 2536 0289

Inquiries are dealt with in an informative and timely manner.

Besides, shareholders' meetings provide an opportunity for communication between the Board and the shareholders. Board members and appropriate senior staff of the Group are available at the meeting to answer questions raised by shareholders.

Code provision A.6.7 of the CG Code requires that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Due to other business engagements, (i) Ms. Yao Zhengwei and Mr. Wang Zhenghua, the Company's non-executive directors, and Ms. Zhou Jue, the Company's independent non-executive director, had not attended the Company's special general meetings (the "SGM") held on 7 and 26 September 2012, 21 January 2013 and the 2012 AGM; and (ii) Mr. Tse Kwong Chan and Mr. Chan Ying Kay, the Company's independent non-executive directors, had not attended the SGM held on 7 September 2012.

Code provision E.1.3 of the CG Code requires that the issuer should arrange for the notice to shareholders to be sent for annual general meeting at least 20 clear business days before the meeting. As additional time was required for finalizing the Company's financial statements for the year ended 31 March 2012, there was a delay in sending the Company's annual report for the year ended 31 March 2012 and the notice for convening the 2012 AGM (the "Notice") to the Company's shareholders. Though the Notice was sent to the shareholders on 3 September 2012, which was less than 20 clear business days before the 2012 AGM, the Company gave not less than 21 clear days' notice pursuant to the Bye-laws.

H. SHAREHOLDER RIGHTS

To safeguard shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting. The Company's shareholders may convene a special general meeting or put forward proposals at shareholders' meetings pursuant to the Companies Act 1981 of Bermuda and the Bye-laws as follows:

(1) Shareholder(s) holding not less than one-tenth of the paid-up capital of the Company may request the Board to convene a special general meeting pursuant to clause 58 of the Bye-laws by sending a written requisition to the Board or the Company Secretary at the Company's principal place of business in Hong Kong. The objects of the meeting must be stated in the written requisition.

(2) Shareholder(s) representing not less than one-twentieth of the total voting rights at the date of the requisition or not less than 100 shareholders may put forward a proposal at a shareholders' meeting, pursuant to the Companies Act 1981 of Bermuda, by sending a written requisition to the Board or the Company Secretary at the Company's principal place of business in Hong Kong. The proposal should be stated in the written requisition and such written requisition should be submitted as early as practicable to enable the Company to make necessary arrangement (in case of a requisition requiring notice of a resolution, not less than six weeks before the meeting; and in case of any other requisition, not less than one week before the meeting).

(3) If a shareholder wishes to propose a person other than a retiring director for election as a director of the Company at a general meeting, the shareholder (other than the person to be proposed) duly qualified to attend and vote at the general meeting shall send a written notice, duly signed by the shareholder, 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. These notices should be lodged at the Company's principal place of business in Hong Kong, or the office Company's branch share registrar. The period for lodgement of such notices shall commence on the day after the dispatch of the notice of such general meeting and end 7 days prior to the date of such general meeting.

For the avoidance of doubt, shareholder(s) must provide their full name, contact details and identification, in the originally signed written requisition, notice or statement (as the case may be), in order to give effect thereto. Information of shareholder(s) may be disclosed as required by law.

During the year under review, the Company has not made any changes to the Bye-laws. An up-to-date version of the Bye-laws is available on the websites of the Company and the Stock Exchange. Shareholders may refer to the Bye-laws for further details of their rights.

All resolutions put forward at shareholders' meetings of listed issuers shall be voted by poll pursuant to the Listing Rules. The poll voting results shall be posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.986.com.hk) after a shareholders' meeting.

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its principal subsidiaries are set out in Note 49 to the financial statements.

RESULTS

The Group's loss for the year ended 31 March 2013 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 40 to 146.

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements, is set out below. This summary does not form part of the audited financial statements.

	Year ended 31 March				
	2013	2012	2011	2010	2009
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**143,086**	178,822	58,818	69,042	129,394
(Loss)/Profit before tax	**(394,598)**	9,221	568	(39,591)	(82,138)
Tax	**3,367**	(330)	(4,012)	(372)	(267)
(Loss)/Profit for the year	**(391,231)**	8,891	(3,444)	(39,963)	(82,405)

SUMMARY OF FINANCIAL INFORMATION (continued)

	At 31 March				
	2013	2012	2011	2010	2009
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
				(Restated)	(Restated)
Property, plant and equipment	**24,246**	46,619	18,898	67,199	79,315
Investment properties	**–**	10,150	9,380	6,960	5,870
Prepaid land lease payments	**–**	1,063	1,052	14,800	14,926
Goodwill	**319,000**	522,849	–	–	–
Intangible assets	**36,479**	39,728	–	–	–
Available-for-sale investment	**82,081**	128,000	172,888	–	–
Amount due from a minority shareholder	**–**	13,300	–	–	–
Total non-current assets	**461,806**	761,709	202,218	88,959	100,111
Current assets	**93,662**	243,345	172,404	93,219	68,357
Current liabilities	**(364,266)**	(471,660)	(97,432)	(126,790)	(124,375)
Net current (liabilities)/assets	**(270,604)**	(228,315)	74,972	(33,571)	(56,018)
Total assets less current liabilities	**191,202**	533,394	277,190	55,388	44,093
Unconvertible bonds	**(20,000)**	–	–	–	–
Long term portion of bank and other borrowings	**–**	–	–	(11,543)	(13,665)
Long term portion of finance lease payables	**–**	(414)	–	–	(65)
Deferred tax liabilities	**(9,224)**	(11,891)	–	–	–
Net assets	**161,978**	521,089	277,190	43,845	30,363

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

Details of movements in the Group's property, plant and equipment and investment property during the year are set out in notes 18 and 19 to the financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital and share options during the year are set out in notes 37 and 38 to the financial statements.

PRE-EMPTIVE RIGHTS

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

DONATIONS

No donations was made by the Group during the year ended 31 March 2013.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

RESERVES

Details of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

At 31 March 2013, the Company does not have any reserves available for cash distribution and/or distribution in specie. In addition, the Company's share premium account in the amount of HK$493,391,634 may be distributed in the form of fully paid bonus shares.

MANAGEMENT CONTRACTS

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

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, the sales attributable to the Group's five largest customers accounted for more than 60% of the total sales for the year and sales to the largest customer included therein amounted to approximately 25%.

In the year under review, the purchases attributable to the Group's five largest suppliers accounted for approximately 11% of the total purchases for the year.

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

DIRECTORS

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

Executive directors:

Ms. Chen Tong	
Ms. Chan Ching Ho, Kitty	
Mr. Xiang Liang	
Ms. Li Lin	(Appointed on 1 December 2012)
Ms. Deng Hong Mei	(Resigned on 1 December 2012)

Non-executive directors:

Ms. Yao Zhengwei	
Mr. Wang Zhenghua	
Mr. Liang Jian Hua	(Appointed on 29 January 2013)

Independent non-executive directors:

Mr. Ong King Keung	(Appointed on 1 March 2013)
Mr. Tse Kwong Chan	
Ms. Zhou Jue	
Ms. Kwok Wing Kiu	(Appointed on 29 January 2013)
Mr. Chan Ying Kay	(Resigned on 1 March 2013)

In accordance with clause 87 of the Bye-laws, Ms. Chen Tong, Mr. Xiang Liang, Mr. Wang Zhenghua and Mr. Tse Kwong Chan shall retire from office as directors of the Company by rotation at the forthcoming annual general meeting of the Company. The above retiring directors, being eligible, will offer themselves for re-election at the forthcoming annual general meeting of the Company.

BRIEF BIOGRAPHICAL DETAILS IN RESPECT OF DIRECTORS

Executive directors:

Ms. Chen Tong ("Ms. Chen"), aged 49, is the Chairman of the Board, the Chief Executive Officer, the Chairman of the Executive Committee and an executive director of the Company. She joined the Group in December 2010. Ms. Chen graduated from Tongji University in 2002 with a bachelor's degree in administrative management. She is currently the vice general manager of a logistic company in the PRC. She has over 11 years experience in the banking industry and is an economist.

Ms. Chan Ching Ho, Kitty ("Ms. Chan"), aged 57, is an executive director and a member of the Executive Committee, Remuneration Committee and Nomination Committee of the Company. She joined the Group in March 2010. Ms. Chan holds (i) a certificate in real estate agency practice from School of Professional and Continuing Education, the University of Hong Kong; (ii) a professional diploma in estate and facilities management from the Hong Kong Productivity Council; and (iii) a certificate course for management and instructors in security and property management from Hong Kong College of Technology. Prior to joining the Board, Ms. Chan has around 30 years experience in sales and marketing and property management in Hong Kong.

Mr. Xiang Liang ("Mr. Xiang"), aged 44, is an executive director and a member of the Executive Committee of the Company. He joined the Group in March 2010. Mr. Xiang holds a degree in accounting and finance from Shanghai TV University and is a banker of Hongkou Qu, Shanghai Branch, China Construction Bank for more than 20 years.

Ms. Li Lin ("Ms. Li"), aged 25, was appointed as an executive director and a member of the Executive Committee of the Company with effect from 1 December 2012. Ms. Li obtained her Bachelor of Engineering Degree specialized in greening and environmental protection from Shanghai Institute of Business & Technology in the PRC in 2011. She joined Suzhou Baina Renewable Resources Co., Ltd., a principal indirectly owned subsidiary of the Company in the PRC, as the head of Operations Department since 2011.

BRIEF BIOGRAPHICAL DETAILS IN RESPECT OF DIRECTORS (continued)

Non-executive directors:

Ms. Yao Zhengwei ("Ms. Yao"), aged 27, is a non-executive director of the Company. She joined the Company in January 2011. Ms. Yao graduated in Shanghai Jiao Tong University and is now working in the investment division of a fund management company.

Mr. Wang Zhenghua ("Mr. Wang"), aged 31, is a non-executive director of the Company. He joined the Company in June 2011. He graduated from University of Shanghai for Science and Technology in 2006 with a Bachelor's degree in marketing. Mr. Wang has been working in the field of sales, marketing and communications in the PRC for 7 years.

Mr. Liang Jian Hua ("Mr. Liang"), aged 43, was appointed as a non-executive director of the Company with effect from 29 January 2013. Mr. Liang has around 21 years of working experience in trading and property investment. Currently, he is the vice president of Zhejiang Shunfeng Steel Co., Ltd.*（浙江舜豐鋼鐵有限公司）and has been an executive director of Pacific Plywood Holdings Limited (a company listed on the Main Board of the Stock Exchange with stock code: 767) ("PPHL") since 29 April 2010 and an executive director of a wholly owned subsidiary of PPHL since 6 December 2010. PPHL held convertible notes issued by the Company, entitling it to subscribe for 160,472,972 shares of the Company as of the date of this report.

Independent non-executive directors:

Mr. Ong King Keung ("Mr. Ong"), aged 37, was appointed as a independent non-executive director of the Company and the Chairman of both the Audit Committee and the Nomination Committee of the Company with effect from 1 March 2013. Mr. Ong is currently the chief financial officer and company secretary of Wonderful Sky Financial Group Holdings Limited (stock code: 1260) whose shares are listed on the Main Board of the Stock Exchange. He is a member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He holds a bachelor's degree in Accountancy from The Hong Kong Polytechnic University and a master degree in Corporate Finance from the City University of Hong Kong. He has ample experience in auditing, financial management and initial public offering. Mr. Ong is an independent non-executive director of China Water Affairs Group Limited (stock code: 855) whose shares are listed on the Main Board of the Stock Exchange.

* *For identification purposes only*

BRIEF BIOGRAPHICAL DETAILS IN RESPECT OF DIRECTORS (continued)

Independent non-executive directors: (continued)

Ms. Zhou Jue ("Ms. Zhou"), aged 27, is an independent non-executive director of the Company. She is also a member of both the Audit Committee and the Remuneration Committee of the Company. She joined the Company in December 2010. Ms. Zhou studied corporate management in Shanghai Maritime University. She is currently an investment consultant in an investment management company and she has experience in hotel management.

Mr. Tse Kwong Chan ("Mr. Tse"), aged 43, is an independent non-executive director, the Chairman of the Remuneration Committee and a member of both the Audit Committee and the Nomination Committee of the Company. He joined the Company in March 2011. He graduated from Dawson College, Canada with a degree majoring in Mathematics in 1991. Mr. Tse has over 21 years of working experience in the area of sales and marketing and management.

Ms. Kwok Wing Kiu ("Ms. Kwok"), aged 28, was appointed as an independent non-executive director, a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company with effect from 29 January 2013. Ms. Kwok has over 8 years of working experience in the media, marketing and advertising industry.

Save as disclosed herein, there is no other relationship between each of the Directors as required to be disclosed under the Listing Rules.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

DIRECTORS' REMUNERATION

The remuneration of Directors is transacted and voted by the Shareholders at annual general meeting as ordinary business during which the Board is authorized to fix the remuneration of Directors. The remuneration payable to Directors is then determined by the Board with reference to Directors' duties, responsibilities and performance and results of the Group and the recommendations of the Nomination Committee subject to the Bye-laws of the Company.

DIRECTORS' INTERESTS IN CONTRACTS

None of the directors of the Company nor their respective associates had a material beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

None of the directors nor their respective associates was interested in any business apart from the Group's business which competes or is likely to compete, either directly or indirectly, with the Group's businesses pursuant to Rule 8.10 of the Listing Rules.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2013, none of the directors or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV or the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was deemed or taken to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

ARRANGEMENT TO ACQUIRE SHARES OR DEBENTURES

During the year under review, no rights to acquire benefits by means of the acquisition of shares in or debentures of the Company were granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Company's directors, or their associates, to acquire such benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 March 2013, the following parties had interests/short positions of 5% or more of the issued shares of the Company according to the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

A. Long position in issued ordinary shares of the Company

Name of substantial shareholder	Capacity	Number of ordinary shares interested	Notes	Percentage+ of the Company's issued share capital
Lucky Start Holdings Limited	Beneficial owner	4,405,286△	1	7.95%
Zhao Zhen Zhen	Interest held by controlled corporation	4,405,286△	1	7.95%
Jia Hong Xing	Beneficial owner	9,871,400△		17.82%
Mei ChaoHui	Beneficial owner	6,560,000		11.84%
Tong Liang	Beneficial owner	6,000,000		10.83%
Jiang JianHui	Beneficial owner	3,720,000	2	6.71%

Notes: 1. These shares were held by Lucky Start Holdings Limited, a controlled corporation of Zhao Zhen Zhen.

2. Jiang JianHui had interests in both issued shares and underlying shares of the Company.

B. Long position in the underlying shares of the Company (physically settled unlisted equity derivatives) – convertible notes

Name of substantial shareholder	Capacity	Number of underlying shares in respect of the convertible notes issued	Percentage+ of the underlying shares over the Company's issued share capital
Jiang JianHui (Note)	Beneficial owner	101,351,351	182.96%
Pacific Plywood Holdings Limited	Beneficial owner	160,472,972	289.69%

Note: Jiang JianHui had interests in both issued shares and underlying shares of the Company.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES
(continued)

C. Short position in the underlying shares of the Company (physically settled unlisted equity derivatives) – convertible notes

Name of substantial shareholder	Capacity	Number of underlying shares in respect of the convertible notes issued	Percentage+ of the underlying shares over the Company's issued share capital
Pacific Plywood Holdings Limited	Beneficial owner	101,351,351	182.96%

△ The number of shares has been adjusted due to the Company's capital reorganization effective on 10 September 2012.

+ The percentage represents the number of ordinary shares/underlying shares involved divided by the number of the Company's issued shares as at 31 March 2013. As at 31 March 2013, the number of issued shares of the Company was 55,394,709 shares of HK$0.01 each.

Save as disclosed above, as at 31 March 2013, no person had registered an interest or a short position in the shares or underlying shares of the Company as recorded in the register of interests required to be kept pursuant to Section 336 of the SFO.

CONNECTED TRANSACTIONS

The related party transactions as disclosed in Note 45 to the financial statements does not fall under the definition of "connected transaction" or "continuing connected transaction" in Chapter 14A of the Listing Rules. No disclosure requirement is needed accordingly.

SUFFICIENCY OF PUBLIC FLOAT

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

EVENTS AFTER THE REPORTING PERIOD

Details of the significant events of the Group after the reporting period are set out in Note 50 to the financial statements.

AUDITOR

SHINEWING (HK) CPA Limited had acted as the auditor of the Company for the year ended 31 March 2010. SHINEWING (HK) CPA Limited has tendered its resignation as auditor of the Company with effect from 14 April 2011. CCTH CPA Limited has been appointed as auditor of the Company with effect from 15 April 2011 to fill the casual vacancy following the resignation of SHINEWING (HK) CPA Limited.

The consolidated financial statements of the Company for the years ended 31 March 2011, 2012 and 2013 were audited by CCTH CPA Limited who will retire at the conclusion of the forthcoming annual general meeting and, being eligible, will offer itself for re-appointment. A resolution will be submitted to the forthcoming annual general meeting to re-appoint CCTH CPA Limited as the auditor of the Company.

