CLIMAX INTERNATIONAL COMPANY LIMITED

(Incorporated in Bermuda with limited liability)
(Stock Code : 439)

2012
ANNUAL REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

WONG Hin Shek *(Chief Executive Officer)*
NG Man Chan

Non-executive Director

WONG Hung Ki

Independent Non-executive Directors

LAU Man Tak
MAN Kwok Leung
WONG Yun Kuen

COMPANY SECRETARY

CHAN Ming Kei

AUDIT COMMITTEE

LAU Man Tak *(Chairman)*
MAN Kwok Leung
WONG Yun Kuen

REMUNERATION COMMITTEE

LAU Man Tak *(Chairman)*
MAN Kwok Leung
WONG Yun Kuen

NOMINATION COMMITTEE

WONG Yun Kuen *(Chairman)*
LAU Man Tak
MAN Kwok Leung

AUDITOR

SHINEWING (HK) CPA Limited

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 906, 9/F
Wings Building
110–116 Queen's Road Central
Central
Hong Kong

Tel: (852) 3970 4060
Fax: (852) 3970 4065
Website: www.climaxintlco.com

REGISTRARS

Hong Kong

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

Bermuda

Codan Services Limited
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong) Limited
Bank of Communications Company Limited
Bank of China (Hong Kong) Limited

STOCK CODE

439

CHAIRMAN'S STATEMENT

On behalf of the board of directors (the "Board"), I would like to present the annual results of Climax International Company Limited (the "Company") and its subsidiaries (the "Group") for the financial year ended 31 March 2012.

Loss attributable to shareholders for the year ended 31 March 2012 was approximately HK$5 million. Loss per share slightly increased to HK4.86 cents as compared to HK4.43 cents in previous year.

Trading of the Company's shares has been suspended since 23 September 2008. On 14 December 2011, the Listing Committee of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") agreed to allow the Company to proceed with its resumption proposal, subject to the compliance with the resumption conditions to the satisfaction of the Listing Division of the Stock Exchange, by 13 June 2012.

All resumption conditions were fulfilled on 4 May 2012 and the trading of the Company's shares resumed on the Stock Exchange on 7 May 2012.

Upon the completion of the transactions contemplated under the resumption proposal of the Company which include, among others, the capital reorganisation, the acquisition of the paper business, the share subscription, the open offer and the bonus issue on 3 May 2012, the Group could generate additional turnover and have sufficient level of operations and assets.

I would like to take this opportunity to deliver my most sincere gratitude to the board members and management team for their devoted commitments during the year and look forward to their continuous support in the years to come.

Wong Hin Shek
Executive Director

Hong Kong, 26 June 2012

MANAGEMENT DISCUSSION AND ANALYSIS

PERFORMANCE REVIEW

For the year ended 31 March 2012 ("2012"), no turnover was recorded whilst turnover amounted to approximately HK$87 million was recorded from the electronic business for the year ended 31 March 2011 ("2011"). Due to the keen competition and the narrow margin of the electronic business, more resources were allocated to formulate the resumption proposal to the Stock Exchange to seek approval on the trading of the shares of the Company.

Loss attributable to owners of the Company was approximately HK$5 million (2011: approximately HK$4 million).

OUTLOOK

Upon completion of the transactions contemplated under the resumption proposal of the Company, the Group currently engaged in the manufacture and trading of paper packaging products and paper gift items and the printing of paper promotional materials.

The world economy continues to face exceptional uncertainties, in particular the debt crisis in Europe and the United States of America, and market sentiments will most likely remain weak during the ensuring year. The year of 2012 will be very significant to the revamped development of the Group as we will be faced with unpredictable and unprecedented challenges. Despite the difficulties ahead, the Group will closely monitor the conditions of paper product market and prepare, be able to respond swiftly and take advantage of the market adversities to seize upon further suitable investment opportunities to provide tremendous value-added to shareholders.

CAPITAL STRUCTURE

During 2012, the share capital of the Company had the following changes:

On 29 March 2012, the capital reorganisation (the "Capital Reorganisation") became effective which involved (i) every twenty issued and unissued shares of HK$0.01 each were consolidated into one consolidated share of HK$0.20 each; (ii) the nominal value of the then issued consolidated shares of HK$0.20 each were reduced to HK$0.01 each by cancelling the paid-up capital to the extent of HK$0.19 on each of the issued consolidated shares; and (iii) each authorised but unissued consolidated share was subdivided into twenty shares of HK$0.01 each.

Subsequent to 31 March 2012, the share capital of the Company had the following changes:

On 3 May 2012, 200,000,000 shares of HK$0.01 each were issued pursuant to the sale and purchase agreement dated 20 January 2011 (the "S&P Agreement") and supplemented on 30 September 2011 and 29 February 2012 respectively at the issue price of HK$0.10 per consideration share.

On 3 May 2012, 450,000,000 shares of HK$0.01 each were issued pursuant to the subscription agreement dated 29 February 2012 at the subscription price of HK$0.10 per subscription share.

On 3 May 2012, 459,464,456 shares of HK$0.01 each were issued under the open offer at the subscription price of HK$0.10 per offer share on the basis of eight offer shares for every share held by the qualifying shareholders on 10 April 2012.

On 3 May 2012, 41,023,612 shares of HK$0.01 each were issued under the bonus issue on the basis of five bonus shares for every seven shares held by the qualifying shareholders on 10 April 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2012, the total shareholders' funds of the Group amounted to approximately HK$64 million (2011: approximately HK$68 million), total assets of approximately HK$68 million (2011: approximately HK$71 million) and total liabilities of approximately HK$4 million (2011: approximately HK$3 million).

The gearing ratio as of 31 March 2012, defined as the percentage of total interest bearing debt to net asset value, was 0.02% (2011: 0.04%).

The Group's business operation and investment are in Hong Kong and most assets, liabilities and transactions of the Group are denominated in Hong Kong dollar. The directors did not consider the Group was exposed to any significant foreign currency exchange risk.

INVESTMENT POSITION AND PLANNING

On 30 September 2011 and 29 February 2012, the Company entered into supplemental sale and purchase agreements (supplemented to the S&P Agreement) with Sky Will Printing & Packaging (BVI) Limited to revise the payment terms of the S&P Agreement. Pursuant to the S&P Agreement, the Company agreed to purchase the entire interest of Sky Will Printing & Packaging (Holdings) Limited and its subsidiaries which engaged in the manufacture and trading of paper packaging products and paper gift items and the printing of paper promotional materials (the "Acquisition").

On 29 February 2012, the Company entered into a subscription agreement with World Treasure Global Limited ("World Treasure") pursuant to which the Company will issue and World Treasure will subscribe for 450,000,000 subscription shares at the subscription price of HK$0.10 per subscription share (the "Subscription").

On 29 February 2012, the Company entered into an underwriting agreement (the "Underwriting Agreement") with World Treasure and Kingston Securities Limited as underwriters, whereby the Company proposed an open offer of 459,464,456 offer shares at the offer price of HK$0.10 per offer share, on the basis of eight offer shares for every share held by the qualifying shareholders on 10 April 2012 (the "Open Offer").

The Company proposed a bonus issue to issue bonus shares on the basis of five bonus shares for every seven shares held by the qualifying shareholders on 10 April 2012 (the "Bonus Issue").

On 29 February 2012, the Company entered into a service agreement with Mr. Ng Man Chan ("Mr. Ng") pursuant to which Mr. Ng will be appointed as an executive director upon completion of the Acquisition.

The above transactions form part of the resumption proposal of the Company which was approved by the Listing Committee of the Stock Exchange on 14 December 2011 and completed on 3 May 2012.

During 2012, the Group spent approximately HK$1 million (2011: HK$Nil) for acquisition of assets.

The Group has invested in shares of certain companies that are traded over the Stock Exchange. As at 31 March 2012, the Group held shares with fair value of approximately HK$5 million (2011: approximately HK$4 million).

Save as disclosed above, the Group did not have any significant investment and there are no other material acquisition or disposal of subsidiaries and associated companies during 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

CHARGES ON THE GROUP'S ASSETS AND CONTINGENT LIABILITIES

As at 31 March 2012, the Group did not pledge any assets.

As at 31 March 2012, the Group had no significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2012, the Group had 1 employee. The Group provides competitive remuneration packages to employees with attractive discretionary bonus payable to those with outstanding performance and contribution to the Group.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. WONG Hin Shek, aged 42, joined the Group on 18 June 2007 as an executive director of the Company and was appointed as the chief executive officer of the Company on 17 June 2008. Mr. Wong is the director of certain subsidiaries of the Company. Mr. Wong worked in a number of reputable investment banks and the Listing Division of the Stock Exchange and has extensive experience in finance, operation and strategic investment of listed companies in Hong Kong. Mr. Wong holds a Master of Science (Financial Management) degree from University of London in United Kingdom and a Bachelor of Commerce degree from University of Toronto in Canada. Mr. Wong is also a responsible officer of a licensed corporation which carries out Type 6 (advising on corporate finance) regulated activity under the SFO. Mr. Wong is currently the chairman and an executive director of Hua Yi Copper Holdings Limited (stock code: 559) and is an executive director of Interchina Holdings Company Limited (stock code: 202). Mr. Wong has been involved in management, business development, strategic investment and investor relations in these companies. He was an executive director of China Public Procurement Limited (stock code: 1094) from November 2007 to September 2009 and Kingston Financial Group Limited (stock code: 1031) from February 2005 to April 2011.

