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**OS AA01**

Statement of details of parent law and other  
information for an overseas company



Companies House

FC 026486

☒ What this form is for  
You may use this form to  
accompany your accounts  
disclosed under parent law

☒ What this form is NOT for  
You cannot use this form to  
an alteration of manner of co  
with accounting requirement

WEDNESDAY



\*A38UWWCB\*

A10

28/05/2014

#144

COMPANIES HOUSE

## Part 1 Corporate company name

Corporate name of  
overseas company ①

ANDREW INDUSTRIES (HONG KONG)  
LIMITED

UK establishment  
number

B R 0 1 2 0 0 7

→ Filling in this form  
Please complete in typescript or in  
bold black capitals

All fields are mandatory unless  
specified or indicated by \*

① This is the name of the company in  
its home state

## Part 2 Statement of details of parent law and other information for an overseas company

A1

### Legislation

Please give the legislation under which the accounts have been prepared and,  
if applicable, the legislation under which the accounts have been audited

Legislation ②

HONG KONG

② This means the relevant rules or  
legislation which regulates the  
preparation and, if applicable, the  
audit of accounts

A2

### Accounting principles

Accounts

Have the accounts been prepared in accordance with a set of generally accepted  
accounting principles?

Please tick the appropriate box

☐ No Go to Section A3

☒ Yes Please enter the name of the organisation or other  
body which issued those principles below, and then go to Section A3

③ Please insert the name of the  
appropriate accounting organisation  
or body

Name of organisation  
or body ③

HONG KONG INSTITUTE OF CERTIFIED  
PUBLIC ACCOUNTANTS

A3

### Accounts

Accounts

Have the accounts been audited? Please tick the appropriate box

☐ No Go to Section A5

☒ Yes Go to Section A4

OS AA01

Statement of details of parent law and other information for an overseas company

A4

Audited accounts

Audited accounts

Have the accounts been audited in accordance with a set of generally accepted auditing standards?

Please tick the appropriate box

☐ No Go to Part 3 'Signature'

☒ Yes Please enter the name of the organisation or other body which issued those standards below, and then go to Part 3 'Signature'

① Please insert the name of the appropriate accounting organisation or body

Name of organisation or body ①

HONG KONG INSTITUTE OF CERTIFIED  
PUBLIC ACCOUNTANTS

A5

Unaudited accounts

Unaudited accounts

Is the company required to have its accounts audited?

Please tick the appropriate box

☐ No

☐ Yes

Part 3

Signature

I am signing this form on behalf of the overseas company

Signature

Signature

X



X

This form may be signed by  
Director, Secretary, Permanent representative



OS AA01

Statement of details of parent law and other information for an overseas company



**Presenter information**

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name

IAN LUND

Company name

ANDREW INDUSTRIES LTD

Address

WALTON HOUSE

SYKE SIDE DRIVE

ALTHAM

Post town

ACCRINGTON

County/Region

LANCS

Postcode

B B 5 5 Y E

Country

UK

DX

Telephone

01282 778022



**Checklist**

We may return forms completed incorrectly or with information missing

Please make sure you have remembered the following:

- ☐ The company name and, if appropriate, the registered number, match the information held on the public Register
- ☐ You have completed all sections of the form, if appropriate
- ☐ You have signed the form



**Important information**

Please note that all this information will appear on the public record



**Where to send**

You may return this form to any Companies House address

**England and Wales**

The Registrar of Companies, Companies House,  
Crown Way, Cardiff, Wales, CF14 3UZ  
DX 33050 Cardiff

**Scotland:**

The Registrar of Companies, Companies House,  
Fourth floor, Edinburgh Quay 2,  
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF  
DX ED235 Edinburgh 1  
or LP - 4 Edinburgh 2 (Legal Post)

**Northern Ireland**

The Registrar of Companies, Companies House,  
Second Floor, The Linenhall, 32-38 Linenhall Street,  
Belfast, Northern Ireland, BT2 8BG  
DX 481 N R Belfast 1



**Further information**

For further information, please see the guidance notes on the website at [www.companieshouse.gov.uk](http://www.companieshouse.gov.uk) or email [enquiries@companieshouse.gov.uk](mailto:enquiries@companieshouse.gov.uk)

