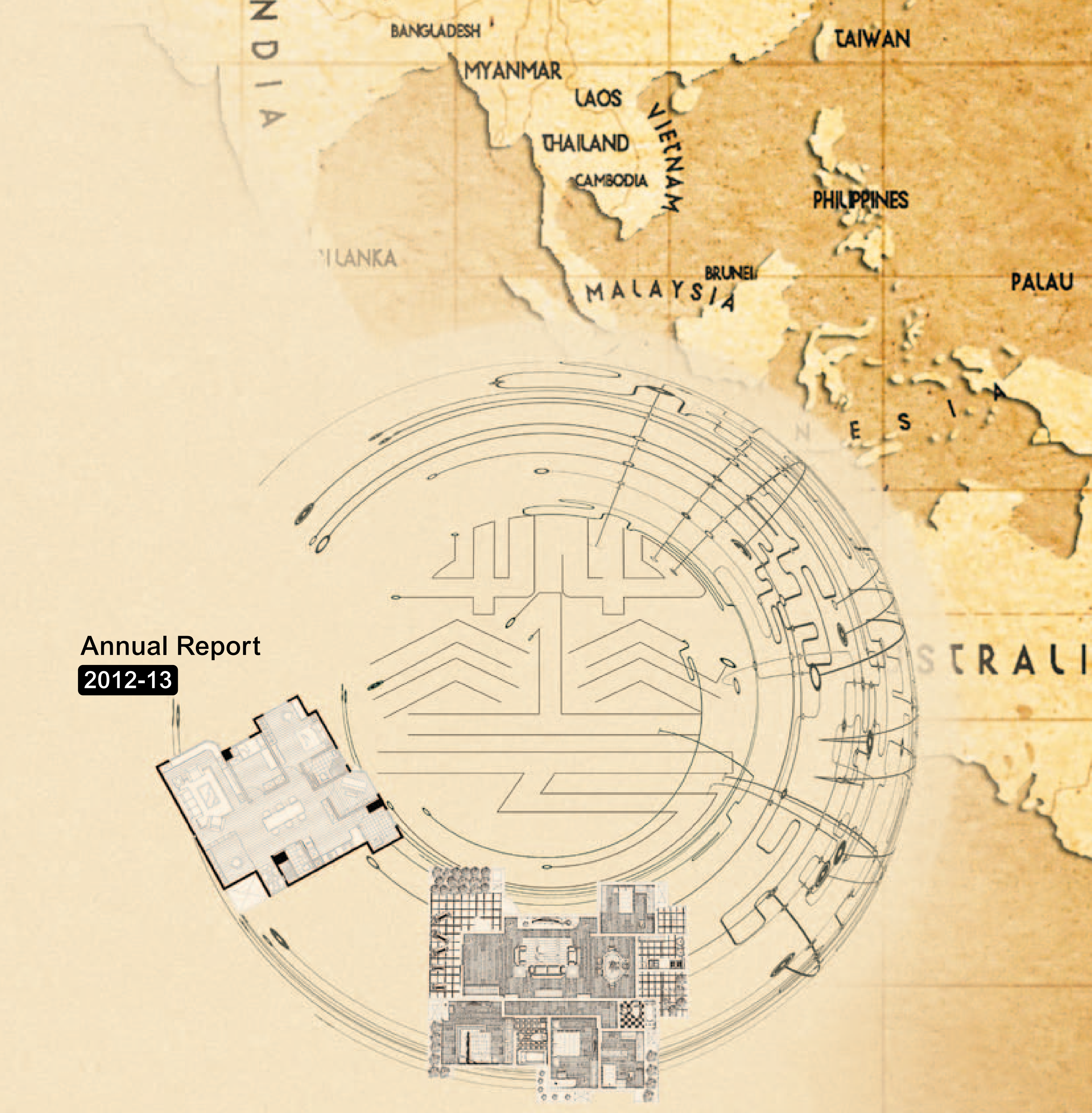

Annual Report 2012-13

SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

Stock code:252

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Chua Nai Tuen
(Chairman and Managing Director)
Mr. Chua Nai King
(Deputy Chairman)
Mr. Nelson Junior Chua
Mr. Gilson Chua

Non-Executive Directors

Mr. Chan Man Hon, Eric
Mr. Jimmy Siy Tiong
Mr. Luis Siy
(retired on 17 August 2012)
Mr. Rene Siy Chua
Mr. Samuel Siy Yap
Mr. Tsai Han Yung
Ms. Vivian Chua

Independent Non-Executive Directors

Mr. Chan Siu Ting
Mr. James L. Kwok
Mr. Wong Shek Keung
Mr. Tsui Ka Wah
(appointed on 21 September 2012)
Mr. Tsai Sui Cheung, Andrew
(appointed on 30 November 2012)

