South East Group Limited
東南國際集團有限公司*

(Incorporated in Bermuda with limited liability)

Stock Code: 726

Annual Report 2013

*For identification purpose only

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CORPORATE INFORMATION

DIRECTORS:

Executive:

WU Siu Chung *(Chairman)*
CHEN Xiaoping *(Chief Executive Officer)*

Non-executive:

CHEN Yuan Shou, Budiman
Eduard William Rudolf Helmuth WILL
LO Yuk Lam*
WONG Kam Wah*

* independent non-executive director

AUDIT COMMITTEE:

WONG Kam Wah *(Committee Chairman)*
LO Yuk Lam
Eduard William Rudolf Helmuth WILL

REMUNERATION COMMITTEE:

LO Yuk Lam *(Committee Chairman)*
WONG Kam Wah
Eduard William Rudolf Helmuth WILL

NOMINATION COMMITTEE:

LO Yuk Lam *(Committee Chairman)*
WONG Kam Wah
Eduard William Rudolf Helmuth WILL

FINANCIAL CONTROLLER:

LAU Wah Ching

COMPANY SECRETARY:

CHAN Sau Chee

REGISTERED OFFICE:

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS:

12th Floor, Entertainment Building
30 Queen's Road Central
Hong Kong

AUDITORS:

East Asia Sentinel Limited
Certified Public Accountants
22nd Floor, Tai Yau Building
181 Johnston Road
Wanchai
Hong Kong

PRINCIPAL REGISTRARS AND TRANSFER OFFICE:

Butterfield Fulcrum Group (Bermuda) Limited
26 Burnaby Street
Hamilton HM 11
Bermuda

HONG KONG SHARE REGISTRARS AND TRANSFER OFFICE:

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

RESULTS

For the year ended 31 March 2013, South East Group Limited (the "Company") and its subsidiaries (the "Group") generated approximately HK$732,000 in turnover (2012: HK$940,000), which was contributed by sale of properties. During the year under review, the Group incurred loss attributable to owners of the Company amounted to approximately HK$16,857,000 (2012: loss of HK$16,864,000) and loss per share was HK4.80 cents (2012: HK4.83 cents).

At 31 March 2013, the total assets and net assets of the Group were HK$69,826,000 and HK$2,663,000 (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 cash outflow from the operating activities.

BUSINESS REVIEW AND PROSPECTS

During the year ended 31 March 2013, the Group's business operations were principally related to the selling of completed properties in the People's Republic of China (the "PRC"). For the year under review, this single reportable segment reported a total turnover of approximately HK$732,000 (2012: HK$940,000). It was generated solely from sale of car parking space in Pudong, Shanghai, the PRC. Six car park units (2012: five) were sold during the year, and no stock of car park units was left at the year-end date. Completed commercial properties held in Zouping, Shandong, the PRC, recorded no sales for this year (2012: HK$406,000). At 31 March 2013, there remained a gross floor area of approximately 7,985 square metres of commercial properties held by the Group in Zouping, Shandong, which was the same as the previous year. For the year under review, the Group continued to lease out part of its commercial properties and recorded rental income of approximately HK$248,000 (2012: HK$176,000), which was accounted for as other revenues.

The Group will closely monitor its existing business operations and implement corresponding measures as and when appropriate.

Looking forward, the Group will continue to look for suitable investment opportunities to invest so as to diversify its business scope and broaden the revenue stream. The Group maintains the view that business development is a priority task for the Group in the coming years. Prudent approach will be taken in selecting and considering business opportunities for investment, with a view to building up a healthy and maintainable business portfolio for the Group.

APPRECIATION

On behalf of the board of directors of the Company (the "Board" or the "Board of Directors"), I would like to take this opportunity to thank all our employees for their effort and contribution in the past year, and to express our sincere gratitude to our shareholders, creditors and business partners for their continuing support to the Company.

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

Hong Kong, 21 June 2013

LIQUIDITY AND FINANCIAL RESOURCES

At 31 March 2013, the Group had cash and bank balances amounted to approximately HK$39,855,000 (2012: HK$56,597,000). At the year-end date, the Group's total borrowings represented the carrying amount of the Convertible Bond (as defined below) of approximately HK$64,183,000 (2012: HK$63,069,000).

During the financial year under review, 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 at 31 March 2013 was approximately HK$2,663,000 (2012: HK$20,243,000), representing a decrease of approximately 87% over last year.

The Group's gearing ratio at 31 March 2013, expressed as the percentage of the Group's total borrowings over shareholders' equity, was approximately 24 times (2012: 3 times).

CAPITAL STRUCTURE

At 31 March 2013, the Company's issued share capital was HK$35,125,888 (2012: HK$35,125,888) with 351,258,880 (2012: 351,258,880) ordinary shares of HK$0.10 each in issue.

At 31 March 2013, the Company had a convertible bond with an outstanding principal amount of HK$68,000,000 (the "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 (the "Shareholders") at a special general meeting held on 18 April 2011. The Convertible Bond was so amended that its maturity date is now 7 May 2016 (the "Maturity Date"), the coupon interest rate is 3% per annum and the conversion price is 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 DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

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

EMPLOYEE INFORMATION

At 31 March 2013, the total number of employees of the Group was 23 (2012: 24). 9 (2012: 10) of them worked in the PRC while 14 (2012: 14) of them worked in Hong Kong.

Employees are basically remunerated based on the nature of their job and their performance as well as the prevailing market trend. Year-end discretionary bonus would be granted to reward and motivate those well-performed employees. Other employee benefits include mandatory provident fund, medical insurance coverage and share option scheme.

CHARGES ON GROUP ASSETS

At 31 March 2013, the Group had no significant assets pledged to banks to secure general banking facilities and bank loan granted to the Group (2012: nil).

CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

At 31 March 2013, the Group had no outstanding capital commitments (2012: nil) and no material contingent liabilities (2012: nil).

LITIGATION

At 31 March 2013, the Group had not involved in any material litigation.

EXECUTIVE DIRECTORS

Mr. WU Siu Chung, aged 55, was appointed as the chairman and an executive director of the Company on 25 September 2007. He is also director of certain subsidiaries in the Group. Mr. Wu has rich experience in investment activities and holds senior management positions in various investment companies. He was awarded World Outstanding Chinese in 2008 and received honorary doctorate from York University in the USA. Mr. Wu is the chairman and the beneficial owner of Ricco Capital (Holdings) Limited. He is also the sole director and the sole shareholder of Brilliant Express International Limited, the single largest shareholder of the Company as listed under the section headed "Substantial Shareholders" in the Directors' Report. Mr. Wu is responsible for the overall strategy for business development and corporate planning of the Group.

Mr. CHEN Xiaoping, aged 61, was appointed as an executive director of the Company on 25 September 2007. He is also director of certain subsidiaries in the Group. Mr. Chen worked at senior management positions in banking and other business fields in the past twenty five years, such as Director of Kleinwort Benson Group, Senior Adviser of Global Interactive Technology AG and Financial Adviser of CNT Group. He is also a director and the chief executive officer of Ricco Capital (Holdings) Limited, which is wholly owned by the chairman of the Company. Mr. Chen assumes the role of chief executive officer of the Company and is responsible for the overall management and monitoring of the Group's activities.

NON-EXECUTIVE DIRECTORS

Mr. CHEN Yuan Shou, Budiman, aged 34, was re-designated as a non-executive director of the Company on 25 September 2007. Up to his re-designation, he had assumed the roles of executive director and chairman of the Company since September 2001 and September 2002 respectively. Mr. Chen was educated at the University of Southern California with an emphasis on Economics. His experience lies in the field of real estate project development and e-business development.

Mr. Eduard William Rudolf Helmuth WILL, aged 71, was appointed as a non-executive director of the Company on 1 January 2008. Mr. Will is a member of each of the Nomination Committee, the Remuneration Committee and the Audit Committee of the Company. He is also a director of a wholly owned subsidiary of the Company. Mr. Will graduated from University of Hamburg, is a seasoned investment banker specializing in international corporate finance. He has rich experience in cross border mergers and acquisitions in Europe, the USA and the Asia Pacific Region. He worked in management capacity for Morgan Guaranty Trust Company (JP Morgan), Amex Bank Limited (American Express's merchant bank), Bank of America, Bear Stearns and Company, Asian Oceanic Limited (Cigna Group's investment bank) and other big international corporations and is currently serving on the board of directors of Emerson Radio, a public company listed on the American Stock Exchange; and is a non-executive director of Lafe Corporation Limited whose shares are listed on the Singapore Exchange. He is also the vice chairman of Ricco Capital (Holdings) Limited, which is wholly owned by the chairman of the Company.

NON-EXECUTIVE DIRECTORS (continued)

Mr. LO Yuk Lam, aged 64, was appointed as an independent non-executive director of the Company on 2 January 2002. Mr. Lo is a member of each of the Nomination Committee, the Remuneration Committee and the Audit Committee of the Company, and is the chairman of the Nomination Committee and the Remuneration Committee respectively. Mr. Lo was heavily involved in several committees of the HKSAR Government. He had been appointed a director of the Hong Kong Applied R&D Fund Co., Ltd., Chairman of the Biotechnology Committee of the Hong Kong Industry & Technology Development Council, and Chairman of Biotechnology Projects Vetting Committee of the Innovation and Technology Fund, HKSAR. Currently, Mr. Lo is serving as a member of the Advisory Council for Food Safety of the Food and Health Bureau HKSAR, a director of the Chinese Manufacturers' Association of Hong Kong (CMA) and Chairman of the Innovation and Technology Committee of CMA. He is also the Honorary Founding Chairman of Hong Kong Bio-Organization. In the educational sector, Mr. Lo has been elected an honorary fellow of the Hong Kong University of Science and Technology. He is a member of the Advisory Committee of the Vocational Training Council, an executive vice-president of Asian College of Management, Adjunct Professor of The Chinese University of Hong Kong and Honorary Professor in several universities in China. In China, Mr. Lo was a consultant to the Economic Bureau of Changchun and a member of the Advisory Committee of the Shenzhen Municipal Science and Technology Bureau. At present, he is a consultant of the Centre for Disease Control and Prevention of China. In the business sector, Mr. Lo is the Chairman of Lo's Associates Limited, Vice-Chairman of Santai Eco-Fishery Limited, Vice-Chairman of APlus OTC Health Group Limited, Senior Adviser of Questmark Capital Management Sdn. Bhd. and Senior Director of Questmark Asia Limited. He is also serving as an independent director of two other US listed companies, namely ShangPharma Corporation (NYSE: SHP) and Sinovac Biotech Limited (Nasdaq: SVA).

Mr. WONG Kam Wah, aged 54, was appointed as an independent non-executive director of the Company on 1 December 2002. Mr. Wong is a member of each of the Nomination Committee, the Remuneration Committee and the Audit Committee of the Company, and is the chairman of the Audit Committee. Mr. Wong is a fellow member of the Association of Chartered Certified Accountants and an associate member of each of the Hong Kong Institute of Certified Public Accountants, the Hong Kong Institute of Company Secretaries and the Institute of Chartered Secretaries and Administrators. He served in senior positions in a multinational corporation and an audit firm. Mr. Wong is currently the principal of a certified public accountants firm. He has extensive experience in accounting and auditing work. Mr. Wong has been appointed as an independent non-executive director of another company publicly listed in Hong Kong, namely China Environmental Technology Holdings Limited (formerly known as Yardway Group Limited), since December 2009.

The directors have pleasure in presenting their report and the audited financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 March 2013.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. During the year, the principal business activities of the Group are property development and investment. Details of the principal activities of the Company's principal subsidiaries are set out in note 15 to the financial statements.

FINANCIAL RESULTS

The loss and cash flows of the Group for the year ended 31 March 2013 and the state of affairs of the Group and the Company at that date are set out in the financial statements on pages 24 to 69.

DONATIONS

During the year, the Group has not made any charitable donations (2012: nil).

DIVIDENDS

The directors do not recommend the payment of any dividend for the year ended 31 March 2013 (2012: nil).

FINANCIAL SUMMARY

A summary of the consolidated results and assets and liabilities of the Group for the last five financial years is set out on page 70.

RESERVES

Details of movements in reserves of the Group and the Company during the year are set out in the statement of changes in equity on page 27 and note 24 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group and the Company during the year are set out in note 13 to the financial statements.