ON BEHALF OF THE BOARD

Ms. Chen Tong
Chairman

Hong Kong
28 June 2013

CCTH CPA LIMITED
中正天恒會計師有限公司

TO THE SHAREHOLDERS OF CHINA ENVIRONMENTAL ENERGY INVESTMENT LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of China Environmental Energy Investment Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 40 to 146, which comprise the consolidated statement of financial position as at 31 March 2013, 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 these 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

We believe that the audit evidence that 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 Group as at 31 March 2013 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance.

EMPHASIS OF MATTERS

Without qualifying our opinion, we draw attention to Note 2 to the consolidated financial statements regarding the adoption of going concern basis on which the consolidated financial statements have been prepared. As at 31 March 2013, the Group and the Company had net current liabilities of approximately HK$270,604,000 and HK$261,321,000 respectively, including promissory notes payable of HK$122,000,000.

The conditions set out in Note 2 to the consolidated financial statements indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Group and the Company to continue as a going concern. The consolidated financial statements do not include any adjustments that would result from a failure to obtain the fundings as referred to in Note 2 for financing the working capital and financial commitments of the Group and the Company for the foreseeable future. We consider that adequate disclosures have been made for the above matters in the consolidated financial statements.

CCTH CPA Limited
Certified Public Accountants
Kwong Tin Lap
Practising certificate number P01953

Hong Kong, 28 June 2013

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000 (restated)
Continuing Operations			
Turnover	6	**99,655**	136,028
Cost of sales		**(98,474)**	(116,999)
Gross profit		**1,181**	19,029
Other income and gains	8	**8,794**	6,881
Gain on redemption of financial liabilities designated at fair value through profit or loss	33	**4,502**	–
(Loss)/gain on change in fair value of financial liabilities designated at fair value through profit or loss	33	**(40,583)**	77,658
Selling and distribution expenses		**(10,771)**	(5,892)
Administrative and other expenses		**(76,524)**	(30,051)
Impairment loss recognised on goodwill	21	**(203,849)**	–
Impairment loss recognised on available-for-sale investment	23	**(47,616)**	(44,888)
Finance costs	9	**(15,821)**	(11,484)
(Loss)/profit before taxation	10	**(380,687)**	11,253
Taxation	13	**3,395**	(3)
(Loss)/profit for the year from continuing operations		**(377,292)**	11,250
Discontinued Operations			
Loss for the year from discontinued operations	14	**(13,939)**	(2,359)
(Loss)/profit for the year		**(391,231)**	8,891
(Loss)/profit for the year		**(391,231)**	8,891
Other comprehensive income			
Exchange difference arising on translation of foreign operations		**(2,967)**	2,062
Total comprehensive income for the year		**(394,198)**	10,953

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000 (restated)
(Loss)/profit for the year from continuing operations attributable to:			
Owners of the Company		**(364,881)**	10,201
Non-controlling interests		**(12,411)**	1,049
		(377,292)	11,250
(Loss)/profit for the year from continuing and discontinued operations attributable to:			
Owners of the Company		**(378,820)**	7,842
Non-controlling interests		**(12,411)**	1,049
		(391,231)	8,891
Total comprehensive income attributable to:			
Owners of the Company		**(381,787)**	9,904
Non-controlling interests		**(12,411)**	1,049
		(394,198)	10,953
(LOSS)/EARNINGS PER SHARE	17		
From continuing and discontinued operations			
Basic		**HK$(9.63)**	HK$0.95
Diluted		**N/A**	HK$(4.16)
From continuing operations			
Basic		**HK$(9.28)**	HK$1.23
Diluted		**N/A**	HK$(4.02)

Consolidated Statement of Financial Position

As at 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment	18	**24,246**	46,619
Investment property	19	**–**	10,150
Prepaid lease payments	20	**–**	1,063
Goodwill	21	**319,000**	522,849
Intangible assets	22	**36,479**	39,728
Available-for-sale investment	23	**82,081**	128,000
Amount due from a minority shareholder	24	**–**	13,300
		461,806	761,709
Current assets			
Inventories	25	**657**	18,014
Trade and bills receivables	26	**2,215**	54,081
Other receivables, prepayments and deposits paid	27	**57,632**	76,420
Pledged bank deposits	28	**–**	24,420
Cash deposits held by securities broker	28	**–**	40,000
Bank balances and cash	28	**3,603**	30,410
		64,107	243,345
Assets classified as held for sale	15	**29,555**	–
		93,662	243,345
Current liabilities			
Trade and bills payables	29	**4,113**	86,094
Other payables and accruals	30	**29,366**	35,577
Promissory notes payable	31	**122,000**	262,023
Bank and other borrowings	32	**26,200**	35,081
Financial liabilities designated at fair value through profit or loss	33	**133,664**	25,917
Tax payable		**21,205**	26,856
Obligations under finance leases	34	**–**	112
		336,548	471,660
Liabilities directly associated with assets classified as held for sale	15	**27,718**	–
		364,266	471,660

Consolidated Statement of Financial Position

As at 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
Net current liabilities		**(270,604)**	(228,315)
		191,202	533,394
Capital and reserves			
Share capital	37	**554**	9,234
Share premium and reserves		**156,365**	494,385
Equity attributable to owners of the Company		**156,919**	503,619
Non-controlling interests		**5,059**	17,470
Total equity		**161,978**	521,089
Non-current liabilities			
Unconvertible bonds	35	**20,000**	–
Obligations under finance leases	34	**–**	414
Deferred tax liabilities	39	**9,224**	11,891
		29,224	12,305
		191,202	533,394

The consolidated financial statements on pages 40 to 146 were approved and authorised for issue by the board of directors on 28 June 2013 and are signed on its behalf by:

Chen Tong
Director

Chan Ching Ho, Kitty
Director

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	Contributed surplus HK$'000 (Note)	Exchange reserve HK$'000	Capital redemption reserve HK$'000	Convertible notes equity reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2011	117	260,299	2,031	33,439	464	1,877	(21,037)	277,190	–	277,190
Profit for the year	–	–	–	–	–	–	7,842	7,842	1,049	8,891
Other comprehensive income										
Exchange difference arising on translation of foreign operations	–	–	–	2,062	–	–	–	2,062	–	2,062
Total comprehensive income for the year	–	–	–	2,062	–	–	7,842	9,904	1,049	10,953
Non-controlling interests arising on acquisition of subsidiaries	–	–	–	–	–	–	–	–	16,421	16,421
Issue of shares upon right issues	3,030	203,046	–	–	–	–	–	206,076	–	206,076
Issue of shares upon conversion of convertible notes	6,087	14,809	–	–	–	–	–	20,896	–	20,896
Share issue expenses	–	(8,570)	–	–	–	–	–	(8,570)	–	(8,570)
Redemption of convertible notes	–	–	–	–	–	(1,877)	–	(1,877)	–	(1,877)
At 31 March 2012 and 1 April 2012	9,234	469,584	2,031	35,501	464	–	(13,195)	503,619	17,470	521,089
Loss for the year	–	–	–	–	–	–	(378,820)	(378,820)	(12,411)	(391,231)
Other comprehensive income										
Exchange difference arising on translation of foreign operations	–	–	–	(2,967)	–	–	–	(2,967)	–	(2,967)
Total comprehensive income for the year	–	–	–	(2,967)	–	–	(378,820)	(381,787)	(12,411)	(394,198)
Issue of shares on conversion of convertible notes	11,133	12,201	–	–	–	–	–	23,334	–	23,334
Reduction of share capital	(19,960)	–	19,960	–	–	–	–	–	–	–
Transferred to accumulated losses	–	–	(19,960)	–	–	–	19,960	–	–	–
Issue of shares upon placement of shares	81	4,536	–	–	–	–	–	4,617	–	4,617
Issue of shares upon subscription of shares	66	7,806	–	–	–	–	–	7,872	–	7,872
Share issue expenses	–	(736)	–	–	–	–	–	(736)	–	(736)
At 31 March 2013	**554**	**493,391**	**2,031**	**32,534**	**464**	**–**	**(372,055)**	**156,919**	**5,059**	**161,978**

Note: The contributed surplus of the Group at 31 March 2013 and 31 March 2012 represents the excess of the nominal value of the shares of the subsidiaries acquired pursuant to the group reorganisation in 1994 over the nominal value of the Company's shares issued in exchange therefor.

Consolidated Statement of Cash Flows

For the year ended 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
Operating activities			
(Loss)/profit for the year		**(391,231)**	8,891
Adjustments for:			
Tax (credit)/charge recognised in profit or loss	13	**(3,367)**	330
Finance costs		**16,089**	12,019
Depreciation of property, plant and equipment		**8,634**	5,998
Amortisation of intangible assets		**4,216**	1,743
Amortisation of prepaid lease payments		**33**	33
Impairment loss recognised on goodwill		**203,849**	–
Impairment loss recognised in respect of available-for-sale investment		**47,616**	44,888
Impairment loss recognised in respect of			
– trade receivables		**6,188**	27
– other receivables		**35,555**	1,845
Reversal of impairments loss on trade receivables		**–**	(3,622)
Impairment loss recognised on the Disposed Group	14	**24,644**	–
Write down of inventories		**5,937**	657
Loss on disposal of property, plant and equipment		**64**	192
Loss/(gain) on change in fair value of financial liabilities designated at fair value through profit or loss		**40,583**	(77,658)
Increase in fair value of investment property		**(5,670)**	(770)
Gain on redemption of financial liabilities designated at fair value through profit or loss		**(4,502)**	–
Loss on early repayment of promissory notes payable		**489**	–
Bank interest income		**(568)**	(294)
Imputed interest income		**(306)**	(286)
Net foreign exchange gain		**(6,414)**	–
Operating cash flows before movements in working capital		**(18,161)**	(6,007)
Decrease/(increase) in amount due from a minority shareholder		**1,928**	(3,416)
Decrease in inventories		**6,636**	18,730
Decrease/(increase) in trade and bills receivables		**21,575**	(20,010)
Decrease in other receivables, prepayments and deposits paid		**9,636**	7,873
Decrease in financial assets at fair value through profit or loss		**–**	62
(Decrease)/increase in trade and bills payables		**(76,238)**	24,926
Decrease in other payables and accruals		**(3,860)**	(14,355)
Cash (used in)/generated from operations		**(58,484)**	7,803
Income tax paid		**(377)**	(11,913)
Net cash used in operating activities		**(58,861)**	(4,110)

Consolidated Statement of Cash Flows

For the year ended 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
Investing activities			
Acquisition of property, plant and equipment		**(407)**	(8,352)
Acquisition of subsidiaries	42	**–**	(187,349)
Proceeds from disposal of property, plant and equipment		**21**	59,620
Deposit received on disposal of the Disposed Group		**1,000**	–
Bank interest received		**568**	294
Decrease/(increase) in pledged bank deposits		**24,604**	(22,391)
Net cash generated from/(used in) investing activities		**25,786**	(158,178)
Financing activities			
Proceeds from issue of new shares		**12,489**	206,076
Share issue expenses		**(736)**	(8,570)
Proceeds from issue of convertible notes		**95,000**	77,000
Redemption of convertible notes		**–**	(10,810)
Proceeds from issue of unconvertible bonds		**20,000**	–
Expenses on issue of unconvertible bonds		**(600)**	–
Repayments of promissory notes payable		**(138,000)**	–
Proceeds from borrowings		**25,792**	2,615
Repayments of borrowings		**(21,971)**	(31,059)
Decrease in trust receipt loans		**–**	(931)
(Decrease)/increase in advances from banks on Factored Receivables		**(1,126)**	215
Repayments of obligations under finance leases		**(112)**	(97)
Interest paid		**(15,428)**	(3,942)
Net cash (used in)/generated from financing activities		**(24,692)**	230,497
Net (decrease)/increase in cash and cash equivalents		**(57,767)**	68,209
Cash and cash equivalents at beginning of the year		**67,856**	(1,891)
Effects of exchange rate changes		**642**	1,538
Cash and cash equivalents at end of the year		**10,731**	67,856
Cash and cash equivalents at end of the year, represented by:			
Bank balances and cash	28	**11,134**	70,410
Bank overdrafts			
– included in bank and other borrowings	32	**–**	(2,554)
– included in liabilities associated with assets classified as held for sale	15	**(403)**	–
		10,731	67,856

Notes to consolidated financial statements

For the year ended 31 March 2013

1. GENERAL INFORMATION

The Company was incorporated in Bermuda as an exempted company with limited liability under the Companies Act of Bermuda. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business is located at Room 2211, 22/F, Lippo Centre, Tower Two, 89 Queensway, Hong Kong.

The principal activity of the Company is investment holding and the activities of its principal subsidiaries are set out in Note 49. The Company together with its subsidiaries are referred to as the Group.

The functional currency of the Company is Renminbi ("RMB"). The consolidated financial statements are presented in Hong Kong dollar ("HK$") as the directors consider that HK$ is the appropriate presentation currency for the users of the Group's financial statements given that the shares of the Company are listed on the Stock Exchange.

As referred to in Note 14 below, the Group discontinued its business of trading of laminates and manufacture and trading of printed circuit boards ("PCBs") on 28 March 2013. Certain comparative figures presented in the consolidated financial statements have been revised to conform with the current year's presentation.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

In preparing the consolidated financial statements, the directors have considered the future liquidity of the Group. As at 31 March 2013, the Group and the Company had net current liabilities of approximately HK$270,604,000 and HK$261,321,000 respectively, which included promissory notes payable of HK$122,000,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

Notwithstanding the aforesaid conditions, the consolidated financial statements have been prepared on a going concern basis on the assumption that the Group will be able to operate as a going concern for the foreseeable future. In the opinion of the directors, the Group can meet its financial obligations as and when they fall due in the next year from the date of approval of these consolidated financial statements, after taking into consideration of several measures and arrangements made subsequent to the reporting date as detailed below:

(a) In April 2013, the Company completed the disposal of the entire equity interests in Nam Hing (B.V.I.) Limited and its subsidiaries (the "Disposed Group") and the loans made to the Disposed Group by the Company, giving rise to sale proceeds of HK$2,000,000 (before expenses).

(b) On 1 May 2013, the Company entered into an agreement with an independent third party under which a loan facility of HK$82,000,000 was granted to the Company. The loan, which is secured by the mortgage of the shares in a subsidiary held by the Company, carries interest at 36% per annum and is wholly repayable on 19 September 2013. As at the date of approval of these consolidated financial statements, such loan to the extent of HK$68,000,000 has been withdrawn by the Company, of which HK$63,000,000 was applied for the repayment of the promissory notes referred to in (d) below.

(c) In June 2013, the holder of the promissory notes issued by the Company with the principal amount of HK$20,000,000 due on 14 May 2013 has transferred such promissory notes, and the new note holder and the Company have agreed for the extension of the maturity date of such notes to 5 December 2013 with the other terms and conditions of the notes remained unchanged.

(d) In June 2013, the holders of the promissory notes issued by the Company with the principal amounts of HK$25,000,000 due on 31 January 2013 and HK$72,000,000 due on 7 May 2013 have agreed for the extension of the maturity dates of such notes to 31 December 2013 and 7 November 2013 respectively with the other terms and conditions of the notes remained unchanged. Subsequent to the extension of the maturity dates, a substantial portion of the notes due on 7 November 2013 with the principal amount of HK$66,000,000, together with all the interests accrued thereof, were repaid by the Company on 21 June 2013 at a sum of HK$63,000,000.

(e) In June 2013, a securities firm has agreed, on the best effort and no legal binding basis, to underwrite the issue of new shares of the Company for a total proceeds of not less than HK$250,000,000 before the end of 2013.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

In light of the measures and arrangements implemented to date, the directors are of the view that the Group has sufficient cash resources to satisfy its working capital and other financial obligations for the next twelve months from the date of approval of these consolidated financial statements after having taken into account of the Group's projected cash flows, current financial resources and capital expenditure requirements with respect to the production facilities and development of its businesses. Accordingly, the directors are of the view that it is appropriate to prepare these consolidated financial statements on a going concern basis.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to restate the values of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effects of these potential adjustments have not been reflected in these consolidated financial statements.

3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and revised HKFRSs applied in the current period

In the current year, the Group has applied, for the first time, the following new and revised HKFRSs issued by the HKICPA.

HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets

The application of the new and revised HKFRSs in the current period has had no material effect on the amounts reported in the Group's consolidated financial statements.

3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009-2011 Cycle[2]
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance[2]
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities[3]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
HKAS 1 (Amendments)	Presentation of Financial Statements[1]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
HKAS 32 (Amendment)	Offsetting Financial Assets and Financial Liabilities[3]
HK(IFRIC) – INT 20	Stripping Costs in the Production Phase of a Surface Mine[2]

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

HKFRS 9 "Financial Instruments" (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 "Financial Instruments" (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and Measurement" are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

New and revised HKFRSs in issue but not yet effective (continued)

In relation to financial liabilities, the significant change relates to financial liabilities that are designated at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated at fair value through profit or loss, the amount of change in the fair value of the financial liabilities that is attributable to changes in the credit risk of those liabilities is presented in other comprehensive income, unless the presentation of the effects of changes in the liabilities credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liabilities credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liabilities designated at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual period beginning on or after 1 January 2015, with earlier application permitted. The directors anticipate that HKFRS 9 will be adopted in the Group's consolidated financial statements for the financial year ending 31 March 2016. Based on the Group's and the Company's financial assets and financial liabilities at 31 March 2013, the directors anticipate that the application of the new standard will affect the classification and measurement of the Group's and the Company's available for sale investment and may affect the classification and measurement of other financial assets. At the date of this report, the directors are in the process of assessing the potential financial impact.

