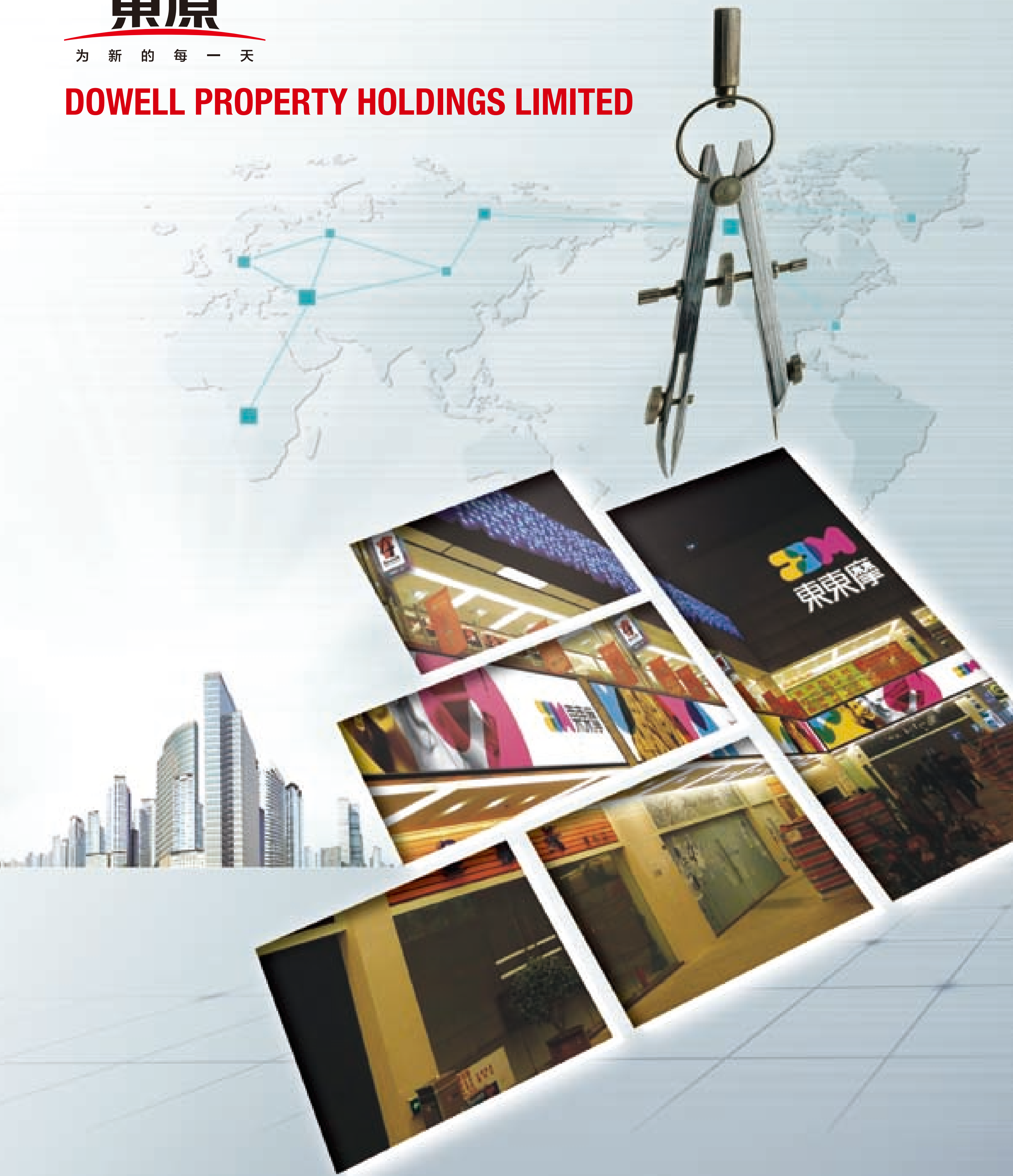
東原

为新的每一天

DOWELL PROPERTY HOLDINGS LIMITED



(Incorporated in Hong Kong with limited liability) Stock Code: 668

Annual Report 2012/13

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive directors
Mr. Lo Siu Yu, *Chairman*
Ms. Luo Shaoying, *Vice Chairman*
Mr. Chen Yang, *Chief Executive Officer*
Mr. Yang Yong Xi

Non-executive directors
Mr. Wang Xiaobo
Mr. Qin Hong

Independent non-executive directors
Mr. Chan Ying Kay
Dr. Zhu Wenhui
Mr. Wang Jin Ling

AUDIT COMMITTEE

Mr. Chan Ying Kay, *Committee Chairman*
Dr. Zhu Wenhui
Mr. Wang Jin Ling

REMUNERATION COMMITTEE

Dr. Zhu Wenhui, *Committee Chairman*
Mr. Chan Ying Kay
Mr. Wang Jin Ling

NOMINATION COMMITTEE

Mr. Lo Siu Yu, *Committee Chairman*
Mr. Chan Ying Kay
Dr. Zhu Wenhui

COMPANY SECRETARY

Ms. Wong Tsui Yue, Lucy

AUTHORISED REPRESENTATIVES

Mr. Lo Siu Yu
Mr. Chen Yang
Mr. Cho Chun Wai (alternative authorised representative)

REGISTERED OFFICE

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Wanchai, Hong Kong
Tel: (852) 2596 0668
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SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
46/F, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

SHARE TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-16, 17/F, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited
China Construction Bank Corporation

SOLICITORS

Chiu & Partners Solicitors
King and Wood Mallesons
Mason Ching & Associates

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants

STOCK CODE

668

WEBSITE

http://www.dowellproperty.com

CHAIRMAN'S STATEMENT

On behalf of the board (the "Board") of directors ("Director"), I hereby present the annual report of Dowell Property Holdings Limited (the "Dowell Property" or "Company") and its subsidiaries (together the "Group") for the nine months ended 31 December 2012.

During the past financial year, the Group has focused on the development of its new property business while also continuing its strategic corporate restructuring in order to establish a healthy and sustainable business platform. We are pleased that significant progress has been made during the year, which has laid a solid foundation for Dowell Property's future expansion into the property business in the PRC.

Leveraging the management's efforts and capabilities in developing the new business, the Group officially commenced business in the local property sector in Chongqing, the only municipality in Western China, during mid-August 2012 after completing its first acquisition – 70% equity interest in Dong Dong Mall. Dong Dong Mall is a shopping arcade with fashion boutiques, restaurants and a lifestyle relaxation centre providing a one-stop lifestyle shopping and leisure experience to the rapidly expanding middle class in southern Chongqing. A popular shopping hub, Dong Dong Mall has recorded a very high occupancy rate since its inception, and has started to generate stable rental revenue for the Group.

To more accurately reflect the nature of its business and future development direction, the Group has also adopted the new English name "Dowell Property Holdings Limited" along with a new Chinese name "東原地產控股有限公司" since mid-November 2012.

Since its change in strategic direction, the Group has always sought to accelerate the expansion of its property business through a variety of means. Towards that end, the Group has recently strengthened its management team with the appointment of two veterans in the mainland property sector, Ms. Luo Shaoying, now an executive Director and Vice Chairman of the Group, and Mr. Yang Yong Xi, as an executive Director. The Group believes that their proven capability and solid experience in the sector will act as a catalyst for the progress of the Group's property business and strategies, and they will also play a vital role in supporting current and new business development initiatives.

While restaurant operation continued to generate stable revenue, as the Group has strategically shifted its focus to the property business, the revenue proportion of restaurant operations is expected to further decrease in the long run.

In the future, the Group looks forward to the new business gradually bringing larger revenue contributions to the Group and helping to generate satisfactory returns for its shareholders. Meanwhile it intends to explore other potential business opportunities, with an aim to promote the long-term growth of our results.

CHAIRMAN'S STATEMENT

APPRECIATION

On behalf of the Board, I would like to express my heartfelt gratitude to all of our staff for their hard work and dedication. I would also like to thank our clients and business partners for their continued trust, as well as you, our shareholders, for your constant support.

Lo Siu Yu
Chairman

Hong Kong, 27 March 2013

MANAGEMENT DISCUSSION AND ANALYSIS OF THE OPERATIONS

The results of the Group are summarized as follows:

	Nine months ended 31 December 2012 HK$'000	Year ended 31 March 2012 HK$'000 (Restated)	Changes +/–
Revenue	**59,559**	74,319	-19.9%
Cost of sales	**(12,443)**	(20,412)	-39.0%
Gain on disposal of subsidiaries	**167,952**	–	
Fair value gain on investment property	**28,313**	11,963	136.7%
Other gains – net	**2,010**	18,962	-89.4%
Staff costs	**(22,267)**	(34,840)	-36.1%
Operating lease rentals	**(9,697)**	(12,893)	-24.8%
Utilities expenses	**(3,101)**	(4,234)	-26.8%
Depreciation and impairment of property, plant and equipment	**(5,694)**	(3,537)	-61.0%
Repair and maintenance expenses	**(400)**	(555)	-27.9%
Other operating expenses	**(17,640)**	(24,234)	-27.2%
Operating profit	**186,592**	4,539	4,010.9%
Finance costs – net	**(23,433)**	(13,199)	77.5%
Profit/(loss) before income tax	**163,159**	(8,660)	
Income tax	**(3,766)**	14	
Profit/(loss) for the period/year	**159,393**	(8,646)	
Non-controlling interests	**8,643**	4,432	
Profit/(loss) attributable to equity holders of the Company	**150,750**	(13,078)	
	159,393	(8,646)	

BUSINESS REVIEW

For the nine months ended 31 December 2012, Dowell Property Holdings Limited and its subsidiaries recorded revenue of HK$59.6 million (for the year ended 31 March 2012: HK$74.3 million) for its continuing and discontinued operations, representing a decrease of 19.9%. Profit for the period attributable to equity holders of the Company was HK$150.8 million (for the year ended 31 March 2012: loss of HK$13.1 million).

Property Investment

The acquisition of 70% of the equity interest in重慶寶旭商業管理有限公司(Chongqing Baoxu Commercial Property Management Limited*) ("Chongqing Baoxu") by the Group was completed on 14 August 2012 (the "Acquisition") as disclosed in the announcement of the Company of the same date. Chongqing Baoxu is principally engaged in the investment holding of東東摩(Dong Dong Mall*) ("Dong Dong Mall"), a shopping arcade located at No. 2, Second Lane, Nanping East Road, Nanan District, Chongqing, the People's Republic of China (the "PRC") with a total gross floor area of 18,043.45 square metres for commercial use. Dong Dong Mall is situated in an area containing a number of pedestrian streets and shopping malls. Since it is conveniently accessible by public transportation, Dong Dong Mall is a popular lifestyle, shopping, entertainment and commercial hub for the fast-growing population of residents in the southern part of Chongqing. Dong Dong Mall commenced operation in June 2011 and it has been positioned as a shopping arcade featuring fashion boutiques, restaurants and a lifestyle centre to provide a one-stop lifestyle shopping and leisure experience to the rapidly expanding middle class.

The Acquisition enables the Group to diversify its business scope to the property industry in the PRC and broaden its income sources. Dong Dong Mall is expected to provide a stable income stream to the Group.

The Acquisition has been accounted for as a business combination under common control using the merger accounting principles, which require the consolidated financial information and the comparative figures to be prepared on the basis as if the current group structure had been in existence since common control was first established. Thus, for the review period and its comparative periods, the consolidated financial information of the Group has included the results of Chongqing Baoxu.

For the nine months ended 31 December 2012, the Group's property investment segment has contributed a revenue of approximately HK$20.9 million (for the year ended 31 March 2012: HK$16.0 million), representing an increment of 30.6%. The property investment segment had recorded a profit before tax of HK$38.4 million for the nine months ended 31 December 2012 (for the year ended 31 March 2012: HK$19.7 million). Improvement in revenue and results for the period is attributable to the fact that Dong Dong Mall only commenced operation in June 2011.

On 3 August 2012, a wholly-owned subsidiary of the Company, China Metro Properties Limited ("China Metro") and重慶東銀實業(集團)有限公司(Chongqing Doyen (Holdings) Limited*) ("Chongqing Doyen") entered into a memorandum of understanding (the "MOU") which set out the principal terms of the proposed acquisition (the "Proposed Acquisition") by China Metro of 62% equity interest in重慶同原房地產開發有限公司(Chongqing Tongyuan Real Estate Development Co., Ltd.*) ("Chongqing Tongyuan") owned by Chongqing Doyen with further terms and conditions to be agreed. Chongqing Tongyuan has been principally engaged in the development of a land parcel with an area of approximately 233,705 square metres located in Chongqing City, the PRC. A large community complex is under development in four phases and upon completion, the community complex would include shopping arcades, grade A office buildings, residential apartments, serviced apartments and hotels.

* For identification purpose only

In consideration of the exclusive negotiation rights provided under the MOU to China Metro and the undertaking by Chongqing Doyen that it will facilitate China Metro's due diligence process, China Metro has paid HK$15 million to Chongqing Doyen as earnest money (the "Earnest Money") for the Proposed Acquisition. Upon signing of the formal sale and purchase agreement (the "Formal SPA") in relation to the Proposed Acquisition, the Earnest Money will be deemed to be partial payment of the consideration of the Proposed Acquisition by China Metro. If (i) the Formal SPA is not entered into between China Metro and Chongqing Doyen (or their respective nominees) within six months after the date of signing of the MOU (or such other period as agreed by the parties in writing); or (ii) the MOU is terminated or otherwise ceases to be effective for whatever reason, the Earnest Money shall be refunded to China Metro within 10 business days after China Metro has given a written notice to Chongqing Doyen, otherwise Chongqing Doyen shall, in addition to the principal amount of the Earnest Money, pay China Metro interest on the Earnest Money at the rate of 11% per annum (calculated on a daily basis) from the date of default up to the date of full repayment of the Earnest Money (both days inclusive). On 1 February 2013, a supplemental agreement to the MOU was entered into to extend the last date of entering into of the Formal SPA to 3 August 2013. As at the date of this report, the negotiation was still underway.

The Board considers that the abovementioned Proposed Acquisition, if it materialises, will provide another excellent opportunity for the Group to develop its property business segment in the PRC which has good prospects for long term growth potential.

Restaurant Operation

For the nine months ended 31 December 2012, the Group operated two restaurants, namely Eighteen Brook Cantonese Cuisine ("Eighteen Brook") and Imperial Kitchen. The restaurant operations of the Group recorded a revenue of approximately HK$38.7 million (for the year ended 31 March 2012: HK$57.8 million) and a loss of approximately HK$5.6 million (for the year ended 31 March 2012: HK$1.8 million). Failing in the negotiation for renewal of the lease of Imperial Kitchen at Telford Shopping Plaza which has expired on 30 November 2012, together with the concern for the rising costs and increasing competition in the catering business, Imperial Kitchen was closed on 4 November 2012 so that the Group may focus its resources on the property investment business. Eighteen Brook has incurred losses over the years. An impairment provision of about HK$2.5 million has been made during the period in respect of the property, plant and equipment of Eighteen Brook, resulting in the carrying amount of its property, plant and equipment written down to its recoverable amount.

Coal Mining

As disclosed in the annual report of the Company for the year ended 31 March 2012, the State Council of the PRC issued amendments on "The Mechanism and Extent of Review on the Acquisition and Merger of Major Energy and Resource Project by Foreign Enterprises（外資併購重要能源和資源類專案的審查機制和審查力度）" in 2011, which imposed more stringent requirements on the review and approval of mergers and acquisitions of important energy resources in the PRC by foreign investors. Accordingly, the Directors believed that it would be more difficult for the Group to acquire new mining resources in the PRC and expand its business in the PRC's coal industry. It is also expected that closer scrutiny and stricter control over the nation's energy sector in the near future would be a policy trend of the PRC government. Such a trend has posed uncertainties on the Group's strategy in its development in the coal mining business within the PRC. As a result, the Group has started to diversify to other business segments with high potential (ie. property investment) since April 2012.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE OPERATIONS

On 12 September 2012, the Board announced that a wholly-owned subsidiary of the Company, Doxen Coal Mining Holdings Limited ("Doxen Coal") and Bright Chance International Limited ("Bright Chance") (a company wholly-owned by Mr. Lo Siu Yu ("Mr. Lo")) entered into a disposal agreement (the "Disposal Agreement") on the same date. Pursuant to the Disposal Agreement, Doxen Coal has conditionally agreed to sell and Bright Chance (or through its nominee, including but not limited to its wholly-owned subsidiary) has conditionally agreed to purchase the entire issued share capital of Ray Tone Limited ("Ray Tone") and the entire amount of the loan owed by Ray Tone to Doxen Coal (the "Sale Loan") at the consideration of RMB230 million (equivalent to approximately HK$286.1 million) (the "Disposal"). The principal asset of Ray Tone and its subsidiaries (the "Ray Tone Group") is the mining right of the coal mine located in Fukang City in Xinjiang of the PRC with an aggregate mining area of approximately 2.5478 square kilometres.

On 18 October 2012, an extraordinary general meeting was held to approve the Disposal Agreement. The Disposal was completed on 27 December 2012. As a result of the Disposal, the Group recorded a gain of approximately HK$168.0 million. Pursuant to the Disposal Agreement, RMB184 million, being 80% of the consideration, will be settled in September 2013.

For the period from 1 April 2012 to 27 December 2012, no revenue was recorded for the coal mining segment (for the year ended 31 March 2012: HK$529,000), a loss was recorded of HK$17.7 million (loss for the year ended 31 March 2012: HK$15.6 million), representing an increase of 13.5%.

Upon completion of the Disposal, Ray Tone Group ceased to be subsidiaries of the Company and their financial results were no longer be included within the Group's financial statements. The total assets and liabilities of the Group decreased immediately after the completion of the Disposal. The decrease in total assets is mainly due to the deconsolidation of the value of the mining right and the property, plant and equipment held by Ray Tone Group and the decreased in total liabilities is mainly due to the deconsolidation of the bank borrowings owed by Ray Tone Group. The Directors believe the Disposal helps creating a clearer objective for corporate development and enables the Group to allocate more resources to the new business.

HUMAN RESOURCES AND REMUNERATION POLICIES

As at 31 December 2012, the Group had a total of 78 (31 March 2012: 189) full time employees. Employees' remuneration packages are determined with reference to prevailing market practices and individual performance. Our remuneration package includes basic salaries, sales incentives (which are only payable to some operational staff), medical insurance plans and retirement benefit schemes. Discretionary bonus and share options may be granted to eligible employees based on the performance of the Group and individual employees. The Company encourages its employees to enhance their competence and provides training to improve staff development to assure opportunity for individual growth of employees.