PROPERTIES HELD FOR SALE

Details of the principal properties held for sale by the Group are set out in note 18 to the financial statements.

SHARE CAPITAL

Details of share capital for the year are set out in note 23 to the financial statements.

LITIGATION

During the year, the Group has not involved in any material litigation.

BORROWINGS

Details of the borrowings of the Group at 31 March 2013 are set out in note 22 to the financial statements.

RELATED PARTY TRANSACTIONS

Details of the related party transactions are disclosed in note 31 to the financial statements. Such transactions are exempt from the reporting requirements in accordance with Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") in respect of connected transactions.

EVENTS AFTER THE END OF THE REPORTING PERIOD

Details of the significant post statement of financial position event of the Group are set out in note 34 to the financial statements.

DIRECTORS

The directors who held office during the year and up to the date of this report were:

Executive directors:

Mr. WU Siu Chung *(Chairman)*
Mr. CHEN Xiaoping

Non-executive directors:

Mr. CHEN Yuan Shou, Budiman
Mr. Eduard William Rudolf Helmuth WILL
Mr. LO Yuk Lam**
Mr. WONG Kam Wah**
Mr. David R. PETERSON** (resigned on 8 May 2013)

** Independent non-executive director

In accordance with bye-law 99 of the Company's bye-laws, Mr. Chen Xiaoping and Mr. Eduard William Rudolf Helmuth Will shall retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

The Company has received from each of the independent non-executive directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive directors to be independent.

RESIGNATION OF DIRECTOR AFTER THE REPORTING PERIOD

On 8 May 2013, Mr. David R. Peterson ("Mr. Peterson") resigned as an independent non-executive director of the Company because of other business commitments. Upon the resignation of Mr. Peterson, the Board has only two independent non-executive directors, therefore cannot meet the minimum number of three independent non-executive directors required under Rule 3.10(1) of the Listing Rules. The Company is in the process of selecting a suitable candidate to fill the casual vacancy as soon as practicable and in any event within three months, in order to comply again with the requirement of sufficient number of independent non-executive directors under the Listing Rules.

DIRECTORS' SERVICE CONTRACTS

Each of Mr. Wu Siu Chung and Mr. Chen Xiaoping has entered into service agreements respectively with the Company for a period of three years from 1 October 2010 and will continue thereafter unless and until terminated by either party by six months' prior notice.

Apart from the above, none of the directors proposed for re-election at the forthcoming annual general meeting has an unexpired service contract with the Company which is not determinable by the Company within one year without the payment of compensation other than statutory compensation.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2013, details of the interests of the directors and chief executive of the Company in the equity or 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 of Hong Kong Limited (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:

1. These shares were held by Brilliant Express International Limited, a company wholly owned by Mr. Wu Siu Chung.

2. 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.

(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 31 March 2013, 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.

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance to which the Company or any of its subsidiaries was a party and in which any director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' AND CHIEF EXECUTIVE'S RIGHT TO ACQUIRE SHARES

Save as disclosed in this report, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2013, 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:

Name of shareholder	Capacity	Number of ordinary shares	Percentage of the Company's issued 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 in Shares, Underlying Shares and Debentures" 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.

Details of the share option scheme of the Company are set out in note 25 to the financial statements.

SHARE OPTION SCHEME (continued)

Details of movements in the share options during the year ended 31 March 2013 were as follows:

Participants	Date of Grant	Exercisable period	Exercise price per share HK$	Number of share options At 1 April 2012	Granted during the year	Exercised during the year	Lapsed during the year	At 31 March 2013
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)	0
	09/03/2011	09/03/2011 - 08/03/2014	0.390	346,000	–	–	–	346,000
				6,956,000	**–**	**–**	**(3,305,000)**	**3,651,000**
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 (Note)	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**	**–**	**–**	**(3,305,000)**	**14,389,000**

Note: Mr. David R. Peterson resigned on 8 May 2013, and his options lapsed and were cancelled accordingly. As of the date of this report, there were outstanding and unexercised options under the Company's share option scheme entitling holders thereof to subscribe for only 14,043,000 shares of the Company.

The valuation of share options is set out in note 25 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2013:

(i) The Group's largest customer and five largest customers accounted for approximately 17% and 84% respectively of the Group's total turnover.

(ii) No material production was carried out during the year, so no major suppliers were identified.

None of the directors, their associates, or any shareholders (which to the best knowledge of the directors owned more than 5% of the Company's share capital) has any beneficial interests in these major customers and suppliers.

PURCHASE, SALE OR REDEMPTION OF OWN SHARES

During the year under review, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights in respect of the shares of the Company under the Company's bye-laws although there are no restrictions against such rights under the laws of Bermuda.

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of its directors, the Company has maintained sufficient public float throughout the year ended 31 March 2013 and up to the date of this report.

AUDIT COMMITTEE

The Company has set up an audit committee (the "Audit Committee") with specific written terms of reference which clearly deal with its authorities and duties. The Audit Committee currently comprises three members including two independent non-executive directors and one non-executive director, and its chairman possesses recognised professional qualifications in accounting. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and has discussed the auditing, internal control and financial reporting matters, including a review of the annual results and the consolidated financial statements for the year ended 31 March 2013.

CORPORATE GOVERNANCE

The Company has applied the principles and 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 throughout the year ended 31 March 2013 except the deviations as disclosed in the "Corporate Governance Report".

DIRECTORS' INTEREST IN COMPETING BUSINESS

At 31 March 2013, none of the directors of the Company has interest in competing business required to be disclosed pursuant to Rule 8.10(2) of the Listing Rules.

AUDITORS

The auditors, East Asia Sentinel Limited, a corporation of Certified Public Accountants, retire and, being eligible, offer themselves for re-appointment.

By Order of the Board of
South East Group Limited
Wu Siu Chung
Chairman

Hong Kong, 21 June 2013

The Company acknowledges the importance of good corporate governance practices as to improve the efficiency and performance of the Company and its subsidiaries and to safeguard the interests of its shareholders. The key corporate governance principles and practices of the Company are set out here below.

(A) CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles and complied with the applicable code provisions of the Corporate Governance Code (effective from 1 April 2012) (the “CG Code”) as set out in Appendix 14 to the Listing Rules throughout the year ended 31 March 2013 except the following:

Under Code Provision A.1.1, board meetings should be held at least four times a year at approximately quarterly intervals. The Board only convened two meetings during the year ended 31 March 2013 that required attendance in person or through electronic means of communication as stipulated in Code Provision A.1.1. In addition, the Board has made resolutions by circulation of documents at one time during the year. As there is no significant business development that needs to bring to the attention of the Board immediately, circulation of written materials to keep the Board informed throughout the year is considered to be sufficient. It is believed that the Company will satisfy the requirement under this code provision if the Group’s business grows in the future.

Under Code Provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election. The Company has entered into a letter of appointment for a service term of three years subjected to re-election in accordance with the Company’s bye laws, with each of Mr. Lo Yuk Lam and Mr. Wong Kam Wah (both of them are independent non-executive directors of the Company) after they were re-elected at the annual general meeting of the Company held on 7 August 2012. Currently, the Company has two non-executive directors who are not appointed for a specific term but are subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Company’s bye-laws, as such the Board considers the same purpose as a specific term of appointment can be achieved. Nevertheless, the Company will continue the policy to enter into letters of appointment with the non-executive directors re-elected at annual general meetings of the Company for a specific term subjected to re-election in accordance with the Company’s bye-laws.

Under Code Provision A.6.7, independent non-executive directors and other non-executive directors should attend general meetings of the Company. Mr. Chen Yuan Shou, Budiman, a non-executive director, Mr. Lo Yuk Lam, an independent non-executive director, and Mr. David R. Peterson, a former independent non-executive director could not attend the annual general meeting of the Company held on 7 August 2012 owing to other business commitment or was in overseas.

(B) DIRECTORS’ SECURITIES TRANSACTIONS

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. The Company has made specific enquiry to all directors that they have compiled with the required standard set out in the Model Code throughout the year ended 31 March 2013.

(C) BOARD OF DIRECTORS

The Board comprised the following directors during the year ended 31 March 2013 and up to the date of this report:

Executive directors:

WU Siu Chung *(Chairman)*
CHEN Xiaoping

Non-executive directors:

CHEN Yuan Shou, Budiman
Eduard William Rudolf Helmuth WILL

Independent non-executive directors:

LO Yuk Lam
WONG Kam Wah
David R. PETERSON (resigned on 8 May 2013)

Mr. Lo Yuk Lam and Mr. Wong Kam Wah (both of them are independent non-executive Directors) have been serving on the Board for more than 9 years. Separate resolutions were proposed for their re-election at the annual general meeting of the Company held on 7 August 2012, which were duly passed by the shareholders of the Company by way of poll.

The relationship among members of the Board and biographical details of the directors of the Company (the "Directors", or individually the "Director") who are currently serving the Board are set out on pages 5 to 6 of this annual report. Save for the Directors' business relationships as a result of their respective directorships in the Company and its subsidiaries or else as disclosed in each of their respective biographies as aforementioned, there are no financial, business, family or other material or relevant relationships among members of the Board.

During the year ended 31 March 2013 and up to 8 May 2013, the Company has complied with the requirements of the Listing Rules in relation to the appointment of a minimum of three independent non-executive directors and at least one independent non-executive director is having appropriate professional accounting or financial management experience. The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive Directors to be independent. On 8 May 2013, Mr. Peterson resigned as an independent non-executive Director because of other business commitments. Upon the resignation of Mr. Peterson, the Board has only two independent non-executive Directors, therefore cannot meet the minimum number of three independent non-executive directors required under Rule 3.10(1) of the Listing Rules. As of the date of this report, the Company is still in the process of selecting a suitable candidate to fill the casual vacancy caused by the resignation of Mr. Peterson. It will endeavour to comply with the requirement of sufficient number of independent non-executive directors under the Listing Rules as soon as practicable.

The Board aims to meet regularly in person or through electronic means of communication at least 4 times a year. For the sake of flexibility, the Board may also hold meetings whenever necessary rather than the regular meetings. During the year ended 31 March 2013, the Board has convened two meetings (excluding committee meetings) that required directors' attendance in person or through electronic means of communication to consider and approve, among others, annual and interim results of the Group, as well as to review business operations and development of the Group. It has also made resolutions by circulation of documents at one time during the year.

(C) BOARD OF DIRECTORS (continued)

During the year ended 31 March 2013, the individual attendance record of each Director at the meetings of the Board is as follows:

Name of director	Number of meetings attended
WU Siu Chung	2/2
CHEN Xiaoping	2/2
CHEN Yuan Shou, Budiman	0/2
Eduard William Rudolf Helmuth WILL	2/2
LO Yuk Lam	2/2
WONG Kam Wah	2/2
David R. PETERSON (resigned on 8 May 2013)	2/2

The resolutions made by way of circulation of documents were unanimously passed by all Directors for the time being.

The executive Directors are employees of the Company who carry out executive functions in addition to their duties as directors. The non-executive Directors are not employees of the Company; therefore do not participate in the daily management of the Group's overall business. However, the Directors are collectively responsible for promoting the success of the Company by guiding and monitoring the Company to achieve its strategic objectives. The Board's primary functions are to set corporate policy and overall strategy for the Group and to oversee the management's performance. Accordingly, the Board approves the strategic plans, major disposals and acquisitions, connected transactions and other significant operational issues. Furthermore, Board meetings may be held in relation to day-to-day operations that specifically require the Board's approval; otherwise daily operational decisions are delegated to the executive Directors.

(D) DIRECTORS' CONTINUOUS PROFESSIONAL DEVELOPMENT

Pursuant to Code Provision A.6.5 of the CG Code, the Directors should participate in continuous professional development to develop and refresh their knowledge and skills, so as to ensure that their contribution to the Board remains informed and relevant. The Directors committed to participating in appropriate continuous professional development activities by way of attending training or reading materials relevant to the Company's business or to the Directors' duties and responsibilities. During the year ended 31 March 2013, the Company has provided an update on the latest development and changes of the Listing Rules, applicable laws, rules and regulations relating to Directors' duties and responsibilities to each of Mr. WU Siu Chung, Mr. CHEN Xiaoping, Mr. CHEN Yuan Shou, Budiman, Mr. Eduard William Rudolf Helmuth WILL, Mr. LO Yuk Lam, Mr. WONG Kam Wah and Mr. David R. PETERSON. In addition, Mr. WONG Kam Wah has participated in continuous professional development programmes required by the Hong Kong Institute of Certified Public Accountants.