The amendments to HKFRS 7 "Disclosures – Transfers of Financial Assets" increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the assets. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period. The directors do not anticipate that these amendments to HKFRS 7 will have a significant effect on the Group's and the Company's disclosures regarding transfers of assets previously effected.

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 "Financial Instruments: Disclosures" will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

New and revised HKFRSs in issue but not yet effective (continued)

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. The directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the financial year ending 31 March 2014 and that the application of the new standard will not have effect on the amounts reported in the consolidated financial statements but may result in more extensive disclosures in the consolidated financial statements.

The directors anticipate that the application of other new and revised HKFRSs will have no material impact on the Group's consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for investment property and certain financial instruments, which are measured at fair value, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The consolidated financial statements have been prepared in accordance with the applicable HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The significant accounting policies adopted by the Group are as follows:

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of consolidation (continued)

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

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

When the Group loses control of a subsidiary, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognised as a gain or loss in profit or loss attributable to the Group. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to accumulated losses as specified by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 "Financial Instruments: Recognition and Measurement" or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) 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 value at the acquisition date, except that:

- deferred tax assets or liabilities, assets and liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 “Income Tax” and HKAS 19 “Employee Benefits” respectively;

- 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 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) 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 considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments 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 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, 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) 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), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Business combinations achieved in stages were accounted for as separate steps. Goodwill was determined at each step. Any additional acquisition did not affect the previously recognised goodwill.

(c) Goodwill

Goodwill arising on an acquisition of a business is carried at cost less accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the Group's relevant 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, when there is an indication that the unit may be impaired. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss for goodwill is not reversed in subsequent periods.

On the disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Investments in subsidiaries

Investments in subsidiaries are included in the Company's statement of financial position at cost less any identified impairment loss.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts received and receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

(i) Revenue from the sale of goods is recognised when the goods are delivered and title has passed.

(ii) Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(iii) Rental income is recognised in accordance with the Group's accounting policy for operating lease (see Note(4)(o)).

Deposits and instalments received from customers prior to meeting the above criteria on revenue recognition are included in other payables and accruals under current liabilities.

(f) Property, plant and equipment

Property, plant and equipment (other than construction in progress) are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is provided to write off the cost of items of property, plant and equipment, other than construction in progress, over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Property, plant and equipment (continued)

Construction in progress represents property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less impairment loss, if any. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for its intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

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

(g) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Prepaid lease payments

Prepaid lease payments are carried at cost less subsequent accumulated amortisation and any accumulated impairment losses. The costs of prepaid lease payments are amortised on a straight-line basis over the relevant lease terms.

(i) Intangible assets

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. Alternatively, intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

(j) Non-current assets held for sale

Non-current assets and disposal group are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sell.

(l) Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets comprise of available-for-sale investments, financial assets at fair value through profit or loss and loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial assets, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Financial instruments (continued)

Financial assets *(continued)*

Financial assets at fair value through profit or loss ("FVTPL")

Financial assets at FVTPL represent financial assets held for trading. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are measured at fair value, with any gains or losses on remeasurement recognised in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets.

Available-for-sale investments

Available-for-sale investments are non-derivatives that are either designated as available for sale or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

The available-for-sale investments, which represent equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment loss on financial assets below).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including amount due from a minority shareholder, trade and bills receivables, other receivables, deposit paid, pledged bank deposits, cash deposits held by securities broker and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Financial instruments (continued)

***Financial assets** (continued)*

Impairment loss on financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade and bills receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Financial instruments (continued)

Financial assets *(continued)*

Impairment loss on financial assets (continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and bills receivables, where the carrying amount is reduced through the use of an allowance account. When trade and bills receivables are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, the shorter period.

Interest expense is recognised on an effective interest basis.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Financial instruments (continued)

***Financial liabilities and equity instruments** (continued)*

Financial liabilities designated at FVTPL

The Group has designated certain convertible notes with conversion option settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of equity instruments and the conversion option is not closely related to the liability component of the convertible bonds as financial liability carried at fair value through profit or loss. At initial recognition and in subsequent periods, the convertible notes are measured at fair value with changes in fair value recognised in profit or loss in the period in which they arise.

Interest expense on financial liabilities designated at FVTPL is included in net gains or losses.

Other financial liabilities

Other financial liabilities (including trade and bills payables, other payables and accruals, promissory notes payable, bank and other borrowings, obligations under finance leases and unconvertible bonds) are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Convertible notes

Convertible notes issued by the Company with conversion option that will be settled by the exchange of a fixed amount of cash or a fixed number of the Company's own equity instruments, are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. The conversion option is regarded as an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Financial instruments (continued)

***Convertible notes** (continued)*

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share premium. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to accumulated losses. No gain or loss is recognised in profit and loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and amortised over the lives of the convertible notes using the effective interest method.

Convertible notes issued by the Company with conversion option that will be settled other than by the exchange of a fixed amount of cash or for a fixed number of the Company's own equity instruments is a conversion option derivative. The Group has designated those notes as financial liability carried at fair value through profit or loss, the accounting policy of which is set out above.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the original or modified terms of a debt instrument.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Financial instruments (continued)

Financial guarantee contracts *(continued)*

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Share-based payments arrangements

Share options payment transactions of the Company

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the date of grant and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

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

(o) Leasing

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

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Leasing (continued)

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

(p) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Foreign currencies (continued)

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollar) at the rates of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the period unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the exchange reserve).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), 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 addition, in relation to 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.

Goodwill and fair value adjustment on identifiable assets acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in equity under the heading of exchange translation reserve.

(q) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Taxation (continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

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

For the purposes of measuring deferred tax liabilities or deferred tax assets of investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(s) Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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.

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.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate present value.

The carrying amount of goodwill as at 31 March 2013 was HK$319,000,000 (2012: HK$522,849,000). Impairment loss of goodwill amounting to HK$203,849,000 has been recognised in respect of the year ended 31 March 2013 (2012: Nil), details of which are disclosed in Note 21.

Impairment loss of available-for-sale investment

Management assessed the recoverability of the available-for-sale investment based on the present value of the estimated future cash flows expected to arise from the investment and discounted at the appropriate rates of return. Estimation of future cash flows may be adversely affected by the deterioration in financial position of the investee, its industry and sector performances, changes in technology, and operational and financing cash flows. If the carrying amount of the investment is less than its recoverable amount, an impairment loss is recognised in the profit or loss. Variation in the estimated future cash flows and the discount rates used may result in adjustment to the recoverable amount and may give rise to the recognition of an impairment loss. Impairment loss on available-for-sale investment amounting to HK$47,616,000 has been recognised in respect of the year ended 31 March 2013 (2012: HK$44,888,000), details of which are disclosed in Note 23.

Valuation of convertible notes

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of the convertible notes (classified as financial liabilities designated at fair value through profit or loss). Detailed information about the key assumption used in the determination of the fair value of these convertible notes is set out in Note 33.

The directors believe that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of the convertible notes.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Useful lives of property, plant and equipment

In applying the accounting policy on property, plant and equipment with respect to depreciation, management estimates the useful lives of various categories of property, plant and equipment according to the industrial experiences over the usage of property, plant and equipment and also by reference to the relevant industrial norm. When the actual useful lives of property, plant and equipment due to the change of commercial environment are different from their estimated useful lives, such difference will impact the depreciation charges and the amounts of assets written down in future periods.

Impairment loss recognised in respect of trade and other receivables

The Group maintains an allowance for estimated loss arising from the inability of its debtors to make the required payments. The Group makes its estimates based on the ageing of its trade receivable balances, debtors' creditworthiness, and historical write-off experience. If the financial condition of its debtors was to deteriorate so that the actual impairment loss might be higher than expected, the Group would be required to revise the basis of making the allowance and its future results would be affected. As at 31 March 2013, the carrying amounts of trade and other receivables amounted to an aggregate of approximately HK$109,026,000 (net of accumulated impairment losses of approximately HK$44,282,000) (2012: carrying amounts amounted to an aggregate of approximately HK$113,936,000 (net of accumulated impairment losses of approximately HK$2,177,000)), of which the trade and other receivables, net of impairment losses, amounted to HK$6,599,000 (2012: Nil) have been reclassified as assets held for sale (Note 15).

Estimated allowance for inventories

Inventories are written down to net realisable value based on an assessment of their realisability. Write-downs on inventories are recorded where events or changes in circumstances indicate that the balances may not be realised. The identification of write-downs requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will have impact on the carrying value of inventories and write-down of inventories in the period in which such estimate is changed. As at 31 March 2013, the carrying amount of inventories is approximately HK$5,633,000 (2012: HK$18,014,000), of which HK$4,976,000 (2012: Nil) have been reclassified as assets held for sale (Note 15). Write down of inventories amounted to HK$5,937,000 (2012: HK$657,000) has been charged to profit or loss in respect of the year.

6. TURNOVER

The Group's turnover represents the net invoiced value of goods sold, after allowances and trade discounts.

7. SEGMENT INFORMATION

(a) Business segments

The Group's operating and reportable segments which are based on the types of products manufactured are as follows:

Continuing Operations

Wastes recycling: waste paper, scrap metal and consumable wastes recycling.

Discontinued Operations

Trading of laminates: trading of industrial laminates mainly for use in the manufacture of telecommunications, computer-related products, audio and visual household products; and

Manufacture and trading of PCBs: manufacture and trading of PCBs mainly for use in the manufacture of audio and visual household products.

7. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments:

For the year ended 31 March 2013

	Continuing Operations		Discontinued Operations			
	Wastes recycling HK$'000	Sub-total HK$'000	Trading of laminates HK$'000	Manufacture and trading of PCBs HK$'000	Sub-total HK$'000	Total HK$'000
Segment revenue:						
Sales to external customers	99,655	99,655	425	43,006	43,431	143,086
Intersegment sales	–	–	–	–	–	–
Elimination	–	–	–	–	–	–
Revenue from external customers	99,655	99,655	425	43,006	43,431	143,086
Segment results	(58,244)	(58,244)	(1,204)	1,863	659	(57,585)
Interest income						874
Gain on redemption of financial liabilities designated at fair value through profit or loss						4,502
Loss on change in fair value of financial liabilities designated at fair value through profit or loss						(40,583)
Increase in fair value of investment property						5,670
Other unallocated income						8,104
Impairment loss on goodwill						(203,849)
Impairment loss on available-for-sale investment						(47,616)
Impairment loss on the Disposed Group						(24,644)
Other unallocated expenses						(23,382)
Finance costs						(16,089)
Loss before taxation						(394,598)
Taxation						3,367
Loss for the year						(391,231)

7. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

***Segment revenue and results** (continued)*

For the year ended 31 March 2012

	Continuing Operations		Discontinued Operations			
	Wastes recycling HK$'000	Sub-total HK$'000	Trading of laminates HK$'000	Manufacture and trading of PCBs HK$'000	Sub-total HK$'000	Total HK$'000
Segment revenue:						
Sales to external customers	136,028	136,028	541	42,253	42,794	178,822
Intersegment sales	–	–	–	–	–	–
Elimination	–	–	–	–	–	–
Revenue from external customers	136,028	136,028	541	42,253	42,794	178,822
Segment results	9,023	9,023	(1,832)	(939)	(2,771)	6,252
Interest income						580
Gain on redemption of financial liabilities designated at fair value through profit or loss						–
Gain on change in fair value of financial liabilities designated at fair value through profit or loss						77,658
Increase in fair value of investment property						770
Other unallocated income						2,513
Impairment loss on goodwill						–
Impairment loss on available-for-sale investment						(44,888)
Impairment loss on the Disposed Group						–
Other unallocated expenses						(21,645)
Finance costs						(12,019)
Profit before taxation						9,221
Taxation						(330)
Profit for the year						8,891

7. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

Segment revenue and results *(continued)*

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 4. Segment profit/loss represents the profit/loss from by each segment without allocation of certain other income, central administration costs, directors' emoluments and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

No operating segments have been aggregated to the Group's reportable segments.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments:

	2013	2012
	HK$'000	HK$'000
Segment assets		
Wastes recycling	**84,870**	216,230
Total segment assets	**84,870**	216,230
Assets relating to the discontinued operations		
– Trading of laminates	**7,558**	20,010
– Manufacture and trading of PCBs	**17,098**	34,376
Unallocated	**445,942**	734,438
Total consolidated assets	**555,468**	1,005,054
Segment liabilities		
Wastes recycling	**72,259**	145,814
Total segment liabilities	**72,259**	145,814
Liabilities relating to the discontinued operations		
– Trading of laminates	**14,773**	17,098
– Manufacture and trading of PCBs	**11,229**	16,094
Unallocated	**295,229**	304,959
Total consolidated liabilities	**393,490**	483,965

7. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

Segment assets and liabilities *(continued)*

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

- all assets are allocated to reportable segments other than certain pledged bank deposits, cash deposits held by securities broker and bank balances and cash, goodwill, intangible assets, investment property, available-for-sale investment, financial assets designated at fair value through profit or loss, certain other receivables, prepayments and deposits paid, and assets used jointly by reportable segments.

- all liabilities are allocated to reportable segments other than bank and other borrowings, certain other payables and accruals, tax payable, promissory notes payable, financial liabilities designated at fair value through profit or loss, unconvertible bonds and liabilities for which reportable segments are jointly liable.

7. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

Other segment information

In respect of the year ended 31 March 2013

	Continuing Operations		Discontinued Operations			
	Wastes recycling HK$'000	Sub-total HK$'000	Trading of laminates HK$'000	Manufacture and trading of PCBs HK$'000	Sub-total HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss or segment assets:						
Depreciation of property, plant and equipment	5,452	5,452	2,925	150	3,075	8,527
Amortization of prepaid lease payments	–	–	–	33	33	33
Impairment loss recognised in respect of trade receivables	5,754	5,754	–	434	434	6,188
Impairment loss recognised in respect of other receivables	34,384	34,384	–	–	–	34,384
Loss/(gain) on disposal of property, plant and equipment	67	67	–	(3)	(3)	64
Reversal of impairment on trade receivables	–	–	–	–	–	–
Value added tax and other taxes refunded	4,509	4,509	–	–	–	4,509
Additions to non-current assets (Note)	197	197	–	210	210	407
Amount regularly provided to the chief operating decision maker but not included in measure of segment profit or loss or segment assets:						
Amortisation of intangible assets	4,216	4,216	–	–	–	4,216
Depreciation of property, plant and equipment	107	107	–	–	–	107
Impairment loss recognised in respect of other receivables	1,171	1,171	–	–	–	1,171
Bank interest income						568
Imputed interest income on amount due from a minority shareholder						306
Rental income						248
Gain on redemption of financial liabilities designated at FVTPL						4,502
Loss on change in fair value of financial liabilities designated at FVTPL						40,583
Increase in fair value of investment property						5,670
Impairment loss recognised on available-for-sale investment						47,616
Loss on early repayment of promissory notes payable						489
Finance costs						16,089
Additions to non-current assets (Note)						–

7. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

Other segment information *(continued)*

In respect of the year ended 31 March 2012

	Continuing Operations		Discontinued Operations			
	Wastes recycling HK$'000	Sub-total HK$'000	Trading of laminates HK$'000	Manufacture and trading of PCBs HK$'000	Sub-total HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss or segment assets:						
Depreciation of property, plant and equipment	2,402	2,402	–	3,530	3,530	5,932
Amortization of prepaid lease payments	–	–	–	33	33	33
Impairment loss recognised in respect of trade receivables	–	–	–	27	27	27
Impairment loss recognised in respect of other receivables	1,845	1,845	–	–	–	1,845
Loss on disposal of property, plant and equipment	173	173	–	19	19	192
Reversal of impairment on trade receivables	–	–	–	3,621	3,621	3,621
Value added tax and other taxes refunded	4,869	4,869	–	–	–	4,869
Additions to non-current assets (Note)	7,445	7,445	–	1,530	1,530	8,975
Amount regularly provided to the chief operating decision maker but not included in measure of segment profit or loss or segment assets:						
Amortisation of intangible assets	1,743	1,743	–	–	–	1,743
Depreciation of property, plant and equipment	66	66	–	–	–	66
Impairment loss recognised in respect of other receivables	–	–	–	–	–	–
Bank interest income						294
Imputed interest income on amount due from a minority shareholder						286
Rental income						277
Gain on redemption of financial liabilities designated at FVTPL						–
Gain on change in fair value of financial liabilities designated at FVTPL						77,658
Increase in fair value of investment property						770
Impairment loss recognised on available-for-sale investment						44,888
Loss on early repayment of promissory notes payable						–
Finance costs						12,019
Additions to non-current assets (Note)						–

Note: Excluding assets acquired through acquisition of subsidiaries (details of which are set out in Note 42) and financial assets.

