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, 2014

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, 2014 together with audited comparative figures for the year ended 31st March, 2013 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31st March, 2014

	Note	**2014**	2013
		HK$'000	*HK$'000*
TURNOVER	3	**263,096**	268,212
Cost of sales		**(212,234)**	(200,899)
GROSS PROFIT		**50,862**	67,313
Loss on disposal of property, plant and equipment		**(324)**	(1,190)
Gain on disposal of investment properties		**1,046**	1,802
Other income and gains	4	**2,527**	1,224
Other losses	4	**(1,456)**	(1,132)
Fair value gain on investment properties		**8,681**	17,636
Selling and distribution expenses		**(10,358)**	(10,999)
Administrative and other operating expenses		**(61,658)**	(79,125)
Finance costs	5	**(1,145)**	(924)
LOSS BEFORE TAXATION	6	**(11,825)**	(5,395)
TAX EXPENSE	7	**(62)**	(217)
LOSS FOR THE YEAR		**(11,887)**	(5,612)

* *For identification purpose* only

	Note	2014 HK$'000	2013 HK$'000
OTHER COMPREHENSIVE (EXPENSE)/INCOME NET OF TAX			
Items that may be reclassified subsequently to profit or loss:			
Transferred from translation reserve to the consolidated profit or loss upon dissolution of subsidiaries		**–**	1,015
Exchange differences on translation of overseas operations		**212**	352
Fair value (loss)/gain on available-for-sale financial assets		**(365)**	851
Items that will not be reclassified to profit or loss:			
Revaluation gain on properties transferred from property, plant and equipment and leasehold land to investment properties		**–**	9,478
OTHER COMPREHENSIVE (EXPENSE)/INCOME FOR THE YEAR		**(153)**	11,696
TOTAL COMPREHENSIVE (EXPENSE)/INCOME FOR THE YEAR		**(12,040)**	6,084
(Loss)/profit attributable to			
Equity holders of the company		**(12,175)**	(5,679)
Non-controlling interests		**288**	67
Loss for the year		**(11,887)**	(5,612)
Total comprehensive (expense)/income attributable to			
Equity holders of the company		**(12,328)**	6,017
Non-controlling interests		**288**	67
Total comprehensive (expense)/income for the year		**(12,040)**	6,084
LOSS PER SHARE – (HK CENTS)			
– basic	8	**(2.25) cents**	(1.12) cents
– diluted	8	**(2.24) cents**	(1.11) cents

CONSOLIDATED BALANCE SHEET

As at 31st March, 2014

	Note	2014 HK$'000	2013 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**65,603**	53,822
Investment properties		**197,440**	183,680
Available-for-sale financial assets		**3,689**	4,798
Deposits paid for acquisition of investment properties		**–**	4,618
		266,732	246,918
CURRENT ASSETS			
Inventories		**25,727**	17,588
Gross amounts due from customers for contract work		**11,660**	21,484
Debtors, deposits and prepayments	10	**51,720**	42,200
Tax recoverable		**159**	–
Cash and bank balances		**12,166**	42,832
		101,432	124,104
CURRENT LIABILITIES			
Creditors and accrued charges	11	**17,597**	22,355
Gross amounts due to customers for contract work		**4,759**	641
Tax payable		**639**	720
Obligations under finance leases		**19**	31
Bank borrowings		**50,184**	40,535
		73,198	64,282
NET CURRENT ASSETS		**28,234**	59,822
TOTAL ASSETS LESS CURRENT LIABILITIES		**294,966**	306,740
NON-CURRENT LIABILITIES			
Obligations under finance leases		**43**	60
Deferred tax liabilities		**168**	168
		211	228
NET ASSETS		**294,755**	306,512

	2014	2013
	HK$'000	*HK$'000*
CAPITAL AND RESERVES		
Share capital	**5,667**	5,152
Reserves	**289,088**	301,232
Equity attributable to equity holders of the company	**294,755**	306,384
Non-controlling interests	**–**	128
TOTAL EQUITY	**294,755**	306,512

Notes:

1. **BASIS OF PREPARATION**

These consolidated 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 consolidated 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 HKFRSs**

The HKICPA issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the group and the company. Of these, the following developments are relevant to the group's consolidated financial statements:

- Amendments to HKAS 1, *Presentation of financial statements – Presentation of items of other comprehensive income*

- HKFRS 10, *Consolidated financial statements*

- HKFRS 12, *Disclosure of interests in other entities*

- HKFRS 13, *Fair value measurement*

Impacts of the adoption of the new or amended HKFRSs are discussed below:

Amendments to HKAS 1, Presentation of financial statements – Presentation of items of other comprehensive income

The amendments require entities to present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The presentation of other comprehensive income in the consolidated statement of comprehensive income in these consolidated financial statements has been modified accordingly.