This form is available in an alternative format. Please visit the forms page on the website at [www.companieshouse.gov.uk](http://www.companieshouse.gov.uk)

180065/20

**ANDREW INDUSTRIES (HONG KONG) LIMITED**

(Incorporated in Hong Kong with limited liability)

**Directors' Report and  
Financial Statements  
For the year ended 31 March 2013**

WEDNESDAY

MC

FRIDAY



\*A38UWWC3\*  
A10 28/05/2014 #143  
COMPANIES HOUSE

\*A37Q331K\*  
A05 12/05/2014 #38  
COMPANIES HOUSE

\*A36L9B69\*  
A37 25/04/2014 #379  
COMPANIES HOUSE

**ANDREW INDUSTRIES (HONG KONG) LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2013**

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## **ANDREW INDUSTRIES (HONG KONG) LIMITED**

### **DIRECTORS' REPORT**

The directors present their annual report together with the audited financial statements for the year ended 31 March 2013.

#### **PRINCIPAL ACTIVITY**

The principal activity of the Company continues to be investment holding. The principal activities and other particulars of the Company's subsidiaries are set out in note 11 to the financial statements.

#### **RESULTS AND APPROPRIATIONS**

The results of the Company for the year ended 31 March 2013 and the state of the Company's affairs as at that date are set out in the financial statements on pages 5 to 25.

The directors do not recommend the payment of any dividend in respect of the year ended 31 March 2013.

#### **RESERVES**

Details of the movements in reserves of the Company during the year are set out in page 7 to the financial statements.

#### **DIRECTORS**

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

Edward Duxbury Andrew  
Ian Burnham Lord  
Ian Frederick Leeder Kenyon

There being no provision in the Company's Articles of Association to the contrary, all directors continue in office for the forthcoming year.

# **ANDREW INDUSTRIES (HONG KONG) LIMITED**

## **DIRECTORS' REPORT**

### **DIRECTORS' INTERESTS IN CONTRACTS**

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


### **DIRECTORS' BENEFITS FROM RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

At no time during the year was the Company, its parent, subsidiary or any of its fellow subsidiaries a party to any arrangements to enable a director of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other corporate.

### **AUDITOR**

A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint the auditor, BDO Limited

On behalf of the Board

  
\_\_\_\_\_  
Director

England, 5 July 2013

**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDER OF ANDREW INDUSTRIES (HONG KONG) LIMITED**

(incorporated in Hong Kong with limited liability)

We have audited the financial statements of Andrew Industries (Hong Kong) Limited (the "Company") set out on pages 5 to 25, which comprise the statement of financial position as at 31 March 2013, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information

**Directors' responsibility for the financial statements**

The directors of the Company are responsible for the preparation of 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 Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of 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 financial statements based on our audit. This report is made solely to you, as a body, in accordance with Section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements

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



**INDEPENDENT AUDITOR'S REPORT**  
**TO THE SHAREHOLDER OF ANDREW INDUSTRIES (HONG KONG) LIMITED**  
(incorporated in Hong Kong with limited liability)

**Basis for adverse opinion**

As explained in note 3(a) and 11 to the financial statements, the Company has not prepared consolidated financial statements. The Company is not required to prepare group accounts under section 124(2)(a) of the Hong Kong Companies Ordinance as it is a wholly-owned subsidiary of another body corporate. However, consolidated financial statements that are available for public use and comply with either Hong Kong Financial Reporting Standards or International Financial Reporting Standards have not been prepared by any parent of the Company. In our opinion, the Company is required to prepare consolidated financial statements in accordance with Hong Kong Accounting Standard 27 "Consolidated and Separate Financial Statements" issued by the Hong Kong Institute of Certified Public Accountants. Had the subsidiaries of the Company been consolidated, many elements in the financial statements would have been materially affected. The effects on the financial statements of the failure to consolidate the subsidiaries' financial statements have not been determined, as it is not practicable to do so.

**Adverse opinion**

In our opinion, because of the significance of the matter discussed in Basis for adverse opinion paragraph, the financial statements do not give a true and fair view of the state of affairs of the Group as at 31 March 2013 and of its results and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards.