FINANCIAL REVIEW

Liquidity and financial resources

As at 31 December 2012, the Group had cash and cash equivalents of approximately HK$419.1 million (31 March 2012: HK$705.7 million). Management believes that the Group has sufficient cash and cash equivalents to fund its operations and future development.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE OPERATIONS

As at 31 December 2012, the current ratio of the Group, representing current assets divided by current liabilities, was 12.0 (31 March 2012: 2.4).

Gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as "equity", as shown in the consolidated statement of financial position plus net debt. As at 31 December 2012, the Group's cash and cash equivalents exceeded the total borrowings by HK$195 million (As at 31 March 2012: HK$118 million).

Change of financial year end date

The financial year end date of the Company has been changed from 31 March to 31 December. For details, please refer to the announcement of the Company dated 14 August 2012.

Capital structure

As at 31 December 2012, the Group's current and non-current bank borrowings and finance lease liabilities amounted to HK$25.4 million (31 March 2012: HK$401.2 million) and HK$199.6 million (31 March 2012: HK$188.1 million) respectively. All the bank borrowings bore interest at floating rates while finance lease liabilities bore interest at fixed rates.

The Group did not use any derivatives to hedge its exposure to interest rate risks for the nine months ended 31 December 2012 and the year ended 31 March 2012.

The Group monitors its capital by maintaining a sufficient net cash position to satisfy its commitments and working capital requirements.

Pledge of assets

As at 31 December 2012, the Group pledged its investment property and bank deposits with carrying amounts of approximately HK$396.8 million and HK$3.8 million respectively for the borrowings and general banking facilities granted to the Group. As at 31 March 2012, the Group pledged its mining right and bank deposits with carrying amounts of approximately HK$10.4 million and HK$367.9 million respectively, and its equity interest in 新疆新世紀礦業有限責任公司(Xinjiang New Century Mining Company Limited*) ("New Century Mining") for securing loans and general banking facilities granted to the Group. Besides, as at 31 March 2012, the investment property with net book value of HK$365.0 million was pledged as collateral for a bank loan of RMB260.0 million (equivalent to approximately HK$365.0 million) borrowed by Chongqing Doyen.

Exposure to fluctuations in exchange rates and related hedges

The Group operates in Hong Kong and the PRC with most of the transactions denominated and settled in local currencies. The Group's foreign exchange risk primarily arises from the Group's investments in New Century Mining and Chongqing Baoxu which are denominated in RMB. Currency exposure arising from the net assets of such operations is managed primarily through borrowings denominated in Renminbi.

Currently, the Group does not use any derivative financial instruments to hedge its exposure to foreign exchange risk.

* For identification purpose only

Commitments

As at 31 December 2012, the Group had no capital commitments (31 March 2012: HK$331.4 million). The capital commitment as at 31 March 2012 is mainly due to the production capacity expansion project of New Century Mining, and was funded by internal capital and by bank borrowings.

As at 31 December 2012, the total future minimum lease payments under non-cancellable operating leases for properties amounted to HK$12.1 million (31 March 2012: HK$22.3 million).

Contingent liabilities

The Group had no significant contingent liabilities as at 31 December 2012 and at 31 March 2012.

Dividends

The Board does not recommend the payment of a final dividend for the nine months ended 31 December 2012 (for the year ended 31 March 2011: Nil).

Events after the date of the statement of financial position

On 18 March 2013, the Company undertook a loan receivable from a financial institution with respect to a balance due from an independent third party (the "Borrower") amounting to HK$100 million. Such loan is secured by the issued share capital of the Borrower, bears interest at 9% per annum and to be settled before 18 September 2013. Under the agreement, the financial institution has agreed to buyback from the Company of the afore-mentioned loan at the principal amount plus interest entitled by the Company upon receiving written notice from the Company seven business days prior to a transfer date which should be 18 September 2013 or any day before 18 September 2013. For details, please refer to the announcement of the Company dated 18 March 2013.

Save as disclosed above, there have been no events to cause material impact on the Group from 31 December 2012 to the date of this report that should be disclosed.

PROSPECTS

In view of the improving sentiment of the mainland property market as well as the increased quarterly sales volume in the fourth quarter of 2012, the management remains positive on the healthy and sustainable growth of the sector. The PRC government's continued promotion of urbanisation, particularly in Central and Western China, along with the ongoing national Western Development strategy are expected to drive the income per capita as well as consumption power of these regions, which would benefit local property development in the long run. Thus, the Group is placing its focus on the property investment business in this high potential municipality.

In addition to the acquisition of Dong Dong Mall, the Group signed a MOU in respect of the Proposed Acquisition of Chongqing Tongyuan in August last year to pave the way for tapping the premium commercial and residential property market in Chongqing. The negotiation is currently proceeding smoothly. Further announcement will be made to inform shareholders of any further developments in relation to the Proposed Acquisition as and when appropriate.

Following the major business re-structuring and the encouraging achievement of the property business made during the past financial year, the management shall continue to execute its well-defined business approach in the mainland property market, aiming to gradually enhance the Group's results performance in the future.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Lo Siu Yu, aged 43, was appointed as the Chairman and an executive Director of the Company in October 2009. Mr. Lo possesses over 10 years of experience in the sale of automobile accessories and properties investment. He was the founder and is currently the chairman and general manager of Chongqing Doyen, a private company established under the laws of the PRC with limited liability. Mr. Lo and his spouse were the ultimate beneficial owners of Chongqing Doyen as at the date of this report. In mid 1990s, Mr. Lo was involved in the management of certain Chinese cuisine restaurants in the PRC which were owned by Mr. Lo and his family. As at the date of this report, Chongqing Doyen is beneficially interested in approximately 37.71% of the issued share capital of 重慶市迪馬實業股份有限公司 (Chongqing Dima Industry Company Limited*) ("Chongqing Dima"), a company listed on the Shanghai Stock Exchange of the PRC, and approximately 22.96% of the issued share capital of 江蘇江淮動力股份有限公司 (Jiangsu Jianghuai Engine Company Limited ("Jianghuai Engine")), a company listed on the Shenzhen Stock Exchange of the PRC. Mr. Lo holds a degree of Economics from 重慶工商大學 (Chongqing Technology and Business University) (formerly known as 渝州大學 (Yuzhou University)) in Chongqing City, the PRC.

Ms. Luo Shaoying, aged 39, was appointed as the Vice Chairman and an executive Director of the Company in December 2012. Ms. Luo obtained her bachelor's degree in business administration from University of Georgia, the United States of America in 1998. Ms. Luo has 14 years of working experience in finance and property development in the PRC. Ms. Luo is a sister of Mr. Lo Siu Yu. In 2000, Ms. Luo joined an investment bank in the PRC as business director. Since 2003, Ms. Luo has joined Chongqing Doyen as a manager, a chief executive officer and the chairman of the board of directors of certain subsidiaries of Chongqing Doyen and has been responsible for investment and property development business. Ms. Luo is a director of Chongqing Baoxu, a subsidiary of which 70% equity interest is owned by the Company. Ms. Luo has served as a director and the general manager of Chongqing Dima since 2009, a company listed on the Shanghai Stock Exchange of the PRC.

Mr. Chen Yang, aged 32, was appointed as the Chief Executive Officer and an executive Director of the Company in October 2009. Mr. Chen has extensive experience in corporate management and investment planning. He was an executive director of BEP International Holdings Limited, a company listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), from October 2007 to May 2009. He had also been an analyst at The World Bank in Washington D.C., the United States of America. Before that, Mr. Chen had been working with several investment banks and private equity funds in China. Mr. Chen obtained a Bachelor of Arts degree from Nanjing University in July 2002, a postgraduate diploma in economics from Southwest China Normal University in July 2004, and a master degree in public administration from Columbia University, the United States of America in October 2006.

* For identification purpose only

Mr. Yang Yong Xi, aged 38, was appointed as an executive Director of the Company in December 2012. Mr. Yang finished his studies in drainage engineering in Chongqing University in 1995. Mr. Yang has over 11 years of working experience in property development in the PRC. Mr. Yang has been an engineer, a project manager, a project controller and a general manager of a property developer from 2001 to 2011. Since 2011, Mr. Yang has joined Chongqing Doyen as a vice executive president of its subsidiary and has been responsible for property development business. Mr. Yang is also currently the chairman of the board of directors of Chongqing Baoxu.

NON-EXECUTIVE DIRECTORS

Mr. Wang Xiaobo, aged 43, was appointed as a non-executive Director of the Company in October 2010. He graduated from the department of Management Engineering of 四川輕化工學院(Sichuan Institute of Light Industry*) in 1993 with a certificate in Finance and Accounting. He has obtained qualifications as a Certified Public Accountant, Registered Tax Agent, Certified Public Valuer and Qualified Cost Engineer. He completed a programme in Executive Master of Professional Accountancy and was admitted to the Degree of Master of Professional Accountancy at The Chinese University of Hong Kong in 2007. He has worked as an audit manager, cost engineering manager and financial officer in several accounting firms in Chongqing, the PRC. He joined Chongqing Doyen in September 2003 and is currently the chief executive officer of Chongqing Doyen.

Mr. Qin Hong, aged 47, was appointed as a non-executive Director of the Company in October 2010. Mr. Qin is an economist. He was awarded a Qualification Certificate of Specialty and Technology in Finance and Economics (intermediate level) by the Ministry of Personnel, the PRC in 1994 and graduated from 南京師範大學(Nanjing Normal University) with a bachelor degree in Chinese Language and Literature in 2006. Mr. Qin has worked for several banks in the PRC, including Bank of Communications and Huaxia Bank. He is now the general manager of 江蘇寶鼎投資擔保有限公司(Baoding Investment Guarantee Co. Ltd, Jiangsu*) and a director of 江蘇華西集團財務有限公司(Jiangsu Huaxi Group Finance Co., Ltd*), an indirect subsidiary of 江蘇華西集團公司(Jiangsu Huaxi Group Company*) ("Huaxi Group"), a company incorporated in the PRC with limited liability. One of the subsidiaries of Huaxi Group, Baoli International (Hong Kong) Trading Co., Limited, a company incorporated in Hong Kong with limited liability, is a substantial shareholder of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Ying Kay, aged 49, was appointed as an independent non-executive Director of the Company in October 2009. Mr. Chan is the company secretary and the chief financial officer of FinTronics Holdings Company Limited ("FinTronics"), a company listed on the main board of the Stock Exchange. He is responsible for the financial management, corporate finance and company secretarial matters of FinTronics. Mr. Chan joined FinTronics in April 2003 and has over 20 years of experience in accounting and finance. Before joining FinTronics, he was an executive director and the company secretary of Bestway International Holdings Limited, a company listed on the Main Board of the Stock Exchange. In March 2013, he resigned as an independent non-executive director of China Environmental Energy Investment Limited, a company listed on the main board of the Stock Exchange. Mr. Chan graduated from the University of Sheffield with a Master of Business Administration, and is currently a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.

* For identification purpose only

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Wang Jin Ling, aged 74, was appointed as an independent non-executive Director of the Company in October 2009. Mr. Wang was qualified as a senior engineer by 煤炭工業部(The Ministry of Coal Industry) of the PRC in 1995, and was appointed as the chief engineer at 義馬礦務局(Yima Mining Bureau*) of the中國統配煤礦總公司(China National Coal Corporation*) in Henan Province, the PRC in 1991. Mr. Wang was invited to act as the technical consultant of 永煤集團股份公司(Yongmei Group Company Limited) in 2000.

Dr. Zhu Wenhui, aged 43, was appointed as an independent non-executive Director of the Company in December 2011. Dr. Zhu is the holder of a Doctorate Degree in Economics from the People's University of China and now a commentator on financial and current affairs for Hong Kong Phoenix TV. He is also a senior research officer of the Bauhinia Foundation Research Centre and a part-time research fellow of the China Business Centre under the Hong Kong Polytechnic University. He was a researcher of the Centre for Northeast Asia Policy Studies under the Brookings Institution, a part-time member of the Central Policy Unit of the Government of the Hong Kong Special Administration Region, an advisor to the Advisory Committee for the Co-operation between Guangzhou, Hong Kong and Macau (廣東省粵港澳合作諮詢委員會顧問), a council member of China Development Institute (綜合開發研究院) in Shenzhen, China. He also acted as the advisor to various local governments in China and several Hong Kong companies. He was an independent non-executive director of Shandong Jintai Group Company Limited, a company listed on the Shanghai Stock Exchange of the PRC, for the period from July 2007 to June 2010. He is experienced in the research on the structural change of industries in global economies, the economic and business development in East Asia, the open door policy adopted by China, the regional economic development of China, the economic integration between the Mainland, Taiwan and Hong Kong.

SENIOR MANAGEMENT

Company Secretary

Ms. Wong Tsui Yue, Lucy, aged 51, has a strong background in finance and administration. Ms. Wong is the Company Secretary of the Company. She is a fellow member of the Hong Kong Institute of Certified Public Accountants. She joined the Company as the Financial Controller in 1991 and was an executive Director from 1997 to 2009.

Financial Controller

Mr. Cho Chun Wai, aged 36, joined the Group in August 2012. He holds a master degree of corporate finance awarded from the Hong Kong Polytechnic University. He is a fellow member of the Hong Kong Institute of Certified Public Accountants. He has over 12 years of experience in financial management for listed companies.

* For identification purpose only

REPORT OF THE DIRECTORS

The Board submits their report together with the audited consolidated financial statements for the nine months ended 31 December 2012.

PRINCIPAL ACTIVITIES

The Company was principally engaged in investment holding, and its subsidiaries were principally engaged in restaurants operation, coal mining and property investment for the nine months ended 31 December 2012.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 33.

The Board does not recommend the payment of a final dividend for the nine months ended 31 December 2012 (for the year ended 31 March 2012: Nil).

RESERVES

Movements in the reserves of the Group and of the Company during the nine months ended 31 December 2012 are set out in the consolidated statement of changes in equity on page 39 and note 29 to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

The Company has no distributable reserve as at 31 December 2012, 31 March 2012 and 31 March 2011.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 15 to the consolidated financial statements.

INVESTMENT PROPERTY

Details of the movements in investment property of the Group are set out in note 16 to the consolidated financial statements.

PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31 December 2012 are set out in note 45 to the consolidated financial statements.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 28 to the consolidated financial statements.

BANK BORROWINGS

Details of the bank borrowings of the Group as at 31 December 2012 are set out in note 32 to the consolidated financial statements.

REPORT OF THE DIRECTORS

MATERIAL ACQUISITIONS AND DISPOSAL

On 13 April 2012, the Group acquired a 70% equity interest in Chongqing Baoxu from a company wholly owned by Mr. Lo and his spouse, controlling shareholders of the Company at consideration of approximately HK$256 million. The Acquisition was completed on 14 August 2012. For details, please refer to note 41 to the consolidated financial statements.

On 12 October 2012, Chongqing Baoxu has entered into a loan agreement, pursuant to which Chongqing Baoxu granted a loan in the amount of RMB80 million to 重慶貴拓貿易有限公司, a company incorporated in the PRC and an independent third party to the Group. Such loan bore interest at 12.205% per annum, was unsecured and repayable by 15 March 2013. On 15 March 2013, such loan has been settled. For details, please refer to the announcement of the Company dated 12 October 2012.

On 27 December 2012, the Group completed its disposals of the entire interest in Ray Tone to Bright Chance, a company owned by Mr. Lo, the controlling shareholder, at cash consideration of about HK$286 million, out of which about HK$57 million has been received on 27 December 2012 with the remaining balance to be settled by September 2013. For details, please refer to note 39 to the consolidated financial statements.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last 5 financial years is set out on page 106 of this report.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares for the nine months ended 31 December 2012.

DIRECTORS

The Directors of the Company as at the date of this report and those who were in office during the year are:

Executive Directors

Mr. Lo Siu Yu, *Chairman*
Ms. Luo Shaoying, *Vice Chairman* (appointed on 1 December 2012)
Mr. Chen Yang, *Chief Executive Officer*
Mr. Yang Yong Xi (appointed on 1 December 2012)

Non-executive Directors

Mr. Wang Xiaobo
Mr. Qin Hong

Independent non-executive Directors

Mr. Chan Ying Kay
Mr. Wang Jin Ling
Dr. Zhu Wenhui

DIRECTORS *(CONTINUED)*

In accordance with Articles 73 of the Company's Articles of Association (the "Articles of Association"), Ms. Luo Shaoying and Mr. Yang Yong Xi will retire at the forthcoming annual general meeting but, being eligible, offer himself for re-election, and in accordance with Articles 77 to 79 of the Articles of Association, Mr. Wang Xiaobo, Mr. Qin Hong and Mr. Wang Jin Ling will retire at the forthcoming annual general meeting but, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

Two executive Directors have entered into service contracts with the Company on 15 October 2009, another two executive Directors have entered into service contracts with the Company on 30 November 2012, and such contracts will continue unless and until they are terminated by either party by prior written notice.

The appointment letters entered into between the Company and each of the non-executive Directors of the Company (excluding the Independent Non-executive Directors) on 15 October 2010 is without fixed terms of office, and such contracts will continue unless and until they are terminated by either party by prior written notice.

Each appointment letters entered into between the Company and Mr. Chan Ying Kay, Mr. Wang Jin Ling (both on 13 October 2012) and Dr. Zhu Wenhui (on 31 December 2012), all being the independent non-executive Directors of the Company, are for a fixed term of one year, and renewable annually upon expiry, unless and until terminated by either party by a prior written notice.

Save as disclosed above, no Director of the Company has a service contract with the Company or any of its subsidiaries which is not determinable by the employing company within one year without payment of compensation (other than statutory compensation).

INDEPENDENCE CONFIRMATION

The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers they are independent.

DIRECTORS' REMUNERATIONS

A summary of the Directors' remuneration is set out in note 8 to the consolidated financial statements.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in note 44 to the financial statements on related-party transactions, no contract of significance in relation to the Group's business to which the Company or its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at 31 December 2012 or at any time during the nine months ended 31 December 2012.

CHANGE IN DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in the information of the directors is as follows:

On 1 March 2013, Mr. Chan Ying Kay resigned as an independent non-executive director of China Environmental Energy Investment Limited, a company listed on the main board of the Stock Exchange.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ANY ASSOCIATED CORPORATION

As at 31 December 2012, the following Directors of the Company had interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required (a) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them has taken or deemed to have taken under the provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered into the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") to be notified to the Company and the Stock Exchange:

Long positions of the Directors' interests in the shares and underlying shares of the Company:

		Interests in shares				
Name of director	**Capacity**	**Corporate interest**	**Personal interest**	**Interests in underlying shares pursuant to share options**	**Total number of shares interested**	**Approximate percentage of the Company's issued shares**
Mr. Lo Siu Yu ("Mr. Lo")	Interest of controlled corporation and beneficial owner	633,477,018 (Note a)	25,000,000 (Note b)	–	658,477,018	51.68%
Mr. Chen Yang	Beneficial owner	–	–	3,000,000	3,000,000	0.24%
Mr. Wang Xiaobo	Beneficial owner	–	–	2,850,000	2,850,000	0.22%
Mr. Qin Hong	Beneficial owner	–	–	2,100,000	2,100,000	0.16%
Dr. Zhu Wenhui	Beneficial owner	–	10,000	–	10,000	0.00%

Notes:

a. Shares of 633,477,018 were held by Money Success Limited, a company wholly owned by Wealthy In Investments Limited, which is in turn wholly-owned by Mr. Lo.

b. Such interests are held jointly with Ms. Chiu Kit Hung, the spouse of Mr. Lo.