HKFRS 10, Consolidated financial statements

HKFRS 10 replaces the requirements in HKAS 27, *Consolidated and separate financial statements* relating to the preparation of consolidated financial statements and HK(SIC) Int-12 *Consolidation – Special purpose entities*. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount to those returns.

The adoption does not change any of the control conclusions reached by the group in respect of its involvement with other entities as at 1st April, 2013.

HKFRS 12, Disclosure of interests in other entities

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The adoption of HKFRS 12 does not have any material impact on these consolidated financial statements.

HKFRS 13, Fair value measurement

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. To the extent that the requirements are applicable to the group, the group has provided those disclosures accordingly.

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

HKFRS 9	*Financial Instruments* [3]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities* [1]
HKAS 19 Amendments	Amendments to HKAS 19 *Employee Benefits – Defined Benefit Plans: Employee Contributions* [2]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities* [1]
HKAS 36 Amendments	Amendments to HKAS 36 *Impairment to Assets – Recoverable Amount Disclosures for Non-Financial Assets* [1]
HKAS 39 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting* [1]
HK(IFRIC) – Int 21	*Levies* [1]

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

[2] Effective for annual periods beginning on or after 1st July, 2014

[3] No mandatory effective date yet determined but is available for adoption

The group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs would have any significant impact on its 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, 2014 are as follows:

	Sales of mobile phones in Hong Kong *HK$'000*	Sales of business solutions in Hong Kong *HK$'000*	Sales of business solutions in Mainland China and other countries in South East Asia *HK$'000*	Property investment *HK$'000*	Total *HK$'000*
REVENUES					
Revenue from external customers	**191,876**	**38,401**	**27,563**	**5,256**	**263,096**
Inter-segment sales	**99**	**560**	**159**	**–**	**818**
Reportable segment revenue	**191,975**	**38,961**	**27,722**	**5,256**	**263,914**
Reportable segment (loss)/profit	**(12,534)**	**1,588**	**(8,998)**	**(183)**	**(20,127)**
Interest income from bank deposits	**298**	**–**	**35**	**–**	**333**
Finance cost	**–**	**–**	**–**	**(1,145)**	**(1,145)**
Depreciation for the year	**(3,075)**	**(549)**	**(911)**	**(31)**	**(4,566)**
Reportable segment assets	**105,845**	**41,158**	**62,915**	**154,557**	**364,475**
Additions to non-current assets during the year	**15,797**	**551**	**581**	**17,621**	**34,550**
Reportable segment liabilities	**5,198**	**7,053**	**9,853**	**51,137**	**73,241**

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

	Sales of mobile phones in Hong Kong *HK$'000*	Sales of business solutions in Hong Kong *HK$'000*	Sales of business solutions 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 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*	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (place of domicile)	**235,533**	222,410	**217,429**	206,678
Mainland China	**9,562**	11,336	**32,805**	33,406
Singapore	**16,019**	30,637	**12,809**	2,036
Other countries in South East Asia	**1,982**	3,829	**–**	–
	27,563	45,802	**45,614**	35,442
	263,096	268,212	**263,043**	242,120

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

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

	2014	2013
	HK$'000	*HK$'000*
REVENUES		
Reportable segment revenue	**263,914**	270,606
Elimination of inter-segment revenue	**(818)**	(2,394)
Consolidated turnover	**263,096**	268,212
PROFIT OR LOSS		
Reportable segment loss	**(20,127)**	(22,511)
Unallocated other income and gains	**355**	–
Fair value gain on investment properties	**8,681**	17,636
Gain on disposal of investment properties	**1,046**	1,802
Loss on disposal of property, plant and equipment	**(324)**	(1,190)
Other losses	**(1,456)**	(1,132)
Consolidated loss before taxation	**(11,825)**	(5,395)
ASSETS		
Reportable segment assets	**364,475**	366,224
Non-current financial assets	**3,689**	4,798
Consolidated total assets	**368,164**	371,022
LIABILITIES		
Reportable segment liabilities	**73,241**	64,342
Deferred tax liabilities	**168**	168
Consolidated total liabilities	**73,409**	64,510