Mr. NG Man Chan, aged 61, joined the Group as executive director on 16 May 2012. Mr. Ng is the director of certain subsidiaries which acquired on 3 May 2012. Mr. Ng commenced his career in the printing industry in 1960s and has extensive experience in printing operations and printing machinery. Mr. Ng is responsible for the overall management and development of corporate policy and strategy of the subsidiaries engaged in the paper business which acquired on 3 May 2012, and liaison with various local government and authorities in the PRC.

NON-EXECUTIVE DIRECTOR

Mr. WONG Hung Ki, aged 58, joined the Group as non-executive director on 16 May 2012. Mr. Wong Hung Ki has over 40 years of experience in printing industry. He has been responsible for the overall management and operation and is involved in the development of corporate strategy and liaison with customers and suppliers in his current and previous engagements.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. WONG Yun Kuen, aged 54, joined the Group on 26 June 2007. Dr. Wong is the member of audit committee and remuneration committee and the chairman of nomination committee of the Company. Dr. Wong received his Ph.D. degree from Harvard University, and was ''Distinguished Visiting Scholar'' at Wharton School of the University of Pennsylvania. Dr. Wong has worked in financial industries in the United States and Hong Kong for many years, and has considerable experience in corporate finance, investment and derivative products. He is a member of the Hong Kong Securities Institute. Dr. Wong is an executive director of UBA Investments Limited (stock code: 768), and an independent non-executive director of Harmony Asset Limited (stock code: 428), Bauhaus International (Holdings) Limited (stock code: 483), Kaisun Energy Group Limited (stock code: 8203), China Yunnan Tin Minerals Group Company Limited (stock code: 263), Kong Sun Holdings Limited (stock code: 295), Kingston Financial Group Limited (stock code: 1031), ZMAY Holdings Limited (stock code: 8085), Hua Yi Copper Holdings Limited (stock code: 559), China Grand Forestry Green Resources Group Limited (stock code: 910) and New Island Printing Holdings Limited (stock code: 377). Harmony Asset Limited is also listed on Toronto Stock Exchange. Dr. Wong was an independent non-executive director of Grand Field Group Holdings Limited (stock code: 115) from September 2004 to September 2009, Superb Summit International Timber Company Limited (stock code: 1228) from April 2007 to June 2010 and China E-Learning Group Limited (stock code: 8055) from August 2007 to June 2010, and an executive director and chairman of Green Energy Group Limited (stock code: 979) from December 2009 to May 2010.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. LAU Man Tak, aged 42, joined the Group on 27 March 2008. Mr. Lau is the chairman of audit committee and remuneration committee and a member of nomination committee of the Company. Mr. Lau holds a bachelor degree in Accountancy from The Hong Kong Polytechnic University. Mr. Lau has more than 15 years in corporate finance, accounting and auditing. Mr. Lau is a fellow member of the Association of Chartered Certified Accountants in the United Kingdom, an associate member of the Hong Kong Institute of Certified Public Accountants and a member of the Hong Kong Securities Institute. Mr. Lau is currently an executive director of China Grand Forestry Green Resources Group Limited (stock code: 910), the chairman and an executive director of Aurum Pacific (China) Group Limited (stock code: 8148), an independent non-executive director of Kingston Financial Group Limited (stock code: 1031), Kong Sun Holdings Limited (stock code: 295), AMCO United Holding Limited (stock code: 630) and Sincere Watch (Hong Kong) Limited (stock code: 444). Mr. Lau was a former executive director of Warderly International Holdings Limited (stock code: 607) from December 2007 to January 2010.

Mr. MAN Kwok Leung, aged 65, joined the Group on 13 May 2008. Mr. Man is the member of audit committee, remuneration committee and nomination committee of the Company. Mr. Man is a solicitor of the High Court of Hong Kong and a civil celebrant of marriages. Mr. Man has extensive experience in legal practice. He had been appointed by Xinhua News Agency as a district advisor from 1995 to 1997. Mr. Man is currently appointed as a director of Apleichau Kai Fong Primary School, the deputy chairman of Apleichau Kai Fong Welfare Association, the secretary of Apleichau Promotion of Tourism Association and the honorary legal advisor of Junior Police Officers' Association. Mr. Man is currently an independent non-executive director of ZMAY Holdings Limited (stock code: 8085), Kong Sun Holdings Limited (stock code: 295), Hua Yi Copper Holdings Limited (stock code: 559) and Sam Woo Holdings Limited (stock code: 2322).

DIRECTORS' REPORT

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2012.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its subsidiaries are investment holding.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2012 are set out in the consolidated financial statements on page 23.

The directors do not recommend the payment of any dividend in respect of the year ended 31 March 2012.

RESERVES

Details of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 25 and other details of the reserves of the Company are set out in note 32 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

At 31 March 2012, the Company had no reserves available for distribution. However, the Company's share premium account, in the amount of approximately HK$131 million, may be distributed in the form of fully paid bonus shares.

PLANT AND EQUIPMENT

Details of movements in the Group's plant and equipment during the year are set out in note 16 to the consolidated financial statements.

FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements and reclassified as appropriate, is set out on page 66. This summary does not form part of the audited consolidated 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 respective note 23 and 24 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-laws although there are no restrictions against such rights under the laws in Bermuda.

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

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

DIRECTORS' REPORT

DIRECTORS AND SERVICE CONTRACTS

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

Executive Directors:

Mr. Tse On Kin *(Chairman)*	(resigned on 16 November 2011)
Mr. Wong Hin Shek *(Chief Executive Officer)*	
Mr. Ng Man Chan	(appointed on 16 May 2012)

Non-executive Director:

Mr. Wong Hung Ki	(appointed on 16 May 2012)

Independent Non-executive Directors:

Mr. Lau Man Tak
Mr. Man Kwok Leung
Dr. Wong Yun Kuen

In accordance with Bye-law 87 of the Company's Bye-laws, Mr. Wong Hin Shek will retire by rotation at the forthcoming annual general meeting and, being eligible, offer himself for re-election.

In accordance with Bye-law 86 of the Company's Bye-laws, Mr. Ng Man Chan and Mr. Wong Hung Ki will hold office only until the annual general meeting and will be eligible for re-election at the annual general meeting.

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the directors and senior management of the Company are set out on pages 7 to 8.

DIRECTORS' INTERESTS IN CONTRACTS

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

DIRECTORS' REPORT

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 31 March 2012, the following directors or chief executives of the Company or their associates had interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations, as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (the "SFO"), or as recorded in the register to be kept under Section 352 of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code").

Name of Directors	Capacity	Interest in ordinary shares held	Percentage of the issued share capital
World Treasure Global Limited ("World Treasure")	Beneficial owner	680,000,000 (Note)	999.99%
Wong Hin Shek ("Mr. Wong")	Interest of controlled corporation	680,000,000 (Note)	999.99%

Note: Upon completion of the Subscription and the Open Offer assuming that World Treasure takes up all the offer shares pursuant to its obligation under the Underwriting Agreement, World Treasure will be interested in 680,000,000 shares. World Treasure is wholly owned by Mr. Wong. By virtue of the SFO, Mr. Wong is deemed to be interested in the same shares held by World Treasure.

Save as disclosed above, as at 31 March 2012, no interests or short positions were held or deemed or taken to be held under Part XV of the SFO by any director or chief executives or their respective associates in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or pursuant to the Model Code or which were required to be entered in the register maintained by the Company pursuant to section 352 of the SFO.

DIRECTORS' REPORT

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 March 2012, the following shareholders had interests, directly or indirectly, or short positions in the shares and underlying shares of the Company would fall to be disclosed to the Company and the Stock Exchange under provisions of Division 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of shareholders	Capacity	Interest in ordinary shares held	Percentage of the issued share capital
Sky Will Printing & Packaging (BVI) Limited ("Sky Will BVI")	Beneficial owner	200,000,000 (Note 1)	348.23%
Fung Ming	Interest of controlled corporation	200,000,000 (Note 1)	348.23%
Kingston Securities Limited	Beneficial owner	229,464,456 (Note 2)	18.99%
Chu Yuet Wah ("Mrs. Chu")	Interest of controlled corporation	229,464,456 (Note 2)	18.99%
Active Dynamic Limited	Interest of controlled corporation	229,464,456 (Note 2)	18.99%
Kingston Financial Group Limited	Interest of controlled corporation	229,464,456 (Note 2)	18.99%
Kingston Capital Asia Limited	Interest of controlled corporation	229,464,456 (Note 2)	18.99%
Galaxy Sky Investments Limited	Interest of controlled corporation	229,464,456 (Note 2)	18.99%
Sweet Wishful Limited (Note 3)	Beneficial owner	8,800,000	15.32%
Deng Jun Jie ("Mr. Deng") (Note 3)	Interest of controlled corporation	8,800,000	15.32%

Notes:

1. Upon completion of the Acquisition, Sky Will BVI will be interested in 200,000,000 shares. Sky Will BVI is owned as to 40% by Fung Ming. By virtue of the SFO, Fung Ming is deemed to be interested in the same shares held by Sky Will BVI.

2. Upon completion of the Open Offer (assuming that Kingston Securities Limited takes up all the offer shares pursuant to its obligation under the Underwriting Agreement), Kingston Securities Limited will be interested in 229,464,456 shares (upon completion of the Acquisition, the Subscription, the Open Offer and the Bonus Issue).

   Kingston Securities Limited is wholly owned by Galaxy Sky Investments Limited; Galaxy Sky Investments Limited is wholly owned by Kingston Capital Asia Limited; Kingston Capital Asia Limited is wholly owned by Kingston Financial Group Limited; Kingston Financial Group Limited is owned as to 40.48% by Active Dynamic Limited; Active Dynamic Limited is wholly owned by Mrs. Chu. Accordingly, by virtue of the SFO, the abovementioned parties are deemed to be interested in the same shares held by Kingston Securities Limited.

