香港通訊

HKC INTERNATIONAL HOLDINGS LIMITED
香港通訊國際控股有限公司*

(incorporated in the Cayman Islands with limited liability)
(Stock code: 248)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31ST MARCH, 2013

The board of directors (the "Board") of HKC International Holdings Limited (the "company") is pleased to announce the audited consolidated results of the company and its subsidiaries (collectively, the "group") for the year ended 31st March, 2013 together with audited comparative figures for the year ended 31st March, 2012 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31st March, 2013

	Note	**2013** ***HK$'000***	2012 *HK$'000*
TURNOVER	3	**268,212**	361,691
Cost of sales		**(200,899)**	(295,332)
GROSS PROFIT		**67,313**	66,359
Loss on disposal of property, plant and equipment		**(1,190)**	(1,214)
Gain on disposal of investment properties		**1,802**	–
Other income and gains	4	**1,224**	2,625
Other losses	4	**(1,132)**	(3,187)
Fair value gain on investment properties		**17,636**	27,527
Selling and distribution expenses		**(10,999)**	(10,688)
Administrative and other operating expenses		**(79,125)**	(86,978)
Finance costs	5	**(924)**	(807)

* *For identification purpose only*

	Note	2013 HK$'000	2012 HK$'000
LOSS BEFORE TAXATION	6	**(5,395)**	(6,363)
TAX EXPENSE	7	**(217)**	(181)
LOSS FOR THE YEAR		**(5,612)**	(6,544)
OTHER COMPREHENSIVE INCOME/ (EXPENSE) NET OF TAX			
Transferred from translation reserve to the consolidated profit or loss upon dissolution of subsidiaries		**1,015**	–
Exchange differences on translation of overseas operations		**352**	(18)
Revaluation gain on properties transferred from property, plant and equipment and leasehold land to investment properties		**9,478**	3,130
Fair value gain/(loss) on available-for-sale financial assets		**851**	(770)
OTHER COMPREHENSIVE INCOME FOR THE YEAR		**11,696**	2,342
TOTAL COMPREHENSIVE INCOME/ (EXPENSE) FOR THE YEAR		**6,084**	(4,202)
(Loss)/profit attributable to			
Equity holders of the company		**(5,679)**	(6,601)
Non-controlling interests		**67**	57
Loss for the year		**(5,612)**	(6,544)
Total comprehensive income/ (expense) attributable to			
Equity holders of the company		**6,017**	(4,259)
Non-controlling interests		**67**	57
Total comprehensive income/ (expense) for the year		**6,084**	(4,202)
LOSS PER SHARE – (HK CENTS)			
– basic	8	**(1.12) cents**	(1.33) cents
– diluted	8	**(1.11) cents**	(1.32) cents

CONSOLIDATED BALANCE SHEETS
As at 31st March, 2013

	Note	2013 HK$'000	2012 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**53,822**	60,269
Investment properties		**183,680**	177,034
Leasehold land		**–**	364
Available-for-sale financial assets		**4,798**	4,110
Deposits paid for acquisition of investment properties		**4,618**	–
		246,918	241,777
CURRENT ASSETS			
Inventories		**17,588**	22,934
Gross amounts due from customers for contract work		**21,484**	4,402
Debtors, deposits and prepayments	10	**42,200**	35,088
Tax recoverable		**–**	37
Cash and bank balances		**42,832**	57,202
		124,104	119,663
CURRENT LIABILITIES			
Creditors and accrued charges	11	**22,355**	19,003
Gross amounts due to customers for contract work		**641**	435
Tax payable		**720**	619
Obligations under finance leases		**31**	86
Bank borrowings		**40,535**	38,143
		64,282	58,286
NET CURRENT ASSETS		**59,822**	61,377
TOTAL ASSETS LESS CURRENT LIABILITIES		**306,740**	303,154

	2013	2012
	HK$'000	*HK$'000*
NON-CURRENT LIABILITIES		
Obligations under finance leases	**60**	16
Deferred tax liabilities	**168**	168
	228	184
	306,512	302,970
CAPITAL AND RESERVES		
Share capital	**5,152**	5,058
Reserves	**301,232**	297,851
Equity attributable to equity holders of the company	**306,384**	302,909
Non-controlling interests	**128**	61
TOTAL EQUITY	**306,512**	302,970

Notes:

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations ("HK-Int")) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain financial instruments and investment properties, which have been measured at fair values. These financial statements are presented in Hong Kong Dollars ("HK$") and all values are rounded to the nearest thousand except where otherwise indicated.