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, 2014, revenue from a major customer contributed to the group's revenue of approximately HK$74,991,000 (2013: HK$13,449,000) was included in reportable segment "sales of mobile phones in Hong Kong" which individually accounted for 29% or more of the group's total revenue during the year.

4. OTHER INCOME, GAINS AND LOSSES

	2014	2013
	HK$'000	*HK$'000*
OTHER INCOME		
Bank interest income	**333**	414
Computer service fee income	**280**	71
Commission income	**15**	23
Rental income for application software provider	**280**	111
Dividend income from listed equity securities	**145**	141
Others	**1,119**	464
	2,172	1,224
OTHER GAINS		
Gain on disposal of financial assets at fair value through profit or loss	**355**	–
TOTAL OTHER INCOME AND GAINS	**2,527**	1,224
OTHER LOSSES		
Net exchange loss	**327**	117
Loss on disposal of available-for-sale financial assets	**267**	–
Loss on disposal of a subsidiary	**862**	–
Loss on dissolution of subsidiaries	**–**	1,015
	1,456	1,132

5. FINANCE COSTS

	2014	2013
	HK$'000	*HK$'000*
Interest on		
– Bank borrowings not wholly repayable within five years	**1,145**	921
– Interest on obligations under finance leases	**–**	3
	1,145	924

6. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging:

	2014	2013
	HK$'000	*HK$'000*
Auditor's remuneration	**596**	608
Depreciation		
– Owned assets	**4,547**	6,402
– Leased assets	**19**	88
	4,566	6,490
Operating lease rentals in respect of rented premises		
– Minimum lease payments	**5,561**	11,329
– Contingent rent	**634**	961
	6,195	12,290
Employee benefits expenses (including directors' remuneration)		
– Salaries, allowances and benefits in kind	**41,981**	48,806
– Retirement benefit scheme contributions	**3,515**	2,640
– Equity-settled share-based payment expenses	**699**	–
Total staff costs	**46,195**	51,446
Write-down of inventories	**29**	3,624
Impairment loss on trade debtors	**61**	4
Bad debts written off	**–**	62
Donations	**251**	305

and after crediting:

Gross rental income from investment properties under operating leases less outgoings	**4,923**	4,625

7. TAX EXPENSE

a) Hong Kong profits tax has been provided at the rate of 16.5% (2013: 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.

	2014	2013
	HK$'000	*HK$'000*
Hong Kong		
Charge for the year	**72**	229
Overprovision in respect of prior years	**(10)**	(12)
Tax expense for the year	**62**	217

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

	2014	2013
	HK$'000	*HK$'000*
Loss before taxation	**(11,825)**	(5,395)
Tax at the income tax rate of 16.5% (2013: 16.5%)	**(1,951)**	(890)
Tax effect of income not taxable	**(1,719)**	(3,461)
Tax effect of expenses that are not deductible in determining taxable income	**942**	686
Tax effect of unrecognised tax losses	**3,830**	4,786
Tax effect of different tax rates in other jurisdiction	**(317)**	19
Tax effect of utilisation of tax losses previously unrecognised	**(326)**	(990)
Tax effect of unrecognised temporary difference	**(433)**	–
Overprovision of profits tax in respect of prior year	**(10)**	(12)
Others	**46**	79
Tax expense for the year	**62**	217

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:

	2014	2013
	HK$'000	*HK$'000*
Loss attributable to equity holders of the company	**(12,175)**	(5,679)
	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	**541,119,317**	505,440,200
Diluted		
Weighted average number of ordinary shares in issue less shares held for Share Award Plan	**541,119,317**	505,440,200
Effect of dilutive potential ordinary shares:		
Awarded shares	**2,494,302**	4,955,548
Weighted average number of ordinary shares for the purpose of calculating diluted loss per share	**543,613,619**	510,395,748