AUDIT COMMITTEE

Mr. Chan Siu Ting *(Chairman)*
Mr. Chan Man Hon, Eric
Mr. James L. Kwok
Mr. Tsai Han Yung
Mr. Wong Shek Keung
Mr. Tsui Ka Wah

REMUNERATION COMMITTEE

Mr. Wong Shek Keung *(Chairman)*
Mr. Chua Nai Tuen
Mr. Chan Siu Ting
Mr. Tsai Sui Cheung, Andrew

NOMINATION COMMITTEE

Mr. Chua Nai Tuen *(Chairman)*
Mr. James L. Kwok
Mr. Tsui Ka Wah
Mr. Tsai Sui Cheung, Andrew

PRINCIPAL BANKERS

China Construction Bank (Asia)
Corporation Limited
Hang Seng Bank Limited
Industrial and Commercial
Bank of China (Asia) Limited
Wing Hang Bank, Limited

SOLICITORS

Vincent T. K. Cheung, Yap & Co.

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

COMPANY SECRETARY

Mr. Chan Chi Chung

REGISTERED OFFICE

Units 407-410, 4th Floor, Tower 2,
Silvercord, No. 30 Canton Road,
Tsimshatsui, Kowloon, Hong Kong.

SHARE REGISTRAR

General Secretarial Services Limited,
20th Floor, Capitol Centre,
5-19 Jardine's Bazaar,
Causeway Bay, Hong Kong.

STOCK CODE

252

INTERNET ADDRESS HOMEPAGE

http://www.seapnf.com.hk

DIRECTORS AND SENIOR MANAGEMENT PROFILE

EXECUTIVE DIRECTORS

Mr. Chua Nai Tuen, aged 61, was appointed as an Executive Director and Managing Director in 1973 and was further appointed Chairman of the Company in 2000. He was appointed as the Chairman of the Nomination Committee on 16 March 2012 and a member of the Remuneration Committee on 25 March 2013 respectively. Mr. Chua is responsible for the formulation and execution of the Group's overall strategic planning, business development and seeking business opportunities for the Group. He is also a Director of other companies in the Group. He has over 35 years' experience in finance, property investment and development, hotel, manufacturing and distribution of plastics packaging materials business.

Mr. Chua Nai King, aged 63, was appointed as an Executive Director in 1972 and was further appointed Deputy Chairman of the Company in 2000. He is also a Director of other companies in the Group. He has over 35 years' experience in finance, property investment, property development and hotel business.

Mr. Nelson Junior Chua, aged 34, was appointed as a Non-executive Director of the Company on 15 April 2008 and was redesignated as an Executive Director on 16 July 2010. He is also a Director of other companies in the Group. Mr. Chua has about 10 years' experience in financial information analysis and research. He graduated from the Queen Mary & Westfield College in United Kingdom and obtained a Bachelor's degree in Molecular Biology.

Mr. Gilson Chua, aged 33, was appointed as an Executive Director of the Company on 15 April 2008. He joined the Group in 2002. He is the Director and Deputy General Manager of Nan Sing Plastics Limited and he is also a Director of other companies in the Group. He graduated from the University of Warwick in United Kingdom and obtained a Bachelor's degree in Computer and Business Studies.

NON-EXECUTIVE DIRECTORS

Mr. Chan Man Hon, Eric, aged 56, was appointed as a Non-executive Director of the Company in 1994 and was further appointed as a member of the Audit Committee and Remuneration Committee in 2001 and 2005 respectively. On 25 March 2013, Mr. Chan relinquished as the member of the Remuneration Committee but remains as a member of the Audit Committee. Mr. Chan is a practising solicitor in Hong Kong. He obtained a Bachelor of Laws degree from the University of Hong Kong and was admitted as a solicitor in Hong Kong in 1981. He was further admitted as a solicitor in England and Australia in 1984 and 1985 respectively. He is a consultant of Vincent T. K. Cheung, Yap & Co. Currently, Mr. Chan is an independent non-executive director of Emperor International Holdings Limited and Global Bio-Chem Technology Group Company Limited, the shares of both companies are listed on the Stock Exchange of Hong Kong.

Mr. Jimmy Siy Tiong, aged 77, was appointed as a Non-executive Director of the Company in 1978. Mr. Siy was the former President of Sanyo Philippines Inc., a company incorporated in the Philippines.

NON-EXECUTIVE DIRECTORS (Cont'd)

Mr. Rene Siy Chua, aged 55, was appointed as a Non-executive Director of the Company in 2000. Mr. Chua is the General Manager of Mindanao Textile Corporation, a company incorporated in the Philippines.