Save as disclosed above, as at 31 December 2012, none of the Directors or Chief Executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them has taken or deemed to have taken under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered into the register referred to therein; or (c) pursuant to the Model Code to be notified to the Company and the Stock Exchange.

REPORT OF THE DIRECTORS

SHARE OPTION SCHEME AND DIRECTORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES AND DEBENTURES OF THE COMPANY

In the annual general meeting held on 11 September 2008, the then shareholders approved the adoption of a new share option scheme (the "2008 Scheme") in place of the old share option scheme. The following disclosure is a summary of the 2008 Scheme as required by Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

(1) Purpose:

The 2008 Scheme will provide incentives and rewards to eligible persons who have contributed or will contribute to the growth and development of the Group.

(2) Participants:

The Board may at its absolute discretion, invite any employee, officer, manager, director, consultant, associates, chief executive or substantial shareholders of the Group to subscribe for shares of the Company.

(3) Total number of shares available for issue under the 2008 Scheme and percentage of issued share capital at the date of approval of the share option scheme:

The number of shares which can be issued is 34,543,855 shares representing 10% of the issued share capital of the Company at the date of approval of the 2008 Scheme. As at the date of this report, the total number of share options that can be granted was 18,343,855, representing 1.44% of the issued share capital of the Company. The total number of shares available for issue under the 2008 Scheme as at 31 December 2012 was 10,800,000 shares, representing 0.85% of the issued share capital of the Company at 31 December 2012. Further details of the 2008 Scheme are set out in note 38 to the financial statements.

(4) Maximum entitlement of each participant:

The total number of shares issued and to be issued upon exercise of the share options granted and to be granted to each eligible person (including exercised, cancelled and outstanding options) in any 12-month period up to the date of grant must not exceed 1% of the shares of the Company in issue as at the date of grant. Any further share options to be granted under the 2008 Scheme in excess of this limit is subject to shareholders' approval in general meeting of the Company, with such eligible person and his associates abstaining from voting.

(5) The periods within which the shares must be taken up under an option:

The share options under the 2008 Scheme may be exercised at any time during the exercise period, notwithstanding that the 2008 Scheme may have expired or been terminated.

SHARE OPTION SCHEME AND DIRECTORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES AND DEBENTURES OF THE COMPANY *(CONTINUED)*

(6) The minimum period for which an option must be held before it can be exercised:

The exercise period of the share options granted under the 2008 Scheme is determinable by the Board, which shall not be more than 10 years after the date of grant.

(7) The amount payable on application or acceptance of the option and the period within which payments of calls must or may be made or loans for such purpose must be paid:

Share options granted under the 2008 Scheme must be accepted within 10 days from the date of grant, upon payment of HK$1 per grant.

(8) The basis of determining the exercise price:

The exercise price of the share options under the 2008 Scheme will be determined by the Board, at its absolute discretion, but shall at least be the highest of: (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet on the date of grant of the share options, which must be a business day; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet for the 5 trading days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

(9) The remaining life:

The 2008 Scheme will remain in force for a period of 10 years commencing on 11 September 2008.

REPORT OF THE DIRECTORS

SHARE OPTION SCHEME AND DIRECTORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES AND DEBENTURES OF THE COMPANY *(CONTINUED)*

Movements in the Company's outstanding share options under the 2008 Scheme during the year are as follows:

	Date of grant	Exercisable period	Exercise price HK$	Closing price per share immediately before the date of grant HK$	No. of options outstanding as at 1 April 2012	No. of options granted during the nine months ended 31 December 2012	No. of options exercised/ cancelled/ lapsed during the nine months ended 31 December 2012	No. of options outstanding as at 31 December 2012	Approximate percentage of the underlying shares for the options outstanding in the issued shares of the Company
Mr. Chen Yang (Note 1)	15 October 2010	15 October 2010 to 14 October 2020	1.638	1.610	3,000,000	–	–	3,000,000	0.24%
Mr. Wang Xiaobo (Note 1)	15 October 2010	15 October 2010 to 14 October 2020	1.638	1.610	2,850,000	–	–	2,850,000	0.22%
Mr. Qin Hong (Note 2)	2 December 2010	2 December 2010 to 1 December 2020	1.628	1.500	2,100,000	–	–	2,100,000	0.16%
Employees (Note 1)	15 October 2010	15 October 2010 to 14 October 2020	1.638	1.610	8,250,000	–	(5,400,000)	2,850,000	0.22%
Total					16,200,000	–	(5,400,000)	10,800,000	0.84%

Notes:

1. The options have a term of ten years commencing on 15 October 2010 and shall vest (if applicable) and become exercisable in three tranches in the proportion of approximately 331/3%, 331/3% and 331/3% on 15 October 2010, 15 October 2011 and 15 October 2012 respectively.

2. The options have a term of ten years commencing on 2 December 2010 and shall vest (if applicable) and become exercisable in three tranches in the proportion of approximately 331/3%, 331/3% and 331/3% on 2 December 2010, 2 December 2011 and 2 December 2012 respectively.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the year were rights to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate granted to any Director or their respective spouses or children under 18 years of age, or were any such rights exercised by them; or were the Company or any of its holding companies, fellow subsidiaries and subsidiaries a party to any arrangement to enable the Company's Directors, their respective spouses or children under 18 years of age to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 December 2012, according to the register of interests in shares in the Company and short positions of the Company required to be kept by the Company under section 336 of the SFO, the following persons or corporations, other than Directors or Chief Executive of the Company, had interests or short positions in the shares or underlying shares which would fall to be disclosed by the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Long positions of substantial shareholders' interests in the shares of the Company:

Name of substantial shareholder	Capacity	Number of shares interested	Approximate percentage of the Company's issued shares
Ms. Chiu Kit Hung	Interest of spouse (Note a)	658,477,018	51.68%
Wealthy In Investments Limited	Interest of controlled corporation (Note b)	633,477,018	49.72%
Money Success Limited	Beneficial owner (Note c)	633,477,018	49.72%
Mr. Huang Guoping	Beneficial owner	120,000,000	9.42%
Baoli International (Hong Kong) Trading Co. Limited	Beneficial owner	120,000,000	9.42%
Mr. Gao Yi Xin	Interest of controlled corporation (Note d)	90,000,000	7.06%
Ms. Wang He Fen	Interest of controlled corporation (Note d)	90,000,000	7.06%
Mr. Huang Wu Jun	Interest of controlled corporation (Note d)	90,000,000	7.06%
Xinyuan International Marine Transportation Co. Ltd.	Beneficial owner (Note d)	90,000,000	7.06%

REPORT OF THE DIRECTORS

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY *(CONTINUED)*

Notes:

a. Ms. Chiu Kit Hung is the spouse of Mr. Lo, who is the Chairman and an executive Director of the Company.

b. Wealthy In Investments Limited is a company wholly-owned by Mr. Lo.

c. Money Success Limited is a company wholly owned by Wealthy In Investments Limited.

d. 55%, 25% and 20% of the shareholdings of Xinyuan International Marine Transportation Co. Ltd were owned by Mr. Gao Yi Xin, Ms. Wang He Fen and Mr. Huang Wu Jun respectively.

Save as disclosed above, as at 31 December 2012, the Company had not been notified by any persons or corporations (other than Directors or chief executives of the Company) who had an interest directly or indirectly and/or short position in the shares or underlying shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under section 336 of SFO.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the best knowledge of the Board, there was 25% or more of the listed issued share capital of the Company being held in public hands as at 5 April 2013, being the latest practicable date prior to printing of this report.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the nine months ended 31 December 2012.

COMPETING INTERESTS

Save as the interests of Mr. Lo, being an Executive Director and the Chairman of the Company, and certain of his associates (including his spouse) in coal mining business and property investment business which may likely compete, either directly or indirectly with the business of the Group, none of the Directors or the chief executive of the Company and their respective associates had any interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group for the nine months ended 31 December 2012 that are required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

During the nine months ended 31 December 2012, the Group purchased less than 30% of its goods and services from its 5 largest suppliers and sold less than 30% of its goods and services to its 5 largest customers.

None of the Directors, their respective associates, or shareholders who to the knowledge of the Directors own more than 5% of the issued share capital of the Company has any interest in any of the five largest customers and suppliers of the Group during the nine months ended 31 December 2012.

CONNECTED TRANSACTIONS

(A) ACQUISITION OF CHONGQING BAOXU

The acquisition of 70% of the equity interest in Chongqing Baoxu by the Group was completed on 14 August 2012 as disclosed in the announcement of the Company of the same date. Chongqing Baoxu is principally engaged in the investment holding of Dong Dong Mall, a shopping arcade located at No. 2, Second Lane, Nanping East Road, Nanan District, Chongqing, the PRC with a total gross fl oor area of 18,043.45 square metres for commercial use. Dong Dong Mall commenced operation in June 2011.

(B) DISPOSAL OF RAY TONE GROUP

On 12 September 2012, the Board announced that a wholly-owned subsidiary of the Company, Doxen Coal and Bright Chance entered into a Disposal Agreement on the same date. Pursuant to the Disposal Agreement, Doxen Coal has conditionally agreed to sell and Bright Chance (or through its nominee, including but not limited to its wholly-owned subsidiary) has conditionally agreed to purchase the entire issued share capital of Ray Tone and the Sale Loan at the consideration of RMB230 million (equivalent to approximately HK$280.5 million). The principal asset of Ray Tone Group is the mining right of the coal mine located in Fukang City in Xinjiang of the PRC with an aggregate mining area of approximately 2.5478 square kilometres.

On 18 October 2012, an extraordinary general meeting was held to approve the Disposal Agreement. The Disposal was completed on 27 December 2012. As a result of the Disposal, the Group recorded a gain of approximately HK$168.0 million. Pursuant to the Disposal Agreement, RMB184 million, being 80% of the consideration, will be settled in September 2013.

RELATED PARTY TRANSACTIONS

Save as disclosed in the consolidated financial statements, there was no related party transaction during the nine months ended 31 December 2012.

AUDITOR

The consolidated financial statements of the Company for the nine months ended 31 December 2012 have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

By Order of the Board

Chen Yang
Chief Executive Officer

Hong Kong, 27 March 2013

CORPORATE GOVERNANCE REPORT

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company acknowledges the importance of good corporate governance practices and believes that it is essential to enhance shareholders' value and safeguard shareholders' interests. The Directors are of the opinion that the Company has complied with the code provisions ("Code Provision") as set out in the Corporate Governance Code (the "CG Code") in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the nine months ended 31 December 2012, save for deviations from Code Provision A.4.1 and Code Provision E.1.2 as disclosed below:

Code Provision A.4.1 stipulates that non-executive Directors should be appointed for a specific term, subject to re-election. None of the non-executive Directors of the Company is appointed for a specific term. However, in accordance with the Articles of Association of the Company (the "Articles of Association"), at each annual general meeting, one-third of the Directors for the time being (or if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. The Company considers that this is no less exacting than those provided in the Code.

Code Provision E.1.2 specifies that the chairman of the board should attend the annual general meeting. Mr. Lo Siu Yu ("Mr. Lo"), the chairman of the Board, has been heavily involved in the business operation of the Group in the PRC. Despite his utmost intention to be present at the Company's annual general meeting held on 20 August 2012, he was unable to attend the said meeting due to other urgent business commitments of the Group. Mr. Lo undertakes that he will try his best to attend the future annual general meetings of the Company whenever possible.

The Company regularly reviews its corporate governance practices to ensure they comply with the CG Code and align with the latest developments.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for securities transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code for dealing in securities of the Company by the Directors. The Company has made specific enquiry of all Directors and all Directors confirmed that they have complied with the required standard as set out in the Model Code during the nine months ended 31 December 2012.

THE BOARD

The Board currently comprises 4 executive Directors, including the Chairman, the Vice Chairman and the Chief Executive Officer, 2 non-executive Directors and 3 independent non-executive Directors.

The Board is collectively accountable to the shareholders and is responsible for the leadership and control of the Group including overseeing the Group's businesses, formulating strategic directions, setting objectives and business development plans, and monitoring the performance of both the financial results and the senior management.

THE BOARD *(CONTINUED)*

The independent non-executive Directors serve the important function of ensuring and monitoring the basis for an effective corporate governance framework. Each of the Independent Non-executive Directors has confirmed in his annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers such Directors to be independent.

All Directors have distinguished themselves in their field of expertise so as to give a balance of skills, knowledge and experience required for the running of an effective board. The Board has delegated the authority and responsibility for implementing its business strategies and managing the daily operation of its businesses to its Executive Directors and senior management. Biographical details and responsibilities of each Board member and senior management are set out in pages 11 to 13 of this report. Ms. Luo Shaoying is a sister of Mr. Lo. Mr. Wang Xiaobo is an employee of a company that was controlled by Mr. Lo and his spouse. Mr. Qin Hong is now the general manager of江蘇寶鼎投資擔保有限公司(Baoding Investment Guarantee Co. Ltd, Jiangsu*) and a director of江蘇華西集團財務有限公司(Jiangsu Huaxi Group Finance Co., Ltd*), which is an indirect subsidiary of Huaxi Group. One of the subsidiaries of Huaxi Group, Baoli International (Hong Kong) Trading Co., Limited, is a substantial shareholder of the Company. Save as disclosed above, there is no other relationship (including financial, business, family or other material relationship) among members of the Board and substantial shareholders.

Regular Board meetings are held at approximately quarterly intervals and involve the active participation of Directors, either in person or through other electronic means of communications. The individual attendance of each Director during the year under review is set out below:

	Number of Board meetings Directors attended/eligible to attend
Executive Directors	
Mr. Lo Siu Yu, *Chairman*	6/7
Ms. Luo Shaoying, *Vice Chairman* (appointed on 30 November 2012)	NA
Mr. Chen Yang, *Chief Executive Officer*	7/7
Mr. Yang Ying Xi (appointed on 30 November 2012)	NA
Non-executive Directors	
Mr. Wang Xiaobo	7/7
Mr. Qin Hong	7/7
Independent Non-executive Directors	
Mr. Chan Ying Kay	7/7
Mr. Wang Jin Ling	6/7
Dr. Zhu Wenhui	7/7

* For identification purpose only

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of the Chairman, Mr. Lo Siu Yu and the Chief Executive Officer, Mr. Chen Yang, are separated, with a clear segregation of duties. The Chairman is responsible for formulating corporate strategies and overall business development planning. The Chief Executive Officer's duty is to oversee the execution of daily operation of the business activities. The segregation of duties is to ensure a balance of power and authority.

NOMINATION COMMITTEE

The Company established the nomination committee (the "Nomination Committee") with written terms of reference on 4 November 2009. The Nomination Committee comprises the Chairman, Mr. Lo Siu Yu and two independent non-executive Directors, Mr. Chan Ying Kay and Dr. Zhu Wenhui.

The principal duties of the Nomination Committee include:

(a) to review the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(b) to identify individuals suitably qualified to become members of the Board and select or make recommendations to the Board on the selection of individuals nominated for directorship;

(c) to assess the independence of the independent non-executive Directors; and

(d) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and Chief Executive Officer.

The Nomination Committee carries out the process of selecting and recommending candidates for directorships by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of such individuals, the Company's needs and other relevant statutory requirements and regulations. An external recruitment agency may be engaged to carry out the recruitment and selection process when necessary.

During the nine months ended 31 December 2012, one Nomination Committee meeting was held.

In accordance with the Articles of Association, Ms. Luo Shaoying, Mr. Yang Yong Xi, Mr. Wang Xiaobo, Mr. Qin Hong and Mr. Wang Jin Ling shall retire, and being eligible, offer themselves for re-election at the forthcoming annual general meeting.

A circular containing detailed information of the Directors of the Company standing for re-election at the forthcoming annual general meeting would be sent to the shareholders.

In compliance with the amendments to the Listing Rules which was effective on 1 April 2012, the terms of reference of the Nomination Committee was revised and approved by the Board on 20 March 2012.

CORPORATE GOVERNANCE REPORT

TERMS OF APPOINTMENTS AND RE-ELECTION OF DIRECTORS

According to the Articles of Association of the Company, one-third of the Directors for the time being (or, if their number is not a multiple of 3, the number nearest to but not less than one-third) should retire from office by rotation at each annual general meeting of the Company provided that every Director shall be subject to retirement by rotation at least once every 3 years. Furthermore, any Director appointed to fill a casual vacancy or as an addition to the existing Board should hold office only until the next following annual general meeting and would then be eligible for re-election at that meeting. The existing independent non-executive Directors of the Company have fixed term of office but their termination are determinable by either party with a written notice in advance, as well as subject to the aforesaid retirement from office on a rotational basis.

AUDIT COMMITTEE

The audit committee (the "Audit Committee") has been established since 1999 with written terms of reference pursuant to all the duties set out in Code Provision C.3.3 of the CG Code. Currently, there are three committee members, all of whom are Independent non-executive Directors of the Company, namely Mr. Chan Ying Kay (Committee Chairman), Dr. Zhu Wenhui and Mr. Wang Jin Ling. Mr. Chan Ying Kay possesses extensive experience in accounting and financial matters and meets the requirements of Rule 3.21 of the Listing Rules.

The Audit Committee is accountable to the Board and its principal duties include the review and supervision of the financial reporting process and internal control system of the Group.

During the nine months ended 31 December 2012, the Audit Committee held two meetings. The Audit Committee reviewed the accounting policies and practices adopted by the Group and discussed auditing, internal controls system and financial reporting matters. It also reviewed the financial statements of the Company, the Company's annual and interim reports and the management letter from the auditor of the Company.

The individual attendance of each committee member is set out below:

	Number of meetings Directors attended/ eligible to attend
Independent Non-executive Directors	
Mr. Chan Ying Kay, *Committee Chairman*	2/2
Mr. Wang Jin Ling	1/2
Dr. Zhu Wenhui	2/2

In compliance with the amendments to the Listing Rules which was effective on 1 April 2012, the terms of reference of the Audit Committee was revised and approved by the Board on 20 March 2012.