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company as at 31 March 2013 and of its loss and cash flows for the year then ended in accordance with the requirements for separate financial statements under Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

BDO Limited  
Certified Public Accountants  
Lee Ka Leung, Daniel  
Practising Certificate Number P01220

Hong Kong, 5 July 2013

**ANDREW INDUSTRIES (HONG KONG) LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2013**

	Notes	2013 HK\$	2012 HK\$
Turnover	5	-	-
Other income	6	382,315	389,064
Administration expenses		(50,768)	(82,100)
Finance costs	7	<u>(1,605,459)</u>	<u>(1,423,104)</u>
Loss before income tax expense	8	(1,273,912)	(1,116,140)
Income tax expense	9	<u>-</u>	<u>-</u>
Loss and total comprehensive income for the year		<u><u>(1,273,912)</u></u>	<u><u>(1,116,140)</u></u>

**ANDREW INDUSTRIES (HONG KONG) LIMITED**

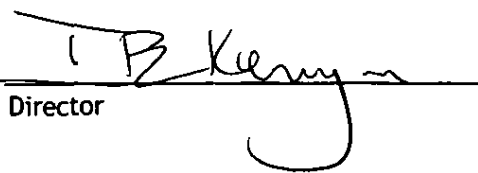
**STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2013**

	Notes	2013 HK\$	2012 HK\$
<b>Non-current assets</b>			
Investments in subsidiaries	11	<u>109,577,915</u>	<u>109,577,915</u>
<b>Current assets</b>			
Deposits and prepayments		11,600	13,600
Cash and cash equivalents		<u>26,592</u>	<u>34,860</u>
Total current assets		<u>38,192</u>	<u>48,460</u>
<b>Current liabilities</b>			
Accruals		35,500	35,000
Amount due to ultimate parent	12	<u>71,387,487</u>	<u>70,124,343</u>
Total current liabilities		<u>71,422,987</u>	<u>70,159,343</u>
<b>Net current liabilities</b>		<u>(71,384,795)</u>	<u>(70,110,883)</u>
<b>NET ASSETS</b>		<u>38,193,120</u>	<u>39,467,032</u>
<b>Capital and reserves</b>			
Share capital	13	55,000,000	55,000,000
Accumulated losses		<u>(16,806,880)</u>	<u>(15,532,968)</u>
<b>TOTAL EQUITY</b>		<u>38,193,120</u>	<u>39,467,032</u>

On behalf of the Board



Director



Director

**ANDREW INDUSTRIES (HONG KONG) LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2013**

	Share capital HK\$	Accumulated losses HK\$	Total HK\$
Balance at 1 April 2011	55,000,000	(14,416,828)	40,583,172
Loss and total comprehensive income for the year	<u>-</u>	<u>(1,116,140)</u>	<u>(1,116,140)</u>
Balance at 31 March 2012 and 1 April 2012	55,000,000	(15,532,968)	39,467,032
Loss and total comprehensive income for the year	<u>-</u>	<u>(1,273,912)</u>	<u>(1,273,912)</u>
Balance at 31 March 2013	<u>55,000,000</u>	<u>(16,806,880)</u>	<u>38,193,120</u>

**ANDREW INDUSTRIES (HONG KONG) LIMITED**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2013**

	Note	2013 HK\$	2012 HK\$
<b>Cash flows from operating activities</b>			
Loss before income tax expense		(1,273,912)	(1,116,140)
Adjustments for:			
Interest expenses		1,605,459	1,423,104
Tax relief		<u>(382,315)</u>	<u>(389,064)</u>
Operating loss before working capital changes		(50,768)	(82,100)
Decrease/(increase) in deposits and prepayments		2,000	(13,600)
Increase in accruals		<u>500</u>	<u>16,600</u>
Net cash used in operating activities		<u>(48,268)</u>	<u>(79,100)</u>
<b>Financing activities</b>			
Advance from ultimate parent	18	-	50,000
Increase in amount due to ultimate holding company		40,000	-
Interest paid		<u>-</u>	<u>(15)</u>
Net cash from financial activities		<u>40,000</u>	<u>49,985</u>
<b>Net decrease in cash and cash equivalents</b>		(8,268)	(29,115)
<b>Cash and cash equivalents at beginning of year</b>		<u>34,860</u>	<u>63,975</u>
<b>Cash and cash equivalents at end of year, representing by Cash and bank balances</b>		<u>26,592</u>	<u>34,860</u>