Mr. Samuel Siy Yap, aged 54, was appointed as a Non-executive Director of the Company on 30 September 2008. Mr. Siy Yap is a businessman with over 30 years of experience in manufacturing and product distribution. He graduated from Ateneo De Manila University in the Philippines and obtained a Bachelor's degree of Science in Management Engineering.

Mr. Tsai Han Yung, aged 47, was appointed as a Non-executive Director of the Company in 2000 and was further appointed as a member of the Audit Committee in 2001. Mr. Tsai holds management positions in certain companies in Taiwan.

Ms. Vivian Chua, aged 33, was appointed as a Non-executive Director of the Company on 15 April 2008. Ms. Chua joined the Group in 2005. She is a Marketing and Planning Analyst of Nan Sing Plastics Limited and Assistant Manager responsible for the Group's property management. She graduated from The University of British Columbia in Canada and obtained a Bachelor's degree in Commerce.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Siu Ting, aged 61, was appointed as an Independent Non-executive Director of the Company and Chairman of the Audit Committee in 2006 and a member of the Nomination Committee in 2012 respectively. On 25 March 2013, Mr. Chan was appointed as a member of the Remuneration Committee and relinquished as the member of the Nomination Committee. Mr. Chan has been practising as a Certified Public Accountant in Hong Kong for over 10 years. He is a fellow member of The Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants and a member of The Institute of Chartered Accountants in England and Wales. He is currently a Director of Wong Chan Lau C.P.A. Company Limited, Certified Public Accountants (Practising).

Mr. James L. Kwok, aged 61, was appointed as an Independent Non-executive Director of the Company in 1994 and was further appointed as a member of the Audit Committee in 2001. He was also appointed as a member of the Nomination Committee on 16 March 2012. Before relinquishing as the member of the Remuneration Committee on 25 March 2013, he was appointed the Chairman of the Committee in 2005 and remained as a member of the Committee in 2010. Mr. Kwok obtained a MBA degree from the Wharton School, University of Pennsylvania. He started his career in banking and had held the position of manager of the Asian portfolios of a major American bank in Hong Kong. For the past two decades, he held a management position in a group of private companies in Hong Kong and North America which were involved in general trading, property investment and garment business.

INDEPENDENT NON-EXECUTIVE DIRECTORS (Cont'd)

Mr. Wong Shek Keung, aged 70, was appointed as an Independent Non-executive Director of the Company and a member of the Audit Committee and Remuneration Committee in 2005. On 25 November 2010, Mr. Wong was appointed as Chairman of the Remuneration Committee. Mr. Wong has over 30 years' extensive experience in banking, finance and administration. He had held a senior position of a reputable French bank's Hong Kong Branch and had been an advisor to the Chairman of a down manufacturing company in Mainland China.

Mr. Tsui Ka Wah, aged 60, was appointed as an Independent Non-executive Director of the Company on 21 September 2012 and a member of the Audit Committee and the Nomination Committee on 25 March 2013. Mr. Tsui has 28 years of banking experience with US-based and local banks, and has held various managerial positions in corporate, retail and private banking. He was the President of the Greater China Region of a US-based bank, overseeing operations in Taiwan, PRC and Hong Kong. Mr. Tsui holds a Bachelor of Arts degree and a Master of Business Administration from the Chinese University of Hong Kong. Currently, Mr. Tsui is an Independent Non-executive Director of Multifield International Holdings Limited and Oriental Explorer Holdings Limited, the shares of both companies are listed on the Stock Exchange of Hong Kong.

Mr. Tsai Sui Cheung, Andrew, aged 57, was appointed as an Independent Non-executive Director of the Company on 30 November 2012 and a member of the Remuneration Committee and the Nomination Committee on 25 March 2013. Mr. Tsai has over 25 years of working experience in banking industry primarily in sales and trading area and held the position of Managing Director of a respectable U.S. Investment Bank. He graduated from The University of Calgary in Canada and obtained a Bachelor's degree in Commerce.

SENIOR MANAGEMENT

Mr. Choy Tin Woo, Johnnie, aged 58, is the Executive Director and Responsible Officer of Stockwell Securities Limited and Stockwell Commodities Limited. He is also a Director of other companies in the Group. Mr. Choy joined the Group in 1976 and is responsible for the Group's securities and commodities dealings.

Mr. Fu Ka Tsang, aged 55, is the General Manager of the Company and he is also a Director of other companies in the Group. Mr. Fu joined the Group in 1995 and is responsible for the Group's manufacturing, property investment and development business.