REMUNERATION COMMITTEE

The remuneration committee (the "Remuneration Committee") was established in October 2007 with written terms of reference pursuant to all the duties set out in Code Provision B.1.1 of the CG Code. Currently, there are three committee members, all of whom are Independent Non-executive Directors, namely Dr. Zhu Wenhui (Committee Chairman), Mr. Chan Ying Kay and Mr. Wang Jin Ling.

The Remuneration Committee is accountable to the Board and its principal duties include review and determination of the Board policy for the remuneration of senior management and make recommendation to the Chairman and the executive members of the Board on Directors' remuneration.

During the nine months ended 31 December 2012, the Remuneration Committee held one meeting. The Remuneration Committee reviewed the framework of remuneration policy, considered discretionary bonus to staff, remuneration packages of executives and provided the guideline of annual salary review.

The individual attendance of each committee member is set out below:

	Number of meetings Directors attended/ eligible to attend
Independent Non-executive Directors	
Dr. Zhu Wenhui, *Committee Chairman*	1/1
Mr. Chan Ying Kay	1/1
Mr. Wang Jin Ling	1/1

In compliance with the amendments to the Listing Rules which was effective on 1 April 2012, the terms of reference of the Remuneration Committee was revised and approved by the Board on 20 March 2012.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility to prepare financial statements that give a true and fair view of the state of affairs of the Group and of the results and cash flows for each financial periods. The statement of the Company's auditor about their reporting responsibilities on financial statements is set out in the Independent Auditor's Report on page 31 to 32.

CORPORATE GOVERNANCE REPORT

AUDITOR'S REMUNERATION

During the nine months ended 31 December 2012, the remuneration for the Group's principal auditor, PricewaterhouseCoopers, and its affiliated firms, for services rendered is as follows:

	HK$'000
Audit fees	1,468
Non-audit service fees	374
	1,842

INTERNAL CONTROL

The Board is responsible for maintaining a sound and effective system of internal control and for reviewing its effectiveness through the Audit Committee. The Group's system of internal control includes a defined management structure with limits of authority, and is designed to help the Group achieve its business objectives, safeguard its assets against unauthorized use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication and ensure compliance with relevant laws and regulations. The system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss, and to manage rather than eliminate risks of failure in the Group's operational systems and in the achievement of the Group's business objectives.

During the period, the Board has reviewed the effectiveness of the system of internal control through the Audit Committee and no material internal control deficiencies were identified by the Audit Committee.

SHAREHOLDER RIGHTS

The Company has only one class of shares, all shares have the same voting rights and are entitled to the dividends declared. The Articles of Association set out the rights of our shareholders.

Shareholder(s) holding not less than one-twentieth of the paid-up capital of the Company may request the Board to convene an extraordinary general meeting pursuant to Section 113 of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). The objects of the meeting must be stated in the related requisition deposited at the registered office of the Company.

For including a resolution relating to other matters in a general meeting, shareholders are requested to follow the requirements and procedures as set out in Section 115A of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong).

SHAREHOLDER RIGHTS ***(CONTINUED)***

Pursuant to Article 75 of the Articles of Association, if a shareholder wishes to propose a person other than a retiring Director for election as a Director at a general meeting, the shareholder should deposit a written notice of nomination which shall be given to the Company Secretary within the 7-day period commencing the day after the despatch of the notice of the meeting (or such other period as may be determined and announced by the Directors from time to time). In order for the Company to inform all shareholders of that proposal, the written notice must state the full name of the person proposed for election as a Director, his/her biographical details as required by rule 13.51(2) of the Listing Rules, and be signed by the shareholder concerned and that person indicating his/her willingness to be elected. If the notice is received less than fifteen (15) business days prior to that general meeting, the Company will need to consider adjournment of the general meeting in order to (i) assess the suitability of the proposed candidate; and (ii) publish an announcement or circulate a supplementary circular in relation to the proposal to the shareholders not less than ten (10) business days prior to the general meeting.

Shareholders have the right to receive corporate communication issued by the Company in hard copies or through electronic means.

Shareholders whose shares held in the Central Clearing and Settlement System (CCASS) may notify us from time to time through Hong Kong Securities Clearing Company Limited if they wish to receive our corporate communications.

Shareholders and other stakeholders may send their enquiries and concerns to the Board by addressing them to the Company Secretary. The Company Secretary forwards communications relating to matters within the Board's purview to the independent Directors, communications relating to matters within a Board committee's area of responsibility to the chair of the appropriate committee, and communications relating to ordinary business matters, such as suggestions, inquiries and consumer complaints, to the appropriate executives of the Company.

To promote effective communication, the Company maintains a website at www.dowellproperty.com, where up-to-date information of the Company is available for public access.

INDEPENDENT AUDITOR'S REPORT

羅兵咸永道

TO THE SHAREHOLDERS OF DOWELL PROPERTY HOLDINGS LIMITED
(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Dowell Property Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 33 to 105, which comprise the consolidated and company statements of financial position as at 31 December 2012, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period from 1 April 2012 to 31 December 2012, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 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 contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair value in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2012 and of the Group's profit and cash flows for the period from 1 April 2012 to 31 December 2012 in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 27 March 2013

CONSOLIDATED INCOME STATEMENT

FOR THE PERIOD FROM 1 APRIL 2012 TO 31 DECEMBER 2012

	Note	1 April 2012 to 31 December 2012 HK$'000	1 April 2011 to 31 March 2012 HK$'000 (Restated)
Continuing operations			
Revenue	6	**59,559**	73,790
Cost of sales		**(12,410)**	(19,413)
Staff costs	7	**(21,560)**	(33,915)
Operating lease rentals		**(9,697)**	(12,893)
Utilities expenses		**(3,065)**	(4,141)
Depreciation and impairment of property, plant and equipment		**(5,351)**	(3,097)
Repair and maintenance expenses		**(400)**	(555)
Other operating expenses	8	**(17,267)**	(22,253)
Fair value gain on investment property		**28,313**	11,963
Fair value gain on financial assets at fair value through profit or loss		**3,066**	1,017
Other (losses)/gains – net	9	**(1,056)**	17,945
Operating profit		**20,132**	8,448
Finance income	10	**4,687**	3,638
Finance costs	10	**(6,077)**	(93)
Finance (costs)/income – net	10	**(1,390)**	3,545
Profit before income tax		**18,742**	11,993
Income tax	11	**(9,603)**	(5,029)
Profit for the period/year from continuing operations		**9,139**	6,964
Discontinued operation			
Profit/(loss) for the period/year from discontinued operation	39	**150,254**	(15,610)
Profit/(loss) for the period/year		**159,393**	(8,646)
Attributable to:			
Equity holders of the Company		**150,750**	(13,078)
Non-controlling interests		**8,643**	4,432
		159,393	(8,646)
Profit/(loss) attributable to equity holders of the Company arises from:			
Continuing operations		**496**	2,532
Discontinued operation		**150,254**	(15,610)
		150,750	(13,078)
Basic and diluted earnings/(losses) per share attributable to equity holders of the Company	14	**HK cents**	HK cents
From continuing operations		**0.04**	0.20
From discontinued operation		**11.79**	(1.23)
From continuing and discontinued operation		**11.83**	(1,03)

The notes on pages 40 to 105 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM 1 APRIL 2012 TO 31 DECEMBER 2012

	1 April 2012 to 31 December 2012 HK$'000	1 April 2011 to 31 March 2012 HK$'000 (Restated)
Profit/(loss) for the period/year	**159,393**	(8,646)
Other comprehensive income:		
Exchange differences arising from translation of foreign operations	**4,549**	6,887
Realisation of exchange reserve upon disposal of subsidiaries	**(11,667)**	–
Others	**–**	(100)
Other comprehensive (loss)/income for the period/year, net of tax	**(7,118)**	6,787
Total comprehensive income/(loss) for the period/year	**152,275**	(1,859)
Total comprehensive income/(loss) attributable to:		
Equity holders of the Company	**142,516**	(6,745)
Non-controlling interests	**9,759**	4,886
	152,275	(1,859)
Total comprehensive income/(loss) attributable to equity holders of the Company arises from:		
Continuing operations	**3,100**	3,491
Discontinued operation	**139,416**	(10,236)
	142,516	(6,745)

The notes on pages 40 to 105 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2012

	Note	As at 31 December 2012 HK$'000	As at 31 March 2012 HK$'000 (Restated)	As at 1 April 2011 HK$'000 (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment	15	**4,038**	177,280	83,617
Investment property	16	**396,788**	364,968	339,768
Mining right	17	**–**	10,398	9,988
Goodwill	18	**–**	1,476	1,423
Other intangible assets	19	**8,768**	–	–
Other non-current assets	20	**17,555**	14,455	16,815
Deferred income tax assets	31	**9,307**	24,707	22,019
		436,456	593,284	473,630
Current assets				
Inventories	22	**2,063**	3,591	3,462
Trade receivables	23	**168**	448	319
Accrued rent receivable		**9,306**	7,540	–
Amounts due from related companies	24	**228,869**	4,328	49,896
Deposits, prepayments and other receivables	25	**104,497**	8,887	8,749
Financial assets at fair value through profit or loss	26	**10,041**	15,750	–
Restricted bank deposits	27	**3,766**	371,021	353,394
Cash and cash equivalents	27	**419,118**	705,728	739,118
		777,828	1,117,293	1,154,938
Total assets		**1,214,284**	1,710,577	1,628,568
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	28	**127,404**	127,404	127,404
Reserves		**695,949**	817,529	561,086
		823,353	944,933	688,490
Non-controlling interests		**126,101**	116,342	846
Total equity		**949,454**	1,061,275	689,336

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2012

	Note	As at 31 December 2012 HK$'000	As at 31 March 2012 HK$'000 (Restated)	As at 1 April 2011 HK$'000 (Restated)
LIABILITIES				
Non-current liabilities				
Provision for long service payments	30	**324**	643	674
Bank borrowings	32	**199,016**	187,159	166,320
Finance lease liabilities	33	**538**	903	866
		199,878	188,705	167,860
Current liabilities				
Trade payables	34	**2,783**	3,765	2,828
Other payables and accrued charges	35	**32,584**	53,809	435,672
Income tax payable		**4,226**	1,839	–
Bank borrowings	32	**24,877**	400,725	332,640
Finance lease liabilities	33	**482**	459	232
		64,952	460,597	771,372
Total liabilities		**264,830**	649,302	939,232
Total equity and liabilities		**1,214,284**	1,710,577	1,628,568
Net current assets		**712,876**	656,696	383,566
Total assets less current liabilities		**1,149,332**	1,249,980	857,196

Lo Siu Yu
Director

Chen Yang
Director

The notes on pages 40 to 105 are an integral part of these consolidated financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2012

	Note	As at 31 December 2012 HK$'000	As at 31 March 2012 HK$'000
ASSETS			
Non-current assets			
Investments in subsidiaries	36	**580,098**	653,892
Other non-current assets	20	**–**	11,900
Intangible assets	19	**8,768**	–
		588,866	665,792
Current assets			
Amounts due from subsidiaries	37	**211,568**	444,487
Deposits, prepayments and other receivables	25	**169**	86
Restricted bank deposits	27	**3,766**	3,716
Cash and cash equivalents	27	**18,817**	77,999
		234,320	526,288
Total assets		**823,186**	1,192,080
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	28	**127,404**	127,404
Reserves	29	**667,248**	1,037,038
Total equity		**794,652**	1,164,442
LIABILITIES			
Current liabilities			
Amounts due to subsidiaries	37	**20,686**	20,578
Other payables and accrued charges	35	**7,848**	7,060
Total liabilities		**28,534**	27,638
Total equity and liabilities		**823,186**	1,192,080
Net current assets		**205,786**	498,650
Total assets less current liabilities		**794,652**	1,164,442

Lo Siu Yu
Director

Chen Yang
Director

The notes on pages 40 to 105 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM 1 APRIL 2012 TO 31 DECEMBER 2012

	Note	1 April 2012 to 31 December 2012 HK$'000	1 April 2011 to 31 March 2012 HK$'000 (Restated)
Cash flows used in operating activities			
Cash used in operations	40(a)	**(14,436)**	(22,675)
Hong Kong profits tax (paid)/recovered		**(198)**	245
Net cash used in operating activities		**(14,634)**	(22,430)
Cash flows used in investing activities			
Purchase of property, plant and equipment		**(10,086)**	(44,297)
Purchase of investment property		**–**	(17,411)
Purchase of financial assets at fair value through profit or loss		**–**	(17,171)
Payment for mining rights		**–**	(550)
Purchase of intangible assets		**(4,570)**	–
Deposit for acquisition of assets		**(15,000)**	–
Net cash outflow from disposal of subsidiaries	40(b)	**(55,931)**	–
Inception of a loan receivable		**(99,508)**	–
Proceeds from disposal of financial assets at fair value through profit or loss		**8,775**	2,438
Proceeds from disposal of property, plant and equipment		**–**	36
Interest received		**8,495**	5,518
Net cash used in investing activities		**(167,825)**	(71,437)
Cash flows from financing activities			
Decrease/(increase) in restricted bank deposits		**361,751**	(3,716)
Repayment of bank borrowings		**(428,618)**	(360,874)
Proceeds from bank borrowings		**248,800**	431,200
Interest paid on bank borrowings		**(36,923)**	(35,915)
Acquisition of a subsidiary under common control	41	**(256,200)**	–
Proceeds from capital injection to Chongqing Baoxu Commercial Property Management Limited ("Chongqing Baoxu")		**–**	368,698
Advancements from related parties		**–**	46,958
Repayment of finance lease liabilities		**(399)**	(472)
Amount received from a related party		**4,328**	–
Repayment to related parties		**–**	(411,410)
Net cash generated from financing activities		**(107,261)**	34,469
Net decrease in cash and cash equivalents		**(289,720)**	(59,398)
Cash and cash equivalents at the beginning of the period/year		**705,728**	739,118
Exchange differences on cash and cash equivalents		**3,110**	26,008
Cash and cash equivalents at the end of the period/year	27	**419,118**	705,728

The notes on pages 40 to 105 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM 1 APRIL 2012 TO 31 DECEMBER 2012

	Equity attributable to equity holders of the Company								
	Share capital HK$'000	Share premium HK$'000	Accumulated losses HK$'000	Exchange reserve HK$'000	Merger reserve HK$'000	Other reserves HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2011, as previously reported	127,404	1,046,974	(55,965)	5,464	(452,547)	15,186	686,516	–	686,516
Effect of business combination (Note 41)	–	–	(38,655)	(62)	40,691	–	1,974	846	2,820
At 1 April 2011, as restated	127,404	1,046,974	(94,620)	5,402	(411,856)	15,186	688,490	846	689,336
Loss for the year	–	–	(13,078)	–	–	–	(13,078)	4,432	(8,646)
Other comprehensive (loss)/income									
Currency translation differences	–	–	–	6,433	–	–	6,433	454	6,887
Other	–	–	–	–	–	(100)	(100)	–	(100)
Total comprehensive (loss)/income	–	–	(13,078)	6,433	–	(100)	(6,745)	4,886	(1,859)
Share-based compensation expense (Note 38)	–	–	–	–	–	5,046	5,046	–	5,046
Additional capital injection to Chongqing Baoxu	–	–	–	–	258,088	–	258,088	110,610	368,698
Write-back of unclaimed dividends	–	–	54	–	–	–	54	–	54
At 31 March 2012 (Restated)	127,404	1,046,974	(107,644)	11,835	(153,768)	20,132	944,933	116,342	1,061,275
At 1 April 2012, as previously reported	**127,404**	**1,046,974**	**(79,331)**	**10,838**	**(452,547)**	**20,132**	**673,470**	**–**	**673,470**
Effect of business combination (Note 41)	**–**	**–**	**(28,313)**	**997**	**298,779**	**–**	**271,463**	**116,342**	**387,805**
At 1 April 2012, as restated	**127,404**	**1,046,974**	**(107,644)**	**11,835**	**(153,768)**	**20,132**	**944,933**	**116,342**	**1,061,275**
Profit for the period	**–**	**–**	**150,750**	**–**	**–**	**–**	**150,750**	**8,643**	**159,393**
Other comprehensive (loss)/income									
Currency translation differences	**–**	**–**	**–**	**3,433**	**–**	**–**	**3,433**	**1,116**	**4,549**
Realisation of exchange reserve upon disposal of subsidiaries	**–**	**–**	**–**	**(11,667)**	**–**	**–**	**(11,667)**	**–**	**(11,667)**
Total comprehensive (loss)/income	**–**	**–**	**150,750**	**(8,234)**	**–**	**–**	**142,516**	**9,759**	**152,275**
Share-based compensation expense (Note 38)	**–**	**–**	**–**	**–**	**–**	**(289)**	**(289)**	**–**	**(289)**
Consideration paid for acquisition of Chongqing Baoxu	**–**	**–**	**–**	**–**	**(256,200)**	**–**	**(256,200)**	**–**	**(256,200)**
Disposal of subsidiaries	**–**	**–**	**21**	**–**	**–**	**(21)**	**–**	**–**	**–**
Lapse of share option	**–**	**–**	**2,983**	**–**	**–**	**(2,983)**	**–**	**–**	**–**
Write-back of unclaimed dividends	**–**	**–**	**43**	**–**	**–**	**–**	**43**	**–**	**43**
Other transfer from reserves	**–**	**–**	**–**	**–**	**–**	**(7,650)**	**(7,650)**	**–**	**(7,650)**
At 31 December 2012	**127,404**	**1,046,974**	**46,153**	**3,601**	**(409,968)**	**9,189**	**823,353**	**126,101**	**949,454**

The notes on pages 40 to 105 are an integral part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Dowell Property Holdings Limited (the "Company") (formerly known as "Doxen Energy Group Limited") is a limited liability company incorporated in Hong Kong. The address of its registered office is Suites 1707-1709, 17/F, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

During the period from 1 April 2012 to August 2012, the Company and its subsidiaries (together, the "Group") are principally engaged in (i) operation of restaurant business in Hong Kong and (ii) operations of a coal mine in Xinjiang Uyghur Autonomous Region of the People's Republic of China (the "PRC").

On 14 August 2012, the Group completed its acquisitions of a subsidiary whose principal activity is property investment from a company controlled by Mr. Lo Siu Yu ("Mr. Lo"). Mr. Lo is the controlling shareholder of the Company. The acquisition has been accounted for by the Group as a business combination under common control for which the Company applies the principles of merger accounting, as prescribed in Hong Kong Accounting Guideline 5 "Merger Accounting for Common Control Combinations" ("HKAG 5") issued by Hong Kong Institute of Certified Public Accountants ("HKICPA") in preparing these consolidated financial statements. The accompanying consolidated financial statement and the comparative figures have been prepared on the basis as if the current group structure had been in existence since 1 November 2010, date of incorporation of the acquired company and when the Company and the acquired company first came under the common control of Mr. Lo.