3. Sweet Wishful Limited is wholly owned by Mr. Deng. By virtue of the SFO, Mr. Deng is deemed to be interested in the same shares held by Sweet Wishful Limited.

Save as disclosed above, as at 31 March 2012, the Company was not aware of any other person (other than the directors or chief executives of the Company) who had an interest, directly or indirectly, or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' REPORT

SHARE OPTION SCHEME

On 29 August 2002, the Company adopted a share option scheme (the "Scheme") which complies with the requirements of Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). During the year ended 31 March 2012, no option was granted under the Scheme.

Details of the movements in the options under the Scheme during the year were as follows:

Category/ Name of participant	Date of grant (Notes 1 & 2)	Exercise period (Note 1)	Exercise price per share HK$	Number of share options: Outstanding at 1.4.2011	Lapsed during the year (Note 3)	Outstanding at 31.3.2012
Director						
Wong Hin Shek	17.6.2008	17.6.2008 to 16.6.2011	0.1740	9,000,000	(9,000,000)	—
Others						
In aggregate	17.6.2008	17.6.2008 to 16.6.2011	0.1740	26,999,994	(26,999,994)	—
Total				35,999,994	(35,999,994)	—
Weighted average exercise price				0.174		

Notes:

(1) All dates are shown on the basis of day/month/year.

(2) The vesting period of the options is from the date of grant until the commencement of the exercise period.

(3) No share option was exercised during the year. The exercise period of the share option was expired during the year and all outstanding share options were lapsed.

Save as disclosed above, none of the directors or their spouses and children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such right during the year.

CONNECTED TRANSACTIONS

During the year, the Group had the following connected transactions which are subject to the requirements of reporting, announcement and independent shareholders' approval under Chapter 14A of the Listing Rules:

On 29 February 2012, the Company entered into a subscription agreement with World Treasure pursuant to which the Company will issue and World Treasure will subscribe for 450,000,000 subscription shares at the subscription price of HK$0.10 per subscription share. The gross proceed of the subscription is HK$45,000,000. The subscription was completed on 3 May 2012.

DIRECTORS' REPORT

On 29 February 2012, the Company entered into the Underwriting Agreement with World Treasure and Kingston Securities Limited as underwriters, whereby the Company proposed to raise gross proceeds of approximately HK$45,900,000 before expenses, by way of an open offer of 459,464,456 offer shares at the offer price of HK$0.10 per offer share, on the basis of eight offer shares for every share held by the qualifying shareholders on 10 April 2012. The open offer was completed on 3 May 2012.

World Treasure, being an associate of Mr. Wong Hin Shek who is a director of the Company, is a connected person of the Company. The Subscription and the underwriting arrangement of World Treasure under the Underwriting Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules and are subject to the requirements of reporting, announcement and independent shareholders' approval. Details of the above transactions were set out in the circular and announcement of the Company dated 5 March 2012 and 4 May 2012 respectively.

The other related party transactions as disclosed in note 29 to the consolidated financial statements are de minimis transactions that are exempted from announcement and shareholders' approval under Chapter 14A of the Listing Rules.

MANAGEMENT CONTRACTS

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

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors as at the date of this report, the Company has maintained sufficient public float as required under the Listing Rules.

AUDIT COMMITTEE

The audit committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the audited consolidated financial statements for the year ended 31 March 2012.

AUDITOR

A resolution for the re-appointment of SHINEWING (HK) CPA Limited as auditor of the Group will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Wong Hin Shek
Executive Director

Hong Kong, 26 June 2012

CORPORATE GOVERNANCE REPORT

The Board is pleased to present this Corporate Governance Report of the Group for the year ended 31 March 2012.

CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles of and complied with the applicable code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules (the "CG Code") during the year under review, save for the deviation from code provision A.2.1 which is explained in the relevant paragraph in this report. The Company periodically reviews its corporate governance practices to ensure that these continue to meet the requirements of the CG Code.

Under the code provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Due to the resignation of Mr. Tse On Kin, the ex-chairman, on 16 November 2011, the Company has deviated from this requirement. Mr. Wong Hin Shek, who acts as the chief executive officer of the Company, also assumes the duties of the chairman during the year under review. The Board believes that vesting the roles of chairman and chief executive officer in the same individual provided the Group with strong and consistent leadership in the development and execution of long-term business strategies.

THE BOARD

Responsibilities

The Board is responsible for the leadership and control of the Company and oversees the Group's business, strategic decisions and performances. The senior management was delegated the authority and responsibilities by the Board of the day-to-day management and operations of the Group. Approval has to be obtained from the Board prior to any significant transactions entered into by the senior management.

All directors have full and timely access to all relevant information in relation to the Company as well as the advice and services of the company secretary, if and when required, with a view ensuring that the Board procedures and all applicable rules and regulations are followed.

There are established procedures for directors to seek independent professional advice for them to discharge their duties and responsibilities, where appropriate at the Company's expenses.

Composition

The Board currently comprises two executive directors, one non-executive director and three independent non-executive directors from different business and professional fields. The directors, including non-executive director and independent non-executive directors, have brought a wide spectrum of valuable business and professional expertise, experiences and independent judgement to the Board for its efficient and effective delivery of the Board function. The Company has entered into a letter of appointment with each director who holds office on 31 March 2012 with no fixed period of services.

CORPORATE GOVERNANCE REPORT

The Board currently comprises the following directors:

Executive Directors	Mr. Wong Hin Shek *(Chief Executive Officer)* Mr. Ng Man Chan (appointed on 16 May 2012)
Non-executive Director	Mr. Wong Hung Ki (appointed on 16 May 2012)
Independent Non-executive Directors	Mr. Lau Man Tak Mr. Man Kwok Leung Dr. Wong Yun Kuen

The profiles of each director are set out in the "Biographical Details of Directors and Senior Management" section on pages 7 to 8.

The Company has received written annual confirmation from each independent non-executive director of their independence pursuant to the requirements of rule 3.13 of the Listing Rules. The Company considers all independent non-executive directors to be independence in accordance with the independence guidelines set out in the Listing Rules.

The Company purchased the directors' and officers' liability insurance for members of the Board in March 2012 to provide protection against claims arising from the lawful discharge of duties by the directors.

Induction for Directors

Each newly appointed director will receive comprehensive, formal and tailored induction on the first occasion of his/her appointment, so as to ensure that he/she has proper understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

There are also arrangements in place for providing continuing briefing and professional development to directors whenever necessary. The directors are continually updated with legal and regulatory developments, and business and market changes to facilitate the discharge of the responsibilities.

Board Meetings

Regular Board meetings are held at least four times a year at approximately quarterly intervals for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company. The Board met 10 times during the year ended 31 March 2012.

Agenda and Board papers together with all appropriate, complete and reliable information are normally sent to all directors before each Board meeting to keep the directors apprised to the latest developments and financial position of the Company and to enable them to make informed decisions. All directors are given the opportunity to include matters in the agenda for regular Board meetings. The Board and each director also have separate and independent access to senior management whenever necessary.

CORPORATE GOVERNANCE REPORT

Minutes of all Board meetings sufficient details of matters considered and decisions reached are kept by the secretary of the meetings and are open for inspection by the directors. The attendance of individual members of the Board meetings during the year ended 31 March 2012 is set out in the table below:

	Meetings attended/ Eligible to attend meetings of Board of Directors
Executive directors	
Mr. Tse On Kin *(Chairman)* — resigned on 16 November 2011	1/10
Mr. Wong Hin Shek *(Chief Executive Officer)*	8/10
Mr. Ng Man Chan — appointed on 16 May 2012	N/A
Non-executive director	
Mr. Wong Hung Ki — appointed on 16 May 2012	N/A
Independent non-executive directors	
Mr. Lau Man Tak	9/10
Mr. Man Kwok Leung	9/10
Dr. Wong Yun Kuen	9/10

APPOINTMENT OF NON-EXECUTIVE DIRECTORS

The Company has specified the terms of appointments for non-executive directors. The terms of appointments of Mr. Lau Man Tak, Mr. Man Kwok Leung and Dr. Wong Yun Kuen as independent non-executive directors were re-determined on 1 January 2012. None of the independent non-executive directors have entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation. Moreover, they are also subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Bye-laws of the Company.

BOARD COMMITTEES

The Board has established three committees, namely the remuneration committee, audit committee and nomination committee. Each of which has specific written terms of reference.

Remuneration Committee

The remuneration committee comprises three independent non-executive directors. The committee is chaired by Mr. Lau Man Tak with Dr. Wong Yun Kuen and Mr. Man Kwok Leung as members.

CORPORATE GOVERNANCE REPORT

The primary objectives of the remuneration committee include making recommendations to the Board on the remuneration policy and structure and remuneration packages of the executive directors and senior management. The remuneration committee is also responsible for recommending to the Board of transparent procedures for developing such remuneration policy and structure and ensuring 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.

Audit Committee

The audit committee comprises three independent non-executive directors. The committee is chaired by Mr. Lau Man Tak with Dr. Wong Yun Kuen and Mr. Man Kwok Leung as members. None of the members of the audit committee is a former partner of the Company's existing external auditors.

The main duties of the audit committee include the followings:

(a) to review the financial statements and reports and consider any significant or unusual items raised by the qualified accountant, compliance officer (if any), internal auditor (if any) or external auditor before submission to the Board.