Mr. Luk Wai Ming, aged 51, is the Group Financial Controller of the Company. Mr. Luk is a fellow member of The Association of Chartered Certified Accountants and associate member of the Hong Kong Institute of Certified Public Accountants and holds a Bachelor degree in Management granted by Dongbei University of Finance and Economics, Mr. Luk has more than 25 years working experience in the finance and accounting field. Mr. Luk joined the Group in November 2009 and is responsible for all accounting and finance operations of the Group.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

SENIOR MANAGEMENT(Cont'd)

Mr. Chan Chi Chung, aged 39, is the Company Secretary of the Company. Mr. Chan is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of The Association of Chartered Certified Accountants. Mr. Chan has over 13 years of solid financial, auditing and internal auditing experiences with several well-established multinationals and CPA firms. He joined the Company in May 2010.

Messrs. Chua Nai Tuen, Chua Nai King, Jimmy Siy Tiong, Rene Siy Chua and Tsai Han Yung are brothers. Both Mr. Nelson Junior Chua and Mr. Gilson Chua are the sons of Mr. Chua Nai Tuen and Ms. Vivian Chua is the daughter of Mr. Chua Nai King. Mr. Samuel Siy Yap is the nephew of Messrs. Chua Nai Tuen, Chua Nai King, Jimmy Siy Tiong, Rene Siy Chua and Tsai Han Yung and he is the cousin of Mr. Nelson Junior Chua, Mr. Gilson Chua and Ms. Vivian Chua. Save as disclosed, the directors and senior management do not have any relationships as set out in Rule 12 of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

On behalf of the Board of Directors, I am pleased to submit to the Shareholders the Annual Report of the Group for the year ended 31 March 2013.

RESULTS

During the year, turnover was HK$392.9 million (2011/2012: HK$400 million), the profit attributable to owners of the Company was HK$145.3 million (2011/2012: HK$80.3 million) and earnings per share was HK66.8 cents (2011/2012: HK36.9 cents).

During the year, the Group's profit before tax was HK$149.1 million (2011/2012: HK$85.6 million). Given below is an analysis of the profit from operations of the Group's principal activities:

	2013 HK$'000	2012 HK$'000
Property investments and development/hotel	**20,969**	20,001
Manufacturing and distribution of plastics packaging materials	**(22,401)**	(10,415)
Stock broking, futures and finance	**1,654**	1,987
Gain arising on change in fair value of investment properties	**154,458**	77,025
Profit from operations	**154,680**	88,598
Finance costs	**(8,165)**	(6,666)
Share of results of associates	**2,615**	3,690
Profit before tax	**149,130**	85,622

DIVIDENDS

No interim dividend was paid during the year (2011/2012: Nil). The Directors now recommend for the adoption at the Annual General Meeting ("AGM") to be held on Friday, 23 August 2013 the payment on 5 September 2013 of a final dividend of HK3 cents per share (2011/2012: HK3 cents per share) in respect of the financial year ended 31 March 2013 to Shareholders on record as at 30 August 2013, absorbing a total amount of HK$6.5 million (2011/2012: HK$6.5 million).

DISCUSSION AND ANALYSIS OF THE GROUP'S PERFORMANCE

Business Review

Property Investment and Development/Hotel

Property investment and development/hotel segment includes property investment and development business and provision of hotel services in Hong Kong and China. Turnover of the business increased 15.3% to HK$46.6 million (2011/2012: HK$40.4 million). Including the gain arising on change in fair value of investment properties, segment's operating profit jumped from HK$97 million in last year to HK$175.4 million in current year, representing an increase of 80.8%.

(i) Property Investment and Development

The Group's investment properties, namely, the shops on the Ground Floor of Hotel Benito, the office unit in Silvercord at Tsimshatsui, the residential property at Essex Crescent, Kowloon Tong, the whole block of Nan Sing Industrial Building and the office/warehouse units in Kwai Tak Industrial Centre at Kwai Chung, together with the office units in Chao Shan Building and the residential property in Ming Yue Hua Yuan at Shenzhen, were all leased out and generated steady rental income for the Group during the year. The Group's rental income amounted to HK$20.4 million (2011/2012: HK$18 million), representing an increase of 13.3% over last year.

Despite the slowdown of Hong Kong property market after the introduction of Special Stamp Duty ("SSD"), Buyer's Stamp Duty ("BSD") and Double Stamp Duty ("DSD") by the government, the low interest rate environment continues to support the property market. During the year, the Group recorded a gain arising on change in fair value of investment properties amounted to HK$155 million (2011/2012: HK$77 million).

(ii) Hotel

Despite the threat of the fiscal cliff in the US, economic and political instability in Europe and the Middle East causing the decrease of their visitors to Hong Kong last year, the Statistical Report published by Hong Kong Tourism Board revealed that the overnight visitors to Hong Kong had increased by 6.5% in 2012, which was mainly attributed to growth of visitors from Mainland China. During this year, Hotel Benito benefited from the growth in overall number of overnight visitors and its prime location at Tsimshatsui's tourist hub. Total revenue increased 17.4% to HK$26.3 million (2011/2012: HK$22.4 million) while occupancy rate and average room rate rose to 85% (2011/2012: 83%) and HK$1,144 (2011/2012: HK$1,008) respectively which resulted in a growth in operating performance.

