



Interim Report 2012



South East Group Limited
東南國際集團有限公司*

(Incorporated in Bermuda with limited liability)

Stock Code: 726

* For identification purpose only

Results

The Board of Directors of South East Group Limited (the “Company”) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2012 together with the comparative figures for the previous corresponding period. These interim financial statements have not been audited, but have been reviewed by the Company’s audit committee.

Unaudited Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2012

	Note	Six months ended 30 September	
		2012 HK\$'000	2011 HK\$'000
Turnover	3	732	710
Cost of properties sold		(354)	(589)
Gross profit		378	121
Other revenues		1,074	831
Selling and distribution costs		(14)	(10)
Administrative expenses		(8,095)	(6,860)
Loss from operations	4	(6,657)	(5,918)
Finance costs	5	(1,580)	(1,691)
Loss before taxation		(8,237)	(7,609)
Taxation	6(a)	(3)	(12)
Loss for the period		(8,240)	(7,621)

The notes on pages 6 to 12 form an integral part of these condensed interim financial statements.

Unaudited Condensed Consolidated Statement of Comprehensive Income *(continued)*

For the six months ended 30 September 2012

	Note	Six months ended 30 September	
		2012 HK\$'000	2011 HK\$'000
Other comprehensive (loss)/income:			
Translation difference		451	(1)
Change in fair value of available-for-sale financial assets		(991)	(2,177)
Other comprehensive loss for the period		(540)	(2,178)
Total comprehensive loss for the period		(8,780)	(9,799)
Loss for the period attributable to:			
Owners of the Company		(8,240)	(7,621)
Total comprehensive loss attributable to:			
Owners of the Company		(8,780)	(9,799)
Interim dividend per share		Nil	Nil
Loss per share attributable to owners of the Company			
Basic and diluted (cents)	7	(2.35)	(2.19)

The notes on pages 6 to 12 form an integral part of these condensed interim financial statements.

Unaudited Condensed Consolidated Statement of Financial Position

As at 30 September 2012

	Note	30 September 2012 (unaudited) HK\$'000	31 March 2012 (audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		60	238
Goodwill		—	—
Available-for-sale financial assets		3,490	4,481
Total non-current assets		3,550	4,719
CURRENT ASSETS			
Held-to-maturity investments		780	780
Properties held for sale		22,318	22,435
Trade and other receivables	8	2,290	1,757
Tax prepayment	6(b)	209	210
Cash and cash equivalents	9	48,087	56,597
Total current assets		73,684	81,779
CURRENT LIABILITIES			
Trade and other payables	10	2,146	3,186
Convertible bond	11	2,040	2,040
Total current liabilities		4,186	5,226
NET CURRENT ASSETS		69,498	76,553
TOTAL ASSETS LESS CURRENT LIABILITIES		73,048	81,272
NON-CURRENT LIABILITIES			
Convertible bond	11	61,585	61,029
NET ASSETS		11,463	20,243
EQUITY			
Equity attributable to owners of the Company:			
Share capital	12	35,126	35,126
Reserves		(23,663)	(14,883)
TOTAL EQUITY		11,463	20,243

The notes on pages 6 to 12 form an integral part of these condensed interim financial statements.

Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2012

	Share capital HK\$'000	Share premium HK\$'000	Available-for-sale financial assets revaluation reserve HK\$'000	Equity component convertible bond HK\$'000	Exchange reserve HK\$'000	Contributed surplus reserve HK\$'000	Employee share-based payment reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012									
Balance at 1 April 2012	35,126	11,337	(1,742)	5,888	15,106	131,166	1,897	(178,535)	20,243
Comprehensive loss:									
Loss for the period	—	—	—	—	—	—	—	(8,240)	(8,240)
Other comprehensive (loss)/income:									
Change in fair value of available-for-sale financial assets	—	—	(991)	—	—	—	—	—	(991)
Translation difference	—	—	—	—	451	—	—	—	451
Total comprehensive (loss)/income for the period	—	—	(991)	—	451	—	—	(8,240)	(8,780)
Balance at 30 September 2012	35,126	11,337	(2,733)	5,888	15,557	131,166	1,897	(186,775)	11,463
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011									
Balance at 1 April 2011	34,795	10,724	(29)	4,629	11,442	131,166	2,873	(166,917)	28,683
Comprehensive loss:									
Loss for the period	—	—	—	—	—	—	—	(7,621)	(7,621)
Other comprehensive loss:									
Change in fair value of available-for-sale financial assets	—	—	(2,177)	—	—	—	—	—	(2,177)
Translation difference	—	—	—	—	—	(1)	—	—	(1)
Total comprehensive loss for the period	—	—	(2,177)	—	—	(1)	—	(7,621)	(9,799)
Transactions with owners:									
Amendment of convertible bond	—	—	—	1,259	—	—	—	4,629	5,888
Total transactions with owners	—	—	—	1,259	—	—	—	4,629	5,888
Balance at 30 September 2011	34,795	10,724	(2,206)	5,888	11,442	131,165	2,873	(169,909)	24,772

The notes on pages 6 to 12 form an integral part of these condensed interim financial statements.

Unaudited Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2012

	Six months ended 30 September	
	2012 HK\$'000	2011 HK\$'000
Net cash used in operating activities	(7,107)	(5,717)
Net cash generated from investing activities	188	517
Net cash used in financing activities	(2,042)	(1,702)
Net decrease in cash and cash equivalents	(8,961)	(6,902)
Cash and cash equivalents at the beginning of the period	56,597	68,691
Effect of foreign exchange rates changes	451	(1)
Cash and cash equivalents at the end of the period	48,087	61,788

The notes on pages 6 to 12 form an integral part of these condensed interim financial statements.

Notes to the Unaudited Condensed Consolidated Financial Statements

1. Basis of Preparation

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

These unaudited condensed consolidated interim financial statements are presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest thousand unless otherwise stated.

The unaudited condensed consolidated interim financial statements should be read in conjunction with the Annual Report of the Group for the year ended 31 March 2012.

2. Summary of Principal Accounting Policies

The unaudited condensed consolidated interim financial statements have been prepared under the historical cost basis except for certain properties and financial instruments, which are measured at fair values, as appropriate.

The accounting policies adopted in the unaudited condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2012. In the current interim period, the Group has applied for the first time, a number of new and revised standards, amendments and interpretations (collectively the "new and revised HKFRSs") issued by the HKICPA which are effective for the Group's financial year beginning on 1 April 2012.

Significant accounting policies newly adopted by the Group

HKAS 12 (Amendments)
HKFRS 7 (Amendments)

Deferred Tax: Recovery of Underlying Assets
Financial Instruments: Disclosures — Transfers of Financial Assets

Impact of new and revised HKFRSs

The adoption of the above new and revised HKFRSs that are effective for the current period has had no material impact on the reported results and financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognized.

Impact of issued but not yet effective HKFRSs

The Group has not early adopted the new and revised HKFRSs that have been issued but are not yet effective. The Group is in the process of making an assessment of the expected impact of these new and revised HKFRSs upon initial application and so far considered that these are unlikely to have a significant impact on the results and the financial position of the Group.

3. Turnover and Segment Information

Turnover represents the aggregate of the net amounts received and receivable for goods sold to outside customers, less trade discounts, for the six months ended 30 September 2012.

The Company's executive directors have been identified as the chief operating decision maker. The Group's principal activity is property development in the PRC. The executive directors categorized the Group's existing operations into one single business division, hence no segment information is presented.

At the end of reporting period, non-current assets included property, plant and equipment with carrying amount of approximately HK\$60,000 (31 March 2012: HK\$80,000) located in the PRC and nil (31 March 2012: HK\$158,000) in Hong Kong.