(b) to review the relationship with the external auditor by reference to the work performed, their fees and terms of engagement, and make recommendation to the Board on the appointment, reappointment and removal of external auditor.

(c) to review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures.

Nomination Committee

The Board established the nomination committee on 27 March 2012 and comprises three independent non-executive directors. The committee is chaired by Dr. Wong Yun Kuen with Mr. Lau Man Tak and Mr. Man Kwok Leung as members.

The primary function of the nomination committee is to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy.

CORPORATE GOVERNANCE REPORT

The attendance of individual members of the board committee meetings during the year ended 31 March 2012 is set out in the table below:

	Meetings attended/Eligible to attend meetings of		
	Audit Committee	**Remuneration Committee**	**Nomination Committee (Established on 27 March 2012)**
Independent non-executive directors			
Mr. Lau Man Tak	3/3	3/3	0/0
Mr. Man Kwok Leung	3/3	3/3	0/0
Dr. Wong Yun Kuen	3/3	3/3	0/0

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by the directors. All directors have confirmed, following specific enquiry by the Company, that they had complied with the required standard set out in the Model Code throughout the year.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The directors acknowledge their responsibility for preparing the financial statements of the Group and have adopted the accounting principles generally accepted in Hong Kong and compiled with the requirements of Hong Kong Financial Reporting Standards which also include Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. As at 31 March 2012, directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the directors have prepared the financial statements of the Company on a going concern basis. The reporting responsibilities of the Company's independent auditor are set out in the Independent Auditor's Report on pages 21 to 22.

EXTERNAL AUDITOR'S REMUNERATION AND REPORTING RESPONSIBILITIES

During the year, the remuneration in respect of the services rendered by the Group's external auditor is set out as follows:

Services rendered for the Group	**SHINEWING (HK) CPA Limited** HK$'000
Audit services — annual audit	420
Other non-audit services in regard to the very substantial acquisition and special audit on the target company	890
Total	1,310

CORPORATE GOVERNANCE REPORT

INTERNAL CONTROLS

The Board is committed to implement a sound and effective internal control system to safeguard the shareholders' investment and the Company's assets. The Board has engaged an independent professional adviser (the "Adviser") to conduct an internal control review on the Group (the "Review") for the period from 1 October 2010 to 30 September 2011 and from 1 December 2011 to 5 March 2012. According to the report of the Review, nothing has come to the attention of the Adviser to indicate that there is significant deficiency in the adequacy and effectiveness of internal control procedures of the Group and the fulfillment of its obligations and requirements under the Listing Rules when the Group properly implements and effectively maintains in accordance with its compliance and operation manual and continuously monitors its internal control system.

COMMUNICATION WITH SHAREHOLDERS

The Board recognises the importance of good communication with shareholders. The Company has established a shareholders communication policy to set out the Company's procedures in providing shareholders and the investment community with ready, equal and timely access to balanced and understandable information about the Company, in order to enable shareholders to exercise their rights in an informed manner, and to allow shareholders and the investment community to engage actively with the Company.

Information in relation to the Group is disseminated to shareholders in a timely manner through a number of formal channels, which include interim and annual reports, announcements and circulars. Such published documents together with the latest corporate information are also made available on the Company's website.

Shareholders are encouraged to attend all general meetings of the Company, such as the annual general meeting for which at least 20 clear business days notice is given and at which the directors are available to answer questions on the Group's business.

CORPORATE GOVERNANCE ENHANCEMENT

Enhancing corporate governance is not simply a matter of applying and complying with the CG Code but about promoting and developing an ethical and healthy corporate culture. We will continue to review and, where appropriate, improve our current practices on the basis of our experience, regulatory changes and developments. Any suggestions and recommendations from our shareholders are also welcome and will take into account in the ongoing enhancement of our transparency.

On behalf of the Board

Wong Hin Shek
Executive Director

Hong Kong, 26 June 2012

INDEPENDENT AUDITOR'S REPORT

信永中和
ShineWing

SHINEWING (HK) CPA Limited
43/F., The Lee Gardens
33 Hysan Avenue
Causeway Bay, Hong Kong

TO THE SHAREHOLDERS OF CLIMAX INTERNATIONAL COMPANY LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Climax International Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 23 to 65, which comprise the consolidated statement of financial position as at 31 March 2012, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, 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 judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

INDEPENDENT AUDITOR'S REPORT

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 2012, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Wong Hon Kei, Anthony
Practising Certificate Number: P05591

Hong Kong
26 June 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000 (Restated)
Continuing operations			
Revenue	7	**—**	—
Other revenue	8	**2,504**	449
Administrative expenses		**(7,981)**	(5,989)
Gain (loss) on changes in fair value of held for trading investments		**828**	(183)
Finance costs	9	**(1)**	(2)
Loss before tax		**(4,650)**	(5,725)
Income tax expense	10	**—**	—
Loss for the year from continuing operations		**(4,650)**	(5,725)
Discontinued operation			
(Loss) profit for the year from discontinued operation	11	**(140)**	1,354
Loss and total comprehensive expense for the year	12	**(4,790)**	(4,371)
(Loss) profit for the year attributable to:			
Owners of the Company			
From continuing operations		**(4,650)**	(5,725)
From discontinued operation		**(140)**	1,354
Loss and total comprehensive expense for the year attributable to owners of the Company		**(4,790)**	(4,371)
(LOSS) EARNINGS PER SHARE			
Basic and diluted (loss) earnings per share (in Hong Kong cents)	15		
From continuing operations		**(4.72)**	(5.81)
From discontinued operation		**(0.14)**	1.38
		(4.86)	(4.43)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2012

	Notes	**2012** **HK$'000**	2011 HK$'000
Non-current asset			
Plant and equipment	16	**627**	240
Current assets			
Trade receivables	17	**—**	21
Deposits and prepayments	18	**15,225**	6,211
Held for trading investments	19	**5,127**	4,299
Deposits in other financial institutions	20	**294**	170
Bank balances and cash	21	**46,466**	59,908
		67,112	70,609
Current liabilities			
Other payables and accruals		**4,216**	2,526
Income tax payable		**—**	4
Obligation under finance lease			
— amount due within one year	22	**6**	6
		4,222	2,536
Net current assets		**62,890**	68,073
Total assets less current liabilities		**63,517**	68,313
Non-current liability			
Obligation under finance lease			
— amount due after one year	22	**12**	18
		63,505	68,295
Capital and reserves			
Share capital	23	**574**	11,486
Reserves		**62,931**	56,809
Total equity attributable to owners of the Company and total equity		**63,505**	68,295

The consolidated financial statements on pages 23 to 65 were approved and authorised for issue by the board of directors on 26 June 2012 and are signed on its behalf by:

Director *Director*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2012

	Attributable to owners of the Company						
	Share capital	Share premium	Share options reserve	Capital reserve	Contributed surplus	Accumulated losses	Total
	HK$'000	HK$'000	HK$'000	HK$'000 (Note a)	HK$'000 (Note b)	HK$'000	HK$'000
At 1 April 2010	11,486	131,205	2,260	17,900	103,941	(194,126)	72,666
Total comprehensive expense for the year	—	—	—	—	—	(4,371)	(4,371)
At 31 March 2011	11,486	131,205	2,260	17,900	103,941	(198,497)	68,295
Total comprehensive expense for the year	—	—	—	—	—	(4,790)	(4,790)
Lapse of share options (note 24)	—	—	(2,260)	—	—	2,260	—
Capital reduction (note 23)	(10,912)	—	—	—	—	10,912	—
At 31 March 2012	574	131,205	—	17,900	103,941	(190,115)	63,505

Notes:

(a) The balance of capital reserve represents the capital reserve arising from the group restructuring which took place in 1992.

(b) The balance of contributed surplus arose as a result of the Company's capital reduction exercises which took place in the financial years of 2003 and 2006.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2012

	2012 HK$'000	2011 HK$'000
OPERATING ACTIVITIES		
Loss before tax from continuing operations	**(4,650)**	(5,725)
(Loss) profit before tax from discontinued operation	**(140)**	1,358
Loss before tax	**(4,790)**	(4,367)
Adjustments for:		
Dividend income	**(171)**	(155)
Depreciation for plant and equipment	**429**	63
Finance costs	**1**	2
(Gain) loss on changes in fair value of held for trading investments	**(828)**	183
Interest income	**(855)**	(408)
Loss on written off of plant and equipment	**184**	—
Written off of other payables	**—**	(245)
Operating cash flows before movements in working capital	**(6,030)**	(4,927)
Decrease in trade receivables	**21**	39,473
Decrease (increase) in deposits and prepayments	**236**	(780)
Increase (decrease) in other payables and accruals	**1,690**	(39,029)
Cash used in operations	**(4,083)**	(5,263)
Income tax paid	**(4)**	—
NET CASH USED IN OPERATING ACTIVITIES	**(4,087)**	(5,263)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2012

	2012 HK$'000	2011 HK$'000
INVESTING ACTIVITIES		
Deposit paid for acquisition of an investment	**(10,000)**	(5,000)
Dividend received	**171**	155
Interest received	**855**	408
Purchase of plant and equipment	**(250)**	—
NET CASH USED IN INVESTING ACTIVITIES	**(9,224)**	(4,437)
FINANCING ACTIVITIES		
Repayment for obligation under finance lease	**(6)**	(5)
Interest paid	**(1)**	(2)
NET CASH USED IN FINANCING ACTIVITIES	**(7)**	(7)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(13,318)**	(9,707)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**60,078**	69,785
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**46,760**	60,078
Cash and cash equivalents at the end of the year, represented by:		
Bank balances and cash	**46,466**	59,908
Deposits in other financial institutions	**294**	170
	46,760	60,078

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

1. GENERAL

Climax International Company Limited (the "Company") was incorporated in Bermuda as an exempted company with limited liability with its shares listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the section headed "Corporation Information" to the annual report.