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

The group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

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

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

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

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans*[2]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*[2]
HKFRS 9	*Financial Instruments*[4]
HKFRS 10	*Consolidated Financial Statements*[2]
HKFRS 11	*Joint Arrangements*[2]
HKFRS 12	*Disclosure of Interests in Other Entities*[2]
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – *Transition Guidance*[2]
HKFRS 10, HKFRS 12 and HKFRS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities*[3]
HKFRS 13	*Fair Value Measurement*[2]

HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*[1]
HKAS 19 (2011)	*Employee Benefits*[2]
HKAS 27 (2011)	*Separate Financial Statements*[2]
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*[2]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[3]
HK(IFRIC) – Int20	*Stripping Costs in the Production Phase of a Surface Mine*[2]
Annual Improvements 2009 – 2011 Cycle	Amendments to a number of HKFRSs issued in June, 2012[2]

1 Effective for annual periods beginning on or after 1st July, 2012

2 Effective for annual periods beginning on or after 1st January, 2013

3 Effective for annual periods beginning on or after 1st January, 2014

4 Effective for annual periods beginning on or after 1st January, 2015

The group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the group considers that these new and revised HKFRSs are unlikely to have a significant impact on the group's results of operations and financial position.

3. TURNOVER/SEGMENTAL INFORMATION

Turnover represents sales of mobile phones and business solutions and gross rental income.

a) Segment results, assets and liabilities

The reportable segments for the year ended 31st March, 2013 are as follows:

	Sales of mobile phones in Hong Kong *HK$'000*	Sales of business solution in Hong Kong *HK$'000*	Sales of business solution in Mainland China and other countries in South East Asia *HK$'000*	Property investment *HK$'000*	Total *HK$'000*
REVENUES					
Revenue from external customers	**154,355**	**63,430**	**45,802**	**4,625**	**268,212**
Inter-segment sales	**11**	**2,052**	**331**	**–**	**2,394**
Reportable segment revenue	**154,366**	**65,482**	**46,133**	**4,625**	**270,606**
Reportable segment (loss)/profit	**(24,894)**	**6,941**	**(5,726)**	**1,168**	**(22,511)**
Interest income from bank deposits	**263**	**7**	**144**	**–**	**414**
Finance cost	**–**	**–**	**(3)**	**(921)**	**(924)**
Depreciation for the year	**(4,753)**	**(475)**	**(1,238)**	**(24)**	**(6,490)**
Reportable segment assets	**120,585**	**44,279**	**62,230**	**139,130**	**366,224**
Additions to non-current assets during the year	**1,419**	**352**	**322**	**66**	**2,159**
Reportable segment liabilities	**4,473**	**10,142**	**8,482**	**41,245**	**64,342**

The reportable segments for the year ended 31st March, 2012 are as follows:

	Sales of mobile phones in Hong Kong *HK$'000*	Sales of business solution in Hong Kong *HK$'000*	Sales of business solution in Mainland China and other countries in South East Asia *HK$'000*	Property investment *HK$'000*	Total *HK$'000*
REVENUES					
Revenue from external customers	264,785	45,825	46,849	4,232	361,691
Inter-segment sales	251	14	1,319	–	1,584
Reportable segment revenue	265,036	45,839	48,168	4,232	363,275
Reportable segment (loss)/profit	(29,578)	6,068	(8,906)	1,406	(31,010)
Interest income from bank deposits	268	–	19	–	287
Finance cost	–	–	(8)	(799)	(807)
Depreciation and amortisation for the year	(4,077)	(491)	(1,644)	(12)	(6,224)
Reportable segment assets	124,054	25,912	64,826	142,538	357,330
Additions to non-current assets during the year	6,893	371	1,192	13,993	22,449
Reportable segment liabilities	4,852	7,182	7,402	38,866	58,302

The accounting policies of the reportable segments are the same as the group's accounting policies. Segment profit/(loss) represents the profit/(loss) earned by each segment without allocation of revenues from investment in financial assets, exchange gain and tax (expense)/income. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

b) Geographic information

	Revenues from external customers		**Non-current assets***	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (place of domicile)	**222,410**	314,842	**206,678**	201,580
Mainland China	**11,336**	20,097	**33,406**	33,698
Singapore	**30,637**	21,371	**2,036**	2,383
Other countries in South East Asia	**3,829**	5,381	**–**	6
	45,802	46,849	**35,442**	36,087
	268,212	361,691	**242,120**	237,667