4. Loss from Operations

Loss from operations was arrived at after crediting and charging the following:

	Six months ended 30 September	
	2012 HK\$'000	2011 HK\$'000
Crediting:		
Interest income	643	411
Investment income	134	113
Charging:		
Cost of properties sold	354	589
Depreciation	179	179
Operating lease payments	2,479	1,580
Directors' remuneration		
— Fees	300	300
— Salaries and allowances	1,260	1,260
— Retirement benefit schemes contribution	14	12
Staff costs (excluding directors' remuneration)		
— Salaries and allowances	1,930	1,536
— Retirement benefit schemes contribution	98	82

5. Finance Costs

	Six months ended 30 September	
	2012 HK\$'000	2011 HK\$'000
Interest expenses on convertible bond	1,578	1,689
Others	2	2
	1,580	1,691

6. Taxation

- a) Taxation in the consolidated statement of comprehensive income represents:

	Six months ended 30 September	
	2012 HK\$'000	2011 HK\$'000
The PRC Enterprise Income Tax		
Provision for the period	3	12

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group did not derive any assessable profits in Hong Kong during the interim period (six months ended 30 September 2011: nil).

Taxation on profits derived in the PRC for subsidiaries has been calculated at the rate of tax prevailing in the PRC, Enterprise Income Tax rate, of 25% (2011: 24%), which is based on existing legislation, interpretations and practices in respect thereof.

- b) At the end of reporting period, the Group had the following income tax (payable) and prepayment:

	As at 30 September 2012 HK\$'000	As at 31 March 2012 HK\$'000
The PRC Enterprise Income Tax		
Tax payable	(3)	(1)
Tax prepayment	212	211
	209	210

7. Loss Per Share

The calculation of basic loss per share for the period is based on the unaudited consolidated loss attributable to owners of the Company of HK\$8,240,000 (six months ended 30 September 2011: loss of HK\$7,621,000) and on the weighted average number of 351,258,880 (six months ended 30 September 2011: 347,953,880) shares in issue during the period. No diluted loss per share has been presented as the exercise of the Company's outstanding share options and convertible bond would result in a decrease in net loss per share for both periods.

8. Trade and Other Receivables

	As at 30 September 2012 HK\$'000	As at 31 March 2012 HK\$'000
Trade receivables	1,517	1,590
Less: Provision for impairment	(1,517)	(1,590)
Trade receivables, net of provision	—	—
Deposits and other receivables	2,006	1,367
Maximum exposure to credit risk	2,006	1,367
Prepayments	284	390
	2,290	1,757

The Group maintains a defined credit policy. The carrying amounts of trade and other receivables approximated their fair values as at 30 September 2012 and 31 March 2012.

All trade receivables before provision for impairment were aged over twelve months based on the invoice issue date.

The carrying amounts of trade and other receivables were denominated in the following currencies:

	As at 30 September 2012 HK\$'000	As at 31 March 2012 HK\$'000
Renminbi	733	78
Hong Kong dollars	1,557	1,679
	2,290	1,757

9. Cash and Cash Equivalents

	As at 30 September 2012 HK\$'000	As at 31 March 2012 HK\$'000
Cash and bank balances	48,087	56,597
Maximum exposure to credit risk	48,021	56,539

The carrying amounts of cash and cash equivalents were denominated in the following currencies:

	As at 30 September 2012 HK\$'000	As at 31 March 2012 HK\$'000
Renminbi	46,373	45,611
Hong Kong dollars	1,609	10,881
Others	105	105
	48,087	56,597

10. Trade and Other Payables

	As at 30 September 2012 HK\$'000	As at 31 March 2012 HK\$'000
Trade payables	326	323
Other payables and accruals	1,820	2,863
	2,146	3,186

The carrying amounts of trade and other payables approximated their fair values as at 30 September 2012 and 31 March 2012 and were denominated in the following currencies:

	As at 30 September 2012 HK\$'000	As at 31 March 2012 HK\$'000
Hong Kong dollars	886	2,140
Renminbi	1,260	1,046
	2,146	3,186

All trade payables were aged over twelve months based on the invoice issue date.