(E) CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Currently, Mr. WU Siu Chung is the chairman of the Company and Mr. CHEN Xiaoping assumes the role of chief executive officer. The roles of chairman and chief executive officer of the Company are separate. The chairman is responsible for leadership of the Board to ensure it works effectively and discharges its responsibilities, and that all key and appropriate issues are discussed by the Board in a timely manner. The chief executive officer heads the management for implementing the strategies and policies adopted by the Board and focuses on the day-to-day operations of the Group.

(F) NON-EXECUTIVE DIRECTORS

Prior to 7 August 2012, the non-executive Directors are not appointed for a specific term but are subject to retirement by rotation and re-election at annual general meeting at least once every three years in accordance with the Company's bye-laws. The Company has entered into a letter of appointment for a service term of three years subject to re-election with each of Mr. LO Yuk Lam and Mr. WONG Kam Wah (both of them are independent non-executive directors of the Company) after they were re-elected at the annual general meeting of the Company held on 7 August 2012. Currently, the Company has two non-executive directors who are not appointed for a specific term but are subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Company's bye-laws, as such the Board considers the same purpose as a specific term of appointment can be achieved. Nevertheless, the Company will continue the policy to enter into letters of appointment with the non-executive Directors re-elected at annual general meetings of the Company for a specific term subjected to re-election in accordance with the Company's bye-laws.

(G) BOARD COMMITTEES

The Board has established the following committees to oversee particular aspects of the Company's affairs and to assist in the execution of the Board's responsibilities.

Remuneration Committee

The Company has set up the Remuneration Committee with specific written terms of reference which clearly deal with its authorities and duties. The Remuneration Committee currently comprises three members; including two independent non-executive Directors namely Mr. LO Yuk Lam and Mr. WONG Kam Wah and one non-executive Director namely Mr. Eduard William Rudolf Helmuth WILL. Mr. LO Yuk Lam is appointed the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee are to make recommendations to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Company, including benefits in kind, pension rights and compensation payments including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of the remuneration of non-executive Directors. The Remuneration Committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, and ensure no Director or any of his associates may be involved in any decisions as to his own remuneration.

During the year ended 31 March 2013, the Remuneration Committee met once to review the remuneration packages of the executive Directors and senior management. The attendance of each member of the Remuneration Committee is set out below:

Name of member	Number of meetings attended
LO Yuk Lam	1/1
WONG Kam Wah	1/1
Eduard William Rudolf Helmuth WILL	0/1

(G) BOARD COMMITTEES (continued)

Nomination Committee

The Company has set up the Nomination Committee with specific written terms of reference which clearly deal with its authorities and duties. The Nomination Committee currently comprises three members; including two independent non-executive Directors namely Mr. LO Yuk Lam and Mr. WONG Kam Wah and one non-executive Director namely Mr. Eduard William Rudolf Helmuth WILL. Mr. LO Yuk Lam is appointed the chairman of the Nomination Committee.

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board on a regular basis, to recommend to the Board on the selection of suitable candidates for directorships and on the succession planning for Directors.

During the year ended 31 March 2013, the Nomination Committee met once to review the structure of the Board and the succession plan of the Board. The attendance of each member of the Nomination Committee is set out below:

Name of member	Number of meetings attended
LO Yuk Lam	1/1
WONG Kam Wah	1/1
Eduard William Rudolf Helmuth WILL	0/1

Audit Committee

The Company has set up the Audit Committee with specific written terms of reference which clearly deal with its authorities and duties. The primary role and function of the Audit Committee is to assist the Board in providing an independent review of the Group's financial reporting and internal control systems as well as the internal and external audit functions. The Audit Committee currently comprises three members including two independent non-executive Directors namely Mr. WONG Kam Wah and Mr. LO Yuk Lam and one non-executive Director namely Mr. Eduard William Rudolf Helmuth WILL. The composition and members of the Audit Committee comply with the requirements under Rule 3.21 of the Listing Rules. Mr. WONG Kam Wah is an independent non-executive Director with appropriate professional accounting qualification as required under Rule 3.10(2) of the Listing Rules. He is the chairman of the Audit Committee.

During the year ended 31 March 2013, the Audit Committee met twice, with the attendance of each member as follows:

Name of member	Number of meetings attended
WONG Kam Wah	2/2
LO Yuk Lam	2/2
Eduard William Rudolf Helmuth WILL	1/2

The Audit Committee has reviewed with the management the Group's adopted accounting principles and practices, internal controls and financial reporting matters in conjunction with the external auditors, including reviews of the unaudited financial statements for the six months ended 30 September 2012 and the audited financial statements for the year ended 31 March 2013. The Audit Committee has also discussed on the financial, operational and compliance controls in particular the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, and their training programmes and budget. The Audit Committee has not taken a different view from the Board regarding the selection and re-appointment of the external auditors.

(H) CORPORATE GOVERNANCE FUNCTIONS

The Board is collectively responsible for performing the corporate governance duties including:

— to develop and review the Company's policies and practices on corporate governance;

— to review and monitor the training and continuous professional development of directors and senior management of the Company;

— to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

— to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors of the Company; and

— to review the Company's compliance with the code and disclosure in the Corporate Governance Report.

During the year under review, the Company has prepared and provided the whistle-blowing policy to the employees of the Group to encourage them to raise concerns about possible improprieties. It has also published the "Procedures for Shareholders to Nominate Candidates for Election as Directors" on its corporate website.

(I) AUDITORS' REMUNERATION

An analysis of remuneration in respect of audit services provided by East Asia Sentinel Limited for the year ended 31 March 2013 was as follows:

	HK$'000
Audit services	240

(J) ACCOUNTABILITY

Financial reporting

The Directors acknowledge their responsibility for preparing the financial statements of the Group in accordance with the requirements of the Listing Rules and applicable statutory requirements and accounting standards. The Group has adopted the going concern basis in preparing its financial statements.

A statement by the auditors of the Company about their reporting responsibilities is set out in the "Independent Auditors' Report" on pages 22 to 23 of this annual report.

Internal controls

The Board is responsible for maintaining and reviewing the effectiveness of the Group's internal control system. The Board has through the Audit Committee reviewed the effectiveness of the Group's system of internal controls, including financial, operational and compliance controls and risk management functions. The review has also considered the adequacy of resources, qualifications and experience of staff in respect of the Company's accounting and financial reporting function, and their training programmes and budget. The Board considers the existing resources, qualifications and experience of staff and their training programmes and budget should be adequate in respect of the Group's accounting and financial reporting function.

(K) SHAREHOLDERS' RIGHTS

Rights to convene special general meetings

(1) Under the Company's bye-laws

Pursuant to Bye-law 62 of the Company's bye-laws, a special general meeting ("SGM") shall be convened on requisition by shareholders of the Company (the "Shareholders", or individually the "Shareholder"), as provided by the Companies Act 1981 of Bermuda (as amended) (the "Companies Act"), or, in default, may be convened by the requisitionists.

(2) Under the Companies Act

Pursuant to Section 74 of the Companies Act, a Shareholder or Shareholders holding at the date of the deposit of the requisition not less than one-tenth of the paid-up capital of the Company as at the date of the deposit carries the right of voting at general meetings of the Company may requisition the Directors to forthwith proceed duly to convene a SGM by depositing a written requisition at the registered office of the Company.

The written requisition must state the purposes of the meeting (including the resolutions to be considered at the meeting), signed by the requisitionists, deposited at the registered office of the Company at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda and may consist of several documents in like form each signed by one or more requisitionists.

If the Directors do not within twenty-one days from the date of the deposit of the requisition proceed duly to convene a SGM, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a SGM, but any SGM so convened shall not be held after the expiration of three months from the date of deposit of the requisition.

A SGM so convened by the requisitionists shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by the Directors.

Rights to put forward proposals at general meetings

Shareholders may put forward proposals at general meetings of the Company pursuant to the provisions of the Companies Act as follows:

Sections 79 and 80 of the Companies Act allow certain Shareholder(s) to requisition the Company to give notice to the Shareholders in respect of any resolution which is intended to be moved at an annual general meeting of the Company ("AGM") or circulate a statement in respect of any proposed resolution or business to be considered at a general meeting of the Company.

Under Section 79 of the Companies Act, at the expense of the requisitionists unless the Company otherwise resolves, it shall be the duty of the Company on the requisition in writing by such number of Shareholders:

(a) to give to the Shareholders entitled to receive notice of the next AGM notice of any resolution which may properly be moved and is intended to be moved at that meeting.

(b) to circulate to the Shareholders entitled to have notice of any general meeting sent to them any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

(K) SHAREHOLDERS' RIGHTS (continued)

Rights to put forward proposals at general meetings (continued)

The number of Shareholders necessary to make the above requisitions to the Company shall be:

(aa) either any number of Shareholders representing not less than one-twentieth of the total voting rights of all the Shareholders having at the date of the requisition a right to vote at the meeting to which the requisition relates; or

(bb) not less than one hundred Shareholders.

Notice of any such intended resolution shall be given, and any such statement shall be circulated, to Shareholders entitled to have notice of the meeting sent to them by serving a copy of the resolution or statement on each such Shareholder in any manner permitted for service of notice of the meeting, and notice of any such resolution shall be given to any other Shareholder by giving notice of the general effect of the resolution in any manner permitted for giving him notice of meetings of the Company, provided that the copy shall be served, or notice of the effect of the resolution shall be given, as the case may be, in the same manner and, so far as practicable, at the same time as notice of the meeting and, where it is not practicable for it to be served or given at that time, it shall be served or given as soon as practicable thereafter.

Section 80 of the Companies Act sets out the conditions to be met before the Company is bound to give notice of any resolution or to circulate any statement. Pursuant to Section 80 of the Companies Act, the Company shall not be bound under Section 79 to give notice of any resolution or to circulate any statement unless:

(a) a copy of the requisition signed by the requisitionists, or two or more copies which between contain the signatures of all the requisitionists, is deposited at the registered office of the Company:

  (i) in the case of a requisition requiring notice of a resolution, not less than six weeks before the meeting; and

  (ii) in the case of any other requisition, not less than one week before the meeting; and

(b) there is deposited or tendered with the requisition a sum reasonably sufficient to meet the Company's expense in giving effect thereto;

provided that if, after a copy of the requisition requiring notice of a resolution has been deposited at the registered office of the Company, an AGM is called for a date six weeks or less after the copy has been deposited, the copy though not deposited within the abovementioned time shall be deemed to have been properly deposited for the purposes thereof.

Rights to put enquiries to the Board

Shareholders may at any time put enquiries to the Board. All enquiries shall be in writing and be sent by post to the principal place of business of the Company in Hong Kong at 12th Floor, Entertainment Building, 30 Queen's Road Central, Hong Kong.

Shareholders may also make enquiries with the Board at the general meetings of the Company.

(L) INVESTOR RELATIONS

To manage its relationship with its Shareholders and the investment community, the Company communicates through publication of announcements, circulars and annual and interim reports. Such information is disseminated through the Stock Exchange at its designated website (http://www.hkexnews.hk), and can also be accessed via the Company's website (http://southeastgroup.todayir.com). The Directors, company secretary and other appropriate members of the senior management will also respond to inquiries from the Shareholders and the investment community put to the Company in the manner as mentioned in paragraph (K) above.

During the year ended 31 March 2013, there was no change in the Company's constitutional documents.

East Asia Sentinel Limited
衛亞會計師事務所有限公司
Certified Public Accountants

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TO THE SHAREHOLDERS OF SOUTH EAST GROUP LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of South East Group Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 24 to 69, which comprise the consolidated and company statements of financial position as at 31 March 2013, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors 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 disclosure requirements of 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.