# ANDREW INDUSTRIES (HONG KONG) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2013

### 1. GENERAL

Andrew Industries (Hong Kong) Limited (the "Company") is a limited liability company incorporated in Hong Kong. Its registered office is at 29/F, Wing On Centre, 111 Connaught Road Central, Hong Kong and principal place of business is at Walton House, Syke Side Drive, Accrington, BB5 5YE, England.

The Company's principal activity continues to be investment holding.

The Company's ultimate parent is Andrew Industries Limited (incorporated in United Kingdom).

### 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

#### (a) Adoption of new/revised HKFRSs - effective 1 March 2012

Amendments to HKFRS 1	Severe Hyper Inflation and Removal of Fixed Dates for First-time Adopters
Amendments to HKFRS 7	Disclosure - Transfers of Financial Assets
Amendments to HKAS 12	Deferred Tax - Recovery of Underlying Assets

The adoption of these new/revised standards and interpretations has no material impact on the Company's financial statements.

#### (b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Company's financial statements, have been issued, but are not yet effective and have not been early adopted by the Company

HKFRS (Amendments)	Annual Improvements 2009 - 2011 Cycle <sup>2</sup>
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income <sup>1</sup>
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities <sup>3</sup>
Amendments to HKFRS 7	Offsetting Financial Assets and Financial Liabilities <sup>2</sup>
HKFRS 9	Financial Instruments <sup>4</sup>
HKFRS 13	Fair Value Measurement <sup>2</sup>

**ANDREW INDUSTRIES (HONG KONG) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
31 MARCH 2013**

**2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) -  
Continued**

**(b) New/revised HKFRSs that have been issued but are not yet effective**

- <sup>1</sup> Effective for annual periods beginning on or after 1 July 2012
- <sup>2</sup> Effective for annual periods beginning on or after 1 January 2013
- <sup>3</sup> Effective for annual periods beginning on or after 1 January 2014
- <sup>4</sup> Effective for annual periods beginning on or after 1 January 2015

The Company is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the directors so far concluded that the application of these new/revised HKFRSs will have no material impact on the Company's financial statements.

**3. BASIS OF PREPARATION**

**(a) Statement of compliance**

The financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations (hereinafter collectively referred to as the “HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and by the Hong Kong Companies Ordinance, except for HKAS 27 “Consolidated and Separate Financial Statements”.

The Company is a wholly-owned subsidiary of another body corporate and, in accordance with section 124(2)(a) of the Hong Kong Companies Ordinance, is not required to prepare group financial statements

However, consolidated financial statements available for public use, which comply either with HKFRSs or International Financial Reporting Standards, have not been prepared by any parent of the Company

These financial statements therefore do not comply with HKAS 27 “Consolidated and Separate Financial Statements”, so far as the preparation of consolidated financial statements is concerned. As a consequence, the financial statements do not give all the information required by HKAS 27 about the economic activities of the group of which the Company is the parent.

**ANDREW INDUSTRIES (HONG KONG) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
31 MARCH 2013**

**3. BASIS OF PREPARATION - Continued**

**(b) Basis of measurement and going concern assumption**

The financial statements have been prepared under the historical cost basis.

During the year, the Company has incurred a loss of HK\$1,273,912 and at the end of reporting period, its current liabilities exceeded its current assets by HK\$71,384,795. The ultimate parent have undertaken to provide continuing financial support, including not to recall the amount due to them until the Company is solvent, in order to maintain the Company as a going concern. Accordingly, the financial statements have been prepared on a going concern basis

**(c) Functional and presentation currency**

The financial statements are presented in Hong Kong dollars ("HK\$"), which is the same as the functional currency of the Company.

**4. PRINCIPAL ACCOUNTING POLICIES**

**(a) Subsidiaries**

A subsidiary is an entity over which the Company is able to exercise control. Control is achieved where the Company, directly or indirectly, has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable are taken into account.