11. Convertible Bond

The convertible bond issued has been split as to the liability and equity component and movement of the convertible bond is as follows:

	As at 30 September 2012 HK\$'000	As at 31 March 2012 HK\$'000
Nominal value of the convertible bond	68,000	68,000
Equity component	(5,888)	(5,888)
Liability component		
— Liability component	62,112	62,112
— Interest expenses	1,513	957
Total liability component	63,625	63,069
Analysis into		
— Current liabilities	2,040	2,040
— Non-current liabilities	61,585	61,029
	63,625	63,069

12. Share Capital

	Number of shares		Share capital	
	30 September 2012 '000	31 March 2012 '000	30 September 2012 HK\$'000	31 March 2012 HK\$'000
Ordinary shares of HK\$0.10 each				
Authorised:				
Balance at the beginning and at the end of the period/year	4,000,000	4,000,000	400,000	400,000
Issued and fully paid:				
Balance at the beginning of the period/year	351,259	347,954	35,126	34,795
Share options exercised	—	3,305	—	331
Balance at the end of the period/year	351,259	351,259	35,126	35,126

12. Share Capital (continued)

Under the share option scheme adopted by the Company on 7 November 2003, the directors may, at their discretion, grant to eligible participants including directors and employees of the Group, options to subscribe for shares in the capital of the Company. The maximum number of shares in respect of which options may be granted under the scheme may not exceed 10% of the issued share capital of the Company. The movement of share options during the six months period ended 30 September 2012 is as below:

	Number of share options '000
Outstanding at 1 April 2012	17,694
Exercised during the period	—
Outstanding at 30 September 2012	17,694

13. Operating Lease Commitments

At 30 September 2012 and 31 March 2012, the total future minimum lease payments under non-cancellable operating leases with respect of office premises are as follows:

	As at 30 September 2012 HK\$'000	As at 31 March 2012 HK\$'000
Not later than one year	5,435	5,485
Within the second to fifth year inclusive	426	3,121
	5,861	8,606

14. Related Party Transactions

Other than those disclosed in the notes elsewhere to the condensed consolidated interim financial statements, during the period, the Group has received from Ricco Capital (Holdings) Limited, a company wholly owned by the chairman of the Group, administrative services fees, mainly relating to the provision of registered office address, in a total amount of HK\$6,000.

15. Comparative Figures

Certain comparative figures have been re-classified to conform to the current period's presentation.

16. Approval of the Interim Financial Report

This interim financial report was approved by the Board of Directors on 20 November 2012.

Interim Dividend

The Directors have decided not to declare any interim dividend for the six months ended 30 September 2012 (six months ended 30 September 2011: nil).

Management Discussion and Analysis

Financial Review

For the six months ended 30 September 2012, the Group recorded a turnover of approximately HK\$732,000 (six months ended 30 September 2011: HK\$710,000) which was generated from the operations of property business. During the period under review, the Group's loss attributable to owners of the Company slightly increased to approximately HK\$8,240,000 (six months ended 30 September 2011: HK\$7,621,000), loss per share correspondingly increased to HK 2.35 cents (six months ended 30 September 2011: HK 2.19 cents).

At 30 September 2012, the unaudited total assets and net assets of the Group were HK\$77,234,000 and HK\$11,463,000 (31 March 2012: HK\$86,498,000 and HK\$20,243,000) respectively. The decrease in the Group's net asset value was mainly attributable to the decrease in bank balances and cash of approximately HK\$8,510,000 mainly being net cash used in the operations of the Group.