9. DIVIDEND AND BONUS SHARE ISSUE

	2014	2013
	HK$'000	*HK$'000*
Final dividend for the year 2013 of HK$Nil per ordinary share (2013: final dividend for the year 2012 of HK$0.01 per ordinary share)	**–**	5,057
Less: Dividends for shares held by Share Award Plan	**–**	(48)
	–	5,009

The directors do not recommend the payment of any final dividend for the years ended 31st March, 2014 and 2013 but propose to make a bonus issue of one new share credited as fully paid for every eight shares held on the register of members on 3rd September, 2014 (2013: one new share credited as fully paid for every ten shares). The necessary resolution will be proposed at the forthcoming annual general meeting on 25th August, 2014, and if passed and obtained the approval from the Listing Committee of The Stock Exchange of Hong Kong Limited for granting of listing and permission to deal in the bonus shares, share certificates will be posted on or about 18th September, 2014.

10. DEBTORS, DEPOSITS AND PREPAYMENTS

	2014	2013
	HK$'000	*HK$'000*
Trade debtors	**46,225**	33,788
Less: allowance for doubtful debts	**(2,342)**	(2,429)
	43,883	31,359
Deposits, other debtors and prepayments	**7,837**	10,841
	51,720	42,200

a) Ageing analysis

The ageing analysis of trade debtors of HK$43,883,000 (2013: HK$31,359,000) which are included in the debtors, deposits and prepayments are as follows:

	2014	2013
	HK$'000	*HK$'000*
0 – 30 days	**20,244**	19,715
31 – 60 days	**13,004**	2,341
61 – 90 days	**2,690**	1,720
91 – 120 days	**846**	468
121 – 360 days	**4,313**	3,962
Over 360 days	**2,786**	3,153
	43,883	31,359

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:

	2014	2013
	HK$'000	*HK$'000*
Neither overdue nor impaired	**20,244**	19,715
Less than 1 month overdue	**12,885**	2,341
1 to 3 months overdue	**2,993**	2,188
More than 3 months overdue	**7,761**	7,115
	23,639	11,644
	43,883	31,359

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:

	2014	2013
	HK$'000	*HK$'000*
At 1st April	**2,429**	2,425
Impairment losses recognised	**61**	4
Currency realignment	**(148)**	–
At 31st March	**2,342**	2,429

11. CREDITORS AND ACCRUED CHARGES

The ageing analysis of trade creditors of HK$7,777,000 (2013: HK$11,000,000) which is included in the group's creditors and accrued charges is as follows:

	2014	2013
	HK$'000	*HK$'000*
0 – 30 days	**4,608**	6,601
31 – 60 days	**546**	503
61 – 90 days	**459**	630
Over 90 days	**2,164**	3,266
	7,777	11,000

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:

		2014		2013
		'000		*'000*
United States Dollars	**USD**	**–**	USD	52

12. SUBSEQUENT EVENT

On 3rd June, 2014, the group entered into a provisional sale and purchase agreement with a third party to dispose of one of its investment properties located at PRC with carrying value of HK$11,930,000 at a cash consideration of HK$11,970,000. This transaction is expected to be completed in September 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended 31st March, 2014, the group's turnover decreased by 2% to HK$263 million (2013: HK$268 million) and net loss attributable to equity holders of the company was HK$12 million as compared with the same for the year ended 31 March, 2013 of HK$5.7 million. The substantial increase in the loss was attributable to the decrease in fair value gain on investment properties amounting to approximately HK$9 million.

SALES OF MOBILE PHONES

The turnover increased from HK$154 million to HK$192 million during the year. The division recorded loss of HK$12.5 million compared with the loss of HK$24.9 million last year. During the year under review, three underperforming retail shops were closed when the leases expired. This helps to reduce the loss.

SALES OF BUSINESS SOLUTIONS

During the year under review, the turnover decreased by 39% to HK$66 million (2013: HK$109.2 million) due to keen competition. The division recorded loss of HK$7.4 million compared with the profit of HK$1.2 million last year.

PROPERTY INVESTMENT

The rental income increased from HK$4.6 million to HK$5.3 million and the loss of this division was HK$0.2 million (2013: profit of HK$1.2 million) which was mainly due to increase in property tax and interest expenses for newly acquired properties during the year.