7. SEGMENT INFORMATION (continued)

(b) Revenue from major products

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

	Continuing Operations		Discontinued Operations		Total	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Sales of recycled materials	**99,655**	136,028	**–**	–	**99,655**	136,028
Sales of laminates	**–**	–	**425**	541	**425**	541
Sales of PCBs	**–**	–	**43,006**	42,253	**43,006**	42,253
	99,655	136,028	**43,431**	42,794	**143,086**	178,822

(c) Geographical information

The Group's operations are mainly located in Hong Kong, the People's Republic of China ("PRC") and Europe.

The following table provides an analysis of the Group's revenue by geographic market, irrespective of the origin of customers:

	Hong Kong		PRC		Europe		Others		Consolidated	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Segment revenue:										
Sales to external customers	**7,502**	9,992	**99,655**	137,090	**20,509**	24,369	**15,420**	7,371	**143,086**	178,822

The following is an analysis of the carrying amount of non-current assets (other than goodwill and intangible assets which are attributable to the wastes recycling segment in the PRC) analysed by the geographical areas in which the assets are located:

	Hong Kong		PRC		Consolidated	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Other segment information:						
Non-current assets	**155**	138,972	**106,172**	60,160	**106,327**	199,132

7. SEGMENT INFORMATION (continued)

(c) Geographical information (continued)

An analysis of the non-current assets of the Group (other than financial assets) by geographical areas in which the assets are located:

	Hong Kong		PRC		Consolidated	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Non-current assets	**155**	10,972	**379,570**	609,437	**379,725**	620,409

(d) Information about major customers

Revenues from customers contributing over 10% of the total revenue of the Group are as follows:

	Revenue generated from	2013 HK$'000	2012 HK$'000
Company A	Sale of recycled materials	**18,491**	56,502
Company B	Sale of recycled materials	**35,801**	18,058
Company C	Sale of recycled materials	**19,932**	N/A*
Company D	Sale of recycled materials	**N/A***	21,655

* The corresponding revenue does not contribute over 10% of the total revenue of the Group for the respective year.

8. OTHER INCOME AND GAINS

	Continuing Operations		Discontinued Operations		Total	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Bank interest income	**555**	143	**13**	151	**568**	294
Imputed interest income on amount due from a minority shareholder	**306**	286	**–**	–	**306**	286
Value added tax and other taxes refunded (Note a)	**4,509**	4,869	**–**	–	**4,509**	4,869
Foreign exchange gain, net	**2,797**	–	**2,790**	–	**5,587**	–
Increase in fair value of investment property	**–**	–	**5,670**	770	**5,670**	770
Rental income (Note b)	**–**	28	**248**	249	**248**	277
Gain on disposal of property, plant and equipment	**–**	–	**3**	–	**3**	–
Sale of scrap materials	**248**	–	**240**	118	**488**	118
Reversal of impairment loss on trade receivables (Note 26)	**–**	–	**–**	3,621	**–**	3,621
Others	**379**	1,555	**394**	563	**773**	2,118
	8,794	6,881	**9,358**	5,472	**18,152**	12,353

Notes:

(a) A subsidy was granted by the PRC local government to the Company's subsidiaries which are engaged in wastes recycling business in the PRC. Under this subsidy, the subsidiaries are entitled to a refund of value added tax and other taxes paid, calculated on a basis as agreed by the local government. The taxes refunded are included in other income and gains.

(b) The direct operating expenses from investment property that generated rental income amounted to approximately HK$40,000 (2012: HK$53,000).

9. FINANCE COSTS

	Continuing Operations		Discontinued Operations		Total	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Interest expenses on:						
Bank and other borrowings wholly repayable within five years	**2,922**	3,399	**221**	470	**3,143**	3,869
Factoring arrangements	**–**	–	**19**	65	**19**	65
Obligations under finance leases	**–**	8	**28**	–	**28**	8
Promissory notes payable (Note 31)	**12,253**	7,993	**–**	–	**12,253**	7,993
Interest on unconvertible notes (Note 35)	**646**	–	**–**	–	**646**	–
Imputed interest on convertible notes (Note 36)	**–**	84	**–**	–	**–**	84
	15,821	11,484	**268**	535	**16,089**	12,019

10. (LOSS)/PROFIT BEFORE TAXATION

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

	Continuing Operations		Discontinued Operations		Total	
	2013 HK$'000	2012 HK$'000	**2013 HK$'000**	2012 HK$'000	**2013 HK$'000**	2012 HK$'000
Staff costs (including directors' emoluments)						
– Directors' fees, staff salaries and allowances	**9,978**	9,962	**4,731**	9,737	**14,709**	19,699
– Retirement benefits contributions	**51**	43	**120**	462	**171**	505
	10,029	10,005	**4,851**	10,199	**14,880**	20,204
Auditors' remuneration	**1,095**	1,147	**70**	422	**1,165**	1,569
Amortisation of prepaid lease payments	**–**	–	**33**	33	**33**	33
Amortisation of intangible assets included in administrative and other expenses	**4,216**	1,743	**–**	–	**4,216**	1,743
Cost of inventories recognised as an expense (Note below)	**98,474**	116,999	**17,628**	22,067	**116,102**	139,066
Depreciation of property, plant and equipment	**5,559**	2,468	**3,075**	3,530	**8,634**	5,998
Direct operating expenses of investment property	**–**	–	**40**	53	**40**	53
Foreign exchange loss, net	**–**	5	**–**	1,429	**–**	1,434
Impairment loss recognised in respect of trade receivables included in administrative and other expenses (Note 26)	**5,754**	–	**434**	27	**6,188**	27
Impairment loss recognised in respect of other receivables included in administrative and other expenses (Note 27)	**35,555**	1,845	**–**	–	**35,555**	1,845
Operating lease rentals in respect of rental premises	**–**	–	**81**	176	**81**	176
Write down of inventories (Note below)	**5,937**	–	**–**	657	**5,937**	657
Loss on disposal of financial assets at fair value through profit or loss	**–**	–	**–**	6	**–**	6
Loss on disposal of property, plant and equipment	**67**	173	**–**	19	**67**	192
Loss on early repayment of promissory notes payable (Note 31)	**489**	–	**–**	–	**489**	–

Note: The cost of inventories includes the write down of inventories and is recognised in the cost of sales.

11. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to the directors are:

	2013 HK$'000	2012 HK$'000
Fees	**778**	704
Other emoluments:		
Salaries, allowances and benefits in kind	**1,989**	2,141
Contribution to retirement benefits scheme	**56**	63
	2,045	2,204
	2,823	2,908

An analysis of the emoluments paid or payable to executive, non-executive and independent non-executive directors is as follows:

(a) Executive directors

2013	Salaries, allowances and benefits in kind HK$'000	Retirement benefits contributions HK$'000	Total HK$'000
Chen Tong	1,420	24	1,444
Chan Ching Ho, Kitty	186	19	205
Xiang Liang	195	–	195
Deng Hong Mei[1]	127	13	140
Li Lin[2]	61	–	61
	1,989	56	2,045

11. DIRECTORS' EMOLUMENTS (continued)

(a) Executive directors (continued)

2012	Salaries, allowances and benefits in kind HK$'000	Retirement benefits contributions HK$'000	Total HK$'000
Chen Tong	1,359	16	1,375
Lau Chung Yim[3]	184	9	193
Chan Ching Ho, Kitty	201	19	220
Xiang Liang	196	–	196
Deng Hong Mei[1]	201	19	220
	2,141	63	2,204

(b) Non-executive directors

2013	**Fees HK$'000**	**Retirement benefits contributions HK$'000**	**Total HK$'000**
Wang Zhenghua[4]	**182**	**–**	**182**
Yao Zheng Wei	**186**	**–**	**186**
Liang Jian Hua[5]	**30**	**–**	**30**
	398	**–**	**398**

2012	Fees HK$'000	Retirement benefits contributions HK$'000	Total HK$'000
Wang Zhenghua[4]	145	–	145
Yao Zheng Wei	195	–	195
	340	–	340

11. DIRECTORS' EMOLUMENTS (continued)

(c) Independent non-executive directors

2013	Fees HK$'000	Retirement benefits contributions HK$'000	Total HK$'000
Zhou Jue	**120**	**–**	**120**
Tse Kwong Chan	**120**	**–**	**120**
Chan Ying Kay[6]	**110**	**–**	**110**
Kwok Wing Kiu[7]	**20**	**–**	**20**
Ong King Keung[8]	**10**	**–**	**10**
	380	**–**	**380**

2012	Fees HK$'000	Retirement benefits contributions HK$'000	Total HK$'000
Yau Kwan Shan[9]	26	–	26
Zhou Jue	120	–	120
Tse Kwong Chan	120	–	120
Chan Ying Kay[6]	98	–	98
	364	–	364

11. DIRECTORS' EMOLUMENTS (continued)

Notes:

1. Resigned on 1 December 2012
2. Appointed on 1 December 2012
3. Resigned on 15 March 2012
4. Appointed on 8 June 2011
5. Appointed on 29 January 2013
6. Appointed on 8 June 2011 and resigned on 1 March 2013
7. Appointed on 29 January 2013
8. Appointed on 1 March 2013
9. Resigned on 8 June 2011

None of the directors of the Company waived or agreed to waive any emoluments paid by the Group. No emoluments have been paid by the Group to the directors of the Company as an inducement to join or upon joining the Group, or as compensation for loss of office during the years ended 31 March 2013 and 2012.

12. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2012: four) were directors of the Company where emoluments are included in Note 11 above. The emoluments of the remaining three individuals (2012: one individual) were as follows:

	2013 HK$'000	2012 HK$'000
Salaries, allowances and benefits in kind	1,092	689
Contributions to retirement benefits scheme	37	12
	1,129	701

13. TAXATION

	Continuing Operations		Discontinued Operations		Total	
	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000
Hong Kong Profits Tax	–	–	28	327	28	327
PRC Enterprise Income Tax						
Current year	–	304	–	–	–	304
Overprovision in previous year	(295)	–	–	–	(295)	–
	(295)	304	28	327	(267)	631
Deferred tax credit (Note 39)	(3,100)	(301)	–	–	(3,100)	(301)
Tax (credit)/charge for the year	(3,395)	3	28	327	(3,367)	330

Hong Kong Profits Tax

Hong Kong Profits Tax has been provided for at the rate of 16.5% (2012: 16.5%) on the estimated assessable profit the year.

PRC income tax

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and implementation regulation of the EIT Law, the tax rate of subsidiaries of the Company in the PRC is 25%.

13. TAXATION (continued)

The tax (credit)/charge for the year can be reconciled to the (loss)/profit before taxation per the consolidated statement of comprehensive income as follows:

	2013 HK$'000	2012 HK$'000
(Loss)/profit before taxation		
Continuing operations	**(380,687)**	11,253
Discontinued operations (Note 14(a))	**(13,911)**	(2,032)
	(394,598)	9,221
Tax at the applicable rate of 25% (2012: 25%)	**(98,649)**	2,305
Tax effect of income not taxable for tax purpose	**(4,049)**	(13,155)
Tax effect of expenses not deductible for tax purpose	**102,606**	8,492
Tax effect of tax losses not recognised	**313**	337
Utilisation of tax losses previously not recognised	**(3,812)**	(413)
Others	**–**	(316)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**224**	3,080
Tax (credit)/charge for the year	**(3,367)**	330

Details of deferred tax are set out in Note 39.

14. DISCONTINUED OPERATIONS

On 28 March 2013, the Company entered into a sale and purchase agreement with Nature Ample Limited, which is wholly owned by Mr. Lau Chung Yim, a former director of the Company resigned on 15 March 2012, to dispose of 100% equity interests in and loans made to the Company's subsidiaries, Nam Hing (B.V.I.) Limited and its subsidiaries (altogether the "Disposed Group") for a cash consideration of HK$2 million, of which a deposit amounted to HK$1 million has been received by the Company and included in other payables and accruals. On the same date, the Group discontinued its businesses of trading of laminates and manufacture and trading of PCBs undertaken by the Disposed Group. An analysis of the loss for the year from the discontinued operations is as follows:

	2013 HK$'000	2012 HK$'000
Profit/(loss) for the year from discontinued businesses (Note a)	**10,705**	(2,359)
Impairment loss recognised on the Disposed Group (Note b)	**(24,644)**	–
Loss for the year from discontinued operations	**(13,939)**	(2,359)

14. DISCONTINUED OPERATIONS (continued)

(a) The results of the discontinued businesses are analysed below:

	Trading of laminates		Manufacture and trading of PCBs		Total	
	2013 HK$'000	2012 HK$'000	**2013 HK$'000**	2012 HK$'000	**2013 HK$'000**	2012 HK$'000
Turnover	**425**	541	**43,006**	42,253	**43,431**	42,794
Cost of sales	**(362)**	(441)	**(30,722)**	(35,035)	**(31,084)**	(35,476)
Gross profit	**63**	100	**12,284**	7,218	**12,347**	7,318
Other income and gains/(loss), net	**10,010**	1,721	**(652)**	3,751	**9,358**	5,472
Selling and distribution expenses	**(99)**	(65)	**(1,800)**	(1,616)	**(1,899)**	(1,681)
Administrative and other expenses	**(1,176)**	(1,868)	**(7,629)**	(10,738)	**(8,805)**	(12,606)
Finance costs	**(168)**	(323)	**(100)**	(212)	**(268)**	(535)
Profit/(loss) before taxation	**8,630**	(435)	**2,103**	(1,597)	**10,733**	(2,032)
Taxation	**–**	–	**(28)**	(327)	**(28)**	(327)
Profit/(loss) for the year	**8,630**	(435)	**2,075**	(1,924)	**10,705**	(2,359)
Profit/(loss) for the year attributable to owners of the Company	**8,630**	(435)	**2,075**	(1,924)	**10,705**	(2,359)

(b) The completion of the disposal of the Disposed Group took place on 10 April 2013. Impairment loss on the Disposed Group of HK$24,644,000, which represents the excess of the net assets of the Disposed Group and loans made to the Disposed Group by the Company at the completion date over the consideration for the disposal has been recognised in the current year.

(c) The cash flows from discontinued operations are analysed as follows:

	2013 HK$'000	2012 HK$'000
Net cash inflows/(outflows) from operating activities	**5,791**	(5,557)
Net cash (outflows)/inflows from investing activities	**(1,501)**	45,458
Net cash outflow from financing activities	**(2,859)**	(31,835)
Net cash inflows	**1,431**	8,066

(d) The Disposed Group has been classified and accounted for at 31 March 2013 as a disposal group held for sale (Note 15).

15. ASSETS/LIABILITIES CLASSIFIED AS HELD FOR SALE

As referred to in Note 14, the Company entered into a sale and purchase agreement for the disposal of 100% equity interests in and loans made to the Disposed Group and the Group discontinued its businesses of trading of laminates and manufacture and trading of PCBs. The major classes of assets and liabilities of the discontinued businesses as at 31 March 2013 are as follows:

	Trading of laminate	**Manufacture and sale of PCBs**	**Total**
	HK$'000	HK$'000	HK$'000
Property, plant and equipment (Note 18)	–	14,740	14,740
Investment property (Note 19)	15,820	–	15,820
Prepaid lease payments (Note 20)	–	1,082	1,082
Inventories (Note a)	–	4,976	4,976
Trade and bills receivables	–	6,599	6,599
Other receivables, prepayments and deposits paid	929	2,501	3,430
Tax recoverable	–	21	21
Bank balances and cash	6,086	1,445	7,531
	22,835	31,364	54,199
Less: Impairment loss recognised (Note 14)			(24,644)
Assets classified as held for sale			29,555
Trade and bills payables	256	6,260	6,516
Other payables and accruals	1,748	3,705	5,453
Bank and other borrowings (Note b)	8,434	1,565	9,999
Tax payable	4,336	–	4,336
Obligations under finance leases (Note 34)	–	414	414
	14,774	11,944	26,718
Add: Deposit received on disposal of the Disposed Group			1,000
Liabilities associated with assets classified as held for sale			27,718
Net assets classified as held for sale			1,837

15. ASSETS/LIABILITIES CLASSIFIED AS HELD FOR SALE (continued)

Note:

(a) Inventories:

	HK'000
Raw materials	2,692
Work in progress	1,797
Finished goods	487
	4,976

(b) Bank and other borrowings:

	HK'000
Bank overdrafts	403
Other bank loans	2,044
Bank loans and overdrafts	2,447
Loans from related companies (Note 32(c))	1,917
Loans from former directors (Note 32(d))	3,654
Other borrowings	1,981
	9,999

	HK'000
Analysed as:	
Secured	2,447
Unsecured	7,552
	9,999

As at 31 March 2013,

(i) the bank loans and overdrafts were secured by guarantees given by parties not connected with the Group.

(ii) the other borrowings to the extent of HK$844,000 carried interest at the Hong Kong dollar prime rate with the remaining balance interest free. Such borrowings are unsecured and repayable on demand.