Business Review and Prospects

During the six months ended 30 September 2012, the Group continued the operations of property business in the People's Republic of China (the "PRC"). Revenue from this single business segment maintained at similar level of approximately HK\$732,000 (six months ended 30 September 2011: HK\$710,000) in the period under review as the previous corresponding period. All transaction proceeds generated from the property business were attributable to sale of car parking space in Pudong, Shanghai and all car park units in the inventory were sold during the period under review. No sales were recorded for the commercial properties held in Zouping, Shandong for the period (six months ended 30 September 2011: HK\$406,000). At 30 September 2012, there remained a gross floor area of approximately 7,985 square metres of completed commercial properties located in Zouping, Shandong which were held by the Group for sale. Same as in previous years, the Group continued to lease part of its commercial properties and recorded rental income of approximately HK\$105,000 (six months ended 30 September 2011: HK\$116,000) during the period under review, which was accounted for as other revenues.

The Group has been actively seeking investment opportunities in past years, despite that efforts made in such regard are not rewarding. It will continuously identify all kinds of investment opportunities that will broaden its revenue stream and sustain its business development. Although business development is the core part of the Group's priorities, it will exercise a prudent approach in pursuit of this goal. Currently, the Group is in initial exploration over a couple of potential acquisition transactions and is conducting preliminary assessments. The Group aims at taking a steady and enduring approach going forward.

Management Discussion and Analysis *(continued)*

Liquidity and Financial Resources

At 30 September 2012, cash and bank balances of the Group amounted to approximately HK\$48,087,000, as compared to approximately HK\$56,597,000 at 31 March 2012. At the end of the period, the Group's total borrowings represented the carrying amount of the convertible bond (as defined below) of approximately HK\$63,625,000 (31 March 2012: HK\$63,069,000).

During the period, the Group's business operations were mainly in Hong Kong and the PRC. Hence, most of the transactions were denominated and settled in Hong Kong dollars and Renminbi. As there was no significant exposure to foreign exchange fluctuation arising from the normal course of operations, the Group did not enter into any foreign exchange hedge arrangement to reduce foreign exchange risk and exposure.

Shareholders' equity is approximately HK\$11,463,000 at 30 September 2012 (31 March 2012: HK\$20,243,000).

The Group's gearing ratio at 30 September 2012, expressed as the percentage of the Group's total borrowings over shareholders' equity, was approximately 555%, as compared with 312% at 31 March 2012.

Capital Structure

At 30 September 2012, the Company's issued share capital was HK\$35,125,888 (31 March 2012: HK\$35,125,888) with 351,258,880 (31 March 2012: 351,258,880) ordinary shares of HK\$0.10 each in issue.

At 30 September 2012, the Company had an outstanding convertible bond with a principal amount of HK\$68,000,000 ("Convertible Bond"). The Convertible Bond was issued by the Company to Loyal Delight Group Limited, an independent third party; which was subsequently amended by the parties involved pursuant to a deed of amendment with the approval of the shareholders of the Company at a special general meeting held on 18 April 2011. Accordingly, the maturity date of the Convertible Bond was extended to 7 May 2016 ("Maturity Date"), the coupon interest rate became 3% per annum effective from 8 May 2011 and the conversion price was adjusted to HK\$0.418 per share. The Company has no obligation to redeem the Convertible Bond prior to the Maturity Date unless an event of default as provided in the terms and conditions of the Convertible Bond has occurred prior to the Maturity Date and the bondholder serves a notice on the Company requiring the Convertible Bond to be redeemed.

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

There was no material acquisition or disposal of subsidiaries and associated companies during the period.

Management Discussion and Analysis *(continued)*

Employees

At 30 September 2012, the total number of employees of the Group based in Hong Kong and the PRC was 23 (31 March 2012: 24).

Employees are basically remunerated based on the nature of their job and their performance as well as prevailing market trend. Year-end discretionary bonus would be granted to reward and motivate those well-performed employees. The Company also adopted a share option scheme in November 2003 to reward employees of the Group for their contributions to the Company.