At 1 April 2011, the Company determined to change the functional currency from United State dollars ("US$") to Hong Kong dollars ("HK$") because the Company has substantially increase its investing activities in Hong Kong. The effect of the change in the functional currency has been accounted for prospectively since 1 April 2011.

The Company is an investment holding company. Its subsidiaries principally engaged in trading of electronic products while the business was ceased during the year. Details of the principal activities of the subsidiaries are disclosed in note 30.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised standards, amendments to standards and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKFRSs	Improvements to HKFRS issued in 2010
Amendment to HKFRS 1	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
Hong Kong Accounting Standards ("HKAS") 24 (as revised in 2009)	Related Party Disclosures
Amendments to HK(IFRIC) -Interpretation ("Int") 14	Prepayments of a Minimum Funding Requirement
HK (IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments

HKAS 24 Related Party Disclosures (as revised in 2009) modifies the definition of a related party and simplifies disclosures for government-related entities.

The disclosure exemptions introduced in HKAS 24 (as revised in 2009) do not affect the Group because the Group is not a government-related entity.

The adoption of the new and revised HKFRSs in current year has had no material impact on the Group's financial performance and positions for the current year and prior years and/or on the disclosures set out in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

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

Amendments to HKFRSs	Annual Improvement 2009–2011 Cycle[4]
Amendments to HKFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
	Presentation of Items of Other Comprehensive Income[3]
	First-time Adoption of HKFRSs — Government Loans[4]
Amendments to HKFRS 7	Disclosures — Transfers of Financial Assets[1]
	Disclosures — Offsetting Financial Assets and Financial Liabilities[4]
	Mandatory Effective Date of HKFRS 9 and Transition Disclosure[6]
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards[4]
HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosure of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]
HKAS 1 (Revised)	Presentation of Financial Statements[4]
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets[2]
HKAS 16	Property, plant and equipment[4]
HKAS 19 (as revised in 2011)	Employee Benefits[4]
HKAS 27 (as revised in 2011)	Separate Financial Statements[4]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[4]
HKAS 32	Financial Instruments: Presentation[4]
HKAS 34	Interim Financial Reporting[4]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[5]
HK(IFRIC)-Int 2	Members' Shares in Co-operative Entities and Similar Instruments[4]
HK(IFRIC)-Int 20	Stripping Costs in Production Phase of a Surface Mine[4]

[1] Effective for annual periods beginning on or after 1 July 2011.
[2] Effective for annual periods beginning on or after 1 January 2012.
[3] Effective for annual periods beginning on or after 1 July 2012.
[4] Effective for annual periods beginning on or after 1 January 2013.
[5] Effective for annual periods beginning on or after 1 January 2014.
[6] Effective for annual periods beginning on or after 1 January 2015.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

HKFRS 9 Financial Instruments (Continued)

Key requirements of HKFRS 9 are described as follows:

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at 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. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income with only dividend income generally recognised in profit or loss.

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's 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 liability's 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 liability designated as at fair value through profit or loss was recognised in profit or loss.

The directors of the Company anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011). Key requirements of these fives standards are described below.

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and HK(SIC)-Int 12 Consolidation — Special Purpose Entities. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios. Overall, the application of HKFRS 10 requires a lot of judgement. The directors of the company are assessing the impact of the HKFRS 10 and are not in the position to comment on the impact to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

New and revised standards on consolidation, joint arrangements, associates and disclosures (Continued)

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures and HK (SIC)-Int 13 Jointly Controlled Entities — Non-Monetary Contributions by Venturers. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

Consequential amendments were made to HKAS 27 and HKAS 28 as a result of the issuance of HKFRS 10, HKFRS 11 and HKFRS 12.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2013. The application of these five standards may have significant impact on amounts reported in the consolidated financial statements. However, the directors of the Company have not yet performed a detailed analysis of the impact of the application of these standards and hence have not yet quantified the extent of the impact.

HKFRS 13 Fair Value Measurement

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.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors of the Company anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new standard may affect the amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

The directors of the Company anticipate that the application of the other new and revised HKFRSs, will have no material impact on the results and the financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with 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 consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, 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 assets.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and 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.

The results 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment in subsidiaries

In the Company's statement of financial position, the investment in subsidiaries are stated at cost less provision for impairment loss. The results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Revenue recognition

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income 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 the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

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 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 expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's policy on borrowing costs (see the accounting policy below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

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

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 exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition 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.

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

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

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.

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 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 difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to 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 rate (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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

Current and 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 current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Deferred tax asset and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Plant and equipment

Plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of plant and equipment less their residual values over their estimated useful lives 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.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of 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 the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Cash and cash equivalents

Bank balances and cash in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets

The Group's financial assets are classified into financial assets at fair value through profit or loss ("FVTPL") and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. 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 asset, 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.

Financial assets at 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 changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in other income in the consolidated statement of comprehensive income. Fair value is determined in the manner described in note 6.

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 trade receivables, deposits, deposits in other financial institutions 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 of financial assets below).

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, 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 of 90 days, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to 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 losses 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 as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of their liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

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 (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 liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including other payables and accruals and obligation under finance lease are subsequently measured at amortised cost, using the effective interest method.

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. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, 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 and accumulated in equity is recognised in profit or loss.

The Group derecognises financial assets when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to directors and employees after 7 November 2002 and vested on or after 1 January 2005

The fair value of services received determined by reference to the fair value of share options granted at the grant date 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 estimates during the vesting period, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payment transactions (Continued)

Equity-settled share-based payment transactions (Continued)

Share options granted to directors and employees after 7 November 2002 and vested on or after 1 January 2005 (Continued)

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

Share options granted to suppliers/consultants

Share options issued in exchange for goods or services are measured at the fair values of the goods or services received, unless that fair value cannot be reliably measured, in which case the goods or services received are measured by reference to the fair value of the share options granted. The fair values of the goods or services received are recognised as expenses, with a corresponding increase in equity (share options reserve), when the Group obtains the goods or when the counterparties render services, unless the goods or services qualify for recognition as assets.

Impairment losses on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible 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.

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. Where 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.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of 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 cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense 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 as income immediately in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, 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.

Key sources of estimation uncertainty

The followings 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.

Estimated impairment of trade receivables

Allowances for estimated irrecoverable amounts are recognised in profit and loss when there is objective evidence that the receivables are not recoverable.

In making the judgement, management considered detailed procedures have been in place to monitor this risk as a significant proportion of the Group's working capital is devoted to trade receivables. In determining whether provision for impairment is required, the Group takes into consideration the ageing status, and likelihood of collection. Specific provision is only made for trade receivables that are unlikely to be collected. As at 31 March 2011, the carrying amount of trade receivables is approximately HK$21,000 (2012: nil). No allowance for doubtful debts was provided for the years ended 31 March 2012 and 2011.

Depreciation of plant and equipment

Plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account their estimated residual values. The determination of the useful lives and residual values involve management's estimation. The Group assesses annually the residual values and the useful lives of the plant and equipment and if the expectation differs from the original estimates, such a difference may impact the depreciation in the year and the estimate will be changed in the future period.

Estimated impairment loss on plant and equipment

The impairment loss on plant and equipment are recognised for the amounts by which the carrying amounts exceed their recoverable amounts, in accordance with the Group's accounting policy. The recoverable amounts of plant and equipment have been determined based on value-in-use calculations. These calculations require the use of estimates such as the future revenue and discount rates. The carrying amount of plant and equipment was approximately HK$627,000 (2011: approximately HK$240,000). No impairment loss was provided for the years ended 31 March 2012 and 2011.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

5. 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 the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt which includes obligation under finance lease as disclosed in note 22, cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on an annual basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through new shares issue. The directors of the Company will also consider the raise of long-term borrowings as second resource of capital when investment opportunities arise and the return of such investments will justify the cost of debts from the borrowings.

6. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2012	2011
	HK$'000	HK$'000
Financial assets		
Fair value through profit or loss		
— held for trading investments	**5,127**	4,299
Loans and receivables (including cash and cash equivalents)	**61,794**	65,207
	66,921	69,506
Financial liabilities		
At amortised cost	**4,234**	2,550

b. Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, deposits, held for trading investments, deposits in other financial institutions, bank balances and cash, other payables and accruals and obligation under finance lease. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

6. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk

(i) Currency risk

As at 31 March 2012, majority bank balances and cash (2011: majority bank balances and cash and trade receivables) of the Group are denominated in foreign currencies which expose the Group to currency risk. The Group did not have a foreign currency hedging policy as at the end of the reporting period. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities at the reporting date are as follows:

	2012			2011		
	Financial assets HK$'000	**Financial liabilities HK$'000**	**Net exposure HK$'000**	Financial assets HK$'000	Financial liabilities HK$'000	Net exposure HK$'000
HK$	**—**	**—**	**—**	6,810	2,526	4,284
Renminbi ("RMB")	**37,059**	**—**	**37,059**	41,948	—	41,948

Sensitivity analysis

The Group is mainly exposed to RMB (2011: HK$ and RMB).

The following table details the Group's sensitivity to a possible percentage change in the functional currencies of the relevant group entities, HK$ (2011: US$) against the relevant foreign currencies. The percentages in the table are the sensitivity rates used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for the relevant change in foreign currency rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

6. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(i) Currency risk (Continued)

Sensitivity analysis (Continued)

A negative number below indicates an increase in loss for the year where the respective functional currencies strengthen certain percentages against the relevant foreign currencies. For the same percentages weakening of the respective functional currencies against the relevant foreign currencies, there would be an equal and opposite impact on the loss (2011: loss) for the year and accumulated losses, and the balances below would be positive.