16. DIVIDENDS

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

17. (LOSS)/EARNINGS PER SHARE

The calculation of the basic and diluted (loss)/earnings per share attributable to the owners of the Company is as follows:

	Continuing and Discontinued Operations		Continuing Operations	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
(Loss)/earnings				
(Loss)/earnings for the purpose of basic loss/earnings per share				
(Loss)/profit for the year attributable to owner of the Company	**(378,820)**	7,842	**(364,881)**	10,201
Effect of dilutive potential ordinary shares:				
Gain on redemption of financial liabilities designated at fair value through profit or loss	**(4,502)**	–	**(4,502)**	–
Loss/(gain) on change in fair value of financial liabilities designated at fair value through profit or loss	**40,583**	(77,658)	**40,583**	(77,658)
(Loss)/earnings for the purpose of diluted loss per share	**N/A**	(69,816)	**N/A**	(67,457)

17. (LOSS)/EARNINGS PER SHARE (continued)

	2013	2012	**2013**	2012
	'000	'000	**'000**	'000
Number of shares				
Weighted average number of ordinary shares for the purposes of basic loss/earnings per share	**39,335**	8,276	**39,335**	8,276
Effect of dilutive potential ordinary shares:				
Convertible notes (classified as financial liabilities designated at fair value through profit or loss)	**81,039**	8,490	**81,039**	8,490
Weighted average number of ordinary shares for the purposes of diluted loss/earnings per share	**120,374**	16,766	**120,374**	16,766

The weighted average number of ordinary shares for the purpose of basic and diluted loss/earnings per share has been adjusted for the consolidation of the Company's shares on the basis of 50 shares into one share made during the year.

The computation of diluted earnings per share for both of the years presented does not assume the conversion of certain convertible notes of the Company since their exercise would result in an increase in earnings per share.

Diluted earnings per share from continuing and discontinued operations and from continuing operations for the current year are not presented because the Group sustained a loss for the year and the impact of conversion of convertible notes, if any, is regarded anti-dilutive.

18. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold improvements	Plant and machinery	Furniture and office equipment	Motor vehicles	Construction in progress	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
COST							
At 1 April 2011	12,980	65	83,907	20,817	250	–	118,019
Additions	–	5,928	1,323	914	623	187	8,975
Disposals	–	–	(216)	–	(1,197)	–	(1,413)
Acquired on acquisition of subsidiaries (Note 42)	–	3,465	15,929	1,568	3,436	226	24,624
Exchange realignment	538	13	1,825	869	14	1	3,260
At 31 March 2012 and 1 April 2012	13,518	9,471	102,768	24,168	3,126	414	153,465
Additions	–	48	255	24	31	49	407
Disposals	–	–	(6)	(62)	(149)	–	(217)
Reclassified as held for sale (Note 15)	(13,754)	(677)	(86,401)	(22,167)	(623)	–	(123,622)
Exchange realignment	236	150	998	392	36	7	1,819
At 31 March 2013	**–**	**8,992**	**17,614**	**2,355**	**2,421**	**470**	**31,852**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSS							
At 1 April 2011	8,559	17	73,338	17,186	21	–	99,121
Depreciation provided for the year	608	996	2,906	919	569	–	5,998
Eliminated on disposals	–	–	(195)	–	(483)	–	(678)
Exchange realignment	355	17	1,320	713	–	–	2,405
At 31 March 2012 and 1 April 2012	9,522	1,030	77,369	18,818	107	–	106,846
Depreciation provided for the year	613	2,483	3,664	1,044	830	–	8,634
Eliminated on disposals	–	–	(6)	(56)	(70)	–	(132)
Eliminated on reclassification (Note 15)	(10,311)	(286)	(78,766)	(19,270)	(249)	–	(108,882)
Exchange realignment	176	35	613	313	3	–	1,140
At 31 March 2013	**–**	**3,262**	**2,874**	**849**	**621**	**–**	**7,606**
CARRYING AMOUNT							
At 31 March 2013	**–**	**5,730**	**14,740**	**1,506**	**1,800**	**470**	**24,246**
At 31 March 2012	3,996	8,441	25,399	5,350	3,019	414	46,619

18. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group's buildings at 31 March 2013 were situated in the PRC.

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Buildings	2% to 4.5%
Leasehold improvements	Over the shorter of the lease terms or 20%
Plant and machinery	9% to 10%
Furniture and office equipment	10% to 20%
Motor vehicles	18% to 20%
Construction in progress	Not depreciated

The carrying amount of motor vehicles at 31 March 2012 includes an amount of HK$498,000 in respect of assets held under finance leases. Such motor vehicles held under finance leases with the carrying amount of HK$374,000 at 31 March 2013 have been included in property, plant and equipment reclassified as assets held for sale.

19. INVESTMENT PROPERTY

	2013 **HK$'000**	2012 HK$'000
At beginning of the year	**10,150**	9,380
Increase in fair value recognised in profit or loss (Note 8)	**5,670**	770
Reclassified as assets held for sale (Note 15)	**(15,820)**	–
At end of the year	**–**	10,150

All of the Group's property interests held under operating leases to earn rentals are measured using the fair value model and are classified and accounted for as investment properties.

19. INVESTMENT PROPERTY (continued)

The Group's investment property at 31 March 2013 (reclassified as assets held for sale) is situated in Hong Kong under medium-term leases. The fair value of such investment property at 31 March 2013 has been arrived at on the basis of a valuation carried out as of that date by LCH (Asia-Pacific) Surveyors Limited ("LCH"), an independent firm of qualified professional valuers who have appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. The valuation was arrived at by reference to market evidence of transaction prices for similar properties in the same locations and condition.

At 31 March 2012, the Group's investment property was pledged to a bank for banking facilities granted to the Group (Note 32(a)).

20. PREPAID LEASE PAYMENTS

	2013	2012
	HK$'000	HK$'000
At beginning of the year	**1,097**	1,085
Amortised for the year	**(33)**	(33)
Reclassified as held for sale (Note 15)	**(1,082)**	–
Exchange realignment	**18**	45
At end of the year	**–**	1,097

	2013	2012
	HK$'000	HK$'000
Analysed for reporting purposes as:		
Current asset (included in other receivables, prepayments and deposits paid)	**–**	34
Non-current asset	**–**	1,063
	–	1,097

At the end of the reporting period, the Group's prepaid lease payments (reclassified as assets held for sale) comprise of leasehold land which is situated in the PRC under medium-term leases.

21. GOODWILL

	2013	2012
	HK$'000	HK$'000
COST		
At beginning of the year	**522,849**	–
Arising on acquisition of subsidiaries (Note 42)	**–**	522,849
At end of the year	**522,849**	522,849
ACCUMULATED IMPAIRMENT		
At beginning of the year	**–**	–
Impairment loss recognised	**203,849**	–
At end of the year	**203,849**	**–**
CARRYING AMOUNT AT END OF THE YEAR	**319,000**	522,849

Goodwill of HK$522,849,000 arose from the acquisition of Ideal Market Holdings Limited ("Ideal Market") and was recognised at the date of acquisition. Ideal Market, through its subsidiaries established in the PRC, is engaged in paper waste, scrap metals and consumable wastes recycling in the PRC. For the purposes of impairment testing, the goodwill has been allocated to the CGUs of the recycling business undertaken by Ideal Market.

As a result of the deterioration of the recycling business undertaken by Ideal Market, an impairment loss on goodwill amounting to HK$203,849,000 were recognised by the Group and charged to profit or loss in respect of the year (2012: Nil), which is calculated based on the recoverable amount of the CGUs of this recycling business.

The recoverable amount has been determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the directors covering a twenty-year period with growth rates of 20% per annum for the first eight years and 15% per annum for the remaining period and at a discount rate of 11% (2012: 12%). Other key assumptions for the value in use calculation relate to the estimation of cash inflows/outflows, including budgeted sales and gross margin, which is based on the CGU's past performance and management's expectations for the market development. The directors believe that any reasonably possible change in the key assumptions would not cause the carrying amount of the CGU, after net off the impairment loss recognised, to exceed the corresponding recoverable amount.

22. INTANGIBLE ASSETS

	Customer relationship	
	2013	2012
	HK$'000	HK$'000
COST		
At beginning of the year	**41,820**	–
Arising on acquisition of subsidiaries (Note 42)	**–**	41,650
Exchange realignment	**680**	170
At end of the year	**42,500**	41,820
AMORTISATION		
At beginning of the year	**2,092**	–
Charge for the year	**4,216**	1,743
Exchange realignment	**(287)**	349
At end of the year	**6,021**	2,092
CARRYING AMOUNT AT END OF THE YEAR	**36,479**	39,728

The cost of customer relationship is amortised on a straight-line basis over its estimated useful life of 10 years. The carrying amount of the customer relationship at 31 March 2013 will be amortised over the remaining useful life of 8.58 years (2012: 9.58 years).

23. AVAILABLE-FOR-SALE INVESTMENT

	2013 HK$'000	2012 HK$'000
Unlisted shares		
At cost		
At beginning of the year	**172,888**	172,888
Exchange realignment	**2,811**	–
At end of the year	**175,699**	172,888
Accumulated impairment		
At beginning of the year	**44,888**	–
Impairment loss recognised	**47,616**	44,888
Exchange realignment	**1,114**	–
At end of the year	**93,618**	44,888
Carrying amount at end of the year	**82,081**	128,000

The unlisted shares represent the Group's 9.9% interest in the issued capital of Swift Profit International Limited ("Swift Profit"), a limited liability company incorporated in the British Virgin Islands and engaging principally in license holding. The principal asset of Swift Profit is the exclusive license in relation to the technology of manufacturing multi-element polymer batteries for electric vehicles.

The unlisted investment is measured at cost less impairment loss, if any, because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that its fair value cannot be measured reliably.

Having assessed the recoverability of the investment in Swift Profit by reference to the business valuation of Swift Profit as valued by an independent valuer, the directors of the Company consider it appropriate to recognise an impairment loss against the investment amounting to approximately HK$47,616,000 (2012: HK$44,888,000) charged to profit or loss in respect of the year as a result of the deterioration of the business undertaken by Swift Profit. The impairment loss has been arrived at based on the present value of the estimated future cash flows of Swift Profit discounted at the rate of approximately 11% which is determined by reference to the discount rates applicable to those enterprises engaging in business similar to those undertaken by Swift Profit.

24. AMOUNT DUE FROM A MINORITY SHAREHOLDER

	2013 HK$'000	2012 HK$'000
Amount due from a minority shareholder receivable		
Within one year	–	14,341
Between one to two years	–	13,300
	–	27,641
Less: portion receivable within one year included in other receivables (Note 27a)	–	(14,341)
	–	13,300

The carrying amount at 31 March 2012 of HK$27,641,000 represents the advances with the principal amount of RMB23,489,000 made to a minority shareholder of Ideal Market Holdings Limited ("Ideal Market") by a subsidiary of Ideal Market. During the year under review, such amount to the extent of RMB22,414,000 as assigned at its face amount to and is payable by a party not connected with Group (Note 27(a)(ii)) and the remaining amount of RMB1,075,000 was fully settled.

As at 31 March 2012, the non-current portion of amount due from a minority shareholder is measured at amortised cost at effective interest rate of 5% per annum. The current portion of amount due from the minority shareholder is carried at its principal amount as the interest element involved is insignificant.

25. INVENTORIES

	2013 HK$'000	2012 HK$'000
Raw materials	–	3,690
Work in progress	–	2,160
Finished goods	657	12,164
	657	18,014

26. TRADE AND BILLS RECEIVABLES

	2013 HK$'000	2012 HK$'000
Trade and bills receivables	**8,015**	54,413
Less: allowance for impairment loss	**(5,800)**	(332)
	2,215	54,081

Bills receivables are aged within 3 months from the invoice date.

The Group has a policy of allowing credit period ranging from 3 to 6 months to its trade customers. In addition, for certain customers with long-established relationship and good past repayment history, a longer credit period may be granted. The Group does not hold any collateral over the balances.

An aged analysis of trade and bills receivables, net of impairment loss recognised, at the end of reporting period, based on the invoice date, is as follows:

	2013 HK$'000	2012 HK$'000
Within 3 months	**2,017**	36,661
4 to 6 months	**–**	16,975
Over 6 months	**198**	445
	2,215	54,081

26. TRADE AND BILLS RECEIVABLES (continued)

Movements in allowance for impairment losses of trade and bills receivables are as follows:

	2013 HK$'000	2012 HK$'000
At beginning of the year	**332**	3,926
Impairment loss recognised	**6,188**	27
Reversal of impairment loss (Note 8)	**–**	(3,621)
Transferred on reclassification of receivables as assets held for sale	**(766)**	–
Exchange realignment	**46**	–
At end of the year	**5,800**	332

As at 31 March 2013, trade receivables of the Group amounting to HK$5,800,000 (2012: HK$332,000) were individually determined to be impaired and impairment loss of the full amount had been recognised. The individually impaired receivables are recognised based on the credit history of its customers, such as financial difficulties or default in payments, and current market conditions. The Group does not hold any collateral over these receivables.

The aged analysis of the trade and bills receivables that are neither individually nor collectively considered to be impaired is as follows:

	2013 HK$'000	2012 HK$'000
Neither past due nor impaired	**2,017**	36,661
Less than 3 months past due	**–**	16,975
4 to 6 months past due	**198**	445
	2,215	54,081

26. TRADE AND BILLS RECEIVABLES (continued)

The Group's trade and bills receivables that are neither past due nor impaired mainly represent sales made to recognised and creditworthy customers. These customers who trade on credit terms are subject to credit verification procedures. No impairment is required for the past due balances based on the Group's assessment of their recoverability.

At 31 March 2012, included in trade receivables of the Group were Factored Receivables amounted to approximately HK$3,062,000. In this respect, the advances from the relevant banks of approximately HK$1,126,000 received by the Group as consideration for the Factored Receivables as at that date were recognised as liabilities and included in "Bank and other borrowings" (Note 32).

The trade and other receivables with the carrying amount of HK$2,215,000 at 31 March 2013 were denominated in the functional currencies of the relevant group entities. At 31 March 2012, trade and bills receivables with the aggregate carrying amount of approximately HK$5,198,000 were denominated in US$ while the remaining were denominated in the functional currencies of the relevant group entities.

As referred to in Note 27(a)(ii), during the year, certain receivables from trade customers amounted to RMB13,710,000 were assigned at their face amount to and are payable by a party not connected with the Group (2012: Nil).

27. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS PAID

	2013	2012
	HK$'000	HK$'000
Other receivables (Note a)	**55,930**	74,196
Prepaid lease payments	**–**	34
Prepayments	**861**	1,167
Other deposits paid	**841**	1,023
	57,632	76,420

Notes:

(a) An analysis of other receivables (net of impairment) is as follows:

	2013	2012
	HK$'000	HK$'000
Other receivables	**93,646**	76,041
Less: allowance for impairment loss	**(37,716)**	(1,845)
	55,930	74,196

27. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS PAID (continued)

Notes: (continued)

(a) (continued)

Details of other receivables are as follows:

	2013 HK$'000	2012 HK$'000
Amount due from a minority shareholder (Note 24)	–	14,341
Advances to staff (Note (i))	1,028	15,155
Advances to ex-staff (Note (i))	6,487	27,188
Advances to purchase suppliers and other parties (Note (ii))	47,237	13,928
Others	1,178	3,584
	55,930	74,196

(i) The advances amounted to RMB12,321,000 and RMB22,106,000 outstanding at 31 March 2012 were made to certain staff and ex-staff of certain subsidiaries of Ideal Market (Note 42) respectively. The advances are unsecured, interest free and repayable within one year from the reporting date. As referred to in Note 27(a)(ii) below, during the year, such advances to the extent of RMB242,000 were assigned at their face amount to and are payable by a party not connected with the Group.

(ii) The advances made to purchase suppliers and certain parties (not connected with the Group) are unsecured, interest free and repayable within one year from the reporting date. Included in such advances are receivables from a party (not connected with the Group) amounted to an aggregate of RMB36,366,000 (equivalent to HK$45,458,000) (2012: Nil) which were assigned at face amounts and transferred during the year from the receivables from a minority shareholder, staff and ex-staff of subsidiaries of Ideal Market, and trade customers amounted to RMB22,414,000 (equivalent to HK$28,018,000)(Note 24), RMB242,000 (equivalent to HK$303,000) (Note 27(a)(i)) and RMB13,710,000 (equivalent to HK$17,137,000) (Note 26) respectively. Subsequent to 31 March 2013, as a security for the repayment of the outstanding receivables from this party, the minority shareholders of Ideal Market have agreed to pledge the shares in Ideal Market not held by the Group and a minority shareholder of Ideal Market has agreed to provide a personal guarantee.

Movements in the allowance for impairment loss of other receivables are as follows:

	2013 HK$'000	2012 HK$'000
At beginning of the year	1,845	–
Impairment loss recognised	35,555	1,845
Exchange realignment	316	–
At end of the year	37,716	1,845

28. PLEDGED BANKS DEPOSITS, CASH DEPOSITS HELD BY SECURITIES BROKER AND BANK BALANCES AND CASH

At 31 March 2012, the bank deposits amounted to HK$24,420,000 were pledged to secure certain bank borrowings of the Group (Note 32(a)).

The cash deposits of HK$40,000,000 held by securities broker at 31 March 2012 represent proceeds received from the issue of convertible notes deposited with the securities broker, which was the placing agent of the convertible notes.

Pledged bank deposits, cash deposits held by a securities broker, and bank balances and cash comprise cash held by the Group and deposits with banks and securities broker with an original maturity of three months or less. These deposits carry interest at market rates ranging from 0.03% to 0.05% (2012: 0.03% to 0.35%) per annum.