* Non-current assets excluding available-for-sales financial assets.

c) **Reconciliations of reportable segment revenues, profit or loss, assets and liabilities**

	2013	2012
	HK$'000	*HK$'000*
REVENUES		
Reportable segment revenue	**270,606**	363,275
Elimination of inter-segment revenue	**(2,394)**	(1,584)
Consolidated turnover	**268,212**	361,691
PROFIT OR LOSS		
Reportable segment loss	**(22,511)**	(31,010)
Unallocated other income and gains	**–**	937
Fair value gain on investment properties	**17,636**	27,527
Gain on disposal of investment properties	**1,802**	–
Loss on disposal of property, plant and equipment	**(1,190)**	(1,214)
Other losses	**(1,132)**	(2,603)
Consolidated loss before taxation	**(5,395)**	(6,363)
ASSETS		
Reportable segment assets	**366,224**	357,330
Non-current financial assets	**4,798**	4,110
Consolidated total assets	**371,022**	361,440
LIABILITIES		
Reportable segment liabilities	**64,342**	58,302
Deferred tax liabilities	**168**	168
Consolidated total liabilities	**64,510**	58,470

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

- all assets are allocated to reportable segments other than available-for-sale financial assets.

- all liabilities are allocated to reportable segments other than deferred tax liabilities.

d) Information about major customers

For the year ended 31st March, 2013, revenue from a major customer contributed to the group's revenue of approximately HK$13,449,000 (2012: HK$34,576,000) was included in reportable segment "sales of mobile phones in Hong Kong" which individually accounted for 5% or more of the group's total revenue during the year.

4. OTHER INCOME, GAINS AND LOSSES

	2013	2012
	HK$'000	*HK$'000*
OTHER INCOME		
Bank interest income	**414**	287
Computer service fee income	**71**	89
Commission income	**23**	35
Rental income for application software provider	**111**	360
Bad debts recovered	**–**	4
Dividend income from listed equity securities	**141**	224
Others	**464**	689
	1,224	1,688
OTHER GAINS		
Gain on disposal of leasehold property	**–**	937
TOTAL OTHER INCOME AND GAINS	**1,224**	2,625
OTHER LOSSES		
Net exchange loss	**117**	1,058
Impairment loss on available-for-sale financial assets – unlisted equity investment	**–**	1,545
Loss on disposal of financial assets at fair value through profit or loss	**–**	584
Loss on dissolution of subsidiaries	**1,015**	–
	1,132	3,187

5. FINANCE COSTS

	2013	2012
	HK$'000	*HK$'000*
Interest on		
– Bank borrowings not wholly repayable within five years	**921**	800
– Interest on obligations under finance leases	**3**	7
	924	807

6. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging:

	2013	2012
	HK$'000	*HK$'000*
Auditor's remuneration	**608**	580
Depreciation		
– Owned assets	**6,402**	6,128
– Leased assets	**88**	89
	6,490	6,217
Amortisation of prepaid operating lease payments	**–**	7
Operating lease rentals in respect of rented premises		
– Minimum lease payments	**11,329**	14,654
– Contingent rent	**961**	590
	12,290	15,244
Employee benefits expenses (including directors' remuneration)		
– Salaries, allowances and benefits in kind	**48,806**	47,945
– Retirement benefit scheme contributions	**2,640**	3,999
– Equity-settled share-based payment expenses	**–**	147
Total staff costs	**51,446**	52,091
Write-down/(write-back) of inventories	**3,624**	(1,809)
Loss on disposal of property, plant and equipment	**1,190**	1,214
Impairment loss on trade debtors	**4**	303
Bad debts written off	**62**	–
Donations	**305**	278

and after crediting:

Gross rental income from investment properties under operating leases less outgoings	**4,625**	4,232

7. TAX EXPENSE

a) Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

Taxes on profits assessable in elsewhere have been calculated at the rates of tax prevailing in those places in which the group operates, based on existing legislation, interpretations and practices in respect thereof.