AUDITORS' 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 90 of the Bermuda Companies Act 1981 of Bermuda and for no other purposes. 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 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 auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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 March 2013 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

East Asia Sentinel Limited
Certified Public Accountants
Victor Robert Lew
Director
Practising Certificate No. P01355

Hong Kong
Date: 21 June 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2013

	Note	2013 HK$'000	2012 HK$'000
Turnover	6	**732**	940
Cost of properties sold		**(354)**	(700)
GROSS PROFIT		**378**	240
Other revenues	7	**2,773**	1,919
Selling and distribution costs		**(16)**	(13)
Administrative expenses		**(16,407)**	(15,621)
LOSS FROM OPERATIONS		**(13,272)**	(13,475)
Finance costs	8	**(3,156)**	(3,242)
LOSS BEFORE TAXATION	9	**(16,428)**	(16,717)
Taxation	10(a)	**(429)**	(147)
LOSS FOR THE YEAR		**(16,857)**	(16,864)
OTHER COMPREHENSIVE (LOSS)/INCOME:			
Translation differences		**452**	3,664
Change in fair value of available-for-sale financial assets		**(1,175)**	(1,713)
Other comprehensive (loss)/income for the year		**(723)**	1,951
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(17,580)**	(14,913)
LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company	11	**(16,857)**	(16,864)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic and diluted (cents)	12	**(4.80)**	(4.83)

The notes on pages 29 to 69 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2013

	Note	2013 HK$'000	2012 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**39**	238
Goodwill	14	**—**	—
Available-for-sale financial assets	16	**3,306**	4,481
Total non-current assets		**3,345**	4,719
CURRENT ASSETS			
Held-to-maturity investments	17	**780**	780
Properties held for sale	18	**22,318**	22,435
Trade and other receivables	19	**3,528**	1,757
Tax prepayment	10(b)	**—**	210
Cash and cash equivalents	20	**39,855**	56,597
Total current assets		**66,481**	81,779
CURRENT LIABILITIES			
Trade and other payables	21	**2,815**	3,186
Tax payable	10(b)	**165**	—
Convertible bond	22	**2,040**	2,040
Total current liabilities		**5,020**	5,226
NET CURRENT ASSETS		**61,461**	76,553
TOTAL ASSETS LESS CURRENT LIABILITIES		**64,806**	81,272
NON-CURRENT LIABILITIES			
Convertible bond	22	**62,143**	61,029
NET ASSETS		**2,663**	20,243
EQUITY			
Equity attributable to owners of the Company:			
Share capital	23	**35,126**	35,126
Reserves	24	**(32,463)**	(14,883)
TOTAL EQUITY		**2,663**	20,243

Approved by the Board of Directors on 21 June 2013

WU Siu Chung
Director

CHEN Xiaoping
Director

The notes on pages 29 to 69 form an integral part of these consolidated financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 March 2013

	Note	2013 HK$'000	2012 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**–**	158
Interests in subsidiaries	15	**53,775**	53,782
Available-for-sale financial assets	16	**3,122**	4,297
Total non-current assets		**56,897**	58,237
CURRENT ASSETS			
Other receivables	19	**1,767**	1,676
Cash and cash equivalents	20	**6,489**	23,169
Total current assets		**8,256**	24,845
CURRENT LIABILITIES			
Other payables	21	**2,162**	2,139
Convertible bond	22	**2,040**	2,040
Total current liabilities		**4,202**	4,179
NET CURRENT ASSETS		**4,054**	20,666
TOTAL ASSETS LESS CURRENT LIABILITIES		**60,951**	78,903
NON-CURRENT LIABILITIES			
Convertible bond	22	**62,143**	61,029
NET (LIABILITIES)/ASSETS		**(1,192)**	17,874
EQUITY			
Share capital	23	**35,126**	35,126
Reserves	24(b)	**(36,318)**	(17,252)
TOTAL EQUITY		**(1,192)**	17,874

Approved by the Board of Directors on 21 June 2013

WU Siu Chung
Director

CHEN Xiaoping
Director

The notes on pages 29 to 69 form an integral part of these consolidated financial statements.

	Share capital HK$'000	Share premium HK$'000 Note 24(c)(i)	Available-for-sale financial assets revaluation reserve HK$'000 Note 24(c)(ii)	Equity component convertible bond HK$'000 Note 24(c)(iii)	Exchange reserve HK$'000 Note 24(c)(iv)	Contributed surplus reserve HK$'000 Note 24(c)(v)	Employee share-based payment reserve HK$'000 Note 24(c)(vi)	Accumulated losses HK$'000	Total HK$'000
FOR THE YEAR ENDED 31 MARCH 2012									
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 year	–	–	–	–	–	–	–	(16,864)	(16,864)
Other comprehensive (loss)/income:									
Change in fair value of available-for-sale financial assets	–	–	(1,713)	–	–	–	–	–	(1,713)
Translation differences	–	–	–	–	3,664	–	–	–	3,664
Total comprehensive (loss)/income for the year	–	–	(1,713)	–	3,664	–	–	(16,864)	(14,913)
Transactions with owners:									
Effect on amendment of convertible bond	–	–	–	1,259	–	–	–	4,629	5,888
Cancellation of share options	–	–	–	–	–	–	(617)	617	–
Exercise of share options	331	613	–	–	–	–	(359)	–	585
Total transactions with owners	331	613	–	1,259	–	–	(976)	5,246	6,473
At 31 March 2012	35,126	11,337	(1,742)	5,888	15,106	131,166	1,897	(178,535)	20,243
FOR THE YEAR ENDED 31 MARCH 2013									
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 year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(16,857)**	**(16,857)**
Other comprehensive (loss)/income:									
Change in fair value of available-for-sale financial assets	**–**	**–**	**(1,175)**	**–**	**–**	**–**	**–**	**–**	**(1,175)**
Translation differences	**–**	**–**	**–**	**–**	**452**	**–**	**–**	**–**	**452**
Total comprehensive (loss)/income for the year	**–**	**–**	**(1,175)**	**–**	**452**	**–**	**–**	**(16,857)**	**(17,580)**
Transactions with owners:									
Cancellation of share options	**–**	**–**	**–**	**–**	**–**	**–**	**(359)**	**359**	**–**
Total transactions with owners	**–**	**–**	**–**	**–**	**–**	**–**	**(359)**	**359**	**–**
At 31 March 2013	**35,126**	**11,337**	**(2,917)**	**5,888**	**15,558**	**131,166**	**1,538**	**(195,033)**	**2,663**

The notes on pages 29 to 69 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2013

	2013 HK$'000	2012 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	**(16,428)**	(16,717)
Adjustments for:		
Depreciation	**200**	357
Recovery of trade receivables	**(398)**	(405)
Over provision for the prior year expense	**–**	(282)
Interest expenses	**3,156**	3,242
Interest income	**(1,807)**	(643)
Investment income	**(134)**	(113)
Operating loss before changes in working capital	**(15,411)**	(14,561)
Decrease/(Increase) in properties held for sale	**117**	(657)
Decrease/(Increase) in trade and other receivables	**287**	(115)
(Decrease)/Increase in trade and other payables	**(371)**	112
Cash used in operations	**(15,378)**	(15,221)
Income taxes paid	**(54)**	(173)
NET CASH USED IN OPERATING ACTIVITIES	**(15,432)**	(15,394)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	**146**	643
Investment income	**134**	113
NET CASH GENERATED FROM INVESTING ACTIVITIES	**280**	756
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	**(2,042)**	(1,705)
Proceeds from issue of shares	**–**	585
NET CASH USED IN FINANCING ACTIVITIES	**(2,042)**	(1,120)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(17,194)**	(15,758)
Effect of foreign exchange rate changes	**452**	3,664
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**56,597**	68,691
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**39,855**	56,597
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**39,855**	56,597
	39,855	56,597

The notes on pages 29 to 69 form an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

The Company is a limited liability company incorporated in Bermuda and its shares are listed on the Main Board of the Stock Exchange. The address of its registered office is Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda. The principal place of business of the Company is 12th Floor, Entertainment Building, 30 Queen's Road Central, Hong Kong.

The principal activity of the Company is investment holding. The principal activities and details of its subsidiaries are set out in Note 15 to the consolidated financial statements.

2. BASIS OF PREPARATION

These consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which in collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs"), and Interpretations ("Ints") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong. These consolidated financial statements also comply with the applicable disclosure provisions of the Listing Rules and the disclosure requirements of the Hong Kong Companies Ordinance.

These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain investments which are carried at their fair values as explained in the accounting policies set out below.

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

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

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting year of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

At 31 March 2013, the Company's net liabilities were HK$1,192,000. The subsidiary, Benelux Property Development (Shanghai) Limited, has confirmed its intention to provide continuing financial support by way of declaration of dividend to the Company so as to enable the Company to meet its liabilities as and when they fall due and to enable the Company to continue its existence for the foreseeable future. The directors believe that the Company will continue as a going concern. Consequently, the directors have prepared the financial statements of the Company on a going concern basis.

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

(a) Amendments and interpretations to existing standards effective for the Group's annual financial year beginning on 1 April 2012 and relevant to the Group

In the current year, a number of new and revised HKFRSs issued by the HKICPA that are mandatorily effective for current reporting period.

There are no HKFRSs interpretations that are effective for the first time for the financial year beginning on or after 1 April 2012 that would be expected to have a material impact on the Group.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted

Up to the date of issue of these consolidated financial statements, the HKICPA have issued a number of new standards, amendments and interpretations to existing standards which are effective for the Group's financial period beginning on 1 April 2013, and which have not been early adopted in preparing these consolidated financial statements. These include the following which may be relevant to the Group.

HKAS 1 (Revised)	Presentation of financial statements [1]
HKAS 27 (2011)	Separate financial statements [2]
HKFRS 9	Financial instruments [4]
HKFRS 10	Consolidated financial statements [2]
HKFRS 13	Fair value measurement [2]
Amendments to HKFRS 7	Financial instruments: Disclosures — Offsetting financial assets and financial liabilities[2]
Amendments to HKAS 32	Financial instruments: Presentation — Offsetting financial assets and financial liabilities [3]

1 Effective for accounting periods beginning on or after 1 July 2012.
2 Effective for accounting periods beginning on or after 1 January 2013.
3 Effective for accounting periods beginning on or after 1 January 2014.
4 Effective for accounting periods beginning on or after 1 January 2015.

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

The amendments to HKAS 1 have been issued to improve the presentation of other comprehensive income. The amendments require entities to group together the items of other comprehensive income that may be reclassified to profit or loss in the future by presenting them separately from those that would never be reclassified to profit or loss. The application of the amendments to HKAS 1 might result in changes in presentation of the consolidated statement of comprehensive income.

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. HK (SIC)-Int 12 Consolidation — Special Purpose Entities will be withdrawn upon the effective date of HKFRS 10. Under HKFRS 10, there is only one basis for consolidation, that is, control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted (continued)

HKFRS 9, "Financial instruments", addresses the classification, measurement and recognition of financial assets and financial liabilities. HKFRS 9 was issued in November 2009 and amended in October 2010. It replaces the parts of HKAS 39 that relate to the classification and measurement of financial instruments. HKFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the financial instruments. For financial liabilities, the standard retains most of the HKAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the statement of comprehensive income, unless this creates an accounting mismatch. The Group has yet to assess HKFRS 9's full impact and intends to adopt it.

HKFRS 10, "Consolidated financial statements", builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Group has yet to assess HKFRS 10's full impact and intends to adopt HKFRS 10 from 1 April 2013.

HKFRS 13, "Fair value measurement", aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within. The Group has yet to assess HKFRS 13's full impact and intends to adopt HKFRS 13 from 1 April 2013.

Amendments to HKFRS 7, "Financial instruments: Disclosures — Offsetting financial assets and financial liabilities", requires new disclosure requirements which focus on quantitative information about recognised financial instruments that are offset in the statement of financial position, as well as those recognised financial instruments that are subject to master netting or similar arrangements irrespective of whether they are offset. The Group will apply this amendment from 1 April 2013.

Amendments to HKAS 32, "Financial instruments: Presentation — Offsetting financial assets and financial liabilities", is to the application guidance in HKAS 32 "Financial instruments: Presentation", and clarify some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position. The application of the amendments to HKAS 32 might result in changes in presentation of certain financial assets and financial liabilities on the statement of financial position. The Group will apply this amendment from 1 April 2013.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March with the exception of those excluded from consolidation as disclosed in Note 30 to the consolidated financial statements.

Subsidiaries

Subsidiaries are all entities (including special purpose 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.