	Effect on profit or loss	
	2012	2011
	HK$'000	HK$'000
Respective functional currencies strengthen against		
— HK$ by 1%	**—**	(43)
— RMB by 5%	**(1,853)**	(2,097)

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk primarily in relation to variable-rate deposits in other financial institutions and bank balances. The Group currently does not have an interest rate risk hedging policy. However, the management monitors interest rate exposure and will consider other necessary action when significant interest rate exposure is anticipated.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of prevailing market interest rate arising from the Group's deposits in other financial institutions and bank balances.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis points (2011: 100 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points (2011: 100 basis points) higher/lower and all other variables were held constant, the Group's loss for the year ended 31 March 2012 would decrease/increase by approximately HK$464,000 (2011: approximately HK$597,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

6. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(iii) Other price risk

The Group is exposed to equity price risk through its investments in listed equity securities in Hong Kong. The management manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity price risk is mainly concentrated on equity instruments operating in industry sectors quoted in the Stock Exchange. The management will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date.

If the prices of the respective equity instruments had been 10% (2011: 10%) higher/lower, loss for the year ended 31 March 2012 would decrease/increase by approximately HK$513,000 (2011: approximately HK$430,000) as a result of the changes in fair value of held for trading investments.

Credit risk

As at 31 March 2012, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The credit risk on liquid funds is limited because the counterparties are banks and financial institutions with high credit-ratings assigned by international credit-rating agencies.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk.

Collateral held as security and other credit enhancement

The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

6. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity table

	On demand or within 1 year HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31 March HK$'000
At 31 March 2012					
Non-derivative financial liabilities					
Other payables and accruals	4,216	—	—	4,216	4,216
Obligation under finance lease	7	7	6	20	18
	4,223	7	6	4,236	4,234
At 31 March 2011					
Non-derivative financial liabilities					
Other payables and accruals	2,526	—	—	2,526	2,526
Obligation under finance lease	7	7	13	27	24
	2,533	7	13	2,553	2,550

c. Fair value

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

— the fair values of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices, and ask prices respectively; and

— the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing model based on discounted cash flow analysis.

The directors of the Company consider that the fair values of other financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate their carrying amounts due to short term maturities.

The directors of the Company consider the fair value of the non-current portion of other financial liabilities approximates to their carrying amounts as they are carried at amortised cost using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

6. FINANCIAL INSTRUMENTS (Continued)

c. Fair value (Continued)

Fair value measurements recognised in the consolidated statement of financial position

Financial instruments that are measured subsequent to initial recognition at fair value, are disclosed in the following hierarchy 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 with 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 asset or liability that are not based on observable market data (unobservable inputs).

As at 31 March 2012, the Group's non-derivative financial assets held for trading of HK$5,127,000 (2011: HK$4,299,000) is classified as level 1.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 (2011: nil).

7. REVENUE AND SEGMENT INFORMATION

For the year ended 31 March 2011, the Group reported a single operating segment of trading of electronic products. The electronic products segment was discontinued on 31 March 2012 as trading of electronic products was ceased during the year ended 31 March 2012. Accordingly, no reportable segment is presented for the year ended 31 March 2012 and the relevant financial information for the year ended 31 March 2011 has been restated.

The revenue and results of trading electronic products segment are stated in note 11.

The Group's continuing operation is located in Hong Kong. Accordingly, no geographical segment information is presented.

8. OTHER REVENUE

	2012	2011
	HK$'000	HK$'000
Continuing operations		
Dividend income	**171**	155
Interest income	**855**	291
Net exchange gain	**1,478**	—
Written off of other payables	**—**	3
	2,504	449

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

9. FINANCE COSTS

	2012 HK$'000	2011 HK$'000
Continuing operations		
Interest on obligation under finance lease	**1**	2

10. INCOME TAX EXPENSE

Continuing operations

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the years ended 31 March 2012 and 2011.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

No provision for Hong Kong Profits Tax has been made as the Group did not have any assessable profits subject to Hong Kong Profits Tax for the years ended 31 March 2012 and 2011.

No provision for tax in other jurisdictions has been made as the Group did not have any assessable profits in the respective jurisdictions for the years ended 31 March 2012 and 2011.

The income tax expense can be reconciled to the loss before tax per consolidated statement of comprehensive income as follows:

	2012 HK$'000	2011 HK$'000
Loss before tax (from continuing operations)	**(4,650)**	(5,725)
Tax at Hong Kong Profits Tax rate at 16.5% (2011: 16.5%)	**(767)**	(944)
Tax effect of expenses not deductible for tax purpose	**740**	428
Tax effect of income not taxable for tax purpose	**(550)**	(74)
Tax effect of tax losses not recognised	**577**	590
Income tax expense (relating to continuing operations)	**—**	—

Details of the deferred taxation are set out in note 25.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

11. DISCONTINUED OPERATION

The Group ceased the trading of electric products operation at the year ended 31 March 2012. Accordingly, the business segment of trading of electronic products is classified as discontinued operation for the year.

The results of the electric products operation for the year of 2011 and 2012 which have been included in the consolidated statement of comprehensive income were as follows:

	2012	2011
	HK$'000	HK$'000
Revenue	**—**	87,366
Cost of sales	**—**	(86,045)
Gross profit	**—**	1,321
Other revenue	**—**	359
Administrative expenses	**(140)**	(322)
(Loss) profit before tax	**(140)**	1,358
Income tax expense	**—**	(4)
(Loss) profit for the year from discontinued operation	**(140)**	1,354

(Loss) profit for the year from discontinued operation has been arrived at after charging:

	2012	2011
	HK$'000	HK$'000
Other staff costs	**100**	280
Retirement benefit scheme contributions for staff	**5**	12
Total staff costs	**105**	292
Interest income	**—**	117

No charge or credit arose on discontinuance of the operation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

11. DISCONTINUED OPERATION (Continued)

Cash flows from discontinued operation:

	2012	2011
	HK$'000	HK$'000
Net cash (outflows) inflows from operating activities	**(157)**	2,091
Net cash inflows from investing activities	**—**	117
Net cash (outflows) inflows	**(157)**	2,208

12. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	2012	2011
	HK$'000	HK$'000
Continuing operations		
Directors' emoluments (note 13)	**218**	240
Other staff costs	**525**	998
Retirement benefit scheme contributions for staff	**16**	37
Total staff costs	**759**	1,275
Auditor's remuneration	**420**	450
Depreciation for plant and equipment	**429**	63
Exchange loss	**—**	59
Loss on written off of plant and equipment	**184**	—
Lease payment in respect of rented premises	**270**	600

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(i) Directors' emoluments

The emoluments paid or payable to each of the 4 (2011: 4) directors were as follows:

	Fees HK$'000	Salaries and other benefits HK$'000	Contributions to retirement benefits scheme HK$'000	Share-based payment HK$'000	Total HK$'000
Year ended 31 March 2012					
Executive directors					
Tse On Kin[1]	38	—	—	—	38
Wong Hin Shek	—	—	—	—	—
	38	—	—	—	38
Independent non-executive directors					
Lau Man Tak	60	—	—	—	60
Man Kwok Leung	60	—	—	—	60
Wong Yun Kuen	60	—	—	—	60
	180	—	—	—	180
	218	—	—	—	218

1 Resigned on 16 November 2011

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

(i) Directors' emoluments (Continued)

	Fees HK$'000	Salaries and other benefits HK$'000	Contributions to retirement benefits scheme HK$'000	Share-based payment HK$'000	Total HK$'000
Year ended 31 March 2011					
Executive directors					
Tse On Kin	60	—	—	—	60
Wong Hin Shek	—	—	—	—	—
	60	—	—	—	60
Independent non-executive directors					
Lau Man Tak	60	—	—	—	60
Man Kwok Leung	60	—	—	—	60
Wong Yun Kuen	60	—	—	—	60
	180	—	—	—	180
	240	—	—	—	240

During the years ended 31 March 2012 and 2011, no amount was paid in respect of Mr. Wong Hin Shek's directorship.

No director has waived any emoluments during the years ended 31 March 2012 and 2011.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

(ii) Employees' emoluments

Details of the five highest paid individuals included three (2011: one) directors whose emoluments are set out in (i) above. The emolument of the remaining two (2011: four) highest paid individual is as follow:

	2012 **HK$'000**	2011 HK$'000
Salaries and other benefits	**625**	1,278
Contributions to retirement benefits scheme	**21**	49
	646	1,327

Emoluments of these employees were within the following bands:

	Number of employees **2012**	 2011
Nil to HK$1,000,000	**2**	5

No emoluments have been paid by the Group to any of the directors of the Company and the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 March 2012 and 2011.

14. DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2012, nor has any dividend been proposed since the end of the reporting period (2011: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

15. (LOSS) EARNINGS PER SHARE

From continuing operations

The calculation of the basic and diluted (loss) earnings per share from continuing operation attributable to the owners of the Company is based on the following data:

(Loss) earnings figures are calculated as follows:

	2012	2011
	HK$'000	HK$'000
Loss for the year attributable to the owners of the Company	**(4,790)**	(4,371)
Less:		
(Loss) profit for the year from discontinued operation	**(140)**	1,354
Loss for the purpose of basic and diluted loss per share from continuing operation	**(4,650)**	(5,725)

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the (loss) earnings for the year attributable to owners of the Company of approximately HK$4,790,000 (2011: approximately HK$5,725,000) and the following data:

	2012	2011
		(Restated)
Number of shares		
Weighted average number of shares for the purpose of basic and diluted loss per share (Note)	**98,456,669**	98,456,669

Note:

The weighted average of ordinary shares for the purpose of calculating basic and diluted (loss) earnings per share for the years ended 31 March 2012 and 2011 have been retrospectively adjusted for the effect of share consolidation and bonus issue completed on 29 March 2012 and 3 May 2012 respectively. Further details of which are disclosed in notes 23 and 31.