	2013	2012
	HK$'000	HK$'000
Pledged bank deposits	**–**	24,420
Cash deposits held by securities broker	**–**	40,000
Bank balances and cash	**3,603**	30,410
	3,603	94,830
Bank balances and cash reclassified as assets held for sale (Note 15)	**7,531**	–
Bank deposits with an original maturity of less than three months when acquired, pledged	**–**	(24,420)
Bank balances and cash for the purpose of the consolidated statement of cash flows	**11,134**	70,410

29. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables at the end of reporting period, based on the invoice date, is as follows:

	2013	2012
	HK$'000	HK$'000
Within 3 months	**3,320**	57,968
4 to 6 months	**783**	26,087
Over 6 months	**10**	2,039
	4,113	86,094

The credit period on purchase of goods ranged from 60 to 90 days.

At 31 March 2013 and 2012, trade and bills payables were substantially denominated in the functional currencies of the relevant group entities.

30. OTHER PAYABLES AND ACCRUALS

	2013	2012
	HK$'000	HK$'000
Other payables	**17,427**	28,462
Amount due to a minority shareholder of a subsidiary (Note (ii))	**1,408**	–
Accruals	**10,531**	7,115
	29,366	35,577

Notes:

(i) At 31 March 2013 and 2012, other payables and accruals were substantially denominated in the functional currencies of the relevant group entities.

(ii) The amount due to the minority shareholder is unsecured, interest free and repayable on demand.

31. PROMISSORY NOTES PAYABLE

In November 2011, the Company issued promissory notes with an aggregate principal amount of HK$260,000,000 as part of the consideration for the acquisition of Ideal Market (Note 42). The notes carried interests at 5.25% per annum and were wholly payable on 6 November 2012, being the date which is 12 months after the date of the issue of the notes. The fair value of the promissory notes at the date of issue was estimated to be HK$254,030,000 based on the effective interest rate of 7.5% per annum.

Movements of the promissory notes payable during the year are as follows:

	2013	2012
	HK$'000	HK$'000
At beginning of the year	**262,023**	–
Issue of promissory notes, at fair value	**–**	254,030
Interest charged for the year (Note 9)	**12,253**	7,993
Repayments of promissory notes and interests thereof	**(150,238)**	–
Loss on early repayments of promissory notes	**489**	–
Interest payable on promissory notes included in other payables and accruals	**(2,527)**	–
At end of the year	**122,000**	262,023

During the year, the promissory notes with an aggregate principal amount of HK$138,000,000 together with interests on the notes were repaid by the Company on or before their maturity dates at the total consideration of approximately HK$150,238,000. The loss on repayments of these promissory notes amounting to approximately HK$489,000 (2012: Nil), which represents the excess of the consideration paid over the carrying amount of the notes at their repayment dates, has been charged to profit or loss in respect of the year.

During the year, the maturity dates of the remaining promissory notes with the principal amounts of HK$30,000,000, HK$72,000,000 and HK$20,000,000 have been extended to 31 January 2013, 7 May 2013 and 14 May 2013 respectively with the other terms and conditions of such notes remained unchanged. At 31 March 2013, these promissory notes with the principal amount of HK$122,000,000 (2012: HK$260,000,000) remained outstanding.

The effective interest rate of the promissory notes in respect of the year ranged from 5.25% to 7.5% per annum (2012: 7.5% per annum).

Subsequent to 31 March 2013, the maturity dates of the promissory notes with the principal amounts of HK$25,000,000 due on 31 January 2013, HK$72,000,000 due on 7 May 2013 and HK$20,000,000 due on 14 May 2013 have been further extended to 31 December 2013, 7 November 2013 and 5 December 2013 respectively and the promissory notes with the principal amount of HK$66,000,000 due on 7 November 2013 were repaid by the Company, details of which are set out in Notes 50(d) and 50(e).

32. BANK AND OTHER BORROWINGS

		Effective interest rate			
		2013	2012	**2013**	2012
	Notes			**HK$'000**	HK$'000
Bank Loans:					
Bank overdrafts		**5.25% – 5.75%**	5.25% – 5.75%	**–**	2,554
Advances from banks on Factored Receivables		**5.25%**	5.25%	**–**	1,126
Other bank loans		**2.5% – 8.2%**	2.5% – 8.2%	**22,500**	22,760
				22,500	26,440
Loans from related companies	c	**Nil – 2.55%**	Nil – 2.55%	**–**	2,432
Loans from former directors	d	**Nil**	Nil	**–**	4,182
Other borrowings	e	**Nil**	Nil	**3,700**	2,027
				26,200	35,081

		2013	2012
		HK$'000	HK$'000
Analysed as:			
Secured	a	**22,500**	24,440
Unsecured		**3,700**	10,641
		26,200	35,081

32. BANK AND OTHER BORROWINGS (continued)

(a) The bank loans outstanding at 31 March 2013 were secured by guarantees given by parties not connected with the Group.

At 31 March 2012, the following assets of the Group were pledged to secure the Group's bank borrowings:

(i) the Group's investment property with the carrying amount of HK$10,150,000 (Note 19);

(ii) the Group's Factored Receivables with an aggregate carrying amount of HK$3,062,000 (Note 26);

(iii) the Group's bank deposits amounting to HK$24,420,000 (Note 28).

The pledge of these assets were discharged and released during the year.

(b) Except for the borrowings with the aggregate amounts of RMB18,160,000 (2012: RMB15,000,000) and US$ Nil (2012: US$82,000) which are denominated in RMB and US$ respectively, all the Group's bank and other borrowings are denominated in HK$.

(c) As at 31 March 2012, the loans from related companies which are unsecured and repayable on demand, are interest free except to the extent of HK$1,126,000 carried interest at the Hong Kong dollar prime rate. Such loans amounted to HK$515,000 were repaid during the year with the remaining balance of HK$1,917,000 reclassified as liabilities associated with assets classified as held for sale (Note 15(b)).

(d) As at 31 March 2012, the loans from former directors are unsecured, interest free and repayable on demand. Such loans amounted to HK$528,000 were repaid during the year with the remaining balance of HK$3,654,000 reclassified as liabilities associated with assets classified as held for sale (Note 15(b)).

(e) The other borrowings are unsecured, interest free and repayable on demand.

33. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	2013 HK$'000	2012 HK$'000
Convertible notes denominated in Hong Kong dollar		
– 290m Notes (Note a)	**4,104**	13,345
– 77m Notes (Note b)	**–**	12,572
– 95m Notes (Note c)	**129,560**	–
	133,664	25,917

Movements during the year are as follows:

	2013 HK$'000	2012 HK$'000
Balance at beginning of the year	**25,917**	–
Issue of 290m Notes, at fair value	**–**	47,471
Issue of 77m Notes, at fair value		
Cash consideration for the issue	**–**	77,000
Decrease in fair value at time of issue	**–**	(55,541)
At fair value	**–**	21,459
Issue of 95m Notes, at fair value	**95,000**	–
Increase/(decrease) in fair value of convertible notes	**40,583**	(22,117)
Gain on redemption of convertible notes	**(4,502)**	–
Converted into new ordinary shares of the Company	**(23,334)**	(20,896)
Balance at end of the year	**133,664**	25,917

	2013 HK$'000	2012 HK$'000
Total (loss)/gain on change in fair value recognised in profit or loss	**(40,583)**	77,658

33. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Notes:

(a) 290m Notes

On 7 November 2011, the Company issued zero coupon convertible notes with an aggregate principal amount of HK$290,000,000 (the "290m Notes") as part of the consideration for the acquisition of 80% equity interest in and shareholders' loans to Ideal Market (Note 42). The 290m Notes, which will be mature on 7 November 2013, entitle the holders thereof to convert the notes into new ordinary shares of the Company at any time on or after 7 November 2011 until the business day immediately preceding the maturity date. The initial conversion price in respect of the 290 Notes is calculated as the average closing price of the shares of the Company for five consecutive trading days prior to the date of conversion plus a premium of 30%, provided that the conversion price shall not in any event be more than HK$0.68 or less than HK$0.227 per share. The 290m Notes may be redeemed at 100% of its outstanding principal amount (in whole or in part) at the option of the Company at any time prior to the maturity date. Unless previously converted, redeemed and cancelled, the outstanding 290m Notes will be fully converted into shares of the Company at the conversion price on maturity.

During the period from November 2011 to March 2012, the 290m Notes with an aggregate principal amount of HK$130 million were converted into approximately 572.69 million new ordinary shares of the Company at the initial conversion price of HK$0.227 per share. At 31 March 2012, the 290m Notes with an aggregate principal amount of HK$160 million remained outstanding.

During the current year, the 290m Notes with an aggregate principal amount of HK$102 million were converted into approximately 449.34 million new ordinary shares of the Company at the conversion price of HK$0.227 per share.

Pursuant to the sale and purchase agreement relating to the acquisition of Ideal Market, the vendors have provided the Company with the profit guarantee that the net profit after taxation of 蘇州百納再生資源有限公司(「蘇州百納」), a subsidiary of Ideal Market, for the year ended 31 March 2012, which is determined in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), shall not be less than RMB55 million (the "Profit Guarantee"). In this connection, portion of the 290m Notes with the principal amount of HK$52 million (the "Contingency Note") has been deposited with an escrow agent appointed by the Company as security for the Profit Guarantee.

During the current year, following the finalisation of the net profit after taxation of 蘇州百納 for the year ended 31 March 2012 amounting to RMB11,239,190, the Company is entitled to redeem, at a consideration of HK$1, part of the Contingency Note with an aggregate principal amount of HK$41,373,857 under the Profit Guarantee, which has been redeemed and cancelled by the Company subsequent to 31 March 2013. The gain on redemption of the convertible notes amounting to HK$4,502,000 (2012: Nil), which represents substantially all of the fair value of the redeemed Contingency Note, has been recognised in profit or loss in respect of the year.

The carrying amount of the 290m Notes amounting to HK$4,104,000 at 31 March 2013 represents the outstanding notes at that date with the principal amount of HK$58 million less the portion of the notes with the principal amount of HK$41,373,857 redeemed by the Company subsequent to that date.

The conversion price of the 290m Notes was revised to HK$11.35 per share in September 2012 as a result of the share consolidation of the Company made during the year.

Subsequent to 31 March 2013, the 290m Notes with the principal amount of HK$10,626,143 were converted into 936,223 new ordinary shares of the Company at the conversion price of HK$11.35 per share.

33. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Notes: (continued)

(b) 77m Notes

In March 2012, the Company issued zero coupon convertible notes with the principal amount of HK$77,000,000 (the "77m Notes"), giving rise to a gross proceed of HK$77 million. The 77m Notes, which comprise convertible notes with the principal amounts of HK$55 million and HK$22 million issued on 13 March 2012 and 22 March 2012 respectively and maturing on 12 March 2013 and 22 March 2013 respectively, entitle the holders thereof to convert the notes into new ordinary shares of the Company at an initial conversion price of HK$0.11 per share at any time on or after the dates of issues until the business day immediately preceding the respective maturity dates. The 77m Notes may be redeemed at 100% of its outstanding principal amount (in whole or in part) at the option of the Company at any time prior to their respective maturity dates. Unless previously converted, redeemed and cancelled, the outstanding 77m Notes will be fully converted into shares of the Company at the conversion price on maturity.

In March 2012, the 77m Notes with an aggregate principal amount of HK$3.96 million were converted into 36 million new ordinary shares of the Company at the initial conversion price of HK$0.11 per share. At 31 March 2012, the 77m Notes with an aggregate principal amount of HK$73.04 million remained outstanding.

In May 2012 and August 2012, the 77m Notes with the aggregate principal amounts of HK$6.60 million and HK$66.44 million were converted into 60 million and 604 million new ordinary shares of the Company respectively at the conversion price of HK$0.11 per share. At 31 March 2013, there were no 77m Notes remained outstanding.

(c) 95m Notes

On 26 June 2012 and 4 September 2012, the Company entered into a subscription agreement and a supplemental subscription agreement with Pacific Plywood Holdings Limited ("Pacific Plywood"), an entity whose shares are listed on the Stock Exchange, pursuant to which convertible notes with the aggregate principal amount of HK$95 million ("95m Notes") were issued by the Company to Pacific Plywood, giving rise to proceed of HK$95 million (before expenses). The 95m Notes, which carry interest at 8% per annum and will be mature immediately after eighteen months from the date of issue, entitle the holders thereof to convert the notes into new ordinary shares of the Company at any time from the date of issue of the notes until the fifth business day before the maturity date of the notes. The initial conversion price in respect of the 95m Notes was HK$0.592 per share. The Company is entitled to redeem the 95m Notes at 100% of their principal amount at any time prior to their maturity date. Unless previously converted, redeemed and cancelled, the 95m Notes will be fully redeemed by the Company at 100% of the outstanding principal amount on the maturity date.

No part of the 95m Notes were redeemed or converted into new ordinary shares of the Company during the current year and the 95m Notes with the principal amount of HK$95 million remained outstanding at 31 March 2013.

The fair values of the 290m Notes and 77m Notes were determined based on the valuations conducted by LCH, an independent firm of business and financial services valuers, using the "Prepaid Forward Contract" pricing model with key inputs such as share price, expected number of shares to be issued on conversion of the notes, and the dilution effect thereon to the issued shares of the Company. The fair values of the 95m Notes were determined based on LCH using the binomial pricing model with key input such as share price, expected number of shares to be issued on conversion of the notes, risky rates, expected dividend yield and annualized volatility.

34. OBLIGATIONS UNDER FINANCE LEASES

The Group leased certain of its motor vehicles under finance leases. The average lease term was 3 years. Interest rates on obligations under the finance leases were fixed at the contract rate of 5.78% per annum. The Group had options to purchase the motor vehicles for a nominal amount at the end of the lease terms. No arrangements have been entered into for contingent rental payments.

	Minimum lease payment		Present value of minimum lease payment	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Amount payable under finance leases				
Within one year	**140**	140	**119**	112
In more than one year and not more than two years	**140**	140	**127**	119
In more than two years and not more than five years	**174**	314	**168**	295
	454	594	**414**	526
Less: Future finance charges	**(40)**	(68)	**N/A**	N/A
Present value of lease obligations	**414**	526	**414**	526
Less: Amount reclassified as liabilities directly associated with assets classified as held for sale (Note 15)			**(414)**	–
Less: Amounts due for settlement within 12 months			**–**	(112)
Amount due for settlement after 12 months			**–**	414

The Group's obligations under finance leases were secured by the lessor's charge over the leased assets.

35. UNCONVERTIBLE BONDS

In July 2012 and October 2012, the Company issued unconvertible bonds with the aggregate principal amounts of HK$20,000,000 giving rise to a total proceed of HK$20,000,000 (before expenses). The unconvertible bonds, which are unsecured and carry interest at 5% per annum, are wholly repayable by the Company on the maturity date of 31 May 2017 at the principal amount. At 31 March 2013, the unconvertible bonds with the principal amount of HK$20,000,000 (2012: Nil) remained outstanding. The effective interest rate of the unconvertible bonds in respect of the year ranged from 5.55% to 5.65% per annum (2012: Nil).

36. CONVERTIBLE NOTES

On 31 December 2010, the Company issued convertible notes with an aggregate principal amount of HK$99,000,000 (the "99m Notes"), due on the maturity date of 31 December 2013 and bearing interest at 3% per annum. The 99m Notes were issued as part of the consideration for the acquisition of 9.9% issued share capital of Swift Profit International Limited (Note 23). The 99m Notes entitled the holders thereof to convert the notes into new shares of the Company at any time on or after 31 December 2010 until the business day immediately preceding the maturity date by the noteholders at the initial conversion price of HK$0.18 per share.

The 99m Notes with an aggregate principal amount of HK$88,760,000 were converted into new shares of the Company at the initial conversion price in January 2011 and the remaining 99m Notes with an aggregate principal amount of HK$10,240,000 were redeemed by the Company in May 2011 for an aggregate consideration which is equal to the principal amount of the notes. Movements in the 99m Notes during the year ended 31 March 2012 are as follows:

	99m Notes
	HK$'000
At 1 April 2011	8,849
Imputed interests at 9.1% per annum (Note 9)	84
Redeemed during the period	(8,933)
At 31 March 2012	**–**

37. SHARE CAPITAL

	Number of shares '000	Nominal amount HK$'000
Authorised:		
Ordinary shares of HK$0.001 each at 1 April 2011	1,000,000,000	1,000,000
Share consolidation (Note a)	(900,000,000)	–
Ordinary shares of HK$0.01 each at 31 March 2012	100,000,000	1,000,000
Share consolidation (Note g(i))	(98,000,000)	–
Reduction of share capital (Note g(ii))	–	(980,000)
Increase in authorised share capital (Note g(iii))	98,000,000	980,000
Ordinary shares of HK$0.01 each at 31 March 2013	**100,000,000**	**1,000,000**

	Number of shares '000	Nominal amount HK$'000
Issued and fully paid:		
Ordinary shares of HK$0.001 each at 1 April 2011	116,559	117
Issue of shares upon rights issue (Note b)	3,030,531	3,030
Share consolidation (Note a)	(2,832,381)	–
Issue of shares on conversion of convertible notes (Note c)	572,687	5,727
Issue of shares on conversion of convertible notes (Note d)	36,000	360
Ordinary shares of HK$0.01 each at 31 March 2012	923,396	9,234
Issue of shares on conversion of convertible notes (Note e)	449,339	4,493
Issue of shares on conversion of convertible notes (Note f)	664,000	6,640
Share consolidation (Note g(i))	(1,996,000)	–
Reduction of share capital (Note g(ii))	–	(19,960)
Issue of shares on placement of shares (Note h)	8,100	81
Issue of shares on subscription of shares (Note i)	6,560	66
Ordinary shares of HK$0.01 each at 31 March 2013	**55,395**	**554**

37. SHARE CAPITAL (continued)

Notes:

(a) On 30 June 2011, the issued and unissued shares of the Company were consolidated on the basis of 10 shares of HK$0.001 each into one share of HK$0.01 each.