The Group applies the acquisition method of accounting to account for business combinations. 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. 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.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Inter-company transactions, balances, and unrealised gains or losses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's statement of financial position, the investments in subsidiaries are stated at cost less provision for impairment losses (Note 15). The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Goodwill

Goodwill arising on the acquisition of subsidiaries represents the excess of the cost of the business combination over the Group's interest in the net fair value of the acquirees' identifiable assets acquired, and liabilities and contingent liabilities assumed as at the date of acquisition.

Goodwill arising on acquisition is recognised in the consolidated statement of financial position as an "intangible asset". Goodwill is initially measured at cost and subsequently carried at cost less accumulated impairment losses.

The carrying amount of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources to, and assessing performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of the products and services, the nature of the production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entities operate (the "functional currency"), which include HK$ and Renminbi ("RMB").

As the Company is listed in Hong Kong, for the convenience of the users of these consolidated financial statements, the results and financial position of the Group are expressed in HK$, the presentation currency for the consolidated financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Foreign currency translation (continued)

(ii) 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 or 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 consolidated statement of comprehensive income.

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 amortised cost are recognised in consolidated statement of comprehensive income, and other changes in carrying amount are recognised in equity.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in consolidated statement of comprehensive income 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 available-for-sale revaluation reserve in equity.

(iii) Group entities

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:

— assets and liabilities for each reporting period presented are translated at the closing rate at the date of that reporting period;

— income and expenses for each statement of comprehensive income presented 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

— all resulting exchange differences are recognised as a separate component of equity.

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

(e) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated 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. All other repairs and maintenance are recognised in the consolidated statement of comprehensive income during the financial year in which they are incurred.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Property, plant and equipment (continued)

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate cost or revalued amounts to their residual values over their estimated useful lives, as follows:

— Furniture and fixtures	5 years
— Computer equipment	3 years
— Motor vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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.

Gains or losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within other revenue in the consolidated statement of comprehensive income.

When revalued assets are sold, the amounts included in other reserves are transferred to retained profits.

(f) Impairment of investments in subsidiaries and non-financial assets

Assets that have an indefinite useful life, for example goodwill, 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 the impairment at the end of each reporting period.

Impairment testing of investments in subsidiaries and an associate is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(g) Properties held for sale

Properties are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and sale is considered highly probable. They are stated at the lower of cost and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in the statement of comprehensive income.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in the statement of comprehensive income.

(i) Loans and receivables

Loans and receivables including cash and bank balances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are not held for trading. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest method less any allowance for impairment. The effective interest amortisation is included in finance income in the consolidated statement of comprehensive income. The loss arising from impairment is recognised in the consolidated statement of comprehensive income.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives financial assets in listed and unlisted equity securities that are either designated as available-for-sale or are not classified in any of the other categories. At each financial reporting period end subsequent to initial recognition, available-for-sale financial assets are measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale financial assets revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the consolidated statement of comprehensive income with other income, or until the investment is determined to be impaired, at which time the cumulative gain or loss is recognised in the consolidated statement of comprehensive income and removed from the available-for-sale financial assets revaluation reserve.

Interest on available-for-sale financial assets calculated using the effective interest method is recognised in the consolidated statement of comprehensive income as part of other income. Dividends on available-for-sale equity instruments are recognised in the consolidated statement of comprehensive income as part of other income when the Group's right to receive payments is established.

When the fair value of unlisted equity securities cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group has the positive intention and ability to hold to maturity. Held-to-maturity investments are carried at amortised cost using the effective interest method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest amortisation is included in finance income in the consolidated statement of comprehensive income. The loss arising from impairment is recognised in the consolidated statement of comprehensive income within finance costs.

(iv) Other financial liabilities

Financial liabilities including trade and other payables are initially stated at fair value less directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method.

(i) Cash and cash equivalents

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

(j) Borrowings

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

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.

(k) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation where, as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

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.

(l) Income tax

The tax expense for the year comprises current income tax and deferred income tax.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting period end in the countries where the Group operates and generates 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Income tax (continued)

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, deferred income tax is not accounted for if it arises from the 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 that have been enacted or substantively enacted by the reporting period end and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only 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 reverse of the temporary differences is controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(m) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to end of the reporting period. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group operates a defined contribution retirement scheme under a mandatory provident fund scheme (“MPF scheme”) in Hong Kong for its employees in Hong Kong, the assets of which are held in separate trustee-administered funds. The Group’s contributions to the MPF scheme are based on a fixed percentage of the employees’ relevant income per month.

In accordance with the PRC regulations, the Group is required to pay social security contributions for its PRC staff based on certain percentage of their salaries to the social security plan organised by related governmental bodies (“PRC plan”).

The Group has no further payment obligations once the contributions have been paid to the MPF scheme and PRC plan. The Group’s contributions to the MPF scheme and PRC plan are recognised as employee benefit expense in the consolidated statement of comprehensive income when they are due.

(iii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Employee benefits (continued)

(iv) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any service and non-market performance vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the consolidated statement of comprehensive income and a corresponding adjustment to equity over the remaining vesting period.

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.

(n) Revenue recognition

Revenue comprises the fair value for the sale of goods, net of value-added tax, rebates and discounts and after eliminating sales within the Group. Revenue is recognised as follows:

Sales of properties held for sale

Sales of properties held for sale is recognised when the significant risks and rewards of ownership of properties are transferred to the purchasers.

Interest income

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

Dividend income

Dividend income is recognised when the shareholders' rights to receive payment are established.

Rental income

Rental income is recognised on time proportion basis over the term of leases.

Sundry income

Sundry income is recognised on an accrual basis.

(o) Operating leases (As a leasee)

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease payments (net of any incentives received from the lessor) are expended in the consolidated statement of comprehensive income on a straight-line basis over the lease term.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Related parties

A related party is a person or entity that is related to the Group if:

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of the parent of the Group.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each controlling shareholder, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(q) Convertible bond

The component of a convertible bond that exhibits characteristics of a liability is recognised as a liability in the consolidated statement of financial position, net of transactions cost. On issuance of a convertible bond, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Convertible bond (continued)

If the conversion option of a convertible bond exhibits characteristics of an embedded derivative, it is separated from its liability component. On initial recognition, the derivative component of the convertible bond is measured at fair value using the Black-Sholes model and presented as part of derivative financial instruments. Any excess of proceeds over the amount initially recognised as the derivative component is recognised as the liability component. Transaction costs are apportioned between the liability and derivative components of the convertible bond based on the allocation of proceeds to the liability and derivative components when the instruments are initially recognised. The portion of the transaction costs relating to the liability component is recognised initially as part of the liability. The portion relating to the derivative component is recognised immediately in the consolidated statement of comprehensive income.

(r) Events after the end of the reporting period

Events after the end of the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the end of the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements if material.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments 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.

(a) Estimated income tax (including land appreciation tax in the PRC)

The Group is subject to taxation mainly in the PRC. Significant estimates are required in determining the amount of the provision for tax and the timing of payment of the related tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the periods in which such determination are made.

(b) Estimation of realisability of deferred tax assets

Determining income tax provisions involves judgment on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations. Deferred tax assets are recognised for tax losses not yet used and temporary deductible differences arising from depreciation of fixed assets. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised. Management's judgment is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

As at 31 March 2013, the Group has unused tax losses of HK$39,138,000 (2012: HK$38,762,000) that are available for offsetting against future taxable profits. Deferred tax asset arising from the unused tax losses has not been recognised in the consolidated financial statements as, in the opinion of the management, it is not probable to determine whether sufficient future profits will be available to utilise the tax losses.

6. TURNOVER

The Group's turnover represents the sales of properties held for sale.

	2013 HK$'000	2012 HK$'000
Sales of properties held for sale	**732**	940
Total	**732**	940

7. OTHER REVENUES

	2013 HK$'000	2012 HK$'000
Interest income	**1,807**	643
Investment income	**134**	113
Recovery of trade receivables	**398**	405
Exchange gain	**174**	201
Rental income	**248**	176
Over provision for the prior year expense	**–**	282
Sundry income	**12**	99
Total	**2,773**	1,919

8. FINANCE COSTS

	2013 HK$'000	2012 HK$'000
Interest expenses on convertible bond	**3,154**	3,237
Others	**2**	5
Total	**3,156**	3,242

9. LOSS BEFORE TAXATION

Loss before taxation was arrived at after charging:

	2013 HK$'000	2012 HK$'000
Auditors' remuneration		
— Current year	**240**	225
— Under-provision for prior year	**24**	—
	264	225
Cost of properties sold	**354**	700
Depreciation	**200**	357
Operating lease payments	**4,957**	3,262
Staff costs (excluding directors' remuneration)		
— Salaries and allowances	**3,927**	3,269
— Retirement benefit schemes contribution	**161**	168

10. TAXATION

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

	2013 HK$'000	2012 HK$'000
The PRC Enterprise Income Tax		
Provision for the year	**429**	147

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 for the year (2012: 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% (2012: 25%), which is based on existing legislation, interpretations and practices in respect thereof.

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

	2013 HK$'000	2012 HK$'000
The PRC Enterprise Income Tax		
— Tax payable	**(378)**	(1)
— Tax prepayment	**213**	211
Tax (payable)/prepayment	**(165)**	210

10. TAXATION (continued)

(c) Reconciliation between tax expenses and loss before taxation of the Group at the applicable tax rates are as follows:

	2013 HK$'000	2012 HK$'000
Loss before taxation	(16,428)	(16,717)
Tax calculated at the applicable tax rates	(2,586)	(2,791)
Tax effect of non-deductible expenses	207	55
Tax effect of non-taxable income	(43)	(41)
Tax loss not recognised	2,851	2,924
Total tax expenses	429	147

(d) At the end of the reporting period, the Group has unused tax losses of HK$39,138,000 (2012: HK$38,762,000) that are available for offsetting against future taxable profits. These tax losses have no expiry dates except for the tax losses of HK$2,910,000 (2012: HK$2,535,000) which will expire at various dates up to and including year of 2018 (2012: year of 2017). Deferred tax asset arising from the unused tax losses has not been recognised in the consolidated financial statements as, in the opinion of the directors, it is not probable to determine whether sufficient future profits will be available to utilise the tax losses.

As at 31 March 2013 and 31 March 2012, there were no significant unrecognised deferred tax liabilities for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries as the Group has no liability to additional tax should such amounts be remitted.

11. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated loss attributable to owners of the Company includes a loss of HK$17,891,000 (2012: loss of HK$4,577,000) dealt with in the financial statements of the Company.

12. LOSS PER SHARE

The calculation of basic loss per share is based on the consolidated loss attributable to owners for the year of HK$16,857,000 (2012: loss of HK$16,864,000) and on the weighted average of 351,258,880 (2012: 349,335,478) ordinary shares in issue during the year. 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 loss per share for the year. The Company had no potential dilutive ordinary shares that were outstanding for the years ended 31 March 2013 and 31 March 2012.

13. PROPERTY, PLANT AND EQUIPMENT

Group

	Furniture and fixtures HK$'000	Computer equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST				
At 1 April 2011	118	2	1,898	2,018
Exchange adjustment	7	—	20	27
At 31 March 2012	125	2	1,918	2,045
Exchange adjustment	**1**	**—**	**3**	**4**
At 31 March 2013	**126**	**2**	**1,921**	**2,049**
ACCUMULATED DEPRECIATION				
At 1 April 2011	106	1	1,320	1,427
Exchange adjustment	8	—	15	23
Charge for the year	2	1	354	357
At 31 March 2012	116	2	1,689	1,807
Exchange adjustment	**—**	**(1)**	**4**	**3**
Charge for the year	**1**	**1**	**198**	**200**
At 31 March 2013	**117**	**2**	**1,891**	**2,010**
NET BOOK VALUE				
At 31 March 2013	**9**	**—**	**30**	**39**
At 31 March 2012	9	—	229	238

Depreciation expenses of HK$200,000 (2012: HK$357,000) has been charged in administrative expenses.