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

**ANDREW INDUSTRIES (HONG KONG) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
31 MARCH 2013**

**4. PRINCIPAL ACCOUNTING POLICIES - Continued**

**(b) Financial instruments**

**(i) Financial assets**

The Company's financial assets including deposits and cash and cash equivalents. The Company classified them as loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade debtors), and also incorporate other types of contractual monetary asset. They are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. At each reporting date subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses

**(ii) Impairment loss on financial assets**

The Company assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtor's financial difficulty;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

**ANDREW INDUSTRIES (HONG KONG) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
31 MARCH 2013**

**4. PRINCIPAL ACCOUNTING POLICIES - Continued**

**(b) Financial instruments - Continued**

**(ii) Impairment loss on financial assets - Continued**

An impairment loss for loans and receivables is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of financial asset is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

**(iii) Financial liabilities**

The Company's financial liabilities including accruals and amount due to ultimate parent. The Company classified them as financial liabilities at amortised cost.

**Financial liabilities at amortised cost**

Financial liabilities at amortised cost are initially measured at fair value, net of directly attributable costs incurred and are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

**(iv) Effective interest method**

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

**ANDREW INDUSTRIES (HONG KONG) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
31 MARCH 2013**

**4. PRINCIPAL ACCOUNTING POLICIES - Continued**

**(b) Financial instruments - Continued**

**(v) Derecognition**

The Company derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

**(c) Revenue recognition**

Dividend income is recognised when the right to receive the dividend is established

**(d) Income taxes**

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates expected to apply in the period when the liability is settled or the asset is realised based on tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and jointly controlled entities, except where the Company 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.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income.

**ANDREW INDUSTRIES (HONG KONG) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
31 MARCH 2013**

**4. PRINCIPAL ACCOUNTING POLICIES - Continued**

**(e) Foreign currency**

Transactions entered into by the Company in currencies other than the currency of the primary economic environment in which it operates (the “functional currency”) are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

**(f) Impairment of non financial assets**

At the end of each reporting period, the Company reviews the carrying amounts of investments in subsidiaries to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

If the recoverable amount (i.e. the greater of the fair value less costs to sell and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent 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 in prior years. A reversal of an impairment loss is recognised as income immediately.

**ANDREW INDUSTRIES (HONG KONG) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
31 MARCH 2013**

**4. PRINCIPAL ACCOUNTING POLICIES - Continued**

**(g) Related parties**

- (a) A person or a close member of that person's family is related to the Company if that person:
  - (i) has control or joint control over the Company;
  - (ii) has significant influence over the Company; or
  - (iii) is a member of key management personnel of the Company or the Company's parent.
- (b) An entity is related to the Company if any of the following conditions apply:
  - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity
  - (v) The entity is a post-employment benefit plan for the benefit of the employees of the Company or an entity related to the Company.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a).
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner

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**4. PRINCIPAL ACCOUNTING POLICIES - Continued**

**(h) Provisions and contingent liabilities**

Provisions are recognised for liabilities of uncertain timing or amount when the Company has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

**5. TURNOVER**

The Company did not generate any turnover during the year.

**6. OTHER INCOME**

	2013 HK\$	2012 HK\$
Share of tax relief of fellow subsidiaries in United Kingdom	<u>382,315</u>	<u>389,064</u>

**7. FINANCE COSTS**

	2013 HK\$	2012 HK\$
Interest charged by the ultimate parent	1,605,459	1,423,089
Bank interest expense	<u>-</u>	<u>15</u>
	<u>1,605,459</u>	<u>1,423,104</u>

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**8. LOSS BEFORE INCOME TAX EXPENSE**

	2013 HK\$	2012 HK\$
Loss before income tax expense is arrived at after charging:		
Auditor's remunerations	20,000	20,600
Exchange losses	<u>587</u>	<u>40</u>

**9. INCOME TAX EXPENSE**

- (a) No provision for Hong Kong profits tax has been made in the financial statements as there are no assessable profits for the year.
- (b) The income tax expense for the year can be reconciled to the loss before income tax expense per statement of comprehensive income as follows.