DISCUSSION AND ANALYSIS OF THE GROUP'S PERFORMANCE (Cont'd)

Business Review (Cont'd)

Manufacturing and Distribution of Plastics Packaging Materials

2012/13 remained a challenging period for most economies around the World. It was a year characterized by difficult and volatile global economic conditions. The slow recovery pace in the US, the instability of Europe caused by debt-ridden Greece, alongside the inflationary pressure and rising operating costs in Mainland China impacted our business.

Our business recorded a turnover of HK$327.3 million (2011/2012: HK$337.8 million) representing a decrease of 3.1% over last year. The decrease in turnover was mainly due to the drop in both the sales volume and the price of products. The segment recorded a loss of HK$22.4 million (2011/2012: HK$10.4 million) in current year. In accordance with the Group's accounting policies, the Group assessed the recoverable amount of its property, plant and equipment and determined that a number of those assets were impaired due to no economic benefit can be generated from those assets and technical obsolescence. Accordingly, an impairment loss of HK$33.4 million (2011/2012: Nil) has been recognised in current year's profit and loss. Deducting the effect of this, there was a turnaround to profit of HK$11 million. This was because in spite of the sluggish economy and drop in sales, the gross margin of the business had actually increased significantly when compared with last year as the Group strived to protect products margins through cautious and effective pricing strategy and conscientious cost management.

Faced with the challenges, we reviewed our retail operations and began scrutinizing all existing channels to boost sales and differentiate our products. Furthermore, we seized this opportunity to revamp our Nan Sing product brand identity and packaging design to unify our brand image and build a platform for future marketing campaign.

Stock Broking, Futures and Finance

2012-2013 is still a challenging year for this business sector. The global investment market was quite volatile. Positive factors such as Quantitative Easing 3 (QE3) launched in September 2012, the announcement of near-zero interest-rate and the temporarily reprieve of the US fiscal cliff set the US and global equity markets on another upward spree. Hang Seng Index rebounded to 23,945 on 4 February 2013. However, markets experienced a number of reversed factors after the Chinese New Year such as weak Chinese export and GDP figures, persistent worries of the European Debt Crisis, political unrest in North Korea and the break out of avian influenza in China. All of these caused the Hang Seng Index to dropped by 1,600 points to 22,299 at the end of March 2013. The uncertain atmosphere hindered investors and the average daily turnover of the Hong Kong stock market hovered at the low level of around HK$50-60 billion per day.

Turnover of the segment decreased 12.8% from HK$21.8 million in last year to HK$19 million in current year. Operating profit was HK$1.7 million (2011/2012: HK$2 million) after recognising an impairment loss of HK$0.4 million in respect of property, plant and equipment due to no economic benefit can be generated from those assets and technical obsolescence.

DISCUSSION AND ANALYSIS OF THE GROUP'S PERFORMANCE (Cont'd)

Business Review (Cont'd)

Stock Broking, Futures and Finance (Cont'd)

Due to the weak market sentiment, clients were less inclined to trade stocks. The gross brokerage commission received by the stock broking business for the year ended 31 March 2013 dropped by 4.9% to HK$17.6 million (2011/2012: HK$18.5 million). Out of which HK$5.5 million (Jan to Mar 2012: HK$1.5 million) was contributed by Stockwell Commodities Limited, a wholly-owned subsidiary of the Group which resumed its business in January 2012. Interest earned from the margin clients recorded a slight increase of HK$0.9 million to HK$7.9 million (2011/2012: HK$7 million).

Liquidity and Financial Resources

The Group takes a consistent capital management strategy, providing adequate liquidity to meet the requirement of the Group's developments and operations and monitors its capital on the basis of net debt to equity ratio.

As at 31 March 2013, cash and bank balances were HK$25.1 million (31 March 2012: HK$60.9 million) with trade and other receivables at HK$202.1 million (31 March 2012: HK$141.4 million). Trade and other payables were HK$130.8 million (31 March 2012: HK$151.8 million). The decreases in cash and bank balances and trade and other payables were mainly attributed to the decrease in secured margin client balances.

At the reporting date, the Group's bank borrowings increased from HK$278.7 million of the last year end date to HK$313.7 million of this year, in which the short term borrowings amounted to HK$153.3 million (31 March 2012: HK$213.3 million) and long term borrowings amounted to HK$160.4 million (31 March 2012: HK$65.4 million). The Group's current year net debt to equity ratio was 31% (31 March 2012: 28.1%), calculated on the basis of the Group's debts less bank balances and cash together with time deposits and divided by shareholders' equity. The increases in bank borrowings and the net debt to equity ratio during the year were mainly due to the increase in margin clients receivable.