Company

	Motor vehicle HK$'000
COST	
At 1 April 2011, 31 March 2012 and 31 March 2013	**1,580**
ACCUMULATED DEPRECIATION	
At 1 April 2011	1,106
Charge for the year	316
At 31 March 2012	1,422
Charge for the year	**158**
At 31 March 2013	**1,580**
NET BOOK VALUE	
At 31 March 2013	**—**
At 31 March 2012	158

14. GOODWILL

	HK$'000
COST	
At 1 April 2011, 31 March 2012 and 31 March 2013	**25**
ACCUMULATED IMPAIRMENT LOSS	
At 1 April 2011, 31 March 2012 and 31 March 2013	**(25)**
CARRYING AMOUNT	
At 31 March 2013	**–**
At 31 March 2012	–

Goodwill represents the excess of the cost of acquisition over the net fair value of the Group's acquisition of 100% interest in Ricco Mining Investment Limited together with its wholly own subsidiary Excel Profit International Investment Limited (collectively, the "Ricco Mining Group") from a related company, Ricco Energy (Holdings) Limited in 2010. The carrying amount of goodwill was allocated to the cash-generating unit ("CGU") of the Group's operations other than property development in the PRC.

The recoverable amounts of the relevant CGU have been determined on the basis of value-in-use calculations. For the purpose of impairment testing, the recoverable amount of the CGU is determined based on its fair value less cost to sell or value-in-use calculations. The key assumption has been determined by the Group's management based on the future income generated from the Ricco Mining Group. The directors are of the opinion that full impairment of goodwill is required.

15. INTERESTS IN SUBSIDIARIES

	2013 **HK$'000**	2012 HK$'000
Unlisted shares, at cost	**52,925**	52,925
Amounts due from subsidiaries (Note (a))	**132,039**	132,065
Less: Provision for impairment (Note (b))	**(131,189)**	(131,208)
	53,775	53,782

Notes:

(a) The amounts due are unsecured, interest-free and no fixed terms of repayment.

(b) An impairment was recognised during the years ended 31 March 2013 and 31 March 2012 due to the repeated losses of these subsidiaries.

15. INTERESTS IN SUBSIDIARIES (continued)

The following is a summary of the principal subsidiaries of the Company that, in the opinion of the directors, were significant in relation to the results of the year or formed a portion of the net assets of the Group as at 31 March 2013 and 31 March 2012:

Direct subsidiaries	Place of incorporation/ operation	Issued and paid-up capital/ registered capital	Percentage of equity interests attributable to the Company 2013	2012	Principal activities
Benelux Property Development (Shanghai) Limited	The PRC	US$5,000,000	**100%**	100%	Property development
Benelux (Far East) Company Limited	Hong Kong	100 ordinary shares of HK$1 each	**100%**	100%	Investment holding
Sunshine Universal Development Limited	The British Virgin Islands	1 ordinary share of US$1 each	**100%**	100%	Inactive
Happy Universal Investment Limited	The British Virgin Islands	1 ordinary share of US$1 each	**100%**	100%	Investment holding
South East Property (Shandong) Limited	The PRC	RMB15,000,000	**100%**	100%	Property development
Perfect Gold Investments Limited	Hong Kong	2 ordinary shares of HK$1 each	**100%**	100%	Inactive
Ricco Mining Investment Limited	Hong Kong	1 ordinary share of HK$1 each	**100%**	100%	Inactive

Indirect subsidiaries	Place of incorporation/ operation	Issued and paid-up capital/ registered capital	Effective equity interest 2013	2012	Principal activities
Benelux International Electronics Co., Limited	The PRC	US$10,000,000	**100%**	100%	In the process of voluntary winding up
Shanghai Kaiyuen Computer Company Limited (Note)	The PRC	RMB500,000	**100%**	100%	Inactive
Excel Profit International Investment Limited	The British Virgin Islands	1 ordinary share of US$1 each	**100%**	100%	Inactive

None of the subsidiaries had issued any debt securities at 31 March 2013 or at any time during the year.

Note: The capital of the subsidiary is held by two staff members of the subsidiary for and on behalf of the Group.

16. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2013 HK$'000	2012 HK$'000
Group		
Listed equity investments in Hong Kong, at fair value (Note (a))	**3,122**	4,297
Unlisted equity investments, at cost (Note (b))	**1,950**	1,950
Less: Impairment loss (Note (b))	**(1,766)**	(1,766)
	3,306	4,481
Company		
Listed equity investments in Hong Kong, at fair value (Note (a))	**3,122**	4,297

All available-for-sale financial assets are held with the intention for a continuing strategic or long-term purpose.

Notes:

(a) The fair value of listed shares is based on quoted market price.

(b) Unlisted equity investments are measured at cost less impairment at the end of the reporting period on account that there is no quoted market price in an active market for the shares and the range of reasonable fair value estimates is so broad that the directors of the Company are of the opinion that their fair values cannot be reliably measured. The directors conduct a regular review of the investee companies' operating results and financial position and consider that no adjustment on the impairment loss of HK$1,766,000 that has recognised in 2005.

17. HELD-TO-MATURITY INVESTMENTS

	2013 HK$'000	2012 HK$'000
Group		
Promissory note	**780**	780

The promissory note represents an unlisted security which bears interest at 5% per annum and was initially due to mature in March 2008. The maturity date has been extended repeatedly until 15 December 2013.

The carrying amounts of held-to-maturity investments are denominated in United States dollars.

There were no gains or losses realised on the disposal of held-to-maturity investments in 2013 and 2012, as all of these were disposed of at their maturity date.

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of held-to-maturity investments.

18. PROPERTIES HELD FOR SALE

Properties held for sale comprise car parking units and developed commercial properties in the PRC.

The costs of properties held for sale are analysed as follows:

	2013 HK$'000	2012 HK$'000
Group		
Land cost	**6,025**	6,057
Development cost	**16,293**	16,378
	22,318	22,435

The particulars of the properties held for sale as at 31 March 2013 are as follows:

Project name	Approximate site area Sq.m.	Completed GFA Sq.m.	Land use	Development status	Interest held by Group
山東鄒平縣 經濟開發區	10,292	16,558	Commercial	Completed construction	100%

19. TRADE AND OTHER RECEIVABLES

	2013 HK$'000	2012 HK$'000
Group		
Trade receivables	**1,206**	1,590
Less: Provision for impairment	**(1,206)**	(1,590)
Trade receivables, net of provision	**—**	—
Deposits and other receivables	**3,042**	1,367
Maximum exposure to credit risk	**3,042**	1,367
Prepayments	**486**	390
	3,528	1,757
Company		
Deposits and other receivables	**1,272**	1,288
Prepayments	**495**	388
	1,767	1,676

19. TRADE AND OTHER RECEIVABLES (continued)

The carrying amounts of trade and other receivables approximated their fair values as at 31 March 2013 and 31 March 2012. The Group does not hold any collateral over these balances.

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

The movements on the provision for impairment of trade receivables were as follows:

	2013 **HK$'000**	2012 HK$'000
At 1 April	**1,590**	1,904
Recovery of trade receivables	**(398)**	(405)
Exchange difference	**14**	91
At 31 March	**1,206**	1,590

The creation and release of provision for impaired receivables has been included in administrative expenses in the consolidated statement of comprehensive income. Amounts charged to the provision account are impaired when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets.

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

	2013 **HK$'000**	2012 HK$'000
Group		
Renminbi	**1,760**	78
Hong Kong dollars	**1,768**	1,679
	3,528	1,757

The carrying amounts of the Company's deposits and other receivables, prepayments approximated their fair values as at 31 March 2013 and 31 March 2012 and were denominated in Hong Kong dollars.

20. CASH AND CASH EQUIVALENTS

	2013 HK$'000	2012 HK$'000
Group		
Cash and bank balances	**39,855**	56,597
Maximum exposure to credit risk	**39,813**	56,539
Company		
Cash and bank balances	**6,489**	23,169
Maximum exposure to credit risk	**6,485**	23,167

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

	2013 HK$'000	2012 HK$'000
Group		
Renminbi	**37,038**	45,611
Hong Kong dollars	**2,674**	10,881
Others	**143**	105
	39,855	56,597
Company		
Renminbi	**3,710**	12,223
Hong Kong dollars	**2,636**	10,842
United States dollars	**143**	104
	6,489	23,169

21. TRADE AND OTHER PAYABLES

	2013 HK$'000	2012 HK$'000
Group		
Trade payables	**326**	323
Other payables and accruals	**2,489**	2,863
	2,815	3,186
Company		
Other payables and accruals	**2,162**	2,139

The carrying amounts of the Group's trade and other payables approximated their fair values as at 31 March 2013 and 31 March 2012 were denominated in the following currencies:

	2013 HK$'000	2012 HK$'000
Group		
Hong Kong dollars	**2,164**	2,140
Renminbi	**651**	1,046
	2,815	3,186

The carrying amounts of the Company's other payables and accruals approximated their fair values as at 31 March 2013 and 31 March 2012 and were denominated in Hong Kong dollars.

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

22. CONVERTIBLE BOND

On 7 May 2008, the Company issued a convertible bond at a coupon rate of 2.5% per annum, with a nominal value of HK$68,000,000 (the "Convertible Bond"). The Convertible Bond is convertible at the option of the bondholders into ordinary shares of the Company at a price of HK$1.03 per share on or before 7 May 2011 (the "Maturity Date"). If not converted, the Convertible Bond is redeemable at the nominal value of HK$68,000,000 on the Maturity Date.

On 9 March 2011, the Company entered into a deed of amendment (the "Deed of Amendment") with the bondholder of the Convertible Bond to revise the coupon rate to 3% per annum with the conversion price at HK$0.418 per share and the Maturity Date extended to 7 May 2016.

The Deed of Amendment was approved by the Company's shareholders pursuant to a special general meeting held on 18 April 2011.

The fair value of the liability component of the Convertible Bond is estimated at the issuance date using an equivalent market interest rate for a similar liability without a conversion option. The effective interest rate of the liability component on initial recognised is 5% per annum. The residual amount is assigned in the equity component of the Convertible Bond and is included in shareholder's equity.

22. CONVERTIBLE BOND (continued)

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

	2013 HK$'000	2012 HK$'000
Group and Company		
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	**2,071**	957
Total liability component	**64,183**	63,069
Analysis into		
— Current liabilities	**2,040**	2,040
— Non-current liabilities	**62,143**	61,029
	64,183	63,069

23. SHARE CAPITAL

	Number of shares		Share capital	
	2013 '000	2012 '000	**2013 HK$'000**	2012 HK$'000
Ordinary shares of HK$0.10 each				
Authorised:				
Balance at the beginning and at the end of the year	**4,000,000**	4,000,000	**400,000**	400,000
Issued and fully paid:				
Balance at the beginning of the year	**351,259**	347,954	**35,126**	34,795
Share options exercised	**—**	3,305	**—**	331
Balance at the end of the year	**351,259**	351,259	**35,126**	35,126

24. RESERVES

(a) Group

The amounts of the Group's reserves and the movement therein for the current and prior years are presented in the consolidated statement of changes in equity on page 27 of the consolidated financial statements.

Pursuant to the relevant laws and regulations for Sino-foreign joint venture enterprises, a portion of the profits of the Group's subsidiaries which are registered in the PRC has been transferred to reserve funds which are restricted as to use.

24. RESERVES (continued)

(b) Company

	Share premium HK$'000 Note 24(c)(i)	Available-for-sale financial assets revaluation reserve HK$'000 Note 24(c)(ii)	Equity component convertible bond HK$'000 Note 24(c)(iii)	Contributed surplus reserve HK$'000 Note 24(c)(v)	Employee share-based payment reserve HK$'000 Note 24(c)(vi)	Accumulated losses HK$'000	Total HK$'000
FOR THE YEAR ENDED 31 MARCH 2012							
At 1 April 2011	10,724	(29)	4,629	157,955	2,873	(193,256)	(17,104)
Comprehensive loss:							
Loss for the year	–	–	–	–	–	(4,577)	(4,577)
Other comprehensive loss:							
Change in fair value of available-for-sale financial assets	–	(1,713)	–	–	–	–	(1,713)
Total comprehensive loss	–	(1,713)	–	–	–	(4,577)	(6,290)
Transactions with owners:							
Effect on amendment of convertible bond	–	–	1,259	–	–	4,629	5,888
Cancellation of share options	–	–	–	–	(617)	617	–
Exercise of share options	613	–	–	–	(359)	–	254
Total transactions with owners	613	–	1,259	–	(976)	5,246	6,142
At 31 March 2012	11,337	(1,742)	5,888	157,955	1,897	(192,587)	(17,252)
FOR THE YEAR ENDED 31 MARCH 2013							
At 1 April 2012	**11,337**	**(1,742)**	**5,888**	**157,955**	**1,897**	**(192,587)**	**(17,252)**
Comprehensive loss:							
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(17,891)**	**(17,891)**
Other comprehensive loss:							
Change in fair value of available-for-sale financial assets	**–**	**(1,175)**	**–**	**–**	**–**	**–**	**(1,175)**
Total comprehensive loss	**–**	**(1,175)**	**–**	**–**	**–**	**(17,891)**	**(19,066)**
Transactions with owners:							
Cancellation of share options	**–**	**–**	**–**	**–**	**(359)**	**359**	**–**
Total transactions with owners	**–**	**–**	**–**	**–**	**(359)**	**359**	**–**
At 31 March 2013	**11,337**	**(2,917)**	**5,888**	**157,955**	**1,538**	**(210,119)**	**(36,318)**

24. RESERVES (continued)

(c) Nature and purpose of reserves

(i) Share premium

Share premium represents premium arising from the issue of shares at a price in excess of their par value per share and is not distributable but may be applied in paying up unissued shares of the Company to be issued to the shareholders of the Company as fully paid bonus shares or in providing for the premiums payable on repurchase of shares.