On 27 December 2012, the Group completed disposal of its entire interest in the subsidiaries which operated the coal mine business ("the discontinued business") in the PRC to a related company. Since then, the Group is principally engaged in (i)operation of restaurant business in Hong Kong and (ii) property investment in the PRC.

These consolidated financial statements are presented in Hong Kong dollars ("HK$"), unless otherwise stated. These consolidated financial statements were approved for issue by the Board of Directors on 27 March 2013.

2 CHANGE IN FINANCIAL REPORTING DATE

During the period, the accounting year end date of the Company has changed from 31 March to 31 December to better align the Company's year end dates with the major operating entities in the PRC. Accordingly, the current accounting period covers the nine months period from 1 April 2012 to 31 December 2012. The results for the period are not directly comparable with the results for the year ended 31 March 2012, which covered a twelve month period

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). They have been prepared under the historical cost convention, as modified by investment property and financial assets at fair value through profit or loss which are stated at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 5.

The following amendments to standards are mandatory for the first time for the year ended 31 December 2012. The Group has adopted these amendments to standards which are relevant to its operations.

(a) HKAS 12 (Amendment), "Deferred tax: Recovery of underlying assets" is effective for annual periods beginning on or after 1 January 2012. It introduces an exception to the principle for the measurement of deferred tax assets or liabilities arising on an investment property measured at fair value. HKAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a rebuttable presumption that an investment property measured at fair value is recovered entirely by sale. The presumption of recovery entirely by sale is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The amendment is applicable retrospectively to annual periods beginning on or after 1 January 2012 with early adoption permitted. This amendment currently has no impact on the Group's financial statements as the Group's business model is that the entity owning the investment property will recover the value through use and on this basis the presumption of sale has been rebutted. Consequently, the Group has continued to recognise deferred taxes on the basis that the value of investment property is recovered through use.

(b) HKFRS 7 (Amendment), "Disclosures – Transfers of financial assets" is effective for annual periods beginning on or after 1 July 2011. This amendment will promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets. This amendment has no significant impact on the Group's financial statements during the period.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.1 Basis of preparation *(continued)*

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 April 2012 and have not been early adopted:

	Effective for annual periods beginning on or after
HKFRS 7 (Amendment) Financial instruments: Disclosures – Offsetting financial assets and financial liabilities	1 January 2013
HKFRS 9 Financial instruments	1 January 2015
HKFRS 10 Consolidated financial statements	1 January 2013
HKFRS 11 Joint arrangements	1 January 2013
HKFRS 12 Disclosures of interests in other entities	1 January 2013
HKFRS 13 Fair value measurements	1 January 2013
HKFRS 7 and HKFRS 9 (Amendment) Mandatory effective date and transition disclosures	1 January 2015
HKAS 1 (Amendment) Presentation of financial statements	1 July 2012
HKAS 19 (Amendment) Employee benefits	1 January 2013
HKAS 27 (Revised 2011) Separate financial statements	1 January 2013
HKAS 28 (Revised 2011) Associate and joint ventures	1 January 2013
HKAS 32 (Amendment) Financial instruments: Disclosures – Offsetting financial assets and financial liabilities	1 January 2014
HK(IFRIC) – Int 20 Stripping costs in the production phase of a surface mine	1 January 2013
HKFRS (Amendments) Annual Improvements 2009-2011 Cycle	1 January 2013

The directors consider that the above amendments/interpretation will not have any material impact on the Group's financial statements.

3.2 Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 December.

(a) Business combination

(i) Common control combination

The consolidated financial statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling shareholder of the Company ("controlling party").

The net assets of the combining entities or businesses are combined using the existing book values from the controlling party's perspective. No amount is recognised in consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.2 Consolidation *(continued)*

(a) Business combination (continued)

(i) Common control combination (continued)

The consolidated income statement includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where there is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the previous reporting date or when they first came under common control, whichever is earlier.

A uniform set of accounting policies is adopted by the group entities. All intra-group transactions, balances and unrealized gains on transactions between combining entities or businesses are eliminated on consolidation.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting is recognised as an expense in the period in which it is incurred.

(ii) Other business combinations

The Group uses the acquisition method of accounting to account for business combinations, other than common control combinations as described above. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.2 Consolidation *(continued)*

(b) Subsidiaries

Subsidiaries are all entities (including special purposes entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated.

Accounting policies of subsidiaries have been changed where necessary in the consolidated financial statements, to ensure consistency with the policies adopted by the Group.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less provision for impairment losses (Note 3.12). The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(c) Equity transactions with non-controlling interests

The Group treats equity transactions with non-controlling interests as equity transactions with equity owners of the Group. For purchases of equity interests in subsidiaries from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals of equity interests in subsidiaries to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

3.3 Segment reporting

Operating segments are reporting in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers ("CODM"), who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the executive directors that make strategic decisions.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in HK$, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in the profit or loss, and other changes in the carrying amount are recognised in equity.

Translation differences on non-monetary financial assets and liabilities are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the investment revaluation reserve in equity.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised as a separate component of equity.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.4 Foreign currency translation *(continued)*

(c) Group companies (continued)

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the consolidated income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of foreign entities are treated as assets and liabilities of the foreign entities and translated at the closing rates.

3.5 Exploration and evaluation expenditure

Exploration and evaluation expenditure comprises costs which are directly attributable to: researching and analysing existing exploration data; conducting geological studies, exploratory drilling and sampling; examining and testing extraction and treatment methods; and compiling pre-feasibility and feasibility studies. Exploration and evaluation expenditure also includes the costs incurred in acquiring mining rights, the entry premiums paid to gain access to areas of interest and amounts payable to third parties to acquire interests in existing projects.

During the initial stage of a project, exploration and evaluation costs, other than costs incurred in acquiring land use and mining rights, are expensed as incurred. Expenditure on a project after it has reached a stage at which there is a high degree of confidence in its viability is capitalized and transferred to property, plant and equipment if the project proceeds. If a project does not prove viable, all irrecoverable costs associated with the project are expensed in the income statement.

3.6 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property.

Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value, representing open market value determined by external valuers at least annually. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the external valuers use alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recognised in the income statement.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the income statement during the period in which they are incurred.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.7 Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are expensed in the income statement during the financial period in which they are incurred.

Other than mining structures, depreciation of property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives and the annual rates of depreciation are as follows:

Buildings	5% or over the unexpired periods of the leases, whichever is shorter.
Leasehold improvements	33% or over the unexpired periods of the leases, whichever is shorter.
Furniture, fixtures and equipment	15-33%
Motor vehicles	15-20%

Mining structures (including the main and auxiliary mine shafts and underground tunnels) are depreciated using the units of production method with the estimated recoverable coal reserves of the coal mine being used as the depletion base.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 3.12).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.8 Construction in progress

Construction in progress represents property, plant and equipment under construction or pending installation, and is stated at cost less impairment losses, if any. Cost comprises direct costs of construction including borrowing costs attributable to the construction during the period of construction. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and ready for intended use.

3.9 Mining rights

Mining rights are stated at cost less accumulated amortisation and impairment losses, if any and are amortised based on the units of production method with the estimated recoverable coal reserves of the coal mine being used as the depletion base.

3.10 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

3.11 Other intangible assets

Other intangible assets represent memberships in certain clubs in Hong Kong.

Other intangible assets are recognised at cost. The useful lives of those intangible assets are assessed to be either finite or indefinite. Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable.

Intangible assets with a definite useful life are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of intangible assets over their estimated useful lives of forty years.

3.12 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of impairment at each reporting date.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.13 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. Financial assets are designated as at fair value through profit or loss at inception if the designation relates to financial instruments containing one or more embedded derivatives that significantly modify the cash flows resulting from those financial instruments. A financial asset is classified in this category if it is acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(ii) 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 are included in current assets, except for those with maturities greater than 12 months after the date of statement of financial position, which are then classified as non-current assets. The Group's loans and receivables comprise "trade receivables", "amounts due from related companies", "deposits and other receivables", "rental deposits paid", "restricted bank deposits" and "cash and cash equivalents" in the statement of financial position.

(b) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on trade-date, being the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss is subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.13 Financial assets *(continued)*

(b) Recognition and measurement (continued)

Gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the income statement in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the Group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group established fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.14 Impairment of financial assets

Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

– Significant financial difficulty of the issuer or obligor;

– A breach of contract, such as a default or delinquency in interest or principal payments;

– The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;

– It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;

– The disappearance of an active market for that financial asset because of financial difficulties; or

– Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

  (i) adverse changes in the payment status of borrowers in the portfolio;

  (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.14 Impairment of financial assets *(continued)*

Assets carried at amortised cost (continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

3.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories used in the restaurant operation is determined using a costing method which approximates the first-in, first-out method, while cost of inventories used in the mining operation is determined using the weighted average method. The cost of coal comprises raw material, direct labour, other direct costs including amortisation of mining rights and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

3.16 Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

3.17 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.18 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of statement of financial position in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the date of statement of financial position and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

3.19 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

3.20 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.21 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

3.22 Employee benefits

(a) Pension obligations

The Group has various defined contribution plans in Hong Kong and the PRC for pensions and other social obligation in accordance with the local conditions and practices. The pension plans are generally funded by payments from employees and the relevant group companies. The Group pays contributions to the pension plans on a mandatory, contractual or voluntary basis which are calculated as a percentage of the employees' salaries.

The Group has no legal or constructive obligations to pay further contributions if the funds do not hold sufficient assets to pay all employees the benefits relating to employee services in the current and prior years.

The contributions are recognised as employee benefit expenses when they are due and prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Employee leave entitlements

Employee entitlement to annual leave or other statutory leave is recognised when they are accrued to employees. A provision is made for the estimated liability for paid leave as a result of services rendered by employees up to the date of statement of financial position.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.22 Employee benefits *(continued)*

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when there is a clear evidence of the need to terminate the employment of current employees; or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

(d) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, after taking into consideration the profit attributable to the Company's shareholders and individuals' performance. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

3.23 Share-based payments

The Group operates a share-based compensation plan, under which the Group receives services from directors and employees as consideration for equity instruments (options) of the Group. The fair value of the directors' and employees' services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, the Company's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining as an employee of the Group over a specified time period);and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.23 Share-based payments *(continued)*

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiaries, with a corresponding credit to equity.

3.24 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

3.25 Provisions for close down, restoration and environmental costs

One consequence of coal mining is land subsidence caused by the resettlement of the land at the mining sites. Depending on the circumstances, the Group may relocate inhabitants from the mining sites prior to conducting mining activities or the Group may compensate the inhabitants for losses or damage from close down and land subsidence after the sites have been mined. The Group may also be required to make payments for restoration, rehabilitation or environmental protection of the land after the sites have been mined.

Close down and restoration costs include the dismantling and demolition of infrastructure and the removal of residual materials and remediation of disturbed areas. Close down and restoration costs are provided in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during mine development or during the production phase, based on the net present value of estimated future costs. The cost is capitalized where it gives rise to future benefits, whether the rehabilitation activity is expected to occur over the life of the operation or at the time of close down. The capitalized cost is amortised over the life of the operation and the increase in the net present value of the provision is included in borrowing costs.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.25 Provisions for close down, restoration and environmental costs *(continued)*

Where there is a change in the expected decommissioning and restoration costs, an adjustment is recorded against the carrying value of the provision and related assets, and the effect is then recognised in the income statement on a prospective basis over the remaining life of the operation. Provisions for close down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The cost estimates are reviewed and revised at each reporting date to reflect changes in conditions.

3.26 Reinstatement costs

Provision for reinstatement costs is recognised when the Group has an obligation under the lease to return the property at the end of the lease to its original state.

3.27 Revenue and income recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown, net of credit card fees, discounts and valued-added taxes and after eliminating sales within the Group. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration of the type of customer, the type of transaction and the specifics of each arrangement.

(i) Rental income

Rental income is recognised on a straight line basis over the lease term. When incentives are provided to the tenants, the cost of incentives is recognised over the lease term on a straight-line basis, as a reduction of rental income.

(ii) Sales of goods and services from restaurant operations

Sales of goods from restaurant operations are recognised at the point of sales to customers and sales of services from restaurant operations are recognised when services are rendered to customers.

(iii) Sales of coal

Revenue associated with the sale of coal is recognised when the goods have been delivered to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the goods.

(iv) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.28 Borrowing costs

Borrowing costs, including those pertaining to general borrowings, incurred for the construction of any qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

3.29 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor), including upfront payment made for leasehold land, are charged to the income statement on a straight-line basis over the period of the lease.

3.30 Dividend distribution

Dividend distribution to the Company's equity holders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's equity holders.

4 FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: credit risk, foreign exchange risk, cash flow interest rate risk, price risk and liquidity risk. The policies on how to mitigate these risks are set out below. The Group regularly monitors its exposure and currently considers that it is not necessary to hedge any of these financial risks.

(a) Credit risk

The carrying amounts of cash and cash equivalents, trade receivables, deposits and other receivables (including loan receivable) and balances due from related parties represent the Group's maximum exposure to credit risk in relation to financial assets.

During the year, the Group's turnover was derived from the restaurant business in Hong Kong and rental income from property investment in the PRC.

The Group does not grant credit terms to its tenants. Instead, the Group holds rental deposits as security against tenants and considers the deposits are adequate to cover any losses from non-performance by the tenants. Restaurants sales are mainly settled by cash or credit card. There is no significant concentration of credit risk.

The credit risk exposure for the other receivables and amount due from related parties is considered low given the financial position of the counter-parties as well as on time repayment history from the counter-parties in accordance with the terms of the agreements.

The credit risk exposure for bank deposits and bank balances is considered minimal as such amounts are placed with banks with good credit ratings.

(b) Foreign exchange risk

The Group operates in Hong Kong and the PRC with most of the transactions denominated and settled in local currencies. A substantial portion of the Group's cash and cash equivalents are denominated in Renminbi ("RMB").

4 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

4.1 Financial risk factors *(continued)*

(b) Foreign exchange risk (continued)

The Group does not use any derivative financial instruments to hedge its exposure to foreign exchange risk.

As at 31 December 2012, if RMB had strengthened/weakened by 5% against HK$ with all other variables held constant, the Group's profit for the period would have been approximately HK$10,836,000 (31 March 2012: HK$24,917,000) higher/lower, mainly as a result of exchange gains/losses on translation of cash and bank balances denominated in RMB held by the group companies with Hong Kong dollars as functional currency.

(c) Cash flow interest rate risk

The Group's exposure to cash flow interest rate risks arises from the Group's interest-bearing bank deposits and bank borrowings. As at 31 December 2012, the Group's bank deposits and bank borrowings bear interest at variable rates and expose the Group to cash flow interest rate risks. The Group historically has not used any financial instruments to hedge potential fluctuations in interest rates.

Other than as mentioned above, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

As at 31 December 2012, if the interest rates on bank deposits and bank borrowings had been 100 basis points higher/lower with all other variables held constant, the Group's profit for the period would increase/decrease by approximately HK$3,567,000 (31 March 2012: HK$5,189,000), mainly as a result of higher/lower net interest income on bank deposits and bank borrowings.

(d) Price risk

The Group is exposed to securities price risk because certain investments held by the Group are classified in the consolidated statement of financial position as financial assets at fair value through profit or loss as at 31 December 2012.

As at 31 December 2012, if the quoted price of the financial assets at fair value through profit or loss had appreciated/ depreciated by 20% (31 March 2012: 20%) with all other variables held constant, the Group's profit for the period would have been approximately HK$2,008,000 (31 March 2012: HK$3,150,000) higher/lower as a result of gains/losses on change in fair value of the financial asset at fair value through profit or loss.

4 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

4.1 Financial risk factors *(continued)*

(e) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with debt covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from banks and other financial institutions to meet their liquidity requirements in the short and longer term. Management believes that there is no significant liquidity risk as the Group has sufficient cash and cash equivalents to fund its operations.

The following table details the remaining contractual maturities at the date of the statement of financial position of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates) and the earliest date the Group is required to pay.

	Within 1 year or on demand HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000
At 31 December 2012			
Trade payables	**2,783**	**–**	**–**
Other payables	**9,771**	**–**	**–**
Amount due to a related company	**3,534**	**–**	**–**
Bank borrowings	**40,347**	**143,452**	**114,642**
Finance lease liabilities	**532**	**560**	**–**
Total	**56,967**	**144,012**	**114,642**
At 31 March 2012 (Restated)			
Trade payables	3,765	–	–
Other payables	34,533	–	–
Amounts due to related companies	6,184	–	–
Bank borrowings	438,057	218,695	–
Finance lease liabilities	532	959	–
Total	483,071	219,654	–

4 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

4.2 Capital risk management

The Group's objectives of managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as "equity", as shown in the consolidated balance sheet, plus net debt.

As at 31 December 2012, the Group's cash and cash equivalents and restricted bank deposits exceeded the total borrowings by HK$199 million (As at 31 March 2012: HK$489 million).

4.3 Fair value estimation

Fair value measurements are disclosed by level of the following fair value measurement hierarchy:

- Quoted prices in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Inputs for the asset or liability that are not based on observable market data (level 3).

The following table presents the Group's financial assets at fair value through profit and loss that are measured at fair value at 31 December 2012.

	Level 1	
	As at 31 December 2012 HK$'000	As at 31 March 2012 HK$'000
Financial assets at fair value through profit or loss	**10,041**	15,750

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in level 1.

4 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

4.3 Fair value estimation *(continued)*

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to access the fair value of an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The carrying amounts of the Group's financial assets including cash and cash equivalents, trade and other receivables and balances due from related companies, and financial liabilities including trade and other payables are assumed to approximate their fair values due to their short maturities. The face values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

5 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

5.1 Estimates of fair value of investment property

The best evidence of fair value is current prices in an active market for the properties with similar lease and other contracts. In the absence of such information, the Group estimates the values of the properties by capitalising the gross rental income on a fully let basis having regard to the current passing rental income from the existing tenancies and the potential future reversionary rental income at the current market level. The Company assesses the fair value of its investment properties based on valuations determined by independent professional qualified valuers. The key assumptions used in determining the fair value of the investment properties were as follows.

	As at 31 December 2012	As at 31 March 2012	As at 31 March 2011
Term yield	**7.5%**	7.5%	7.5%
Reversionary yield	**8%**	8%	8%

5 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS *(CONTINUED)*

5.2 Impairment of trade and other receivables including balances due from related parties

Management reviews regularly the recoverable amount of each individual trade and other receivables including balances due from related parties to ensure that adequate impairment is made for the irrecoverable amounts. Management assesses the recoverable amount of each individual receivables whether there is objective evidence that the receivables are impaired. This evidence may include observable data indicating that there has been an adverse change in the payment status of the debtors and the local economic conditions that correlate with the potential risk of impairment on the transactions.