(b) In January 2011, the Company proposed to implement a rights issue of the new shares of the Company at the subscription price of HK$0.068 per rights share on the basis of 26 rights shares for every one new share held. In April 2011, 3,030,531,634 new shares of HK$0.001 each were issued by the Company pursuant to the terms of the rights issue, giving rise to a gross proceed of approximately HK$206.08 million (before expense) to finance the acquisition of 80% equity interest in Ideal Market (Note 42) and to increase the working capital of the Group.

(c) Portion of the 290m Notes (see Note 33) were converted into new shares of the Company during the year ended 31 March 2012 at the conversion price of HK$0.227 per share, as follows:

Date of conversion	**Principal amount of the 290m Notes converted**	**Number of ordinary shares issued**
	HK$'000	'000
16 November 2011	15,000	66,079
1 December 2011	15,000	66,079
6 December 2011	9,500	41,850
15 December 2011	4,500	19,824
23 December 2011	10,000	44,053
10 January 2012	5,000	22,026
11 January 2012	1,000	4,405
30 January 2012	10,000	44,053
7 February 2012	4,000	17,621
20 February 2012	26,000	114,538
27 February 2012	6,000	26,432
14 March 2012	20,000	88,106
28 March 2012	4,000	17,621
	130,000	572,687

37. SHARE CAPITAL (continued)

Notes: (continued)

(d) Portion of the 77m Notes (see Note 33) were converted into new shares of the Company during the year ended 31 March 2012 at the conversion price of HK$0.11 per share, as follows:

Date of conversion	Principal amount of the 77m Notes converted	Number of ordinary shares issued
	HK$'000	'000
14 March 2012	1,980	18,000
26 March 2012	1,980	18,000
	3,960	36,000

(e) Portion of the 290m Notes (see Note 33) were converted into new shares of the Company during the current year at the conversion price of HK$0.227 per share, as follows:

Date of conversion	Principal amount of the 290m Notes converted	Number of ordinary shares issued
	HK$'000	'000
11 April 2012	40,000	176,211
17 April 2012	10,000	44,053
16 May 2012	42,000	185,022
31 May 2012	10,000	44,053
	102,000	449,339

(f) Portion of the 77m Notes (see Note 33) were converted into new shares of the Company during the current year at the conversion price of HK$0.11 per share, as follows:

Date of conversion	Principal amount of the 77m Notes converted	Number of ordinary shares issued
	HK$'000	'000
22 May 2012	6,600	60,000
15 August 2012	43,340	394,000
16 August 2012	23,100	210,000
	73,040	664,000

37. SHARE CAPITAL (continued)

Notes: (continued)

(g) Pursuant to the resolutions passed at the Company's special general meeting held on 7 September 2012, the Company effected a capital reorganisation as follows:

(i) every fifty issued and unissued shares of HK$0.01 each in the Company were consolidated into one consolidated share of HK$0.5 each;

(ii) the par value of each consolidated share was then reduced from HK$0.5 to HK$0.01 by the cancellation of HK$0.49 of the par value, resulting in a new par value of HK$0.01 for each consolidated share. The reduction of the share capital resulted in the credit of approximately HK$19,960,000 to contributed surplus which was then transferred to accumulated losses; and

(iii) the authorised share capital of the Company was increased to HK$1,000,000,000 by the creation of 98,000,000,000 additional shares of HK$0.01 each.

(h) On 8 October 2012, the Company entered into a placement agreement with a financial institution under which 8,100,000 new ordinary shares of the Company were issued at a price of HK$0.57 per share, giving rise to a gross proceed of HK$4,617,000 (before expense).

(i) On 4 March 2013, the Company entered into a subscription agreement with a subscriber under which 6,560,000 new ordinary shares of the Company were issued at a price of HK$1.20 per share, giving rise to a gross proceed of HK$7,872,000 (before expense).

All the new ordinary shares issued and allotted during both of the years presented rank pari passu in all respect with the then existing ordinary shares of the Company.

38. SHARE OPTION SCHEME

On 30 August 2011, the Company adopted a new share option scheme (the "New Scheme") to override the existing share option scheme dated 23 August 2002 (the "Old Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations.

A summary of the New Scheme of the Company is as follows:

Purpose	To provide incentives and rewards to eligible participants for their contributions to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any entity in which the Group holds an equity interest (the "Invested Entity").
Eligible participants	(i) any employee (whether full-time or part-time), executive directors, non-executive directors and independent non-executive directors of the Company or any of its subsidiaries or Invested Entity; (ii) any supplier of goods or services to any member of the Group or any Invested Entity; any customer of the Group or any Invested Entity; any person or entity that provides research, development or other technological support to the Group or any Invested Entity; and (iii) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity.
Total number of ordinary shares available for issue under the New Scheme and the percentage of the issued share capital that it represents as at the date of the approval of these consolidated financial statements	629,418 ordinary shares of HK$0.01 each and approximately 1% of the issued share capital.

38. SHARE OPTION SCHEME (continued)

Maximum entitlement of each eligible participant	Where any grant or further grant of options to an eligible participant would result in the total number of shares issued and to be issued upon exercise of all the options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12 month period up to and including the date of such grant or further grant representing in aggregate over 1% of the total number of shares in issue, such grant or further grant must be separately approved by the shareholders in a general meeting.

Where any grant or further grant of options to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, would result in the shares issued and to be issued upon exercise of all options already granted and to be granted (including exercised, cancelled and outstanding options) to such person in the 12-month period up to and including the date of such grant:

(a) representing in aggregate over 0.1% of the relevant class of shares in issue; and

(b) having an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HK$5,000,000,

such grant or further grant of options must be approved by the shareholders in a general meeting.

38. SHARE OPTION SCHEME (continued)

Period within which the securities must be taken up under an option	An option may be exercised at any time during a period to be determined and notified by the directors to each grantee, but shall end in any event not later than 10 years from the date of offer of the grant of options subject to the provisions for early termination set out in the Scheme.
Minimum period for which an option must be held before it can be exercised	There is no minimum period for which an option granted must be held before it can be exercised except otherwise imposed by the directors.
Amount payable on acceptance of the option and the period within which such payment must be made	The offer of a grant of share options may be accepted within 28 days from the date of offer with a consideration of HK$1.00 being payable by the grantee.
Exercise price	Determined by the directors but shall not be less than the highest of (i) the closing price of the ordinary shares as stated in the Stock Exchange's daily quotations sheets on the date of offer of the grant of options, which must be a trading day; (ii) the average closing price of the ordinary shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of offer of the grant of options; and (iii) the nominal value of shares.
The remaining life of the New Scheme	The New Scheme remains in force until 30 August 2021.

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

Movements of share options granted

No share options were granted, exercised, lapsed or cancelled under the New Scheme and the Old Scheme during the years ended 31 March 2013 and 31 March 2012 and no share options were outstanding as at those dates.

39. DEFERRED TAXATION

The following are the major deferred tax liabilities recognised and movements thereon during the current year.

	Fair value adjustments on business combination HK$'000	Undistributed earnings of PRC subsidiaries HK$'000	Total HK$'000
At 1 April 2011	–	–	–
Acquired from acquisition of subsidiaries (Note 42)	10,315	2,087	12,402
(Credited)/charged to profit or loss	(510)	209	(301)
Exchange realignment	(210)	–	(210)
At 31 March 2012 and 1 April 2012	9,595	2,296	11,891
Credited to profit or loss	(843)	(2,257)	(3,100)
Exchange realignment	405	28	433
At 31 March 2013	**9,157**	**67**	**9,224**

Under the EIT Law of the PRC, withholding income tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred tax in respect of temporary differences attributable to the retained earnings of the PRC subsidiaries from 1 January 2008 amounted to HK$67,000 (2012: HK$2,296,000) has been recognised in the consolidated financial statements.

At the end of the reporting period, the Group had unused tax losses of approximately HK$97,423,000 (2012: HK$98,166,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profit streams. Included in the tax losses are losses of approximately HK$4,933,000 (2012: HK$6,865,000) that will expire within five years from the end of the reporting period. Other losses may be carried forward indefinitely.

40. EMPLOYEE RETIREMENT BENEFITS

Defined contribution retirement plan

The Group has participated in defined contribution retirement schemes established under Mandatory Provident Fund Ordinance ("MPF schemes") for its employees in Hong Kong. The assets of the MPF Schemes are held separately from those of the Group in funds under the control of independent trustees. Under the rules of the MPF Schemes, each of the employer and its employees are generally required to make contributions to the schemes at 5% of the employee's relevant monthly income, subject to a cap of monthly relevant Income of HK$20,000 before 1 June 2012 and HK$25,000 thereafter. Contributions to the plan vest immediately.

The employees of PRC subsidiaries of the Company are members of state-managed retirement benefits schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the required contributions under the schemes.

No forfeited contributions were recognised for the year ended 31 March 2013 (2012: Nil) and there were no material forfeitures available to reduce the Group's future contributions as at 31 March 2013 and 2012.

41. COMMITMENTS

(a) Capital commitments

The Group had no material capital commitments as at 31 March 2013 and 2012.

(b) Operating lease commitments

The Group as lessor

The Group leased out its investment property (Note 19) and certain of its office properties under operating lease arrangements, with the leases negotiated for terms ranging from one to two years. The terms of the leases also require the tenants to pay security deposits.

At the end of the reporting period, the Group had total future minimum lease receivables under the non-cancellable operating leases with its tenants falling due as follows:

	2013 **HK$'000**	2012 HK$'000
Within one year	**–**	248
In the second to fifth year, inclusive	**–**	–
	–	248

The Group as lessee

The Group rented certain office premises and warehouses under operating lease arrangements, with the leases negotiated for a term within one year (2012: one to four years).

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

	2013 **HK$'000**	2012 HK$'000
Within one year	**473**	1,808
In the second to fifth year, inclusive	**–**	1,877
	473	3,685

42. ACQUISITION OF SUBSIDIARIES

On 4 November, 2011, the Group acquired 80% equity interest in and shareholders' loans to Ideal Market Holdings Limited ("Ideal Market") for an aggregate consideration of HK$850,000,000 which was satisfied by (i) cash of HK$300 million; (ii) promissory notes with an aggregate principal amount of HK$260 million payable by the Company; and (iii) convertible notes with an aggregate principal amount of HK$290 million issued by the Company. Further, the vendors have provided the Company with the Profit Guarantee, details of which are set out in Note 33. This acquisition has been accounted for using the purchase method. The amount of goodwill arising as a result of the acquisition was HK$522,849,000. Ideal Market, through its subsidiaries, is engaged in waste paper, scrap metal and consumable wastes recycling. Ideal Market was acquired so as to diversify the Group's business.

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	Fair value HK$'000
Property, plant and equipment	24,624
Intangible assets	41,650
Amount due from a minority shareholder	22,830
Inventories	30,657
Trade and bills receivables	25,845
Other receivables, prepayments and deposits paid	69,393
Bank balances and cash	16,651
Trade and bills payables	(51,898)
Other payables and accruals	(33,916)
Tax payable	(33,570)
Bank and other borrowings	(17,763)
Deferred tax liabilities	(12,402)
	82,101

The intangible assets represent customer relationship, being a network of customers which have done business with the subsidiaries of Ideal Market for a number of years of uninterrupted services.

The fair value of amount due from a minority shareholder and trade and other receivables at the date of acquisition amounted to an aggregate of approximately HK$118,068,000. The gross contractual amounts of those trade and other receivables acquired amounted to approximately HK$118,069,000 at the date of acquisition. At the time of acquisition, the contractual cash flows of these receivables were expected to be fully collected.

42. ACQUISITION OF SUBSIDIARIES (continued)

Total consideration transferred which is satisfied by:

	HK$'000
Cash consideration	300,000
Convertible notes issued, at fair value	47,471
Promissory notes issued, at fair value	254,030
Total consideration transferred at fair value	601,501

	HK$'000
Goodwill arising on consideration	
Consideration transferred	601,501
Less: Portion attributable to acquisition of shareholders' loans	(12,972)
Consideration attributable to acquisition of 80% equity interest in Ideal Market	588,529
Less: Net assets acquired	(82,101)
Add: Non-controlling interests	16,421
Goodwill arising on consideration	522,849

	HK$'000
Net cash outflow arising on consideration	
Cash consideration	300,000
Less: Deposits paid in prior years	(96,000)
Cash paid	204,000
Bank balances and cash acquired	(16,651)
	187,349

The subsidiaries acquired contributed HK$136,028,000 and HK$5,245,000 to the Group's revenue and profit for the year, respectively, for the period from the date of acquisition to 31 March 2012.

42. ACQUISITION OF SUBSIDIARIES (continued)

Acquisition-related costs amounting to HK$1,565,000 have been excluded from the consideration transferred and have been charged to profit or loss and included in the administrative and other expenses for the year ended 31 March 2012 in the consolidated statement of comprehensive income.

If the acquisition had been completed on 1 April 2011, the revenue of the Group for the year ended 31 March 2012 would have been HK$367,197,000 and profit for that year would have been HK$15,322,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2011, nor is it intended to be a projection of future results.

In determining the pro-forma revenue and profit of the Group had Ideal Market been acquired at the beginning of the year ended 31 March 2012 the directors have calculated amortisation of intangible assets acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements.

43. MAJOR NON-CASH TRANSACTIONS

(a) As referred to in Notes 33 and 37, portions of the 290m Notes and 77m Notes were converted into new ordinary shares of the Company at the conversion prices of HK$0.227 per share and HK$0.11 per share respectively during the year ended 31 March 2013 and 31 March 2012.

(b) During the year, receivables from a minority shareholder, staff and ex-staff of certain subsidiaries of Ideal Market, and trade customers were assigned at face amounts to and are payable by a party not connected with the Group, details of which are set out in Note 27(a)(ii).

(c) In November 2011, the Company issued convertible notes and promissory notes with an aggregate principal amount of HK$290,000,000 and HK$260,000,000 as part of the consideration for the acquisition of 80% equity interest in and shareholders' loans to Ideal Market, details of which are set out in Note 42.

(d) During the year ended 31 March 2012, the Group entered into finance leases in respect of its motor vehicles, details of which are set out in Note 34.

44. CONTINGENT LIABILITIES

	2013 HK$'000	2012 HK$'000
Guarantee given in respect of banking facilities granted to a former subsidiary (Note 45(b)(ii))	–	17,633

45. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in these consolidated financial statements, the Group had the following material transactions with related parties:

(a) Interest paid to and rentals received from related parties:

	Notes	2013 HK$'000	2012 HK$'000
Interest paid to former directors	(i)	–	7
Interest paid to a related company	(ii)	22	99
Rental expense paid to directors		–	23
Rental income received from a related company		–	15

Notes:

(i) The interests paid to directors/former directors of the Company arose from the loans obtained from them. Further details of the loans are disclosed in Note 32.

(ii) The interest paid to a related company, in which a former director of the Company has a beneficial interest, arose from the loan obtained from the related company. Further details of the loan are disclosed in Note 32.

45. RELATED PARTY TRANSACTIONS (continued)

(b) On 18 January 2011, a subsidiary of the Company disposed of the equity interests in and shareholders' loans to its former subsidiaries (the "Disposed Entities") to a company (the "Purchaser) which is wholly owned by Mr. Lau Ching Yim, a former director of the Company. The Group had the following transactions and balances with the Purchaser and the Disposed Entities during the year:

(i) The Group had made purchases of goods from the entities in the Disposed Entities amounted to approximately HK$88,000 (2012: HK$9,031,000).

(ii) As at 31 March 2012, the Company has provided a corporate guarantee of Thailand Baht 70,000,000 (equivalent to HK$17,633,000) to a bank for banking facilities granted by the bank to an entity in the Disposed Entities. The guarantee was discharged during the current year. Details of the guarantee are as follows:

Name of the entity:	Bangkok Industrial Laminate Company Limited
Name of the related director:	Lau Chung Yim
Maximum liability of the Company under guarantee	
– At 1 April 2012:	HK$5,453,000
– At 31 March 2013:	HK$ Nil
Amount paid and liability incurred by the Company for the purpose of fulfilling the guarantee or discharging the security:	Nil

The director, Lau Chung Yim, and the Purchaser have indemnified any losses of the Company arising from the corporate guarantee. Mr. Lau resigned as director of the Company on 15 March 2012.