(ii) Available-for-sale financial assets revaluation reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets held at the end of the reporting period and is dealt with in accordance with the accounting policies in Note 4(h)(ii) and Note 16 to the consolidated financial statements.

(iii) Equity component convertible bond

The capital reserve represents the value of the unexercised equity component of convertible bond issued by the Company recognised in accordance with the accounting policy adopted for convertible loans in Note 22 to the consolidated financial statements.

(iv) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the consolidated financial statements of the Group. The reserve is dealt with in accordance with the accounting policies set out in Note 4(d) to the consolidated financial statements.

(v) Contributed surplus reserve

The amount arose from the capital reduction, cancellation of share premium and part of which has been set-off against the accumulated losses of the Company as at 31 March 2003 pursuant to the capital re-organisation.

Under the Companies Act 1981 of Bermuda, the Company may make distributions to its owners out of the contributed surplus reserve under certain circumstances.

(vi) Employee share-based payment reserve

The employee share-based payment reserve comprised the fair value of share options granted which were yet to be exercised, as further explained in the accounting policy for share-based payment transactions in Note 4(m)(iv) to the consolidated financial statements.

25. SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted pursuant to a shareholders' resolution passed on 7 November 2003. The following is a summary of the Scheme adopted:

(a) Purpose

The purpose of the Scheme is to provide incentives or rewards to certain eligible participants for their contribution or potential contribution to the growth and development of the Company.

(b) Participants

Eligible participants of the Scheme include employees or officers (including executive directors), non-executive directors (including independent non-executive directors), suppliers, customers, consultants or advisors, and securities holders of the Company, as to be determined by the Board at its absolute discretion within the categories.

25. SHARE OPTION SCHEME (continued)

(c) Total number of shares available for issue

The maximum numbers of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes adopted by the Company must not in aggregate exceed 30% of the shares in issue from time to time. The total number of shares which may be issued upon the exercise of all options to be granted under the Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the shares of the Company in issue as at 7 November 2003, but the Company may seek approval of its shareholders in general meeting to refresh the 10% limit under the Scheme.

(d) Maximum entitlement of each participant

The total number of shares issued and to be issued upon exercise of the share options granted under the Scheme and any other share option schemes of the Company to each participant in any 12-month period up to the date of grant must not exceed 1% of the shares in issue at the date of grant. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates must not exceed 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares at the date of each grant) in excess of HK$5 million, within any 12-month period up to and including the date of such grant.

Subject to separate approval by the shareholders in general meeting with the relevant participant and his associates (as defined in the Listing Rules) abstaining from voting provided the Company shall issue a circular to shareholders before such approval is sought, the Company may grant options to a participant which would exceed this limit.

(e) Option period

The option period within which the shares must be taken up under an option shall be determined by the Board in its absolute discretion at the time of grant, but such period must not exceed 10 years from the date of grant of the relevant option.

(f) Minimum period for which an option must be held before it can be exercised

The minimum period, if any, for which an option must be held before it can be exercised shall be determined by the Board in its absolute discretion. The Scheme itself does not specify any minimum holding period.

(g) Payment on acceptance of the option

HK$10 is payable by the grantee to the Company on acceptance of the option offer. An offer must be accepted within 28 days from the date of grant.

(h) Basis of determining the exercise price

The exercise price shall be determined by the Board in its absolute discretion at the time of the grant but shall not be less than the higher of: (i) the closing price of the shares on the date of grant; (ii) the average closing prices of the shares for the five business days immediately preceding the date of grant; and (iii) the par value of a share.

(i) Remaining life of the Scheme

The life of the Scheme is 10 years commencing on the adoption date and will expire on 6 November 2013.

25. SHARE OPTION SCHEME (continued)

(j) Estimated fair value of share options

The estimated fair value of the share options granted to employees on 18 December 2003, 16 April 2007 and 9 March 2011 are measured based on Binomial Lattice Model. The variables input into the model are as follows:

Fair value of share options and assumptions:

	2011	2007	2003
Fair value at measurement date	HK$0.12	HK$0.11	HK$0.08
Share price	HK$0.38	HK$0.17	HK$0.11
Exercise price	HK$0.39	HK$0.177	HK$0.106
Expected volatility	91.21%	83.98%	104.9%
Option life	3 years	4.55 years	12 years
Expected dividends	0%	0%	0%
Risk-free interest rate	1.09%	4.11%	4.375%

The Company did not grant any share options that no share options expense was recognised during the year (2012: nil).

None of a new ordinary share of the Company was issued by the exercise of share options during the year (2012: 3,305,000 shares).

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility due to publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

The following share options are outstanding under the Scheme during the year:

	2013		2012	
	Weighted average exercise price per share HK$	**Number of options '000**	Weighted average exercise price per share HK$	Number of options '000
At 1 April	**0.2866**	**17,694**	0.3035	21,799
Exercised during the year	**—**	**—**	0.1770	(3,305)
Cancelled during the year	**0.1770**	**(3,305)**	1.2000	(800)
At 31 March	**0.3117**	**14,389**	0.2866	17,694

25. SHARE OPTION SCHEME (continued)

(j) Estimated fair value of share options (continued)

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

2013

	Number of options '000	Exercise price per share HK$	Exercisable period
	3,965	**0.106**	**18-Dec-2005 to 17-Dec-2015**
	10,424	**0.390**	**09-Mar-2011 to 08-Mar-2014**
	14,389		
Weighted average exercise price per share		**0.3117**	

2012

	Number of options '000	Exercise price per share HK$	Exercisable period
	3,965	0.106	18-Dec-2005 to 17-Dec-2015
	3,305	0.177	01-Nov-2009 to 31-Oct-2012
	10,424	0.390	09-Mar-2011 to 08-Mar-2014
	17,694		
Weighted average exercise price per share		0.2866	

26. CAPITAL RISK MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Consistent with industry practice, the Group monitors its capital structure on the basis of a net debt-to-equity ratio. For this purpose the Group defines net debt as total liabilities less cash and cash equivalents.

In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt. In view of the amount of cash and cash equivalents as compared to the total debts for the years ended 31 March 2013 and 31 March 2012, the directors did not find it necessary to restructure its share capital or adjust its total debts of the Group.

26. CAPITAL RISK MANAGEMENT (continued)

The net debt-to-equity ratio as at the end of the reporting period is as follows:

The Group

	2013 **HK$'000**	2012 HK$'000
LIABILITIES		
Trade and other payables	**2,815**	3,186
Convertible bond	**64,183**	63,069
Total debts	**66,998**	66,255
Less: Cash and cash equivalents (Limited to total debts)	**(39,855)**	(56,597)
Net debt	**27,143**	9,658
Total equity	**2,663**	20,243
Net debt-to-equity ratio (%)	**1,019%**	48%

Neither the Company nor any of its subsidiaries is subject to externally imposed capital requirement. As such, the directors do not have a separate capital risk management strategy for the Company. The net debt-to-equity ratio relating to the Company is not separately disclosed.

27. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

The aggregate amounts of emoluments of the directors disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance and the Listing Rules are as follows:

	2013 **HK$'000**	2012 HK$'000
Fees — Non-Executive Directors	**240**	240
— Independent Non-Executive Directors	**360**	360
Salaries, allowances and benefits in kind	**2,730**	2,730
Retirement benefit schemes contribution	**30**	24
	3,360	3,354

The number of directors whose emoluments fall within the following bands are as follows:

	Number of directors	
	2013	2012
Up to HK$1,000,000	**5**	5
HK$1,000,001 - HK$1,500,000	**1**	1
HK$1,500,001 - HK$2,000,000	**1**	1

27. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (continued)

The emoluments of each director, on a named basis, for the year ended 31 March 2013 and 31 March 2012 were set out below:

2013

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Retirement benefit schemes contribution HK$'000	Total HK$'000
Executive Directors				
WU Siu Chung	**—**	**1,560**	**15**	**1,575**
CHEN Xiaoping	**—**	**1,170**	**15**	**1,185**
Non-Executive Directors				
CHEN Yuan Shou, Budiman	**120**	**—**	**—**	**120**
Eduard William Rudolf Helmuth WILL	**120**	**—**	**—**	**120**
Independent Non-Executive Directors				
LO Yuk Lam	**120**	**—**	**—**	**120**
WONG Kam Wah	**120**	**—**	**—**	**120**
David R. PETERSON (resigned on 8 May 2013)	**120**	**—**	**—**	**120**
	600	**2,730**	**30**	**3,360**

2012

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Retirement benefit schemes contribution HK$'000	Total HK$'000
Executive Directors				
WU Siu Chung	—	1,560	12	1,572
CHEN Xiaoping	—	1,170	12	1,182
Non-Executive Directors				
CHEN Yuan Shou, Budiman	120	—	—	120
Eduard William Rudolf Helmuth WILL	120	—	—	120
Independent Non-Executive Directors				
LO Yuk Lam	120	—	—	120
WONG Kam Wah	120	—	—	120
David R. PETERSON	120	—	—	120
	600	2,730	24	3,354

For the years ended 31 March 2013 and 31 March 2012, there was no arrangement under which a director waived or agreed to waive any remuneration. No emoluments were paid by the Group to any of the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

27. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (continued)

In addition, the directors are entitled to the following share option scheme:

				Number of share options				
Participants	Date of Grant	Exercisable period	Exercise price per share HK$	At 1 April 2012	Granted during the year	Exercised during the year	Lapsed during the year	At 31 March 2013
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	**–**	**–**	**(3,305,000)**	**3,651,000**
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 (Note)	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**	**–**	**–**	**(3,305,000)**	**14,389,000**

Note: Mr. David R. Peterson resigned on 8 May 2013, and his options lapsed and were cancelled accordingly. As of the date of this report, there were outstanding and unexercised options under the Company's share option scheme entitling holders thereof to subscribe for only 14,043,000 shares of the Company.

The five individuals whose emoluments are the highest in the Group for the year included two (2012: two) directors whose emoluments have already been disclosed in the analysis presented above.

The emoluments of the remaining three (2012: three) highest paid employees fall into the following bands:

	Number of individuals	
	2013	2012
Up to HK$1,000,000	**3**	3

27. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (continued)

The details of the emoluments payable to the remaining three (2012: three) non-director, highest paid employees were as follows:

	2013 HK$'000	2012 HK$'000
Salaries, allowances and benefits in kind	1,597	1,292
Retirement benefit schemes contribution	43	36
	1,640	1,328

28. CONTINGENT LIABILITIES

There were no significant contingent liabilities as at 31 March 2013 and 31 March 2012.