The denominators used are the same as those detailed above for both basic and diluted (loss) earnings per share.

From discontinued operation

For the year ended 31 March 2012, basic and diluted loss per share for the discontinued operation is HK0.14 cents per share (2011: HK1.38 cents earnings per share), based on the loss for the year from the discontinued operation of approximately HK$140,000 (2011: profit of approximately HK$1,354,000) and the denominator used is the same as detailed above in number of shares for both basic and diluted loss per share.

The computation of diluted (loss) earnings per share does not assume the exercise of the Company's outstanding share options as the exercise price of those options is higher than the average market price for shares during the years ended 31 March 2012 and 2011 before the suspension of trading in shares on the Stock Exchange in September 2008.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

16. PLANT AND EQUIPMENT

	Furniture and fixtures HK$'000	Office equipment HK$'000	Total HK$'000
COST			
At 1 April 2010 and 31 March 2011	376	—	376
Additions	—	1,000	1,000
Written off	(300)	—	(300)
At 31 March 2012	76	1,000	1,076
DEPRECIATION			
At 1 April 2010	73	—	73
Provided for the year	63	—	63
At 31 March 2011	136	—	136
Provided for the year	12	417	429
Eliminated on written off	(116)	—	(116)
At 31 March 2012	32	417	449
CARRYING VALUES			
At 31 March 2012	44	583	627
At 31 March 2011	240	—	240

The above items of plant and equipment are depreciated over their estimated useful lives, using the straight-line method, at the following rates per annum:

Furniture and fixtures	8% – 33%
Office equipment	50%

As at 31 March 2012, the carrying value of furniture and fixtures in respect of assets held under finance lease was approximately HK$17,000 (2011: approximately HK$23,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

17. TRADE RECEIVABLES

For the year ended 31 March 2011, the Group allowed an average credit period of 90 days to its trade customers. The following is an aged analysis of trade receivables presented based on the invoice date at the end of the reporting period. The Group did not hold any collateral over these balances.

	2012	2011
	HK$'000	HK$'000
31 – 60 days	**—**	9
61 – 90 days	**—**	9
91 – 120 days	**—**	3
	—	21

As at 31 March 2011, the Group's trade receivables balances were debtors with aggregate carrying amount of approximately HK$3,000 (2012: nil) which were past due for which the Group has not provided for impairment loss. Trade receivables that were past due but not impaired relate to independent customers that have a good settlement history with the Group. Based on the past experience, management believes that no impairment allowance was necessary in respect of these balances as there was no significant change in credit quality and the balances were still considered fully recoverable.

Ageing of trade receivables which are past due but not impaired

	2012	2011
	HK$'000	HK$'000
91 – 120 days	**—**	3

Trade receivables that were neither past due nor impaired relate to customers for whom there was no recent history of default.

The factors considered by management in determining the allowance are described in note 4. It was assessed that the remaining portion of the receivables was expected to be recovered.

18. DEPOSITS AND PREPAYMENTS

	2012	2011
	HK$'000	HK$'000
Deposits and prepayments	**225**	1,211
Refundable deposit paid for acquisition of a subsidiary	**15,000**	5,000
	15,225	6,211

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

18. DEPOSITS AND PREPAYMENTS (Continued)

Movement in the impairment loss on deposits and prepayments

	2012	2011
	HK$'000	HK$'000
1 April	—	454
Written off	—	(454)
31 March	—	—

The Group did not hold any collateral over these balances.

Included in deposits and prepayments as at 31 March 2012 is a refundable deposit of HK$15,000,000 paid for acquisition of a subsidiary.

Pursuant to a conditional sale and purchase agreement entered into between the Company and an independent third party (the "Vendor") on 20 January 2011, the Vendor agreed to sell and the Company agreed to purchase the entire issued share capital of Sky Will Printing & Packaging (Holdings) Limited ("Sky Will"), together with its subsidiaries, at an aggregate consideration of HK$110,000,000 (the "Acquisition"), Sky Will is an investment holding company while its subsidiaries are principally engaged in manufacture and trading of paper packaging products, paper gift items and printing of paper promotional materials. Details of the Acquisition were set out in the Company's circular dated 5 March 2012.

The acquisition had been completed at 3 May 2012. Details were set out in the Company's announcement dated 4 May 2012.

19. HELD FOR TRADING INVESTMENTS

The held for trading investments comprise equity securities listed in Hong Kong and are stated at fair values which are based on the quoted market bid prices on the Stock Exchange.

20. DEPOSITS IN OTHER FINANCIAL INSTITUTIONS

The amounts represented deposits placed with securities brokers for trading listed securities in Hong Kong and it is repayable on demand and carried interest at prevailing market rates for the years ended 31 March 2012 and 2011.

21. BANK BALANCES AND CASH

Bank balances and cash comprise bank balances carrying interest at prevailing market rates. As at 31 March 2012, bank balances and cash of approximately HK$37,059,000 (2011: approximately HK$41,948,000) were denominated in RMB, which is not freely convertible currency in the international market and its exchange rate is determined by the government of the People's Republic of China (the "PRC").

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

22. OBLIGATION UNDER FINANCE LEASE

	2012 HK$'000	2011 HK$'000
Analysed for reporting purposes as:		
Current liabilities	6	6
Non-current liabilities	12	18
	18	24

It is the Group's policy to lease certain of its furniture and fixtures under finance lease. The contracted lease term is 5 years. Interest rates are fixed at the contract date. For the year ended 31 March 2012, the average effective borrowing rate (which was also equal to contracted interest rates) is 7.68% (2011: 7.68%). The lease is on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

	Minimum lease payments		Present value of minimum lease payments	
	2012 HK$'000	2011 HK$'000	2012 HK$'000	2011 HK$'000
Amounts payable under finance lease				
Within one year	7	7	6	6
In more than one year but not more than two years	7	7	7	6
In more than two years but not more than five years	6	13	5	12
	20	27	18	24
Less: Future finance charges	(2)	(3)	N/A	N/A
Present value of lease obligation	18	24	18	24
Less: Amount due for settlement within one year shown under current liabilities			(6)	(6)
Amount due for settlement after one year			12	18

The Group's obligation under finance lease is secured by the lessors' charge over the leased asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

23. SHARE CAPITAL

	Number of ordinary shares	Par value per ordinary share HK$	Share capital HK$'000
Authorised:			
At 1 April 2010 and 31 March 2011	10,000,000,000	0.01	100,000
Consideration of twenty shares of HK$0.01 each into one share of HK$0.20 each (note a)	(9,500,000,000)		—
Subdivision of one share of HK$0.20 into twenty shares of HK$0.01 each (note c)	9,500,000,000		—
At 31 March 2012	10,000,000,000	0.01	100,000
Issued and fully paid:			
At 1 April 2010 and 31 March 2011	1,148,661,140	0.01	11,486
Consolidation of twenty shares of HK$0.01 each into one share of HK$0.20 each (note a)	(1,091,228,083)		—
	57,433,057	0.20	11,486
Capital reduction (note b)	—		(10,912)
At 31 March 2012	57,433,057	0.01	574

Note:

Pursuant to a special general meeting held on 28 March 2012, a capital reorganisation ("Capital Reorganisation") was duly passed and became effective on 29 March 2012. The Capital Reorganisation involves:

(a) consolidation of every twenty issued and unissued shares of HK$0.01 each into one consolidated share of HK$0.20 each,

(b) reduction in the nominal value of the then issued consolidated shares from HK$0.20 to HK$0.01 each by cancelling the paid-up capital to the extent of HK$0.19 on each of the issued consolidated shares; and

(c) subdivision of each authorised but unissued consolidated shares of HK$0.20 each into twenty adjusted shares of HK$0.01 each.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

24. SHARE OPTIONS

On 29 August 2002, the Company adopted a share option scheme (the "Scheme") which complies with the new requirements of Chapter 17 of the Listing Rules effective 1 September 2001.

No option was granted during the years ended 31 March 2012 and 2011.

Category/name of participant	Date of grant (Notes 1 & 2)	Exercise period (Note 1)	Exercise price per share HK$	Number of share options: Outstanding at 1.4.2010 and 31.3.2011	Lapsed during the year (Note 3)	Outstanding at 31.3.2012
Director						
Wong Hin Shek	17.6.2008	17.6.2008 to 16.6.2011	0.1740	9,000,000	(9,000,000)	—
Others						
In aggregate	17.6.2008	17.6.2008 to 16.6.2011	0.1740	26,999,994	(26,999,994)	—
Total				35,999,994	(35,999,994)	—
Weighted average exercise price				0.174		

Notes:

(1) All dates are shown on the basis of day/month/year.

(2) The vesting period of the options is from the date of grant until the commencement of the exercise period.