Charges on Group Assets

At 30 September 2012, the Group had no significant assets pledged to banks to secure general banking facilities and bank loan granted to the Group (31 March 2012: nil).

Capital Commitment and Contingent Liabilities

At 30 September 2012, the Group had no outstanding capital commitments (31 March 2012: nil) and no material contingent liabilities (31 March 2012: nil).

Directors' Interests and Short Positions in Securities

As at 30 September 2012, details of the interests of the directors and chief executive of the Company in the equity and debt securities of the Company or any associated corporations (within the meaning of the Securities and Futures Ordinance (the "SFO") which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the director is taken or deemed to have under such provisions of the SFO); or (b) were required pursuant to section 352 of the SFO to be entered in the register referred to therein; or (c) were required 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 were as follows:

(A) Long position in ordinary shares of the Company

Name of director	Capacity	Number of ordinary shares	Percentage of the Company's issued share capital
WU Siu Chung	Through a controlled corporation	92,000,000 (Note 1)	26.19%
CHEN Yuan Shou, Budiman	Beneficially owned	11,971,820	3.41%
LO Yuk Lam	Beneficially owned and through family interest	530,000 (Note 2)	0.15%
WONG Kam Wah	Beneficially owned	82,000	0.02%

Notes:

- These shares were held by Brilliant Express International Limited, a company wholly owned by Mr. Wu Siu Chung.
- Of these shares, 330,000 shares were personally held by Mr. Lo Yuk Lam and 200,000 shares were held by his wife, Ms. Pang Wai Bing, Cecilia.

Directors' Interests and Short Positions in Securities *(continued)*

(B) Long position in underlying shares - share options

Details of the interests of directors in share options of the Company were contained in the section headed "Share Option Scheme" below.

Save as disclosed above, as at 30 September 2012, none of the directors and chief executive of the Company was interested in the equity and debt securities of the Company or any associated corporations (within the meaning of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the director is taken or deemed to have under such provisions of the SFO); or (b) were required pursuant to section 352 of the SFO to be entered in the register referred to therein; or (c) were required pursuant to the Model Code to be notified to the Company and the Stock Exchange.

Substantial Shareholders

As at 30 September 2012, according to the register kept by the Company under section 336 of the SFO, the following shareholders, other than a director or chief executive of the Company, had an interest or short position in the Company's shares and underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Long position in ordinary shares of the Company

Name	Capacity	Number of ordinary shares	Percentage of Company's issued the share capital
Brilliant Express International Limited (Note)	Directly beneficially owned	92,000,000	26.19%

Note: Mr. Wu Siu Chung, the chairman and a director of the Company, is the ultimate beneficial owner of Brilliant Express International Limited. Under Part XV of the SFO, Mr. Wu Siu Chung is deemed to have an interest in these shares, as disclosed in the section headed "Directors' Interests and Short Positions in Securities" above.

Save as disclosed above, as far as the directors are aware, no other person had an interest or short position in the Company's shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which was recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

Share Option Scheme

To comply with Chapter 17 (Equity Securities - Share Option Schemes) of the Listing Rules, the Company adopted a share option scheme on 7 November 2003 as approved by the shareholders at a special general meeting.

No share options were granted and exercised under the Company's share option scheme during the period ended 30 September 2012. Particulars of outstanding options at the beginning and at the end of the period were as follows:

Participants	Date of Grant	Exercisable period	Exercise price per share HK\$	Number of share options			At 30 September 2012
				At 1 April 2012	Granted during the period	Exercised during the period	
Directors							
WU Siu Chung	09/03/2011	09/03/2011 - 08/03/2014	0.390	3,000,000	—	—	3,000,000
CHEN Xiaoping	09/03/2011	09/03/2011 - 08/03/2014	0.390	2,500,000	—	—	2,500,000
Eduard William Rudolf Helmuth WILL	09/03/2011	09/03/2011 - 08/03/2014	0.390	2,500,000	—	—	2,500,000
CHEN Yuan Shou, Budiman	18/12/2003	18/12/2005 - 17/12/2015	0.106	3,305,000	—	—	3,305,000
	16/04/2007	01/11/2009 - 31/10/2012	0.177	3,305,000	—	—	3,305,000
	09/03/2011	09/03/2011 - 08/03/2014	0.390	346,000	—	—	346,000
				6,956,000	—	—	6,956,000
LO Yuk Lam	18/12/2003	18/12/2005 - 17/12/2015	0.106	330,000	—	—	330,000
	09/03/2011	09/03/2011 - 08/03/2014	0.390	346,000	—	—	346,000
				676,000	—	—	676,000
WONG Kam Wah	18/12/2003	18/12/2005 - 17/12/2015	0.106	330,000	—	—	330,000
	09/03/2011	09/03/2011 - 08/03/2014	0.390	346,000	—	—	346,000
				676,000	—	—	676,000
David R. PETERSON	09/03/2011	09/03/2011 - 08/03/2014	0.390	346,000	—	—	346,000
Employees and others	09/03/2011	09/03/2011 - 08/03/2014	0.390	1,040,000	—	—	1,040,000
Total				17,694,000	—	—	17,694,000

Note: After the period end date, options entitling Mr. Chen Yuan Shou, Budiman the rights to subscribe for 3,305,000 shares of the Company had lapsed and were cancelled. Accordingly, there were outstanding and unexercised options under the Company's share option scheme entitling holders thereof to subscribe for only 14,389,000 shares of the Company at the date of this report.

Audit Committee

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including a review of the unaudited interim results for the six months ended 30 September 2012. The Audit Committee currently comprises three members including two independent non-executive directors, Mr. WONG Kam Wah and Mr. LO Yuk Lam, and a non-executive director, Mr. Eduard William Rudolf Helmuth WILL.

Corporate Governance Code

The Company has complied with the applicable code provisions of the Corporate Governance Code (effective from 1 April 2012) as set out in Appendix 14 to the Listing Rules during the interim period, except the following deviations:

Under Code Provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election. Prior to 7 August 2012, none of the non-executive directors of the Company was appointed for a specific term but, in accordance with bye-law 99 of the Company's bye-laws, at each annual general meeting, one-third of the directors of the Company for the time being (or if their number is not three or a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. Upon the re-election of Mr. LO Yuk Lam and Mr. WONG Kam Wah, both as independent non-executive directors of the Company, in the annual general meeting of the Company held on 7 August 2012, each of them has entered into a letter of appointment with the Company in respect of their individual service term for three years commencing on 7 August 2012, subject to retirement by rotation and re-election in accordance with the Company's bye-laws. Letters of appointment setting out their specific service term will be entered into with the remaining non-executive directors, who are currently subject to the requirements of retirement by rotation and re-election under the Company's bye-laws, upon their successful re-election in annual general meetings in the future.

Under Code Provision A.6.7, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Two of the independent non-executive directors and one of the non-executive directors did not attend the annual general meeting of the Company held on 7 August 2012 because of other business commitments or were overseas.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by directors of the Company. Based on the specific enquiry made to the Company's directors, they have complied with the required standard set out in the Model Code throughout the accounting period under review.

Purchase, Sale or Redemption of Securities

There was no purchase, sale or redemption by the Company or any of its subsidiaries of its shares during the six months ended 30 September 2012.

By order of the Board
SOUTH EAST GROUP LIMITED
Wu Siu Chung
Chairman

Hong Kong, 20 November 2012

The directors of the Company as at the date of this Interim Report are Mr. WU Siu Chung (Chairman) and Mr. CHEN Xiaoping as executive directors; Mr. CHEN Yuan Shou, Budiman and Mr. Eduard William Rudolf Helmuth WILL as non-executive directors; Mr. LO Yuk Lam, Mr. WONG Kam Wah and Mr. David R. PETERSON as independent non-executive directors.