Management reassesses the provision at each balance sheet date.

5.3 Recognition of deferred tax assets

Deferred tax assets are recognised for unused tax losses carried forward to the extent it is probable that future taxable profits will be available against which the unused tax losses can be utilised, based on all available evidence. Recognition primarily involves judgement regarding the future financial performance of the Group in which the deferred tax assets have been recognised. A variety of other factors are also evaluated in considering whether there is convincing evidence that it is probable that some portion or all of the deferred tax assets will ultimately be realised, such as the existence of taxable temporary differences, tax planning strategies and the periods in which estimated tax losses can be utilised. The carrying amount of deferred tax assets and related financial models and budgets are reviewed at each date of the statement of financial position and to the extent that sufficient taxable profits will be available within the utilisation periods to allow utilisation of the carry-forward tax losses, the asset balance will be reduced and charged to the income statement.

5.4 Income and other taxes

The Group is subject to income and other taxes in Hong Kong and the PRC. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities of anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the year in which such determination is made.

5.5 Impairment of property, plant and equipment

The Group tests whether property, plant and equipment have suffered any impairment, whenever events or changes in circumstances indicate the carrying amount may not be recoverable. The recoverable amounts of cash-generating units have been determined based on the higher of the value-in-use calculations or fair value less costs to sell.

The value-in-use calculations use cash flow projections based on financial budgets approved by management covering the lease term with estimated revenue growth of 1% in the first year and remained stable in the remaining period. Management determined budgeted revenue and gross margin based on past performance and its expectation of market developments. The discount rates for the tests were based on pre-tax discount rate of 3.7%.

Judgement is required to determine key assumptions adopted in cash flow projections and changes to key assumptions can significantly affect cash flow projections and therefore the results of the impairment tests.

5 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS *(CONTINUED)*

5.6 Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation for its property, plant and equipment. This estimation is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of renovation and relocation. Management will adjust the depreciation where useful lives vary with previously estimated lives.

5.7 Provision for re-instatement costs

Provision for re-instatement costs is estimated and reassessed at each date of statement of financial position with reference to the recent actual re-instatement cost incurred for restaurants of similar attributes and latest available quotation from independent contractors. Estimation based on current market information may vary over time and could differ from the actual re-instatement cost upon closures or relocation of existing restaurant premises.

6 REVENUE AND SEGMENT INFORMATION

Reportable segments are identified and reported in the manner consistent with internal reports of the Group that are regularly reviewed by the executive directors ("CODM") in order to assess performance and allocate resources. The executive directors assess the performance of the reportable segments based on the profit and loss generated.

The Group was principally engaged in the operation of restaurants in Hong Kong, property investment business in the PRC and a coal mine in the PRC during the period. During the period, the Group disposed of the coal mining operations and as such the coal mining operations together with the related gains on disposal has been presented as discontinued operation in the consolidated income statement for the period (Note 39). The Group's management reviews the business principally from an industry perspective. During the period, the Group had three reportable segments: (i) restaurant operations; (ii) investment property holding and (iii) coal mining.

Revenue from the three segments is analysed as follows:

	1 April 2012 to 31 December 2012 HK$'000	1 April 2011 to 31 March 2012 HK$'000 (Restated)
Continuing operations		
Restaurant operations	**38,685**	57,785
Investment property holding	**20,874**	16,005
	59,559	73,790
Discontinued operation		
Coal mining	**–**	529

6 REVENUE AND SEGMENT INFORMATION *(CONTINUED)*

The segment information provided to the executive directors for the reportable segments for the period ended 31 December 2012 is as follows:

	Continuing operations			Discontinued operation
	Restaurant operations HK$'000	Investment property holding HK$'000	Total HK$'000	Coal mining HK$'000
Period ended 31 December 2012				
Revenue from external customers	38,685	20,874	59,559	–
Depreciation and impairment of property, plant and equipment	(4,511)	(2)	(4,513)	(343)
Finance income	–	2,672	2,672	1,278
Finance costs	(405)	(5,615)	(6,020)	(23,321)
Segment results	(5,619)	38,413	32,794	(23,535)
Income tax (charges)/credit	–	(9,603)	(9,603)	5,837
Capital expenditure	(100)	(10)	(110)	(20,974)
As at 31 December 2012				
Segment assets	13,569	630,282	643,851	228,869
Segment liabilities	(12,216)	(234,715)	(246,931)	(8,700)

The segment information provided to the executive directors for the reportable segments for the year ended 31 March 2012 is as follows:

	Continuing operations			Discontinued operation
	Restaurant operations HK$'000	Investment property holding HK$'000	Total HK$'000	Coal mining HK$'000
Year ended 31 March 2012 (Restated)				
Revenue from external customers	57,785	16,005	73,790	529
Depreciation of property, plant and equipment	(2,283)	(1)	(2,284)	(440)
Finance income	–	41	41	1,880
Finance costs	–	–	–	(18,624)
Segment results	(1,802)	19,698	17,896	(20,653)
Income tax (charges)/credit	–	(4,924)	(4,924)	5,043
Capital expenditure	(7,999)	(11)	(8,010)	(83,622)
As at 31 March 2012 (Restated)				
Segment assets	21,071	398,928	419,999	751,264
Segment liabilities	(14,150)	(11,124)	(25,274)	(615,000)

NOTES TO THE FINANCIAL STATEMENTS

6 REVENUE AND SEGMENT INFORMATION *(CONTINUED)*

A reconciliation of segment results to profit before income tax is provided as follows:

	1 April 2012 to 31 December 2012 HK$'000	1 April 2011 to 31 March 2012 HK$'000 (Restated)
Continuing operations:		
Segment results	**32,794**	17,896
Depreciation of property, plant and equipment at head office	**(838)**	(813)
Finance income – net	**1,958**	3,504
Staff costs	**(7,795)**	(15,072)
Corporate (expenses)/income	**(7,377)**	6,478
Profit before income tax	**18,742**	11,993

Reportable segments' assets are reconciled to total assets as follows:

	As at 31 December 2012 HK$'000	As at 31 March 2012 HK$'000 (Restated)
Segment assets	**872,720**	1,171,263
Unallocated:		
Property, plant and equipment	**2,665**	3,501
Financial assets at fair value through profit or loss	**10,041**	15,750
Cash and cash equivalents	**221,307**	141,872
Restricted bank deposits	**–**	364,139
Loan receivable	**96,978**	–
Other assets	**10,573**	14,052
Total assets	**1,214,284**	1,710,577

6 REVENUE AND SEGMENT INFORMATION *(CONTINUED)*

Reportable segments' liabilities are reconciled to total liabilities as follows:

	As at 31 December 2012 HK$'000	As at 31 March 2012 HK$'000 (Restated)
Segment liabilities	**255,631**	640,274
Unallocated:		
Finance lease liabilities	**1,020**	1,362
Income tax payable	**–**	105
Other liabilities	**8,179**	7,561
Total liabilities	**264,830**	649,302

All revenue of the Group from the restaurant operations is derived in Hong Kong, while all revenue of the Group from the investment property holding and the coal mining operation are derived in the PRC. All of the Group's assets, liabilities and capital expenditure of the restaurant operations are located in Hong Kong, and all of the Group's assets, liabilities and capital expenditure of the investment property holding and coal mining operation are located in the PRC.

7 STAFF COSTS

	1 April 2012 to 31 December 2012 HK$'000	1 April 2011 to 31 March 2012 HK$'000 (Restated)
Wages, and salaries, including directors' emoluments	**20,881**	27,869
Provision for termination benefits	**188**	7
Provision/(reversal of provision) for leave balance	**88**	(79)
Retirement benefit costs – defined contribution schemes (Note a)	**750**	1,028
(Reversal of provision)/provision for long service payments (Note 30)	**(58)**	44
(Reversal of provision)/provision for share option expense (Note 38)	**(289)**	5,046
	21,560	33,915

(a) These mainly represent:

(i) the Group's contributions to the Mandatory Provident Funds (MPF) for employees working in Hong Kong. Under the MPF scheme, each of the group companies (the employer) and its employees make monthly contribution to the scheme at 5% of the employees' earnings as defined under the Hong Kong Mandatory Provident Funds legislations.

(ii) the Group's contributions to defined contribution pension plans in the PRC for employees working in the PRC. These pension plans are organised by the respective municipal and provincial government of the PRC, and include elderly insurance, medical insurance and unemployment insurance at rates up to 20%, 7.5% and 2% respectively of the employees' basic salaries depending on the applicable local regulations.

The Group has no other material obligations for the payment of pensions and other post-retirement benefits of employees or retirees other than those disclosed above.

7 STAFF COSTS *(CONTINUED)*

(b) Directors' and senior management's emoluments

The aggregate amounts of emoluments paid and payable to directors of the Company during the period are as follows:

	1 April 2012 to 31 December 2012 HK$'000	1 April 2011 to 31 March 2012 HK$'000
Fees	**450**	600
Other emoluments:		
Salaries, housing and other allowances	**3,896**	4,166
Employer's contribution to pension scheme	**24**	24
Share options granted to directors	**694**	3,266
	5,064	8,056

The remuneration of every director during the period ended 31 December 2012 is set out below:

Name of director	Fees HK$'000	Salary, housing and other allowances	Employer's contribution to pension scheme HK$'000	Fair value of share options charged to income statement HK$'000	Total HK$'000
Executive directors					
Mr. Lo Siu Yu	–	2,186	11	–	2,197
Ms. Luo Shaoying [(1)]	–	19	1	–	20
Mr. Chen Yang	–	1,672	11	252	1,935
Mr. Yang Yong Xi [(1)]	–	19	1	–	20
Non-executive directors					
Mr. Wang Xiaobo	90	–	–	237	327
Mr. Qin Hong	90	–	–	205	295
Independent non-executive directors					
Mr. Chan Ying Kay	90	–	–	–	90
Mr. Wang Jin Ling	90	–	–	–	90
Dr. Zhu Wenhui	90	–	–	–	90
	450	3,896	24	694	5,064

(1) Appointed with effect from 1 December 2012.

7 STAFF COSTS *(CONTINUED)*

(b) Directors' and senior management's emoluments *(continued)*

The remuneration of every director for the year ended 31 March 2012 is set out below:

Name of director	Fees	Salary, housing and other allowances	Employer's contribution to pension scheme	Fair value of share options charged to income statement	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Executive directors					
Mr. Lo Siu Yu	–	2,232	12	–	2,244
Mr. Chen Yang	–	1,511	12	928	2,451
Mr. Zhang Jian Qiang [(2)]	–	423	–	772	1,195
Non-executive directors					
Mr. Wang Xiaobo	120	–	–	882	1,002
Mr. Qin Hong	120	–	–	684	804
Independent non-executive directors					
Ms. Kwong Ka Yin [(2)]	90	–	–	–	90
Mr. Chan Ying Kay	120	–	–	–	120
Mr. Wang Jin Ling	120	–	–	–	120
Dr. Zhu Wenhui	30	–	–	–	30
	600	4,166	24	3,266	8,056

(2) Resigned with effect from 31 December 2011.

(c) Five highest paid individuals

The 5 individuals whose emoluments were the highest in the Group during the period include 4 (31 March 2012: 4) directors whose emoluments are reflected in the analysis presented above. The emoluments paid or payable to the remaining 1 (31 March 2012: 1) individual during the period represents basic salary and other benefits amounting to HK$1,050,000 (31 March 2012: HK$2,682,000).

No emolument was paid by the Group to any of such individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

8 OTHER OPERATING EXPENSES

	1 April 2012 to 31 December 2012 HK$'000	1 April 2011 to 31 March 2012 HK$'000 (Restated)
Auditor's remuneration	**1,468**	895
Legal and professional expenses	**1,825**	5,445
Cleaning and laundry expenses	**807**	1,207
Consumables	**378**	881
Insurance expenses	**499**	636
Occupancy expenses (other than operating lease rentals)	**2,734**	3,545
Promotion expenses	**3,969**	4,965
Decoration and maintenance expenses	**249**	1,622
Business and other tax expenses	**2,500**	431
Other expenses	**2,838**	2,626
	17,267	22,253

9 OTHER (LOSSES)/GAINS – NET

	1 April 2012 to 31 December 2012 HK$'000	1 April 2011 to 31 March 2012 HK$'000 (Restated)
Net exchange (loss)/gain	**(991)**	18,015
Loss on disposal of property, plant and equipment	**(65)**	(70)
	(1,056)	17,945

10 FINANCE INCOME AND COSTS

	1 April 2012 to 31 December 2012 HK$'000	1 April 2011 to 31 March 2012 HK$'000 (Restated)
Finance costs:		
– Finance lease liabilities	(57)	(93)
– Bank borrowings wholly repayable after 5 years	(5,615)	–
– Others	(405)	–
Finance costs	(6,077)	(93)
Finance income:		
– Interest income from bank deposits	2,183	3,638
– Interest income from loan receivable (Note 25)	2,504	–
Finance income	4,687	3,638
Finance (costs)/income-net	(1,390)	3,545

11 INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the year ended 31 March 2012. No Hong Kong profits tax has been provided for the period ended 31 December 2012 as there was no estimated assessable profit for the period.

PRC corporate income tax is provided on the profit before income tax of subsidiaries of the Group which are subject to PRC corporate income tax at the statutory tax rate of 25%, adjusted for income and expense items which are not assessable or deductible for income tax purposes.

The amount of income tax charged/(credited) to the consolidated income statement represents:

	1 April 2012 to 31 December 2012			1 April 2011 to 31 March 2012 (Restated)		
	Continuing operations HK$'000	**Discontinued operation HK$'000**	**Total HK$'000**	Continuing operations HK$'000	Discontinued operation HK$'000	Total HK$'000
Current income tax						
Hong Kong profits tax	**–**	**–**	**–**	105	–	105
PRC corporate income tax	**2,525**	**–**	**2,525**	1,710	–	1,710
Deferred income tax	**7,078**	**(5,837)**	**1,241**	3,214	(5,043)	(1,829)
	9,603	**(5,837)**	**3,766**	5,029	(5,043)	(14)

The income tax charge on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profit/losses of the consolidated entities as follows:

	1 April 2012 to 31 December 2012		**1 April 2011 to 31 March 2012**	
	Continuing operations HK$'000	**Discontinued operation HK$'000**	Continuing operations HK$'000	Discontinued operation HK$'000
Profit/(loss) before income tax	**18,742**	**(23,535)**	11,993	(20,653)
Calculated at domestic taxation rates applicable to the profits/(losses) in the respective jurisdictions	**6,358**	**(5,883)**	3,652	(5,160)
Income not subject to income tax	**(384)**	**–**	(3,801)	–
Expenses not deductible for taxation purposes	**306**	**46**	3,931	117
Tax losses not recognised	**3,323**	**–**	1,247	–
Income tax expense	**9,603**	**(5,837)**	5,029	(5,043)

12 LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The loss attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of HK$361,894,000 (31 March 2012: loss of HK$8,620,000).

13 DIVIDENDS

	1 April 2012 to 31 December 2012 HK$'000	1 April 2011 to 31 March 2012 HK$'000
Write-back of unclaimed dividends	**43**	54

No final dividend was proposed for the period ended 31 December 2012 and the year ended 31 March 2012.

14 EARNINGS/(LOSSES) PER SHARE

The calculations of basic and diluted earnings/(losses) per share are based on the following:

	1 April 2012 to 31 December 2012 HK$'000	1 April 2011 to 31 March 2012 HK$'000 (Restated)
Profit/(loss) attributable to the equity holders of the Company		
From continuing operations	**496**	2,532
From discontinued operation	**150,254**	(15,610)
	150,750	(13,078)

14 EARNINGS/(LOSSES) PER SHARE *(CONTINUED)*

	1 April 2012 to 31 December 2012	1 April 2011 to 31 March 2012
Number of shares (in thousands)		
Weighted average number of ordinary shares in issue	**1,274,039**	1,274,039

Employee share options outstanding as at 31 December 2012 and 31 March 2012 would have an anti-dilutive effect on earnings/(losses) per share.

15 PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Leasehold improve-ments HK$'000	Mining structures HK$'000	Furniture, fixtures, and equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
At 1 April 2011 (Restated)							
Cost	2,598	5,628	23,823	10,125	2,518	78,614	123,306
Accumulated depreciation and impairment losses	(93)	(5,584)	(23,823)	(9,696)	(493)	–	(39,689)
Net book amount	2,505	44	–	429	2,025	78,614	83,617
Year ended 31 March 2012 (Restated)							
Opening net book amount	2,505	44	–	429	2,025	78,614	83,617
Additions	–	7,223	–	2,789	643	83,539	94,194
Disposals	–	–	–	(82)	(24)	–	(106)
Depreciation	(141)	(1,964)	–	(775)	(657)	–	(3,537)
Exchange differences	93	–	–	5	10	3,004	3,112
Closing net book amount	2,457	5,303	–	2,366	1,997	165,157	177,280
At 31 March 2012 (Restated)							
Cost	2,696	12,442	24,725	11,793	3,147	165,157	219,960
Accumulated depreciation and impairment losses	(239)	(7,139)	(24,725)	(9,427)	(1,150)	–	(42,680)
Net book amount	2,457	5,303	–	2,366	1,997	165,157	177,280

15 PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

	Buildings HK$'000	Leasehold improvements HK$'000	Mining structures HK$'000	Furniture, fixtures, and equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
Period ended 31 December 2012							
Opening net book amount (Restated)	2,457	5,303	–	2,366	1,997	165,157	177,280
Additions	–	–	–	164	–	20,924	21,088
Disposals	–	(4)	–	(61)	–	–	(65)
Impairment	–	(2,457)	–	–	–	–	(2,457)
Depreciation	(107)	(1,863)	–	(777)	(490)	–	(3,237)
Disposal of subsidiaries	(2,370)	–	–	(140)	–	(187,535)	(190,045)
Exchange differences	20	–	–	–	–	1,454	1,474
Closing net book amount	–	979	–	1,552	1,507	–	4,038
At 31 December 2012							
Cost	–	4,745	–	2,916	2,442	–	10,103
Accumulated depreciation and impairment losses	–	(3,766)	–	(1,364)	(935)	–	(6,065)
Net book amount	–	979	–	1,552	1,507	–	4,038

As at 31 March 2012, the Group's interests in buildings with net book value of approximately HK$2,457,000 were held in the PRC under leases of less than 20 years.

As at 31 December 2012, motor vehicles of the Group with net book value of approximately HK$1,507,000 (31 March 2012: HK$1,867,000) were held under finance lease (Note 33).

During the period ended 31 December 2012, interest expenses of approximately HK$8,281,000 (31 March 2012: HK$17,771,000) were capitalised in construction in progress with respect to the Group's coal mining business. The weighted average rate of capitalisation was 10.97% (31 March 2012: 11.72%) per annum.