	2013	2012
	HK$'000	*HK$'000*
Hong Kong		
Charge for the year	**229**	117
(Over)/underprovision in respect of prior years	**(12)**	64
Tax expense for the year	**217**	181

b) The tax expense for the year can be reconciled to the loss before taxation per consolidated statement of comprehensive income as follows:

	2013	2012
	HK$'000	*HK$'000*
Loss before taxation	**(5,395)**	(6,363)
Tax at the income tax rate of 16.5% (2012: 16.5%)	**(890)**	(1,050)
Tax effect of income not taxable	**(3,461)**	(4,334)
Tax effect of expenses that are not deductible in determining taxable income	**686**	978
Tax effect of unrecognised tax losses	**4,786**	4,798
Tax effect of different tax rates in other jurisdiction	**19**	(135)
Tax effect of utilisation of tax losses previously unrecognised	**(990)**	(234)
(Over)/underprovision of profits tax in respect of prior year	**(12)**	64
Others	**79**	94
Tax expense for the year	**217**	181

8. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic and diluted loss per share is based on the following data:

	2013	2012
	HK$'000	*HK$'000*
Loss attributable to equity holders of the company	**(5,679)**	(6,601)
	Number of shares	Number of shares
Basic		
Weighted average number of ordinary shares in issue less shares held for Share Award Plan for the purposes of calculating basic loss per share	**505,440,200**	495,747,146
Diluted		
Weighted average number of ordinary shares in issue less shares held for Share Award Plan	**505,440,200**	495,747,146
Effect of dilutive potential ordinary shares: Awarded shares	**4,955,548**	4,776,000
Weighted average number of ordinary shares for the purpose of calculating diluted loss per share	**510,395,748**	500,523,146

9. DIVIDEND AND BONUS SHARE ISSUE

	2013	2012
	HK$'000	*HK$'000*
Final dividend for the year 2012 of HK$0.01 per ordinary share (2012: final dividend for the year 2011 of HK$0.01 per ordinary share)	**5,057**	4,951
Less: Dividends for shares held by Share Award Plan	**(48)**	(16)
	5,009	4,935

The directors do not recommend the payment of any final dividend for the year ended 31st March, 2013 (2012: final dividend of HK$0.01 per ordinary share) but propose to make a bonus issue of one new share credited as fully paid for every ten shares held on the register of members on 21st August, 2013. The necessary resolution will be proposed at the forthcoming annual general meeting on 12th August, 2013, and if passed, share certificates will be posted on or about 12th September,2013.

10. DEBTORS, DEPOSITS AND PREPAYMENTS

	2013	2012
	HK$'000	*HK$'000*
Trade debtors	**33,788**	25,260
Less: allowance for doubtful debts	**(2,429)**	(2,425)
	31,359	22,835
Deposits, other debtors and prepayments	**10,841**	12,253
	42,200	35,088

a) Ageing analysis

The ageing analysis of trade debtors of HK$31,359,000 (2012: HK$22,835,000) which are included in the debtors, deposits and prepayments are as follows:

	2013	2012
	HK$'000	*HK$'000*
0-30 days	**19,715**	12,069
31-60 days	**2,341**	1,909
61-90 days	**1,720**	742
91-120 days	**468**	2,137
121-360 days	**7,115**	3,191
Over 360 days	**–**	2,787
	31,359	22,835

b) Trade debtors that are not impaired

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

	2013	2012
	HK$'000	*HK$'000*
Neither overdue nor impaired	**19,715**	11,678
Less than 1 month overdue	**2,341**	2,222
1 to 3 months overdue	**2,188**	2,349
More than 3 months	**7,115**	6,586
	11,644	11,157
	31,359	22,835

The group has a policy of allowing average credit period ranging from seven days to one month to its customers. In addition, for certain customers with long-established relationship and have good credit worthiness, a longer credit period may be granted.

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

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

c) Impairment of trade debtors

Impairment losses in respect of trade debtors are recorded fully on allowance account unless the group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors directly.

The movement in the allowance for doubtful debts during the year is as follows:

	2013	2012
	HK$'000	*HK$'000*
At 1st April	**2,425**	2,937
Reversal of impairment losses	**–**	(4)
Impairment losses recognised	**4**	303
Uncollectable amount written off	**–**	(897)
Currency realignment	**–**	86
At 31st March	**2,429**	2,425

At 31st March, 2013, the group's trade debtors of HK$2,429,000 (2012: HK$2,425,000) were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed that such trade receivables cannot be fully recovered. Consequently, specific allowances for doubtful debts of HK$2,429,000 (2012: HK$2,425,000) were recognised. The group does not hold any collateral over these balances.