	2013 HK\$	2012 HK\$
Loss before income tax expense	<u>(1,273,912)</u>	<u>(1,116,140)</u>
Tax calculated at the Hong Kong profits tax rate of 16.5% (2012: 16.5%)	(210,195)	(184,163)
Tax effect of expenses not deductible for tax purposes	273,277	248,359
Tax effect of revenue not taxable for tax purposes	<u>(63,082)</u>	<u>(64,196)</u>
Income tax expense	<u>-</u>	<u>-</u>

- (c) No provision for deferred income tax has been recognised in the financial statements as there is no significant temporary difference for tax purposes

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**10. DIRECTORS' EMOLUMENTS**

The aggregate amounts of the directors' emoluments, disclosed pursuant to Section 161 of the Companies Ordinance, are as follows:

	2013 HK\$	2012 HK\$
Directors' remuneration:		
Fees	-	-
Other emoluments	-	-

**11. INVESTMENTS IN SUBSIDIARIES**

	2013 HK\$	2012 HK\$
Unlisted investments, at cost	<u>109,577,915</u>	<u>109,577,915</u>

Details of the subsidiaries as follows:

Name	Place of incorporation and operation	Registered capital	Percentage of holding directly	Principal activity
Andrew Industrial Textile Manufacturing Company (Shanghai) Limited	The People's Republic of China (the "PRC")	US\$13,320,000	100%	Manufacturing and trading of special textile products and providing related technical services
Andrew Industrial Textile (Wuxi) Company Ltd.	The PRC	US\$11,058,000	100%	Development, manufacturing, marketing and sale of filtration media for air filtration applications

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**11. INVESTMENTS IN SUBSIDIARIES - Continued**

**Statement pursuant to paragraph 18(4) of the Tenth Schedule of the Hong Kong Companies Ordinance**

Consolidated financial statements of the Company and its subsidiaries have not been prepared in accordance with HKAS 27 "Consolidated and Separate Financial Statements". In the opinion of the directors, such preparation would involve expense and delay out of proportion to the value to shareholder of the Company.

The aggregate amount of post-acquisition loss of the subsidiary attributable to the Company based on the financial statements is as follows:

	Current year HK\$	Prior years HK\$	Exchange difference HK\$	Total HK\$
Dealt with in the financial statements	-	-	-	-
Not dealt with in the financial statements	<u>(4,788,662)</u>	<u>(4,784,423)</u>	<u>(120,144)</u>	<u>(9,693,229)</u>
	<u>(4,788,662)</u>	<u>(4,784,423)</u>	<u>(120,144)</u>	<u>(9,693,229)</u>

**12. AMOUNT DUE TO ULTIMATE PARENT**

The amount is unsecured and repayable on demand. Except for an amount of HK\$67,804,583 (2012: HK\$67,764,583) which is interest bearing at 2.3% interest rate per annum, the remaining balance is interest-free

**13. SHARE CAPITAL**

**(a) Authorised and issued share capital**

	2013 HK\$	2012 HK\$
Authorised:		
100,000,000 ordinary shares of HK\$1 each	<u>100,000,000</u>	<u>100,000,000</u>
Issued and fully paid:		
55,000,000 ordinary shares of HK\$1 each	<u>55,000,000</u>	<u>55,000,000</u>

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**13. SHARE CAPITAL - Continued**

**(b) Capital management policy**

The Company regards the equity attributable to equity holders of the Company as its capital. The Company's objectives when managing capital are to finance its operations with its own capital and to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders.

The directors of the Company review the capital structure periodically. As a part of this review, the directors of the Company assess the annual budget prepared by the finance department. Based on the proposed annual budget, the directors of the Company consider the cost of capital and the risks associated with each class of capital.

**14. FINANCIAL INSTRUMENTS - RISK MANAGEMENT**

The Company is exposed through its operations to the market risk (interest rate risk and foreign currency risk) and liquidity risk from its use of financial instruments in the normal course of business.

**(a) Market risk**

**1) Interest rate risk**

The Company is exposed to interest rate risk in a short term variable-rate on amount due to the ultimate parent. Management monitors the related interest rate risk exposure closely and will consider hedging significant interest rate risk exposure should the need arise.