16 INVESTMENT PROPERTY

	HK$'000	HK$'000 (Restated)
At 1 April 2012/2011	364,968	339,768
Additions	–	200
Fair value gain	28,313	11,963
Exchange differences	3,507	13,037
At 31 December 2012/31 March 2012	396,788	364,968

Investment property at its net book values was analysed as follows:

	As at 31 December 2012 HK$'000	As at 31 March 2012 HK$'000 (Restated)	As at 1 April 2011 HK$'000 (Restated)
In PRC			
Land use rights with leases between 10 to 50 years	396,788	364,968	339,768

Rental income derived from the investment property is approximately HK$20,874,000 during the period ended 31 December 2012 (31 March 2012: HK$16,005,000).

As at 31 December 2012, investment property of approximately HK$396,788,000 (31 March 2012: HK$364,968,000) were stated at open market value based on valuation assessed by American Appraisal China Limited, an independent qualified valuer.

The investment property as at 31 December 2012 was pledged against the Group's borrowings (Note 32). The investment property as at 31 March 2012 was pledged for a loan of RMB 260,000,000 borrowed of a related party for a term from 13 July 2011 to 12 July 2012, such loan had been fully repaid with the pledge being released prior to the acquisition of the investment property by the Company.

17 MINING RIGHT

	HK$'000
Year ended 31 March 2012	
Opening net book amount	9,988
Addition	31
Exchange differences	379
Closing net book amount	10,398
At 31 March 2012	
Cost	10,398
Accumulated amortisation	–
Net book amount	10,398
Period ended 31 December 2012	
Opening net book amount	**10,398**
Exchange differences	**(94)**
Disposal of subsidiaries	**(10,304)**
Closing net book amount	**–**

As at 31 March 2012, the Group's mining right was pledged as security for the Group's borrowing (Note 32).

18 GOODWILL

	HK$'000
Year ended 31 March 2012	
Opening cost	1,423
Exchange differences	53
Closing cost	1,476
Period ended 31 December 2012	
Opening cost	**1,476**
Exchange differences	**(21)**
Disposal of subsidiaries	**(1,455)**
Closing cost	**–**

Goodwill is allocated to the Group's cash-generating unit (CGU) engaged in the coal mining business in the PRC.

19 OTHER INTANGIBLE ASSETS

Other intangible assets represented the Group's and the Company's interests in certain club membership in Hong Kong. Amortisation of intangible assets during the period amounted to HK$52,000 (31 March 2012: Nil).

20 OTHER NON-CURRENT ASSETS

	Group			Company	
	As at 31 December 2012 HK$'000	As at 31 March 2012 HK$'000 (Restated)	As at 1 April 2011 HK$'000 (Restated)	**As at 31 December 2012 HK$'000**	As at 31 March 2012 HK$'000
Amount due from a related company (note a)	**15,000**	–	–	**–**	–
Available for sale financial asset	**–**	11,900	12,000	**–**	11,900
Rental deposits – non current portion	**2,555**	2,555	4,815	**–**	–
	17,555	14,455	16,815	**–**	11,900

Note a: On 3 August 2012, the Group entered into a memorandum of understanding ("MOU") with Chongqing Doyen (Holding) Co., Limited ("Doyen"), a company incorporated in the PRC and wholly owned by Mr. Lo and his spouse under which the Company was given an exclusive negotiation right for a period of six months with respect to the acquisition of a real estate property in Chongqing, the PRC, from Doyen. On 1 February 2013, such right was extended for another six months as both parties would need more time for the negotiation. In consideration for such negotiation right, the Company paid HK$15,000,000 being the earnest money for the acquisition to Doyen. Such earnest money is non-interest bearing and is repayable (i) upon expiry of the exclusive negotiation right or (ii) as part of the consideration should the acquisition be successful.

21 FINANCIAL INSTRUMENTS BY CATEGORY

(a) Group

As at 31 December 2012	Loans and receivables HK$'000	Financial assets at fair value through profit or loss HK$'000	Total HK$'000
Assets			
Other non-current assets	17,555	–	17,555
Trade receivables	168	–	168
Amount due from a related company	228,869	–	228,869
Deposits and other receivables			
– current portion	99,545	–	99,545
Financial assets at fair value through profit or loss	–	10,041	10,041
Restricted bank deposits	3,766	–	3,766
Cash and cash equivalents	419,118	–	419,118
Total	769,021	10,041	779,062

21 FINANCIAL INSTRUMENTS BY CATEGORY *(CONTINUED)*

(a) Group *(continued)*

As at 31 December 2012	Other financial liabilities at amortised cost HK$'000
Liabilities	
Bank borrowings	223,893
Trade payables	2,783
Other payables	9,771
Amount due to a related company	3,534
Finance lease liabilities	1,020
Total	241,001

As at 31 March 2012 (Restated)	Loans and receivables HK$'000	Available-for-sale HK$'000	Financial assets at fair value through profit or loss HK$'000	Total HK$'000
Assets				
Other non-current assets	2,555	11,900	–	14,455
Trade receivables	448	–	–	448
Amount due from a related company	4,328	–	–	4,328
Deposits and other receivables – current portion	7,527	–	–	7,527
Financial assets at fair value through profit or loss	–	–	15,750	15,750
Restricted bank deposits	371,021	–	–	371,021
Cash and cash equivalents	705,728	–	–	705,728
Total	1,091,607	11,900	15,750	1,119,257

21 FINANCIAL INSTRUMENTS BY CATEGORY *(CONTINUED)*

(a) Group *(continued)*

As at 31 March 2012 (Restated)	Other financial liabilities at amortised cost HK$'000
Liabilities	
Bank borrowings	587,884
Trade payables	3,765
Other payables	34,533
Amounts due to related companies	6,184
Finance lease liabilities	1,362
Total	633,728

As at 1 April 2011 (Restated)	Loans and receivables HK$'000	Available-for-sale HK$'000	Total HK$'000
Assets			
Other non-current assets	4,815	12,000	16,815
Trade receivables	319	–	319
Amount due from a related company	49,896	–	49,896
Deposits and other receivables			
– current portion	8,124	–	8,124
Restricted bank deposits	353,394	–	353,394
Cash and cash equivalents	739,118	–	739,118
Total	1,155,666	12,000	1,167,666

21 FINANCIAL INSTRUMENTS BY CATEGORY *(CONTINUED)*

(a) Group *(continued)*

As at 1 April 2011 (Restated)	Other financial liabilities at amortised cost HK$'000
Liabilities	
Bank borrowings	498,960
Trade payables	2,828
Other payables	10,908
Amounts due to related companies	401,088
Finance lease liabilities	1,098
Total	914,882

(b) Company

As at 31 December 2012	**Loans and receivables HK$'000**
Assets	
Amounts due from subsidiaries	**211,568**
Deposits and other receivables – current portion	**14**
Restricted bank deposits	**3,766**
Cash and cash equivalents	**18,817**
Total	**234,165**

As at 31 December 2012	**Other financial liabilities at amortised cost HK$'000**
Liabilities	
Amounts due to subsidiaries	**20,686**
Other payables	**1,118**
Amount due to a related company	**3,534**
Total	**25,338**

21 FINANCIAL INSTRUMENTS BY CATEGORY *(CONTINUED)*

(b) Company *(continued)*

As at 31 March 2012	Loans and receivables HK$'000	Available-for-sale HK$'000	Total HK$'000
Assets			
Other non-current assets	–	11,900	11,900
Amounts due from subsidiaries	444,487	–	444,487
Deposits and other receivables			
– current portion	37	–	37
Restricted bank deposits	3,716	–	3,716
Cash and cash equivalents	77,999	–	77,999
Total	526,239	11,900	538,139

As at 31 March 2012	Other financial liabilities at amortised cost HK$'000
Liabilities	
Amounts due to subsidiaries	20,578
Other payables	744
Amount due to a related company	2,485
Total	23,807

22 INVENTORIES

	As at 31 December 2012 HK$'000	As at 31 March 2012 HK$'000
Food and beverages	**2,063**	2,729
Spare parts	**–**	862
	2,063	3,591

As at 31 December 2012 and 31 March 2012, all inventories were stated at cost.

23 TRADE RECEIVABLES

The ageing analysis of the Group's trade receivables is as follows:

	As at 31 December 2012 HK$'000	As at 31 March 2012 HK$'000 (Restated)
0 to 30 days	168	448

The Group's trade receivables are either repayable within one month or on demand and denominated in HK$.

The fair value of the Group's trade receivables approximates its carrying amount. The trade receivables included in the above ageing are considered not impaired as they are aged within the credit period and there is no recent history of default.

The maximum exposure to credit risk at the reporting date is the fair value of receivables mentioned above.

24 AMOUNTS DUE FROM RELATED COMPANIES

As at 31 December 2012, amount due from a related company comprised a balance due from Bright Chance International Limited ("Bright Chance"), a company incorporated in Hong Kong which is controlled by Mr. Lo. Such balance represented the remaining consideration to be received by the Group for disposal of its entire interest in Ray Tone Limited (Note 39). The balance is denominated in RMB, interest free and repayable on 27 September 2013. A deed of warranty has been given to the Group by Doyen (see also note 20 for information of Doyen) to indemnify the Group against any losses in case of default in settlement of the receivable by Bright Chance.

The amount due from a related company as at 31 March 2012 and 31 March 2011 represented balance due from a related company of Chongqing Baoxu prior to the acquisition of Chongqing Baoxu by the Company. Such balance was denominated in RMB, unsecured, interest free, and repayable on demand and was settled during the period.

25 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Group			Company	
	As at 31 December 2012 HK$'000	As at 31 March 2012 HK$'000 (Restated)	As at 1 April 2011 HK$'000 (Restated)	**As at 31 December 2012 HK$'000**	As at 31 March 2012 HK$'000
Prepayments	**4,347**	450	380	**155**	49
Rental deposits – current portion	**1,662**	1,662	186	**-**	-
Other deposits	**150**	193	2,147	**9**	36
Loan receivable (Note a)	**96,978**	-	-	**-**	-
Other receivables	**1,360**	6,582	6,036	**5**	1
	104,497	8,887	8,749	**169**	86

Note a: This represented a loan extended to 重慶貴拓貿易有限公司, a company incorporated in the PRC and an independent third party to the Group. Such loan bore interest at 12.205% per annum, was unsecured and was repayable by 15 March 2013. On 15 March 2013, such loan has been fully settled.

26 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December 2012 HK$'000	As at 31 March 2012 HK$'000
Listing securities:		
– Equity securities listed in Hong Kong	**10,041**	15,750

The fair values of financial assets at fair value through profit or loss are based on their bid prices quoted on The Stock Exchange of Hong Kong Limited.

27 CASH AND BANK BALANCES

	Group			Company	
	As at 31 December 2012 HK$'000	As at 31 March 2012 HK$'000 (Restated)	As at 1 April 2011 HK$'000 (Restated)	**As at 31 December 2012 HK$'000**	As at 31 March 2012 HK$'000
Cash at banks and on hand	**10,468**	586,289	569,513	**4,132**	20,295
Short-term fixed deposits	**408,650**	119,439	169,605	**14,685**	57,704
Cash and cash equivalents	**419,118**	705,728	739,118	**18,817**	77,999
Deposits pledged as securities for the Group's banking facilities (note a)	**3,766**	367,899	350,837	**3,766**	3,716
Deposits set aside for environmental restoration in the PRC	**–**	3,122	2,557	**–**	–
Restricted bank deposits	**3,766**	371,021	353,394	**3,766**	3,716

The effective interest rate on the Group's short-term bank deposits was 0.43% (31 March 2012: 0.51%). These deposits have maturities of less than 3 months.

Note a: As at 31 December 2012, bank deposits of HK$3,766,000 (31 March 2012: HK$3,716,000) were pledged as securities for the guarantees provided by banks to certain vendors of the Group in relation to the restaurant business. As at 31 March 2012, bank deposits of HK$364,183,000 were pledged as securities for the Group's bank borrowings in relation to the coal mining business.

At 31 December 2012, the carrying amounts of the cash and bank balances were denominated in the following currencies:

	Group			Company	
	As at 31 December 2012 HK$'000	As at 31 March 2012 HK$'000 (Restated)	As at 1 April 2011 HK$'000 (Restated)	**As at 31 December 2012 HK$'000**	As at 31 March 2012 HK$'000
HK$	**10,146**	14,763	56,890	**3,974**	7,595
RMB	**412,708**	1,061,956	1,035,622	**18,579**	74,090
USD	**30**	30	–	**30**	30
	422,884	1,076,749	1,092,512	**22,583**	81,715

28 SHARE CAPITAL

	As at 31 December 2012 HK$'000	As at 31 March 2012 HK$'000
Authorized:		
5,000,000,000 ordinary shares of HK$0.1 each (2012: 5,000,000,000)	**500,000**	500,000
Issued and fully paid:		
1,274,038,550 ordinary shares of HK$0.1 each (2012: 1,274,038,550)	**127,404**	127,404

29 RESERVES

a. Other reserves in the consolidated statement of changes in equity as at 31 December 2012 comprised share-based payment reserve.

b. The movements of the reserves of the Company during the period are analysed as follows:

	Share premium HK$'000	Accumulated losses HK$'000	Other reserve HK$'000	Total HK$'000
At 1 April 2011	1,046,974	(21,481)	15,165	1,040,658
Share-based compensation expense (Note 38)	–	–	5,046	5,046
Loss for the year (Note 12)	–	(8,620)	–	(8,620)
Write-back of unclaimed dividends	–	54	–	54
Others	–	–	(100)	(100)
At 31 March 2012 and 1 April 2012	**1,046,974**	**(30,047)**	**20,111**	**1,037,038**
Share-based compensation expense (Note 38)	**–**	**–**	**(289)**	**(289)**
Lapse of share options	**–**	**2,983**	**(2,983)**	**–**
Loss for the period (Note 12)	**–**	**(361,894)**	**–**	**(361,894)**
Write-back of unclaimed dividends	**–**	**43**	**–**	**43**
Others	**–**	**–**	**(7,650)**	**(7,650)**
At 31 December 2012	**1,046,974**	**(388,915)**	**9,189**	**667,248**

30 PROVISION FOR LONG SERVICE PAYMENTS

The Group's provision for long service payments is determined with reference to the statutory requirements, the employees' remuneration and their years of services and age profile. In addition, the provision has also taken into consideration of the expected closure of the existing restaurant at the end of its lease contract.

The movements in provision for long service payments of the Group during the period are as follows:

	HK$'000	HK$'000
At 1 April 2012/2011	**643**	674
(Reversal of provision)/provision for the period/year (Note 7)	**(58)**	44
Amounts utilised	**(261)**	(75)
	324	643
Less: non-current portion	**(324)**	(643)
At 31 December 2012/31 March 2012	**–**	–

31 DEFERRED INCOME TAX

Deferred income tax is calculated on temporary differences under the liability method.

The movements on the net deferred income tax assets/(liabilities) are as follows:

	HK$'000	HK$'000 (Restated)
At 1 April 2012/2011	**24,707**	22,019
(Charged)/credited to consolidated income statement	**(1,241)**	1,829
Disposal of subsidiaries	**(14,395)**	–
Exchange differences	**236**	859
At 31 December 2012/31 March 2012	**9,307**	24,707

31 DEFERRED INCOME TAX *(CONTINUED)*

The movements in deferred income tax assets and liabilities during the period, without taking into consideration offsetting balances within the same tax jurisdiction, are as follows:

Deferred tax assets (Restated)	Others	Tax losses	Fair value adjustment	Total
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2011	156	5,079	18,709	23,944
Credited/(charged) to the consolidated income statement (Note 11)	–	4,821	(2,992)	1,829
Exchange differences	6	257	669	932
At 31 March 2012	**162**	**10,157**	**16,386**	**26,705**
Credited/(charged) to the consolidated income statement (Note 11)	**–**	**5,837**	**(7,078)**	**(1,241)**
Exchange differences	**1**	**183**	**70**	**254**
Disposal of subsidiaries	**(163)**	**(16,177)**	**(71)**	**(16,411)**
At 31 December 2012	**–**	**–**	**9,307**	**9,307**

Deferred tax liabilities (Restated)	Fair value adjustment	Total
	HK$'000	HK$'000
At 1 April 2011	(1,925)	(1,925)
Exchange differences	(73)	(73)
At 31 March 2012	**(1,998)**	**(1,998)**
Exchange differences	**(18)**	**(18)**
Disposal of subsidiaries	**2,016**	**2,016**
At 31 December 2012	**–**	**–**

31 DEFERRED INCOME TAX *(CONTINUED)*

The deferred income tax assets not recognised by the Group and the Company are summarized as follows:

	Group		Company	
	As at 31 December 2012 HK$'000	As at 31 March 2012 HK$'000	**As at 31 December 2012 HK$'000**	As at 31 March 2012 HK$'000
Tax losses				
– Without expiry date	**22,287**	18,964	**17,973**	15,447
– Expiring in 2013	**–**	430	**–**	–
	22,287	19,394	**17,973**	15,447

32 BANK BORROWINGS

	As at 31 December 2012 HK$'000	As at 31 March 2012 HK$'000
Non-current:		
Bank borrowings, secured	**199,016**	187,159
Current:		
Bank borrowings, secured	**24,877**	400,725
	223,893	587,884

As at 31 December 2012, the Group's borrowings were repayable as follows:

	As at 31 December 2012 HK$'000	As at 31 March 2012 HK$'000
Within 1 year	**24,877**	400,725
Between 2 and 5 years	**99,508**	187,159
Over 5 years	**99,508**	–
	223,893	587,884

32 BANK BORROWINGS *(CONTINUED)*

All of the Group's bank borrowings were denominated in RMB.

As at 31 December 2012, the Group's bank borrowings were secured by the investment property of the Group and bore effective annual interest rate (floating) of 7.21% during the period (31 March 2012: 8.97%).

As at 31 March 2012, the Group's bank borrowings were secured by:

(i) the Group's mining right amounting to approximately HK$10,398,000 (Note 17);

(ii) the Group's equity interests in Xinjiang New Century Mining Company Limited, a wholly own subsidiary, which was disposed of on 27 December 2012;

(iii) guarantees given by Mr. Lo, the controlling shareholder, and a related company owned by him; and

(iv) the Group's bank deposit amounting to approximately HK$364,183,000.

The carrying amounts of the Group's current bank borrowings at the respective reporting dates approximate their fair values as the impact of discounting is insignificant.

The Group has the following undrawn borrowing facilities:

	As at 31 December 2012 HK$'000	As at 31 March 2012 HK$'000
Floating rate:		
– Expiring beyond one year	**12,440**	–

33 FINANCE LEASE LIABILITIES

Finance lease liabilities are effectively secured as the rights to the leased assets (motor vehicles) amounting to HK$1,507,000 as at 31 December 2012 (31 March 2012: HK$1,867,000), would revert to the lessors in the event of default.