Foreign Exchange Exposure

To minimise exposure on foreign exchange fluctuations, the Group's borrowings are primarily denominated in Hong Kong dollars and United States dollars. Foreign currency risk exposure on other foreign currencies is normally covered by forward exchange contracts. The Group has no significant exposure to foreign exchange rate fluctuations.

Capital Structure

As at 31 March 2013, the total equity attributable to owners of the Company amounted to HK$927.3 million (31 March 2012: HK$783.5 million). The Group's consolidated net assets per share as at the reporting date was HK$4.32 (31 March 2012: HK$3.65).

DISCUSSION AND ANALYSIS OF THE GROUP'S PERFORMANCE (Cont'd)

Pledge of Assets

Details of pledge of assets are set out in note 43 to the consolidated financial statements on page 131.

Contingent Liabilities

Details of contingent liabilities are set out in note 44 to the consolidated financial statements on pages 132 and 133.

Employees and Remuneration Policies

The Group had 683 employees as at 31 March 2013. Employees were remunerated according to nature of the job and market trend.

Retirement Benefit Costs

The Group had joined a Mandatory Provident Fund Scheme to conform with the requirements as stipulated in the Mandatory Provident Schemes Ordinance. Details of the scheme are set out in note 40 to the consolidated financial statements on page 129.

STRATEGIES AND PROSPECTS

As global economic condition remains unstable, our businesses will undoubtedly be affected. To cope with the uncertainties, we will cautiously review and adjust our business strategies from time to time.

Property Investment and Development

In Hong Kong, the low interest rate environment will continue to benefit the local property market. Rental income from the Group's investment properties is expected to remain stable while certain rental leases have been adjusted during contract renewal according to market conditions.

As the US and the Eurozone continue to face uncertain economic environment, investors have shifted their focus to emerging markets in Asia such as the Philippines. The Philippines recorded a strong GDP growth of 7.8% in the first quarter of 2013 and the economic future looks bright. An associated company of the Group, Titan Dragon Properties Corporation ("Titan Dragon"), held a parcel of land under development with area over 70,000 square meters in Manila, Philippines. Titan Dragon shall seize this opportunity to explore the development plan of the land.

STRATEGIES AND PROSPECTS (Cont'd)

Hotel

Although a continued and moderate increase in visitors to Hong Kong is anticipated in 2013, market competition will exacerbate due to rising lodging supply in Hong Kong. Thanks to the advantages of the hotel's prime location, we believe the average room rate would be maintained at the same level in coming year.

Manufacturing and Distribution of Plastics Packaging Materials

Looking ahead, the mounting uncertainties regarding global economies in 2012 may continue to affect businesses around the World in 2013 as weak growth across the developed world has prompted central banks to announce additional quantitative easing (QE) and fresh fiscal stimulus to beat deflation and drive down the value of their respective currencies. The recent measures by Japan to reduce the value of the yen sharply affected Japan's importers sentiment, thereby, putting immense pressure on exporters to drive down cost.

Manufacturing in Mainland China remained difficult with the ongoing appreciation of the Renminbi coupled with the fast-inflating labor costs. Faced with the challenges ahead, we will continue to streamline the production process to enhance our productivity and strive to become more service-orientated and technology-driven to stay competitive in China.

However, we remain cautiously optimistic with respect to the growth of consumer demand in Mainland China, as the size of the middle-income class and the disposable income per capita household has all been growing very steadily in the past decade. We will continue to expand our footprints in Mainland China pragmatically.

Furthermore, we will continue to invest in our existing brands, expand our distribution channel and broaden our disposable household goods portfolio in the secondary and tertiary cities and towns in Mainland China. We will also stay focused on channel productivity and operating efficiency as we aim to secure future profit maximization.

Stock Broking, Futures and Finance

Our main strategy is to increase turnover in order to spread out the fixed costs. Accordingly, we have renovated our head office at Tsimshatsui to accommodate more account executives.

Investors are still worried about the macro economic situation. China has entered an era of slower growth in the first quarter in 2013. In the meantime, the recovery of the US property market, together with that of the economy as a whole, may result in an early termination of the ultra-low interest-rate period and Quantitative Easing programme.

STRATEGIES AND PROSPECTS (Cont'd)

Stock Broking, Futures and Finance (Cont'd)

The trading volume of the Hong Kong stock market is highly influenced by the worldwide money flow. We believe our business should perform better when money flows back from Japan and US markets to Asian countries.

The Hong Kong Exchanges and Clearing Limited has introduced after-hours futures trading (from 5:00 p.m. to 11:00 p.m.) on 8 April 2013 and we have deployed manpower to cope with the change. Even though the trading volume is modest at the beginning, clients are gradually becoming more willing to participate.