The amount of the group's deposits, other debtors and prepayments expected to be recovered or recognised as expense after more than one year is HK$3,373,000 (2012: HK$4,346,000). All of the remaining deposits, other debtors and prepayments are expected to be recovered or recognised as expense within one year.

The directors consider that the carrying amounts of trade and other debtors, deposits and prepayments approximate to their fair values.

11. CREDITORS AND ACCRUED CHARGES

The ageing analysis of trade creditors of HK$11,000,000 (2012: HK$7,826,000) which is included in the group's creditors and accrued charges is as follows:

	2013	2012
	HK$'000	*HK$'000*
0 – 30 days	**6,601**	5,957
31 – 60 days	**503**	559
61 – 90 days	**630**	14
Over 90 days	**3,266**	1,296
	11,000	7,826

The directors consider that the carrying amounts of creditors and accrued charges approximate to their fair values.

Included in trade creditors are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

		2013		2012
		'000		*'000*
United States Dollars	**USD**	**52**	USD	2
Renminbi	**RMB**	**–**	RMB	14

12. SUBSEQUENT EVENTS

On 21st January, 2013, the group entered into an agreement with a third party for acquisition of an investment property located at Hong Kong for a cash consideration of HK$16,800,000. Deposits of HK$1,680,000 have been paid. This transaction is expected to be completed on or before 28th June, 2013.

On 6th February, 2013, the group entered into an agreement with a third party for acquisition of an investment property located at Hong Kong for a cash consideration of HK$14,688,000. Deposits of HK$2,938,000 have been paid. This transaction is expected to be completed on or before 7th November, 2013.

On 18th March, 2013, the group entered into an agreement with a third party to dispose an investment property located at Hong Kong with carrying value of HK$7,680,000 at a cash consideration of HK$7,700,000. This transaction had been completed on 31st May, 2013.

On 18th June, 2013, the group entered into an agreement with a third party to dispose an investment property located at Hong Kong with carrying value of HK$4,830,000 at a cash consideration of HK$6,000,000. Deposit of HK$300,000 has been received. This transaction is expected to be completed on or before 17th September, 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended 31st March, 2013, the group's turnover decreased by 26% to HK$268 million (2012: HK$362 million) and net loss attributable to equity holders of the company was HK$5.7 million (2012: HK$6.6 million).

SALES OF MOBILE PHONES

The turnover substantially decreased from HK$265 million to HK$154 million due to the cessation of mobile phones distribution business and closing down of 3 retail shops upon expiry of tenancy agreements during the year. The division recorded loss of HK$24.9 million compared with the loss of HK$29.6 million last year.

SALES OF BUSINESS SOLUTIONS

During the year under review, the turnover increased by 18% to HK$109.2 million (2012: HK$92.7 million). The division recorded profit of HK$1.2 million compared with the loss of HK$2.9 million last year due to our effective cost control.

PROPERTY INVESTMENT

The rental income increased from HK$4.2 million to HK$4.6 million and the profit of this division was HK$1.2 million (2012: HK$1.4 million).

PROSPECTS

Regarding the mobile phone business, we have commenced distribution business again from December 2012. This will have a positive impact on the group's turnover in the coming year.

In business solutions segment, we will strengthen our research and development resources to launch more new products to meet market demand. In addition, we will continue to implement cost control measures.

As at the date of this announcement, all the group's investment properties have been fully let. We expect that the rental income will be stable.

LIQUIDITY AND FINANCIAL RESOURCES

The group continues to maintain a strong financial position. As at 31st March, 2013, the group's cash and bank balances amounted to approximately HK$43 million (2012: HK$57 million) while the bank borrowing was HK$41 million (2012: HK$38 million).

CAPITAL STRUCTURE

There was no change to the group's capital structure for the year ended 31st March, 2013.

CAPITAL EXPENDITURE

The group invested HK$2.2 million in property, plant and equipment during the year.

EMPLOYEES

As at 31st March, 2013, the total number of employees of the group was approximately 200 (2012: 200) and the aggregate remuneration of employees (excluding directors' emoluments) amounted to HK$47 million (2012: HK$48 million). The remuneration and bonus packages of the employees are based on the individual merits and performance and are reviewed at least annually. There is a share award plan in place designed to award employees for their performance at the discretion of the directors. The group maintains a good relationship with its employees.