29. OPERATING LEASE ARRANGEMENT

At 31 March 2013 and 31 March 2012, the Group had the total future minimum lease payments under non-cancellable operating leases with respect of office premises as follows:

	2013 HK$'000	2012 HK$'000
Group		
Not later than one year	2,735	5,485
Within the second to fifth year inclusive	–	3,121
	2,735	8,606
Company		
Not later than one year	2,567	5,111
Within the second to fifth year inclusive	–	2,984
	2,567	8,095

30. COMPANIES EXCLUDED FROM CONSOLIDATION

As reported in previous years, a claim was brought in July 1998 against Benelux Manufacturing Limited (In Liquidation) ("BML"), a company in which the Company has a direct wholly owned interest but not treated as a subsidiary, by its sub-contractor, Shenzhen Benelux Enterprise Co., Limited ("SBEC"), alleging that BML was liable for the payment of approximately HK$38 million, comprising charges in connection with the processing and assembling work rendered by SBEC and the breach of an alleged loan agreement relating to certain alleged letters of credit. SBEC further alleged that the Company had granted a guarantee to SBEC in respect of the alleged BML's indebtedness to SBEC (the "Purported Guarantee") in/around January 1999. Notwithstanding the allegation, SBEC has not initiated any proceedings against the Company based on the Purported Guarantee. BML was put into compulsory liquidation on 28 April 2000.

30. COMPANIES EXCLUDED FROM CONSOLIDATION (continued)

The directors have given due and careful consideration of the impact of the liquidation of BML on the Group's operations and financial position and are of the opinion that it will not have a material adverse effect on the Group. As BML was put under severe restrictions which significantly impaired control by the Company over BML's assets and operations, the directors have decided to exclude BML and the interest of BML from the consolidated financial statements from the date of appointment of the provisional liquidators since 2000.

Details of the companies excluded from consolidation as at 31 March 2013 are as follows:

Name	**Place of incorporation/ operation**	**Issued and fully paid-up capital or capital contribution**	**Effective equity interest held before liquidation**	**Principal activity**
Direct interest:				
Benelux Manufacturing Limited (Note 1)	Hong Kong	Ordinary HK$100 Non-voting deferred HK$5,000,000	100%	In liquidation
Indirect interest:				
Prime Standard Limited (Note 2)	Hong Kong	Ordinary HK$100,000	90%	Ceased operations
P.T. Beneluxindo (Note 3)	Indonesia	Ordinary US$10,000,000	100%	Ceased operations

Notes:

1. Benelux Manufacturing Limited (In Liquidation) ("BML") is excluded from consolidation because severe restrictions which significantly impaired control by the Group over BML's assets and operations.
2. Prime Standard Limited ("PSL") which is a subsidiary of BML, is excluded from consolidation because the Group's control over PSL has been significantly impaired following the appointment of provisional liquidators to BML.
3. P.T. Beneluxindo ("PTB") which is a wholly owned subsidiary of BML, is excluded from consolidation because the Group's control over PTB has been significantly impaired following the appointment of provisional liquidators to BML.

The net losses of companies not consolidated attributable to the Group are:

	2013 **HK$'000**	**Previous years since acquisition** HK$'000
Dealt with in the consolidated financial statements of the Group	**Nil**	(46,232)
Not dealt with in the consolidated financial statements of the Group	**Nil**	(244,391)

31. RELATED PARTY TRANSACTIONS

Other than those disclosed in the notes elsewhere to the consolidated financial statements, the Group received from Ricco Capital (Holdings) Limited ("Ricco"), a company wholly owned by the chairman of the Group, administrative services fees income for the provision of registered office address, in a total amount of HK$12,000 during the year.

For the year ended 31 March 2012, pursuant to an office sharing and management service agreement between the Group and Ricco effective from 1 July 2011, the parties thereto agreed to share administrative services relating to business consulting and use of the Hong Kong office premises basically on a cost basis. The expenses accrued from office facilities and consulting services amounting to approximately HK$1,220,000 was paid by the Group for the period from 1 July 2011 up to 31 October 2011, and HK$422,000 was paid by Ricco to the Group for the period from 1 November 2011 up to 31 March 2012 under the above agreement. The above agreement terminated on 1 April 2012.

32. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Company's executive directors. The Group's principal activity is property development in the PRC. The executive directors regard it as a single business segment and no segment information is presented.

At the end of the reporting period, non-current assets included property, plant and equipment with carrying amount of HK$39,000 (2012: HK$80,000) located in the PRC and nil (2012: HK$158,000) in Hong Kong.

33. FINANCIAL RISK MANAGEMENT

The Group's major financial instruments comprise trade and other receivables, cash and cash equivalents, available-for-sale financial assets, held-to-maturity investments, trade and other payables and interest-bearing borrowings. Details of these financial instruments are disclosed in respective notes. The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk, interest rate risk, currency risk and equity price risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

(a) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables, held-to-maturity investments and cash at banks.

The Group has no significant concentration of credit risk. In respect of trade receivables, credit is offered to customers following financial assessment and an established payment record. The Group has policies in place to ensure that sales are made to customers with an appropriate credit history. Credit limits are set for all customers and these are exceeded only with the approval of senior company officers. These credit evaluations focus on the customers' past history of making payments when due and current ability to pay, and take into account information specific to the customers. General credit terms are payment by the end of the month following the month in which sales took place. The Group will make specific provision for those balances which cannot be recovered. The management will monitor the outstanding receivables and follow up the collections. In the opinion of the directors, the default credit risk of the Group is considered to be low.

In respect of other receivables and held-to-maturity investments, the directors are of the opinion that the credit risk is low because there is no past default history.

33. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk (continued)

The credit risk on liquid funds are limited because the counterparties are banks with high credit rating assigned by international credit-rating agencies and are the PRC large state-controlled banks. As such, no significant credit risk is anticipated.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long terms.

The following table details the remaining contractual maturities at the end of the reporting period of the Group's and the Company's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group and the Company can be required to pay:

Group

		2013		
	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within one year or on demand HK$'000	In two to four years HK$'000
Trade and other payables	**2,815**	**2,815**	**2,815**	**—**
Convertible bond	**64,183**	**74,327**	**2,040**	**72,287**
	66,998	**77,142**	**4,855**	**72,287**

		2012		
	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within one year or on demand HK$'000	In two to five years HK$'000
Trade and other payables	3,186	3,186	3,186	—
Convertible bond	63,069	78,200	2,040	76,160
	66,255	81,386	5,226	76,160

33. FINANCIAL RISK MANAGEMENT (continued)

(b) Liquidity risk (continued)

Company

	2013			
	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within one year or on demand HK$'000	In two to four years HK$'000
Other payables	**2,162**	**2,162**	**2,162**	**—**
Convertible bond	**64,183**	**74,327**	**2,040**	**72,287**
	66,345	**76,489**	**4,202**	**72,287**

	2012			
	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within one year or on demand HK$'000	In two to five years HK$'000
Other payables	2,139	2,139	2,139	—
Convertible bond	63,069	78,200	2,040	76,160
	65,208	80,339	4,179	76,160

(c) Interest rate risk

Other than the cash at banks which carry interest at prevailing market interest rates, the Group has no other significant interest-bearing assets or liabilities. The interest rate risk mainly arises from interest-bearing bank deposits.

At 31 March 2013, if interest rates on interest-bearing bank deposits had been 100 basis points higher/lower with all other variables held constant, post-tax loss for the year would have been HK$332,000 (2012: Nil) higher/lower, as a result of higher/lower interest income on bank deposits.

The Group does not expose to any significant fair value interest rate risk.

(d) Currency risk

Foreign exchange risk arises when future commercial transactions, assets and liabilities are denominated in a currency that is not the functional currency of the entities. The majority of the Group's transactions and balances are denominated in Hong Kong dollars and Renminbi, which are the functional currencies of the Company and its subsidiaries respectively.

At 31 March 2013, if Renminbi had strengthen/weaken by 5% (2012: 5%) against the Hong Kong dollars with all other variable held constant, loss for the year would have been HK$155,000/HK$155,000 (2012: HK$510,000/HK$510,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of Renminbi — denominated net assets, representing trade and other receivables, cash and cash equivalents and trade and other payables.

33. FINANCIAL RISK MANAGEMENT (continued)

(e) Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group and the Company is exposed to equity price risk arising from individual equity investments classified as available-for-sale financial assets as at 31 March 2013. The Group's and the Company's listed investments are listed on the Hong Kong Stock Exchange and are valued at quoted market prices at the end of the reporting period.

The market equity indices for the following stock exchange, at the close of business of the nearest trading day in the year to the end of the reporting period, and their respective highest and lowest points during the year are as follows:

	At 31 March 2013	**High/low 2013**	At 31 March 2012	High/low 2012
Hong Kong — Hang Seng Index	**22,300**	**23,822/ 18,186**	20,555	24,396/ 19,592

The following table demonstrates the sensitivity to every 5% (2012: 5%) change in the fair values of the equity investments, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period. For the available-for-sale financial assets of the Group and the Company, the impact is on the available-for-sale financial assets revaluation reserve and no account is given for factors such as impairment which might impact on the consolidated statement of comprehensive income.

	Carrying amount of equity investments HK$'000	**Increase/ (decrease) in equity** HK$'000
2013		
Available-for-sale financial assets listed in Hong Kong:	**3,122**	**156/(156)**
2012		
Available-for-sale financial assets listed in Hong Kong:	4,297	215/(215)

(f) Fair value

The carrying amounts less impairment provision of trade and other receivables, trade and other payables, available-for-sale financial assets, as well as amounts due from/to subsidiaries and a non-controlling interest of a subsidiary, are a reasonable approximation of 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, unless the effect of discounting will be immaterial.

The fair value of derivatives embedded in the convertible bond is measured using Binomial Lattice Model in which all significant inputs are directly or indirectly based on observable market data.

33. FINANCIAL RISK MANAGEMENT (continued)

(f) Fair value (continued)

The following table presents the carrying amounts of financial instruments measured at fair value at the end of the reporting period across the three levels of their value hierarchy defined in HKFRS 7, Financial Instruments: Disclosures, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

— Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments.

— Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data.

— Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data.

	Note	**Level 1** HK$'000	**Level 2** HK$'000	**Level 3** HK$'000	**Total** HK$'000
Group and Company					
For the year ended 31 March 2013					
Available-for-sale financial assets	**16**	**3,122**	**—**	**—**	**3,122**
For the year ended 31 March 2012					
Available-for-sale financial assets	16	4,297	—	—	4,297

34. EVENTS AFTER THE END OF THE REPORTING PERIOD

Save disclosed elsewhere in the consolidated financial statements, there is no significant event that took place after the end of the reporting period.

35. FINANCIAL INSTRUMENTS — BY CATEGORY

	2013 HK$'000	2012 HK$'000
Group		
Financial assets — Loans and receivables		
Trade and other receivables	**3,042**	1,367
Cash and cash equivalents	**39,855**	56,597
	42,897	57,964
Financial assets — Available-for-sale financial assets		
Available-for-sale financial assets	**3,306**	4,481
Financial assets — Held-to-maturity investments		
Held-to-maturity investments	**780**	780
Financial liabilities — Other financial liabilities		
Trade and other payables	**2,815**	3,186
Convertible bond	**64,183**	63,069
	66,998	66,255

	2013 HK$'000	2012 HK$'000
Company		
Financial assets — Loans and receivables		
Other receivables	**1,272**	1,288
Cash and cash equivalents	**6,489**	23,169
	7,761	24,457
Financial assets — Available-for-sale financial assets		
Available-for-sale financial assets	**3,122**	4,297
Financial liabilities — Other financial liabilities		
Other payables	**2,162**	2,139
Convertible bond	**64,183**	63,069
	66,345	65,208

36. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 21 June 2013.

FINANCIAL SUMMARY

	For the year ended 31 March				
	2009 HK$'000	2010 HK$'000	2011 HK$'000	2012 HK$'000	**2013** **HK$'000**
Results					
Turnover	8,275	244	1,383	940	**732**
Loss before taxation	(16,612)	(13,059)	(19,859)	(16,717)	**(16,428)**
Taxation	(1,264)	(8)	(15)	(147)	**(429)**
Loss after taxation	(17,876)	(13,067)	(19,874)	(16,864)	**(16,857)**
Loss attributable to owners of the Company	(17,876)	(13,067)	(19,874)	(16,864)	**(16,857)**

	At 31 March				
	2009 HK$'000	2010 HK$'000	2011 HK$'000	2012 HK$'000	**2013** **HK$'000**
Assets and liabilities					
Total assets	138,839	114,441	99,459	86,498	**69,826**
Total liabilities	(84,355)	(69,353)	(70,776)	(66,255)	**(67,163)**
Total equity	54,484	45,088	28,683	20,243	**2,663**