APPRECIATION

Finally, I would like to thank the Board and all the staff for their diligence and dedication in the past year.

Chua Nai Tuen
Chairman

Hong Kong, 28 June 2013

CORPORATE GOVERNANCE REPORT

(A) CORPORATE GOVERNANCE PRACTICES

During the financial year ended 31 March 2013, all those principles as set out in the Code on Corporate Governance Practices in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") of The Stock Exchange of Hong Kong Limited (the "Code") were applied by the Company, and the relevant Code provisions were met by the Company, with the exception of three deviations as set out under sections (D), (E) and (F) below. The application of the relevant principles and the reasons for the abovementioned deviations from the Code provisions are stated in the following sections.

(B) DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules (the "Model Code"). Having made specific enquiry of all Directors of the Company, they have confirmed that they have complied with the Mode Code during the year.

(C) BOARD OF DIRECTORS

(i) Composition of the Board, number of Board meetings and Directors' attendance

The Board comprises fifteen Directors as at the date of this report. Biographical details of Directors, relationship among Directors are disclosed in "Directors and Senior Management Profile" of the Annual Report. The Company's Board has a balance of skills and experience and a balanced composition of executive and non-executive directors. Four full board meetings were held during the year. Senior management executives may, from time to time, be invited to attend the board meetings for making presentation and/or answering any queries that may be raised by the Board. All Directors have access to the advice and services of the Company Secretary and independent professional advice may be sought by the Directors if required.

Each Director of the Company has been appointed on the strength of his/her calibre, experience and his/her potential to contribute to the proper guidance of the Group and its businesses. Apart from formal meetings, matters requiring board approval were arranged by means of circulation of written resolutions.

The Board has set up three committees, namely the audit committee, the remuneration committee and the nomination committee to oversee particular aspects of the Group's affairs. The committees are provided with sufficient resources to discharge their duties and are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

(C) BOARD OF DIRECTORS (Cont'd)

(i) Composition of the Board, number of Board meetings and Directors' attendance (Cont'd)

The attendance of individual Directors at Board Meetings (BM), Audit Committee Meetings (ACM), Remuneration Committee Meetings (RCM), Nomination Committee Meeting (NCM) and Annual General Meeting (AGM) during the financial year is set out below:

	BM	ACM	RCM	NCM	AGM
Chua Nai Tuen (1)	4/4	–	–	1/1	1/1
Chua Nai King	3/4	–	–	–	1/1
Nelson Junior Chua	4/4	–	–	–	1/1
Gilson Chua	3/4	–	–	–	1/1
Chan Man Hon, Eric (2)	4/4	4/4	2/2	–	0/1
Jimmy Siy Tiong	1/4	–	–	–	0/1
Luis Siy (3)	1/1	–	–	–	0/1
Rene Siy Chua	2/4	–	–	–	0/1
Samuel Siy Yap	4/4	–	–	–	0/1
Tsai Han Yung	4/4	3/4	–	–	0/1
Vivian Chua	4/4	–	–	–	1/1
Chan Siu Ting (4)	4/4	4/4	–	1/1	1/1
James L. Kwok (5)	4/4	4/4	2/2	1/1	0/1
Wong Shek Keung	2/4	4/4	2/2	–	1/1
Tsui Ka Wah (6)	1/2	–	–	–	–
Tsai Sui Cheung, Andrew (7)	1/1	–	–	–	–

Notes:

(1) Mr. Chua Nai Tuen was appointed as a member of the Remuneration Committee on 25 March 2013.

(2) Mr. Chan Man Hon, Eric relinquished as a member of the Remuneration Committee on 25 March 2013.

(3) Mr. Luis Siy retired as non-executive Director on 17 August 2012.

(4) Mr. Chan Siu Ting was appointed as a member of the Remuneration Committee and relinquished as a member of the Nomination Committee on 25 March 2013.

(5) Mr. James L. Kwok relinquished as a member of the Remuneration Committee on 25 March 2013.

(6) Mr. Tsui Ka Wah was appointed as independent non-executive Director on 21 September 2012, and a member of the Audit Committee and the Nomination Committee on 25 March 2013.

(C) BOARD OF DIRECTORS (Cont'd)

(i) Composition of the Board, number of Board meetings and Directors' attendance (Cont'd)

(7) Mr. Tsai Sui Cheung, Andrew was appointed as independent non-executive on 30 November 2012, and as a member of the Remuneration Committee and the Nomination Committee on 25 March 2013.