45. RELATED PARTY TRANSACTIONS (continued)

(c) Compensation of key management personnel of the Group, who were the directors of the Company, are as follows:

	2013 HK$'000	2012 HK$'000
Short-term employee benefits	**2,045**	2,204
Post-employment benefits	**778**	704
Total compensation paid to key management personnel	**2,823**	2,908

The remuneration of directors is determined by the remuneration committee and having regard to the performance of individuals and market trends.

Further details of directors' emoluments are included in Note 11.

46. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debt and equity attributable to owners of the Company. Net debt includes trade and bills payables, other payables and accruals, promissory notes payable, bank and other borrowings, financial liabilities designated at FVTPL, obligations under finance leases, unconvertible bonds less the aggregate of pledged bank deposits, cash deposits held by securities broker and bank balances and cash. Equity attributable to owners of the Company includes issued share capital and reserves.

The Group reviews the capital structure on a regular basis and manages its capital structure and makes adjustments to it in light of changes in economic conditions.

46. CAPITAL RISK MANAGEMENT (continued)

The Group monitors capital using a gearing ratio, which is net debt divided by the total of capital and net debt.

	2013	2012
	HK$'000	HK$'000
Trade and bills payables	**4,113**	86,094
Other payables and accruals	**29,366**	35,577
Promissory notes payable	**122,000**	262,023
Bank and other borrowings	**26,200**	35,081
Financial liabilities designated at FVTPL	**133,664**	25,917
Unconvertible bonds	**20,000**	–
Obligations under finance leases	**–**	526
Less: Pledged bank deposits, cash deposits held by securities broker, and bank balances and cash	**(3,603)**	(94,830)
Net debt	**331,740**	350,388
Equity attributable to owners of the Group	**156,919**	503,619
Capital and net debt	**488,659**	854,007
Gearing ratio	**68%**	41%

47. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2013 HK$'000	2012 HK$'000
Financial assets		
Available-for-sale investment	**82,081**	128,000
Loan and receivables		
Amount due from a minority shareholder	**–**	27,641
Trade and bills receivables	**2,215**	54,081
Other receivables and deposits paid	**57,632**	60,878
Pledged bank deposits	**–**	24,420
Cash deposits held by securities broker	**–**	40,000
Bank balances and cash	**3,603**	30,410
	145,531	365,430
Financial liabilities		
Financial liabilities at amortised cost		
Trade and bills payables	**4,113**	86,094
Other payables and accruals	**29,366**	35,577
Promissory notes payable	**122,000**	262,023
Bank and other borrowings	**26,200**	35,081
Unconvertible bonds	**20,000**	–
Obligations under finance leases	**–**	526
	201,679	419,301
Financial liabilities designated at FVTPL	**133,664**	25,917
	335,343	445,218

47. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies

The Group's major financial instruments include available-for-sale investment, amount due from a minority shareholder, trade and bills receivables, other receivables and deposits paid, pledged bank deposits, cash deposits held by securities broker, bank balances and cash, trade and bills payables, other payables and accruals, promissory notes payable, bank and other borrowings, financial liabilities designated at FVTPL, obligations under finance leases and unconvertible bonds. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure that appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

Currency risk refers to the risk associated with movements in foreign currency rates which will affect the Group's financial results and its cash flows. Management considers that the Group is not exposed to significant foreign currency risk as the majority of its operations are transacted in the PRC with their functional currency of RMB.

For the two years ended 31 March 2013 and 2012, the Group mainly earned revenue in RMB and incurred costs in HK$ and RMB. Although the Group currently does not have any foreign currency hedging policies, it manages its currency exposure by ensuring that the revenue earned in RMB are used to pay for RMB denominated costs. Funds raised from financing activities which are mainly in HK$ are used to pay for HK$ expenses.

The directors do not expect the appreciation of RMB against HK$ to have any material adverse effect on the operation of the Group, accordingly no sensitivity analysis is presented.

47. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Market risk *(continued)*

Fair value and cash flow interest rate risk

The Group has pledged bank deposits, cash deposits held by securities broker, bank balances, bank and certain other borrowings, promissory notes payable and unconvertible bonds which bear interest and are therefore exposed to interest rate risk. Pledged bank deposits, cash deposits held by securities broker, bank balances and bank and other borrowings bearing at variable rates expose the Group to cash flow interest-rate risk. Bank and other borrowings bearing at fixed rates expose the Group to fair value interest-rate risk. During the year, the Group has not hedged its cash flow and fair value interest rate risk.

At the end of the reporting period, assuming the pledged bank deposits, cash deposits held by securities broker, bank balances and bank and other borrowings with variable rates had been outstanding for the whole period, if interest rates had increased by 100 basis points (2012: 100 basis points) and all other variables held constant, there was an decrease in post-tax profit by approximately HK$168,000 (2012: increase in post-tax loss of HK$651,000). If interest rates had decreased by 100 basis points (2012: 100 basis points), there would be an equal but opposite impact on the results for the year. A 100 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates.

Credit risk

The carrying amounts of the trade and other receivables (including amount due from a minority shareholder) included in the consolidated statement of financial position represent the Group's maximum exposure to credit risk. The Group manages the credit risk by setting up a team responsible for the determination of credit terms, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debt. In addition, it is the Group's policy to review regularly the recoverable amount of trade and other receivables to ensure that adequate impairment provisions are made against the irrecoverable amounts. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas.

47. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

***Credit risk** (continued)*

As at 31 March 2013, the Group has concentration of credit risk as 15% (2012: 9%) and 60% (2012: 21%) of the total trade and bills receivables were due from the Group's largest and the five largest customers respectively.

At 31 March 2013, the Group has also significant concentration of credit risk arising from the advances to staff of HK$1,028,000 (2012: HK$15,155,000), the advances to ex-staff of HK$6,487,000 (2012: HK$27,188,000) and the advances to purchase suppliers and other parties of HK$47,237,000 (2012: HK$13,928,000) included in other receivables (see Note 27).

The credit risk on liquid funds is limited because the majority of the counterparties are banks with high credit ratings assigned by international credit-rating agencies and authorised banks in the PRC. Further, the credit risk on the cash deposits held by securities broker is also limited because the securities broker is considered reputable and financially sound.

Liquidity risk

The Group had net current liabilities of approximately HK$270,604,000 as at 31 March 2013 (2012: HK$228,315,000). Management is of the view that the Group is able to operate as a going concern for the foreseeable future for the reasons set out in Note 2. The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it meets the liquidity requirements in the short and longer term.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of an adequate amount of committed credit facilities. Management aims to maintain flexibility in funding by keeping credit lines available.

The following table details the Group's remaining contractual maturity for its non-derivative and derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities in accordance with the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

47. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

***Liquidity risk** (continued)*

	Within 1 year or on demand HK$'000	1 to 5 years HK$'000	Undiscounted cash flows HK$'000	Carrying amount HK$'000
As at 31 March 2013				
Non-derivative financial liabilities				
Trade and bills payables	4,113	–	4,113	4,113
Other payables and accruals	29,366	–	29,366	29,366
Promissory notes payable	122,365	–	122,365	122,000
Bank and other borrowings	28,002	–	28,002	26,200
Unconvertible bonds	1,000	23,771	24,771	20,000
Obligations under finance leases	–	–	–	–
	184,846	23,771	208,617	201,679
Derivative financial liabilities				
Financial liabilities designated at FVTPL (Note)	7,600	98,800	106,400	133,664
As at 31 March 2012				
Non-derivative financial liabilities				
Trade and bills payables	86,094	–	86,094	86,094
Other payables and accruals	35,577	–	35,577	35,577
Promissory notes payable	273,650	–	273,650	262,023
Bank and other borrowings	36,048	–	36,048	35,081
Unconvertible bonds	–	–	–	–
Obligations under finance leases	140	454	594	526
	431,509	454	431,963	419,301
Derivative financial liabilities				
Financial liabilities designated at FVTPL (Note)	–	–	–	25,917

Note: This is categorized based on contractual terms of the convertible notes regarding conversion into the Company's shares or redemption at principal amount at maturity of the notes on the assumption that there are no redemption or conversion of the convertible notes (classified as financial liabilities designated at FVTPL) outstanding at 31 March 2013 before their maturity dates.

47. FINANCIAL INSTRUMENTS (continued)

(c) Fair value

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets with standard terms and conditions and traded in active liquid markets is determined with reference to quoted market bid prices and ask prices, respectively; and

- the fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

The directors consider that the carrying amounts of financial assets and financial liabilities at amortised cost in the consolidated financial statements approximate their fair values.

Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liabilities that are based on observable market data (unobservable inputs).

47. FINANCIAL INSTRUMENTS (continued)

(c) Fair value (continued)

	31 March 2013			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Financial liabilities				
Financial liabilities designated at FVTPL	**–**	**133,664**	**–**	**133,664**

	31 March 2012			
	Level 1	Level 2	Level 3	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Financial liabilities				
Financial liabilities designated at FVTPL	–	25,917	–	25,917

There were no transfer between the Levels in both of the years presented.

48. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2013 HK$'000	2012 HK$'000
Non-current assets			
Investments in subsidiaries		**328,781**	601,501
Available-for-sale investment		**82,081**	128,000
		410,862	729,501
Current assets			
Deposits paid		**50**	–
Amounts due from subsidiaries	a	**412**	89,163
Cash deposits held by securities broker		**–**	40,000
Bank balances and cash		**1,978**	1,537
		2,440	130,700
Current liabilities			
Other payables and accruals		**4,597**	1,405
Promissory notes payables		**122,000**	262,023
Bank and other borrowings		**3,500**	2,000
Financial liabilities designated at fair value through profit or loss		**133,664**	25,917
		263,761	291,345
Net current liabilities		**(261,321)**	(160,645)
		149,541	568,856
Capital and reserves			
Share capital		**554**	9,234
Share premium and reserves	b	**128,987**	559,622
		129,541	568,856
Non-current liabilities			
Unconvertible bonds		**20,000**	–
		149,541	568,856

48. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Notes:

(a) Amounts due from subsidiaries

The amounts are unsecured, non-interest bearing and repayable on demand.

(b) Share premium and reserves

	Share premium HK$'000	Contributed surplus HK$'000 (Note)	Capital redemption reserve HK$'000	Convertible notes equity reserve HK$'000	Exchange reserves HK$'000	Retained profits/ (accumulated losses) HK$'000	Total HK$'000
At 1 April 2011	260,299	62,604	464	1,877	–	52,292	377,536
Loss for the year	–	–	–	–	–	(25,322)	(25,322)
Other comprehensive income							
Exchange difference arising on translation of foreign operations	–	–	–	–	–	–	–
Total comprehensive income for the year	–	–	–	–	–	(25,322)	(25,322)
Issue of shares upon right issues	203,046	–	–	–	–	–	203,046
Issue of shares upon conversion of convertible notes	14,809	–	–	–	–	–	14,809
Share issue expenses	(8,570)	–	–	–	–	–	(8,570)
Redemption of convertible notes	–	–	–	(1,877)	–	–	(1,877)
At 31 March 2012 and 1 April 2012	469,584	62,604	464	–	–	26,970	559,622
Loss for the year	–	–	–	–	–	(480,063)	(480,063)
Other comprehensive income							
Exchange difference arising on translation of foreign operations	–	–	–	–	5,661	–	5,661
Total comprehensive income for the year	–	–	–	–	5,661	(480,063)	(474,402)
Issue of shares on conversion of convertible notes	12,201	–	–	–	–	–	12,201
Reduction of share capital	–	19,960	–	–	–	–	19,960
Transferred to accumulated losses	–	(19,960)	–	–	–	19,960	–
Issue of shares upon placement of shares	4,536	–	–	–	–	–	4,536
Issue of shares upon subscription of shares	7,806	–	–	–	–	–	7,806
Share issue expenses	(736)	–	–	–	–	–	(736)
At 31 March 2013	**493,391**	**62,604**	**464**	**–**	**5,661**	**(433,133)**	**128,987**

Note: The contributed surplus of the Company at 31 March 2013 and 31 March 2012 represents the excess of the fair value of the subsidiaries acquired pursuant to the reorganisation in 1994, over the nominal value of the Company's shares issued for their acquisition. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus shall not be distributed to the shareholders if there are reasonable grounds for believing that:

(i) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or

(ii) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital.

49. PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 March 2013 and 2012 are as follows:

Name of company	Place of incorporation/ establishment	Class of share held	Issued share capital/ registered capital	Proportion of nominal value of issued capital/registered capital held by the Company				Proportion of voting power held		Principal activities
				Directly		Indirectly				
				2013	2012	**2013**	2012	**2013**	2012	
				%	%	%	%	%	%	
Benveloent Corporation	British Virgin Islands ("BVI")	Ordinary shares	US$10	**–**	–	**100**	100	**100**	100	Investment holding
Nam Hing (B.V.I.) Limited	BVI	Ordinary shares	US$50,000	**100**	100	**–**	–	**100**	100	Investment holding
Nam Hing Industrial Laminate Limited	Hong Kong	Ordinary shares	HK$200/ HK$2,000,000[1]	**–**	–	**100**	100	**100**	100	Trading of laminates
Nam Hing Circuit Board Company Limited	Hong Kong	Ordinary shares	HK$500,000	**–**	–	**100**	100	**100**	100	Trading of printed circuit boards
Natural Century Limited	Hong Kong	Ordinary shares	HK$2	**–**	–	**100**	100	**100**	100	Investment holding
Nam Hing Circuit Board (Dongguan) Co., Ltd.[2]	PRC	Contributed capital	HK$40,000,000	**–**	–	**100**	100	**100**	100	Manufacture of printed circuit boards
Ideal Market Holdings Limited	BVI	Ordinary shares	US$300	**80**	80	**–**	–	**80**	80	Investment holding
Suzhou Baina Renewable Resources Co., Ltd[3]	PRC	Contributed capital	RMB10,000,000	**–**	–	**80**	80	**80**	80	Waste paper, scrap metal and consumable wastes recycling
Suzhou Baina Renewable Resources Yancheng Co., Ltd[3]	PRC	Contributed capital	RMB1,876,640	**–**	–	**80**	80	**80**	80	Waste paper, scrap metal and consumable wastes recycling
Huian Bai Run Renewable Resources Co., Ltd[3]	PRC	Contributed capital	RMB1,000,000	**–**	–	**80**	80	**80**	80	Waste paper, scrap metal and consumable wastes recycling

Notes:

1 Non-voting deferred shares.

2 The subsidiary is registered as a wholly-foreign-owned enterprise under the PRC laws.

3 The subsidiaries are registered as limited liability enterprises under the PRC laws.

49. PRINCIPAL SUBSIDIARIES (continued)

Except for Nam Hing (B.V.I.) Limited and Ideal Market Holdings Limited, which operate in Hong Kong, all of the places of operations of the subsidiaries are the same as their places of incorporation/registration.

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

The English names of certain of the companies referred to above in this note represent management's best efforts in translating the Chinese names of these companies as no English names have been registered or available.

50. EVENTS AFTER THE REPORTING PERIOD

In addition to those disclosed elsewhere in the consolidated financial statements, the following events took place subsequent to the end of the reporting period:

(a) In April 2012, the Company completed the disposal of the entire equity interests in the Disposed Group and the loans made to the Disposed Group by the Company, giving rise to sale proceeds of HK$2,000,000 (before expenses).

(b) On 1 May 2013, the Company entered into an agreement with an independent party under which a loan facility of HK$82,000,000 was granted to the Company. The loan, which is secured by the mortgage of the shares in a subsidiary held by the Company, carries interest at 36% per annum and is wholly repayable on 19 September 2013. As at the date of approval of these financial statements, such loan to the extent of HK$68,000,000 has been withdrawn by the Company, of which HK$63,000,000 was applied for the repayment of the promissory notes referred to in (e) below.

(c) On 29 May 2013, the Company announced to propose share subdivision, under which every existing issued and unissued shares of HK$0.01 each in the Company be subdivided into four subdivided shares of HK$0.0025 each. The share subdivision is subject to the approval by the shareholders of the Company at its special general meeting to be convened on 17 July 2013.

50. EVENTS AFTER THE REPORTING PERIOD (continued)

(d) In June 2013, the holder of the promissory notes issued by the Company with the principal amount of HK$20,000,000 due on 14 May 2013 has transferred such promissory notes, and the new note holder and the Company have agreed for the extension of the maturity date of such notes to 5 December 2013 with the other terms and conditions of the notes remained unchanged.

(e) In June 2013, the holders of the promissory notes issued by the Company with the principal amounts of HK$25,000,000 due on 31 January 2013 and HK$72,000,000 due on 7 May 2013 have agreed for the extension of the maturity dates of such notes to 31 December 2013 and 7 November 2013 respectively with the other terms and conditions of the notes remained unchanged. Subsequent to the extension of the maturity dates, a substantial portion of the notes due on 7 May 2013 with the principal amount of HK$66,000,000, together with all the interests accrued thereof, were repaid by the Company on 21 June 2013 at a sum of HK$63,000,000.

(f) In June 2013, a securities firm has agreed, on the best effort and no legal binding basis, to underwrite the issue of new shares of the Company for a total proceeds of not less than HK$250,000,000 before the end of 2013.