(3) No share option was exercised during the year. The exercise period of the share option was expired during the year and all outstanding share options were lapsed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

25. DEFERRED TAXATION

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	Accelerated tax depreciation HK$'000	**Tax losses** HK$'000	**Total** HK$'000
At 1 April 2010 and 31 March 2011	—	—	—
Deferred tax charged (credited) during the year	86	(86)	—
At 31 March 2012	86	(86)	—

At the end of the reporting period, the Group has unused tax losses of approximately HK$23,162,000 (2011: approximately HK$19,147,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK$519,000 (2011: nil) of such losses. No deferred tax asset has been recognised in respect of the remaining tax losses of approximately HK$22,643,000 (2011: approximately HK$19,147,000) due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

26. COMMITMENTS

At the end of the reporting period, the Group had the following commitments:

	2012 **HK$'000**	2011 HK$'000
Contracted but not provided in the consolidated statement:		
— Acquisition of assets	**—**	565
— Acquisition of a subsidiary	**95,000**	105,000
	95,000	105,565

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

27. OPERATING LEASES

The Group as lessee

	2012	2011
	HK$'000	HK$'000
Continuing operations		
Minimum lease payments paid under operating leases during the year:		
Premises	**270**	600

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	2012	2011
	HK$'000	HK$'000
Within one year	**34**	—

Operating lease payments represent rentals payable by the Group for its office premises. Leases are negotiated for a term of one year for the year ended 31 March 2012. The lease payments are fixed and no arrangements have been entered into for contingent rental.

28. RETIREMENT BENEFITS SCHEME

The Group operates a Mandatory Provident Fund Scheme ("MPF") for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the scheme, which contribution is matched by employees.

	2012	2011
	HK$'000	HK$'000
Continuing operations		
Employers' contributions under defined contribution schemes and MPF Scheme	**16**	37

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

29. RELATED PARTY TRANSACTIONS

(a) Other than as disclosed elsewhere in the consolidated financial statements, the Group paid rent amounting to HK$100,000 during the year ended 31 March 2012 (2011: HK$600,000) to Kingston Property Investment Limited, of which Mr. Tse On Kin is one of the directors. Mr. Tse On Kin resigned as director of the Company on 16 November 2011.

(b) As set out in note 31, during the year ended 31 March 2012, the Company entered into a subscription agreement with World Treasure Global Limited ("World Treasure") to subscribe for 450,000,000 subscription shares at the subscription price of HK$0.10 per subscription share. The gross proceed of the subscription is HK$45,000,000. Mr. Wong Hin Shek, a director of the Company, has beneficial interest in World Treasure.

(c) As set out in note 31, during the year ended 31 March 2012, the Company entered into an agreement with World Treasure and Kingston Securities Limited, an independent third party, as underwriters, whereby the Company proposed to raise gross proceeds of approximately HK$45,900,000 before expenses, by way of open offer of 459,464,456 shares at the offer price of HK$0.10 per offer share, on the basis of eight offer shares for every share.

(d) The remuneration of key management of the Group is set out in note 13. The remuneration of directors and other members of key management is determined by the remuneration committee having regard to the performance of individual and market trends.

30. PRINCIPAL SUBSIDIARIES

Name of subsidiary	Place of incorporation	Issued and fully paid share/ registered capital	Percentage of nominal value of issued share/ registered capital directly held by the Company 2012	2011	Principal activities
New Able Investments Limited	British Virgin Islands ("BVI")	US$1	**100%**	100%	Investment holding
New Able Trading Limited	Hong Kong	HK$1	**100%**	100%	Inactive (2011: Trading of electronic products)
Instant Up Limited	Hong Kong	HK$1	**100%**	100%	Provision of administrative services
Advance Summit Limited	BVI	US$1	**100%**	100%	Inactive

Note:

None of the subsidiaries had any debt securities outstanding at 31 March 2012 and 2011 or at any time during the years ended 31 March 2012 and 2011.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

31. EVENTS AFTER THE REPORTING PERIOD

(a) Fulfillment of all resumption conditions and resumption of trading

On 23 September 2008, trading of the Company's shares was suspended. Until 14 December 2011, the Stock Exchange has allowed the Company to proceed with the resumption proposal subject to the resumption conditions to be fulfilled on or before 13 June 2012 and the Company announced that all the resumption conditions have been fulfilled as at 4 May 2012.

Trading in the shares of the Company has been resumed with effect on 7 May 2012. Further details were set out in the announcement of the Company dated 4 May 2012.

(b) Acquisition of a subsidiary

On 3 May 2012, the Group acquired the entire issued capital of Sky Will, which is engaged in the manufacture and trading of paper packaging products, paper gift items and printing of paper promotional materials. The Group has acquired Sky Will for the development of new business. The purchase consideration of HK$110,000,000 for the acquisition was in the forms of cash, by issuance of promissory note and ordinary shares. Details of the Acquisition were set out in the circular dated 5 March 2012.

Because the completion of the Acquisition was effected shortly before the date of approval of these financial statements, it is not practicable to disclose further details about the Acquisition.

(c) Completion of subscription

On 29 February 2012, the Company entered into a subscription agreement (the "Subscription Agreement") with World Treasure, in which a director of the Company has beneficial interest. Pursuant to the Subscription Agreement, the Company will issue and World Treasure will subscribe for 450,000,000 subscription shares at the subscription price of HK$0.10 per subscription share. The gross proceed of the subscription is HK$45,000,000. Details of the subscription were set out in the circular dated 5 March 2012. The subscription was completed on 3 May 2012.

(d) Completion of open offer

On 29 February 2012, the Company entered into an agreement with World Treasure and Kingston Securities Limited as underwriters, whereby the Company proposed to raise gross proceeds of approximately HK$45,900,000 before expenses, by way of open offer of 459,464,456 shares at the offer price of HK$0.10 per offer share, on the basis of eight offer shares for every share. A sum of net amount approximately HK$45,326,000, after deducting related expenses of approximately HK$574,000, was raised and used as working capital of the Group. Details of the open offer are set out in the circular dated 5 March 2012. The open offer was completed on 3 May 2012.

(e) Completion of bonus issue

On 3 May 2012, the Company has issued a bonus issue to the existing shareholders on the basis of five bonus shares for every seven shares. Details of the bonus issue are set out in the circular of the Company dated 5 March 2012. The bonus issue was completed on 3 May 2012.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

32. THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	**2012 HK$'000**	2011 HK$'000
Non-current assets			
Plant and equipment		**583**	183
Investments in subsidiaries		**—**	—
		583	183
Current assets			
Amounts due from subsidiaries	(a)	**62,307**	64,921
Deposits and prepayments		**15,190**	6,101
Bank balances		**—**	6
		77,497	71,028
Current liabilities			
Other payables and accruals		**4,216**	2,526
Amounts due to subsidiaries	(a)	**11,168**	1,069
		15,384	3,595
Net current assets		**62,113**	67,433
Total assets less current liabilities		**62,696**	67,616
Capital and reserves			
Share capital		**574**	11,486
Reserves	(b)	**62,122**	56,130
Total equity		**62,696**	67,616

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

32. THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Notes:

(a) The amounts are unsecured, interest-free and repayable on demand.

(b) The movement of reserves of the Company is as follows:

	Share premium HK$'000	**Share options reserve** HK$'000	**Contributed surplus** HK$'000	**Accumulated losses** HK$'000	**Total** HK$'000
At 1 April 2010	131,205	2,260	103,941	(248,888)	(11,482)
Profit and total comprehensive income for the year	—	—	—	67,612	67,612
At 31 March 2011	131,205	2,260	103,941	(181,276)	56,130
Loss for the year and total comprehensive income for the year	—	—	—	(4,920)	(4,920)
Lapse of share options (note 24)	—	(2,260)	—	2,260	—
Capital reduction (note 23)	—	—	—	10,912	10,912
At 31 March 2012	**131,205**	**—**	**103,941**	**(173,024)**	**62,122**

33. COMPARATIVES

The comparative figures of consolidated statement of comprehensive income and respective notes have been re-presented to conform with the current period's presentation as a result of the discontinued operation in accordance with HKFRS 5 Non-Current Assets Held for Sale and Discontinued Operation.

FIVE-YEAR FINANCIAL SUMMARY

CONSOLIDATED RESULTS

	Year ended 31 March				
	2012	2011	2010	2009	2008
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
	(Note 1)	(Note 1)	(Note 1)	(Note 1)	
Revenue	**—**	87,366	179,695	70,116	167,321
(Loss)/profit before tax	**(4,790)**	(4,367)	21,396	(99,546)	(41,376)
Income tax expense	**—**	(4)	76	(76)	(2,232)
(Loss)/profit for the year	**(4,790)**	(4,371)	21,472	(99,622)	(43,608)
Attributable to:					
Owners of the Company	**(4,790)**	(4,371)	21,473	(99,622)	(43,608)
Non-controlling interests	**—**	—	(1)	—	—
	(4,790)	(4,371)	21,472	(99,622)	(43,608)

Note 1: The consolidated results for the year ended 31 March 2012, 2011, 2010 and 2009 included the results from continuing and discontinued operations.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 March				
	2012	2011	2010	2009	2008
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Plant and equipment	**627**	240	303	4,113	32,665
Prepayments	**—**	—	—	10,217	24,071
Financial assets at fair value through profit or loss	**—**	—	—	—	12,357
Net current assets	**62,890**	68,073	72,387	37,960	51,963
	63,517	68,313	72,690	52,290	121,056
Share capital	**574**	11,486	11,486	11,486	9,576
Reserves	**62,931**	56,809	61,180	40,803	110,528
Total equity attributable to owners of the Company	**63,505**	68,295	72,666	52,289	120,104
Non-controlling interests	**—**	—	—	1	1
Obligation under finance lease	**12**	18	24	—	951
	63,517	68,313	72,690	52,290	121,056