PLEDGE OF ASSETS

As at 31st March, 2013, the group's general banking facilities were secured by (1) first legal charge on certain investment properties with total of fair value of HK$122,240,000 (2012: HK$131,670,000) and (2) bank deposits of HK$11,129,000 (2012: HK$9,185,000).

GEARING RATIO

The gearing ratio was 13.2% (2012: 12.6%) which is expressed as a percentage of total borrowings to shareholders' funds.

FOREIGN EXCHANGE FLUCTUATIONS

The group's assets and liabilities are mainly denominated in Hong Kong Dollars, Renminbi and Singapore Dollars. Income and expenses derived from operations in PRC and Singapore are mainly denominated in Renminbi and Singapore Dollars respectively. There is no significant exposure to the fluctuations of foreign exchange rates, but the group is closely monitoring the financial market and would consider appropriate measures if required. The group has no hedging arrangement for foreign currencies and has not involved in the financial derivatives.

CONTINGENT LIABILITIES

As at 31st March, 2013, the company had provided corporate guarantees of HK$97 million (2012: HK$103 million) to secure general banking facilities granted to the subsidiaries.

DIVIDEND AND BONUS SHARE ISSUE

The directors do not recommend the payment of any final dividend for the year ended 31st March, 2013 (2012: final dividend of HK$0.01 per ordinary share) but propose to make a bonus issue of one new share credited as fully paid for every ten shares held on the register of members on 21st August, 2013. The necessary resolution will be proposed at the forthcoming annual general meeting on 12th August, 2013, and if passed, share certificates will be posted on or around 12th September, 2013.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the company will be closed from 19th August, 2013 to 21st August, 2013, both days inclusive, for the purpose of, among other things, establishing entitlements to the proposed bonus share, during which period no transfer of shares will be effected. In order to qualify for the bonus share, all transfers, accompanied by the relevant share certificates, should be lodged with the company's Share Registrars in Hong Kong, Pilare Limited, at 10th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong not later than 4:30 p.m. on 16th August, 2013.

CORPORATE GOVERNANCE

The board considers that good corporate governance is central to safeguarding the interests of the shareholders, customers, employees and other stakeholders of the group. The company had complied throughout the year ended 31st March, 2013 with the code provisions of the Corporate Governance Code ("Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), except for the deviation in respect of the attendance of the independent non-executive Directors at the general meetings of the company set out in Code Provision A.6.7 of the Code.

Code Provision A.6.7 of the Code stipulates, among other things, that the independent non-executive directors and other non-executive directors should attend general meetings. Mr. Chiu Ngar Wing, Dr. Chu Chor Lup and Dr. George Leung did not attend the annual general meeting of the company held on 13th August, 2012 due to their other commitments.

COMPLIANCE WITH THE MODEL CODE SET OUT IN APPENDIX 10 TO THE LISTING RULES

The company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of all directors, each of the directors confirmed that he had complied with the required standard set out in the Model Code during the year ended 31st March, 2013.

AUDIT COMMITTEE

During the year, the audit committee reviewed the unaudited interim financial statements for the six months ended 30th September, 2012 and the audited financial statements for the year ended 31st March, 2013 and discussed with the management and the external auditors the audit plans, the internal control and financial reporting matters which may affect the group.

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

There was no purchase, sale or redemption of the company's listed shares by the company or any of its subsidiaries during the year.

APPRECIATION

The Board would like to extend its sincere gratitude to the company's shareholders, business counterparts and all management and staff members of the group for their contribution and continued support during the year.

ANNUAL GENERAL MEETING AND DESPATCH OF ANNUAL REPORT

The annual general meeting ("AGM") of the company will be held on 12th August, 2013. The annual report of the company for the year ended 31st March, 2013 together with the notice of the AGM will be dispatched to shareholders of the company and will be published on the company's website at "www.hkc.com.hk" and the website of The Hong Kong Exchange and Clearing Limited at "www.hkexnews.hk" in due course.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises Mr. Chan Chung Yee, Hubert, Mr. Chan Chung Yin, Roy, Mr. Chan Ming Him, Denny, Mr. Wu Kwok Lam, Mr. Ip Man Hon and Mr. Ng Chi Hoi as executive directors and Mr. Chiu Ngar Wing, Dr. Chu Chor Lup and Mr. Law Ka Hung as independent non-executive directors.

On behalf of the Board
Chan Chung Yee, Hubert
Chairman

Hong Kong, 21st June, 2013