PROSPECTS

Regarding the mobile phone business, three more underperforming retail shops have been closed due to the expiry of the leases from April to June 2014. In addition, we will place more resources on the distribution business.

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 report, 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, 2014, the group's cash and bank balances amounted to approximately HK$12 million (2013: HK$43 million) while the bank borrowing was HK$50 million (2013: HK$41 million).

CAPITAL STRUCTURE

There was no change to the group's capital structure for the year ended 31st March, 2014.

CAPITAL EXPENDITURE

The group invested HK$17 million in property, plant and equipment and HK$18 million in investment properties during the year.

EMPLOYEES

As at 31st March, 2014, the total number of employees of the group was approximately 150 (2013: 200) and the aggregate remuneration of employees (excluding directors' emoluments) amounted to HK$41 million (2013: HK$47 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, 2014, the group's general banking facilities were secured by (1) first legal charge on certain leasehold land and buildings with total carrying value of HK$15,176,000 (2013: HK$Nil); (2) first legal charge on certain investment properties with total fair value of HK$141,700,000 (2013: HK$122,240,000) and (3) bank deposits of HK$7,099,000 (2013: HK$11,129,000).

GEARING RATIO

The gearing ratio was 17% (2013: 13.2%) 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, Chinese Renminbi and Singapore Dollars. Income and expenses derived from operations in PRC and Singapore are mainly denominated in Chinese 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, 2014, the company had provided corporate guarantees of HK$58 million (2013: HK$97 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 years ended 31st March, 2014 and 2013 but propose to make a bonus issue of one new share credited as fully paid for every eight shares held on the register of members on 3rd September, 2014 (2013: one new share credited as fully paid for every ten shares). The necessary resolution will be proposed at the forthcoming annual general meeting on 25th August, 2014, and if passed and obtained the approval from the Listing Committee of The Stock Exchange of Hong Kong Limited for granting of listing and permission to deal in the bonus shares, share certificates will be posted on or about 18th September, 2014.

CLOSURE OF REGISTER OF MEMBERS

To be eligible to attend and vote in the coming annual general meeting

The register of members of the company will be closed from 21 August, 2014 to 25 August, 2014 (both days inclusive) during which period no transfers of shares will be registered. In order to qualify for attending and voting at the forthcoming AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch registrar ("Branch Registrar"), Pilare Limited, at 10th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 20 August, 2014.

To qualify for the proposed bonus shares

The register of members of the company will be closed from 1 September, 2014 to 3 September, 2014 (both days inclusive) during which period no transfers of shares will be registered. In order to qualify for the proposed bonus share issue, all transfers accompanied by the relevant share certificates must be lodged with the Branch Registrar, Pilare Limited, at 10th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 29 August, 2014.

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, 2014 with the code provisions of the Corporate Governance Code (the "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 chairman of the Board and independent non-executive directors at the general meetings of the company set out in Code Provision A.6.7 and E.1.2 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. Dr. Chu Chor Lup, Mr. Chiu Ngar Wing and Dr. Law Ka Hung did not attend the annual general meeting of the company held on 12th August, 2013 due to their other commitments.

Code Provision E.1.2 of the Code stipulates that the chairman of the Board should attend the annual general meeting. Mr. Chan Chung Yee, Hubert, the chairman of the Board was unable to attend the annual general meeting of the company held on 12th August, 2013 due to his 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, 2014.

AUDIT COMMITTEE

During the year, the audit committee reviewed the unaudited condensed interim financial statements for the six months ended 30th September, 2013 and the audited consolidated financial statements for the year ended 31st March, 2014 with recommendations to the Board for approval, reviewed reports on internal control system of the group, and discussed with the management and the external auditors the audit plans, the accounting policies and practices which may affect the group and financial reporting matters.

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 Monday, 25th August, 2014. The annual report of the company for the year ended 31st March, 2014 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. Choi Chun Yik as executive directors and Mr. Chiu Ngar Wing, Dr. Chu Chor Lup and Dr. Law Ka Hung as independent non-executive directors.

On behalf of the Board
Chan Chung Yee, Hubert
Chairman

Hong Kong, 27th June, 2014