	As at 31 December 2012 HK$'000	As at 31 March 2012 HK$'000
Gross finance lease liabilities-minimum lease payments		
– No later than 1 year	**532**	532
– Later than 1 year and no later than 5 years	**560**	959
	1,092	1,491
Future finance charges on finance lease	**(72)**	(129)
Present value of finance lease liabilities	**1,020**	1,362

The present value of finance lease liabilities is as follows:

	As at 31 December 2012 HK$'000	As at 31 March 2012 HK$'000
No later than 1 year	**482**	459
Later than 1 year and no later than 5 years	**538**	903
	1,020	1,362

34 TRADE PAYABLES

The ageing analysis of the trade payables is as follows:

	As at 31 December 2012 HK$'000	As at 31 March 2012 HK$'000 (Restated)	As at 1 April 2011 HK$'000 (Restated)
0 to 30 days	**2,783**	3,683	2,645
31 to 60 days	**–**	–	49
Over 60 days	**–**	82	134
	2,783	3,765	2,828

The Group's trade payables are mainly denominated in HK$.

35 OTHER PAYABLES AND ACCRUED CHARGES

	Group			Company	
	As at 31 December 2012 HK$'000	As at 31 March 2012 HK$'000 (Restated)	As at 1 April 2011 HK$'000 (Restated)	**As at 31 December 2012 HK$'000**	As at 31 March 2012 HK$'000
Construction payable	**2,186**	27,663	2,088	**–**	–
Accrual and other payables (Note a)	**14,094**	14,697	12,641	**4,314**	4,575
Other tax payables	**10,667**	1,746	16,816	**–**	–
Amounts due to related companies (Note b)	**3,534**	6,184	401,088	**3,534**	2,485
Provision for reinstatement costs	**1,655**	2,117	2,117	**–**	–
Accrued interest expense	**448**	1,402	922	**–**	–
	32,584	53,809	435,672	**7,848**	7,060

Note a: As at 31 December 2012, accrual and other payables mainly comprised rental deposits from tenants, professional fee and other miscellaneous payables.

Note b: As at 31 December 2012, amount due to a related company comprised balance due to Doyen which was denominated in HK$, unsecured, interest free and repayable on demand. As at 31 March 2012, amounts due to related companies mainly comprised balance of HK$3,699,000 due to Jiangxi Huaxi Tongcheng Investment Holding Group Co., Ltd, which was denominated in RMB and the balance of HK$2,485,000 due to Doyen, which was denominated in HK$. Both balances were unsecured, interest free and repayable on demand.

36 INVESTMENTS IN SUBSIDIARIES

	As at 31 December 2012 HK$'000	As at 31 March 2012 HK$'000
Unlisted shares, at cost	**35,213**	35,213
Amounts due from subsidiaries	**908,796**	632,555
Provision for impairment losses	**(363,911)**	(13,876)
	580,098	653,892

The amounts due from subsidiaries as at 31 December 2012 were unsecured and interest free (31 March 2012: same). These amounts have no fixed terms of repayment and are regarded as equity contribution to the subsidiaries.

Details of the principal subsidiaries as at 31 December 2012 are set out in Note 45.

37 AMOUNTS DUE FROM/TO SUBSIDIARIES

As at 31 December 2012, except for an amount due from a subsidiary of HK$9,967,000 (31 March 2012: HK$15,104,000) which was unsecured and interest bearing at 10% per annum, other amounts due from/to subsidiaries as at 31 December 2012 and 31 March 2012 were unsecured, interest free and repayable on demand. As at 31 December 2012 and 31 March 2012, amounts due from subsidiaries are denominated in the following currencies:

	As at 31 December 2012 HK$'000	As at 31 March 2012 HK$'000
HK$	**16,698**	18,978
RMB	**194,870**	425,509
	211,568	444,487

The amounts due to subsidiaries are denominated in HK$.

38 SHARE-BASED PAYMENT – GROUP AND COMPANY

The existing share option scheme of the Group was adopted pursuant to a resolution passed on 11 September 2008.

16,200,000 share options were granted to directors and selected employees during the year ended 31 March 2011. The exercise price of the granted options is equal to the market price of the shares times 101.7% to 107.8% on the respective dates of the grant. Options are conditional on the employee completing one year's or two years' service (the vesting period). The Group has no legal or constructive obligation to repurchase or settle the options in cash. During the period ended 31 December 2012, no option has been granted under the existing share option scheme.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Average exercise price in HK$ per share	**Options (thousands)**	
At 1 April 2012/2011	1.637	16,200	16,200
Granted		–	–
Lapsed during the year		(3,600)	–
Forfeited during the year		(1,800)	–
At 31 December 2012/31 March 2012		10,800	16,200

All of the 10,800,000 outstanding options were exercisable as at 31 December 2012.

Share options outstanding at 31 December 2012 have the following expiry date and exercise prices:

Expiry date	**Exercise price in HK$ per share**	**Options (thousands)**
14 October 2020	1.638	8,700
1 December 2020	1.628	2,100
	1.637	10,800

The Group recognised the share option expenses of HK$930,000 for the period ended 31 December 2012 in relation to share options granted by the Company and reversed share option expenses of HK$1,219,000 for the period ended 31 December 2012 in relation to the forfeiture of the share options.

39 DISCONTINUED OPERATION

On 27 December 2012, the Group completed its disposals of the entire interest in Ray Tone Limited ("Ray Tone") to Bright Chance, a company owned by Mr. Lo, the controlling shareholder, at cash consideration of HK$286,086,000, out of which HK$57,217,000 has been received on 27 December 2012 with the remaining balance to be settled by September 2013 (see Note 24). The principal activity of Ray Tone and its subsidiaries (the "Ray Tone Group") is the operation of a coal mine in Xinjiang Uyghur Autonomous Region of the PRC.

The results and cash flows of the discontinued operation up to the completion date included in the consolidated income statement are set out below:

	1 April 2012 to 27 December 2012 HK$'000	1 April 2011 to 31 March 2012 HK$'000
Revenue	**–**	529
Cost of inventories consumed	**(33)**	(999)
Staff costs	**(707)**	(925)
Utilities expenses	**(36)**	(93)
Depreciation of property, plant and equipment	**(343)**	(440)
Other operating expenses	**(373)**	(1,981)
Operating loss	**(1,492)**	(3,909)
Finance income	**1,278**	1,880
Finance costs	**(23,321)**	(18,624)
Finance costs – net	**(22,043)**	(16,744)
Loss before income tax	**(23,535)**	(20,653)
Income tax	**5,837**	5,043
Discontinued operation		
Loss for the year	**(17,698)**	(15,610)
Gain on disposal of subsidiaries	**167,952**	–
	150,254	(15,610)
Net cash outflow from operating activities	**(1,990)**	(2,473)
Net cash outflow from investing activities	**(8,258)**	(56,183)
Net cash (outflow)/inflow from financing activities	**(436,264)**	49,661
Net cash outflow from discontinued operation	**(446,512)**	(8,995)

39 DISCONTINUED OPERATION *(CONTINUED)*

Loss for the period from discontinued operation includes the following:

	1 April 2012 to 27 December 2012 HK$'000	1 April 2011 to 31 March 2012 HK$'000
Depreciation of property, plant and equipment	**343**	440
Wages and salaries	**434**	795
Contributions to defined contribution pension plans (note a)	**273**	130
Finance costs:		
– Bank borrowings wholly repayable within 5 years	**31,602**	36,395
Less: amounts capitalised in qualifying assets (Note 15)	**(8,281)**	(17,771)
	23,321	18,624

Note a: The defined contribution pension plans are organized by the respective municipal and provincial government of the PRC, and include elderly insurance,, medical insurance and unemployment insurance of up to 20%, 7.5% and 2% respectively of the employees' basic salaries depending on the applicable local regulations.

NOTES TO THE FINANCIAL STATEMENTS

40 CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of loss before income tax to cash used in operations is as follows:

	1 April 2012 to 31 December 2012 HK$'000	1 April 2011 to 31 March 2012 HK$'000 (Restated)
Profit/(loss) before income tax including discontinued operation	**163,159**	(8,660)
Adjustments for:		
Depreciation and impairment of property, plant and equipment	**5,694**	3,537
Amortisation of intangible asset	**52**	–
Gain on disposal of subsidiaries	**(167,952)**	–
Loss on disposal of property, plant and equipment	**65**	70
Fair value gains on financial assets at fair value through profit or loss	**(3,066)**	(1,017)
Fair value gain on investment property	**(28,313)**	(11,963)
Share options granted to directors and employees	**(289)**	5,046
Interest income	**(5,965)**	(5,518)
Interest expense	**29,398**	18,717
Net exchange loss/(gain)	**991**	(18,015)
Operating loss before working capital changes	**(6,226)**	(17,803)
Decrease in rental deposits paid	**–**	784
Decrease/(increase) in inventories	**869**	(129)
Increase in trade and accrued rent receivables	**(1,486)**	(7,669)
(Increase)/decrease in deposits, prepayments and other receivables	**(2,588)**	1,338
(Decrease)/increase in trade payables	**(982)**	937
(Decrease)/increase in other payables and accrued charges	**(3,509)**	7,255
Decrease in provision for long service payments	**(319)**	(31)
Exchange differences	**(195)**	(7,357)
Cash used in operations	**(14,436)**	(22,675)

40 CONSOLIDATED STATEMENT OF CASH FLOWS *(CONTINUED)*

(b) Disposal of equity interest in a subsidiary

On 27 December 2012, the Company disposed of its entire interest in the coal mining business (discontinued operation) to Bright Chance, at consideration of HK$286,086,000 and recognised gain on disposal amounting to HK$167,952,000.

The net assets of Ray Tone Group (the coal mining business) at the date of disposal were as follow:

	HK$'000
Net assets disposed:	
Property, plant and equipment	190,045
Mining right	10,304
Goodwill	1,455
Deferred income tax assets	14,395
Inventories	659
Deposits, prepayments and other receivables	4,049
Restricted bank deposits	5,580
Cash and cash equivalents	113,148
Bank borrowings	(193,115)
Other payables and accrued charges	(27,119)
	119,401
Gain on disposal of subsidiaries:	
Consideration received and receivable	286,086
Net asset disposed	(119,401)
Realisation of exchange reserve	11,667
	178,352
Related transaction cost	(10,400)
Gain on disposal	167,952
Satisfied by:	
Cash	57,217
Balance due from a related company (Note 24)	228,869
	286,086
Analysis of the net cash outflow in respect of the disposal:	
Cash consideration received	57,217
Less: cash and cash equivalents disposed	(113,148)
	(55,931)

41 BUSINESS COMBINATION

On 13 April 2012, the Group acquired a 70% equity interest in Chongqing Baoxu Commercial Property Management Limited ("Chongqing Baoxu") from a company owned by Mr. Lo and his spouse at cash consideration of approximately HK$256,200,000. The acquisition was completed on 14 August 2012 and has been accounted for by the Group as a business combination under common control for which the Company applies the principles of merger accounting, as prescribed in Hong Kong Accounting Guideline 5 "Merger Accounting for Common Control Combinations" ("HKAG 5") issued by the HKICPA in preparing the consolidated financial statements. The consolidated financial statements for the period ended 31 December 2012 and the comparative figures have been prepared on the basis as if the current group structure had been in existence since 1 November 2010, date of incorporation of Chongqing Baoxu and when the Company and Chongqing Baoxu first came under the common control of Mr. Lo.

The following is a reconciliation of the effect arising from the acquisition on the consolidated statement of financial position as at 1 April 2011 and 31 March 2012 and the consolidated income statement for the year ended 31 March 2012.

	The Group before Chongqing Baoxu Acquisition HK$'000	Effect of Chongqing Baoxu Acquisition HK$'000	Consolidated HK$'000
As at 1 April 2011			
Deferred income tax assets	3,158	18,861	22,019
Investment property	–	339,768	339,768
Cash and cash equivalents	722,844	16,274	739,118
Amounts due from related companies	–	49,896	49,896
Other payables and accrued charges	13,691	421,981	435,672
Reserves	559,112	1,974	561,086

41 BUSINESS COMBINATION *(CONTINUED)*

	The Group before Chongqing Baoxu Acquisition HK$'000	Effect of Chongqing Baoxu Acquisition HK$'000	Consolidated HK$'000
As at 1 March 2012			
Deferred income tax assets	8,391	16,316	24,707
Property, plant and equipment	177,270	10	177,280
Investment property	–	364,968	364,968
Accrued rent receivable	–	7,540	7,540
Cash and cash equivalents	699,963	5,765	705,728
Amounts due from related companies	–	4,328	4,328
Income tax payables	105	1,734	1,839
Trade payables	2,511	1,254	3,765
Other payables and accrued charges	45,675	8,134	53,809
Reserves	546,066	271,463	817,529

	The Group before Chongqing Baoxu Acquisition HK$'000	Effect of Chongqing Baoxu Acquisition HK$'000	Consolidated HK$'000
For the year ended 31 March 2012			
Continuing operations			
Revenue	57,785	16,005	73,790
Cost of sales	(16,940)	(2,473)	(19,413)
Staff costs	(33,323)	(592)	(33,915)
Operating lease rentals	(12,889)	(4)	(12,893)
Utilities expenses	(3,928)	(213)	(4,141)
Depreciation of property, plant and equipment	(3,096)	(1)	(3,097)
Other operating expenses	(17,144)	(5,109)	(22,253)
Fair value gains on investment property	–	11,963	11,963
Other gains	17,864	81	17,945
Finance income	3,597	41	3,638
(Loss)/profit before income tax	(7,705)	19,698	11,993
Income tax expense	(105)	(4,924)	(5,029)

42 COMMITMENTS

(a) Capital commitments

Capital expenditure commitments at the reporting date but not yet incurred are as follows:

	Group		Company	
	As at 31 December 2012 HK$'000	As at 31 March 2012 HK$'000	**As at 31 December 2012 HK$'000**	As at 31 March 2012 HK$'000
For acquisition of property, plant and equipment				
– Approved but not contracted for	**–**	251,401	**–**	–
– Contracted but not provided for	**–**	75,409	**–**	–
	–	326,810	**–**	–
For acquisition of a club debenture				
– Approved but not contracted for	**–**	4,600	**–**	4,600
	–	331,410	**–**	4,600

(b) Operating lease commitments

At 31 December 2012, the Group and the Company had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	Group		Company	
	As at 31 December 2012 HK$'000	As at 31 March 2012 HK$'000	**As at 31 December 2012 HK$'000**	As at 31 March 2012 HK$'000
Within one year	**8,404**	12,318	**–**	–
After one year and within five years	**3,672**	9,939	**–**	–
	12,076	22,257	**–**	–

The actual payments in respect of certain operating leases are calculated at the higher of the minimum commitments as noted above and the amounts determined based on a percentage of the sales of the restaurant.

NOTES TO THE FINANCIAL STATEMENTS

42 COMMITMENTS *(CONTINUED)*

(c) Operating leases – where the Group is the lessor

At 31 December 2012, the Group had future minimum lease payments receivable under non-cancellable operating leases as follows:

	As at 31 December 2012 HK$'000	As at 31 March 2012 HK$'000
Within one year	**32,340**	25,534
Later than one year and not later than five years	**73,285**	70,483
Over five years	**621**	1,284
	106,246	97,301

43 BANK GUARANTEE

As at 31 December 2012, the Group had bank guarantee of HK$2,182,000 (2012: HK$3,000,000) in favour of the Group's utility service providers in lieu of utility deposits payable with respect to its rented premises. Unused bank guarantee as at the same date amounted to approximately HK$818,000 (2012: HK$577,000). The bank guarantee was secured by the pledged bank deposits of HK$3,766,000 (2012: HK$3,716,000) (Note 27).

44 RELATED-PARTY TRANSACTIONS

Same as disclosed elsewhere in these consolidated financial statements, the Group had the following related party transactions during the period:

Key management compensation

	1 April 2012 to 31 December 2012 HK$'000	1 April 2011 to 31 March 2012 HK$'000
Salaries, housing and other allowances	**4,782**	4,406
Pension contributions	**35**	24
Share options granted	**694**	3,266
	5,511	7,696

45 PARTICULARS OF PRINCIPAL SUBSIDIARIES

The following is the particulars of the principal subsidiaries as at 31 December 2012:

Name of subsidiary	Place of incorporation and operation	Particulars of issued share capital/paid in capital	Effective interest held by the Group	Principal activities
Interests held directly:				
Imperial Kitchen Company Limited	Hong Kong	80 ordinary shares of HK$1 each 10,000,020 non-voting deferred shares of HK$1 each	100%	Restaurant operator
Hong Kong Catering Management Limited	Hong Kong	100 ordinary shares of HK$100 each 120,100 non-voting deferred shares of HK$100 each	100%	Restaurant operator
Interests held indirectly:				
Money Success Business Management Limited	Hong Kong	10,000 ordinary shares of HK$1 each	100%	Provision of management services
Money Success Corporate Management Limited	Hong Kong	10,000 ordinary shares of HK$1 each	100%	Provision of management services
Chongqing Baoxu Commercial Property Management Limited	The PRC	RMB50,000,000	70%	Investment property holding

46 SUBSEQUENT EVENT

On 18 March 2013, the Company undertook from a financial institution a loan receivable due from an independent third party ("the Borrower") amounting to HK$100,000,000. Such loan is secured by issued share capital of the Borrower, bears interest at 9% per annum and is to be settled before 18 September 2013. Under the agreement, the financial institution has agreed to buyback from the Company the afore-mentioned loan at the principal amount plus interest entitled by the Company up to the date of the buyback.

FIVE-YEAR FINANCIAL INFORMATION

RESULTS

	For the nine months ended 31 December 2012 HK$'000	For the year ended 31 March (Restated) 2012 HK$'000	(Restated) 2011 HK$'000	(Restated) 2010 HK$'000	2009 HK$'000
Revenue	**59,559**	73,790	72,144	151,777	328,075
Profit/(Loss) attributable to equity holders of the Company	**150,750**	(13,078)	(66,430)	(44,885)	(83,369)

ASSETS AND LIABILITIES

	At 31 December 2012 HK$'000	At 31 March (Restated) 2012 HK$'000	(Restated) 2011 HK$'000	(Restated) 2010 HK$'000	2009 HK$'000
Assets and liabilities					
Total assets	**1,214,284**	1,710,577	1,628,568	121,801	280,157
Total liabilities	**264,830**	649,302	939,232	66,963	49,988
Net assets	**949,454**	1,061,275	689,336	54,838	230,169
Non-controlling interests	**126,101**	116,342	846	457	68
Capital and reserves attributable to the Company's equity holders	**823,353**	944,933	688,490	54,381	230,101