The following table indicates the approximate change in the profit after tax in response to reasonably possible changes in an interest rate to which the company has significant exposure at the reporting date. In determining the effect on profit after tax on the next accounting period until next reporting date, we assume that the change in interest rate had occurred.

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**14. FINANCIAL INSTRUMENTS - RISK MANAGEMENT - Continued**

**(a) Market risk - Continued**

**i) Interest rate risk - Continued**

At the reporting date and all other variables remain constant. There is no change in the methods and assumptions used in 2013 and 2012.

	<b>2013</b>	<b>2012</b>
	<b>HK\$</b>	<b>HK\$</b>
Effect on profit after tax		
<i>HIBOR</i>		
Increase by 100 basis points	(678,000)	(677,000)
Decrease by 100 basis points	<u>678,000</u>	<u>677,000</u>

**ii) Foreign currency risk**

The Company has some assets and liabilities and transactions denominated in foreign currency and is exposed to foreign currency risk. The Company currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Foreign currency risk also arises when individual Company operations enter into transactions denominated in a currency other than their functional currency.

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

	<b>Assets</b>		<b>Liabilities</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>
Great British Pound	<u>10,491</u>	<u>11,413</u>	<u>71,387,487</u>	<u>70,124,343</u>

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**14. FINANCIAL INSTRUMENTS - RISK MANAGEMENT - Continued**

**(a) Market risk - Continued**

**ii) Foreign currency risk - Continued**

*Sensitivity analysis*

The sensitivity analysis on foreign currency risk includes monetary financial assets and liabilities that are denominated in a foreign currency, i.e. in a currency other than the functional currency in which they are measured. The following tables indicate the approximate effect on the profit after tax in the next accounting period at one year after reporting date in response to reasonably possible changes in an exchange rate to which the Company has significant exposure at the reporting date.

	<b>2013 Effect on profit after tax HK\$</b>	<b>2012 Effect on profit after tax HK\$</b>
<b>GBP to HK\$:</b>		
Appreciates by 8% (2012: 8%)	(4,767,845)	(4,683,393)
Depreciates by 8% (2012: 8%)	<u>4,767,845</u>	<u>4,683,393</u>

**(b) Liquidity risk**

The Company's objective is to ensure there are adequate funds to meet commitments associated with its financial liabilities. Cash flows of the Company are closely monitored by senior management on an ongoing basis.

Its major creditor is its ultimate parent who has confirmed its continuing financial support to the Company.

The contractual maturities of financial liabilities are shown as below:

	<b>2013 HK\$</b>	<b>2012 HK\$</b>
In less than one year	<u>72,929,836</u>	<u>71,717,928</u>

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**15. FINANCIAL INSTRUMENTS -CARRYING AMOUNT AND FAIR VALUE**

The directors of the Company considered that the carrying amounts of the financial assets and financial liabilities approximate their fair value

**16. RELATED PARTY TRANSACTIONS**

Key management personnel are the directors of the Company and the details of directors' remuneration are given in note 10 to the financial statements. Other significant related party transactions during the year are as follows:

	2013 HK\$	2012 HK\$
Interest expense charged by the ultimate parent	1,605,459	1,423,089
Share of tax relief of fellow subsidiaries in United Kingdom	<u>382,315</u>	<u>389,064</u>

**17. KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the process of applying the Company's accounting policies which are described in note 4, management has made the following judgments that have significant effect on the amounts recognised in the financial statements. The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liability within the next financial year, are also discussed below:

**Impairment of investments in subsidiaries**

The Company's management assesses the recoverability of the investments in subsidiaries at the end of each reporting period. The assessment is based on the estimate on the financial status of the subsidiaries' ability to repay their obligations when they fall due.

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**18. MAJOR NON-CASH TRANSACTIONS**

- (a) During the year, the Company's share of relief of fellow subsidiaries in United Kingdom amounted to HK\$382,315 (2012: HK\$389,064) was settled through the current account with the ultimate parent.
- (b) During the year, amount of HK\$1,605,459 (2012: HK\$1,423,089) interest expense to the ultimate parent was settled through the current account with the ultimate parent.

**19. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved and authorised for issue by the Board of Directors on 5 July 2013.