(ii) Operation of the Board

The Company is headed by an effective Board which takes decisions objectively in the interests of the Company. The Company's management has closely monitored changes to regulations that affect its corporate affairs and businesses and changes to accounting standards, and adopted an appropriate reporting format in its interim report, annual report and other documents to present a balanced, clear and comprehensible assessment of the Group's performance, position and prospects. Where these changes are pertinent to the Company or Directors' disclosure obligations, the Directors are briefed during Board Meetings to keep them abreast of their responsibilities and of the conduct, business activities and development of the Group. Newly appointed Directors receive information on their legal and other responsibilities as a Director and the role of the Board. The Company has also provided appropriate information in a timely manner to the Directors to enable them to make an informed decision and to discharge their duties and responsibilities as Directors of the Company. Decisions on important matters, including those affecting the Group's strategic policies, major investments and funding decisions are specifically reserved to the Board whereas decisions on the Group's general operations are delegated to the management.

Moreover, the Company has maintained a procedure for its directors to seek independent professional advice, in appropriate circumstances, at the Company's expense in discharging their duties to the Company.

(iii) Directors' and Officers' Liability

Appropriate insurance cover on directors' and officers' liabilities has been in force to protect the Directors and Officers of the Group from their risk exposure arising from the businesses of the Group.

(iv) Directors' Continuous Training and Development

The Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. The Directors are regularly briefed on the latest changes and development of the Listing Rules, corporate governance practices and other regulatory regime with written materials. All Directors have provided record of training and the Company will continue to arrange the training in accordance with paragraph A.6.5 of the Code Provisions.

(D) CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Chua Nai Tuen serves as the Chairman and also the Chief Executive Officer of the Company. This is a deviation from the Code Provision A.2.1 with respect to the roles of Chairman and Chief Executive Officer to be performed by different individuals.

After reviewing the management structure, the Board is of the opinion that Board decisions are collective decisions of all Directors made by way of voting and not decisions of the Chairman of the Board alone. Further, there is a clear division of responsibilities with independent operations between the Board members and the management of the day-to-day business of the Company.

As such, the power of management of the Company is not concentrated in any one individual. The Board considers that the present structure will not impair the balance of power and authority between the Board and the management of the Group.

(E) NON-EXECUTIVE DIRECTORS

Pursuant to the Code Provision A.4.1, non-executive directors should be appointed for a specific term. Currently, non-executive directors are not appointed for a specific term but they are subject to retirement by rotation under the articles of association of the Company. The deviation is deemed appropriate as the retirement by rotation has given the Company's Shareholders the right to approve or disapprove the continuation of the service of non-executive directors.

(F) ANNUAL GENERAL MEETING

Pursuant to Code Provision A.6.7, independent non-executive directors and non-executive directors, as equal board members, should attend general meetings of the Company. During the year, certain independent non-Executive directors and non-executive directors were unable to attend the annual general meeting of the Company held on 17 August 2012 as they had other business engagements.

(G) REMUNERATION OF DIRECTORS

The Company has set up a Remuneration Committee consisting of three independent non-executive directors and one executive director. Mr. Wong Shek Keung is currently the Chairman of the Remuneration Committee.

(G) REMUNERATION OF DIRECTORS (Cont'd)

The terms of reference of the Remuneration Committee are aligned with the provisions set out in the Code. Given below are the main duties of the Remuneration Committee:

(i) to make recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management;

(ii) to have the delegated responsibility to determine the specific remuneration packages of all executive directors and senior management;

(iii) to review and approve the remuneration by reference to corporate goals and objectives resolved by the Board from time to time;

(iv) to review and approve the compensation payable to executive directors and senior management in connection with any loss or termination of their office or appointment;

(v) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct; and

(vi) to ensure that no director or any of his associates is involved in deciding his own remuneration.

The work performed by the Remuneration Committee during the year is summarised below:

(i) review of the Company's policy and structure of all remuneration of Directors and senior management;

(ii) consideration of the emoluments for all Directors and senior management; and

(iii) review of the level of Directors' fees.

The basis of determining the emoluments payable to its Directors and senior management by the Company ties with their duties and responsibilities within the Group. The Directors' fees are from time to time approved by the Shareholders of the Company and they are regularly reviewed and compared with other listed companies in Hong Kong.

(H) NOMINATION OF DIRECTORS

The Company has established the Nomination Committee in compliance with the Listing Rules. The Nomination Committee currently comprises one executive Director and three independent non-executive Directors. Mr. Chua Nai Tuen is currently the Chairman of the Nomination Committee.

The Nomination Committee is primarily responsible for considering and nominating suitable candidates to become members of the Board. Criteria adopted by the Nomination Committee in considering the suitability of a candidate for directorship includes his/her qualifications, experience, expertise and knowledge as well as the requirements under the Listing Rules.

During the year ended 31 March 2013, the Nomination Committee had convened one meeting during which it had reviewed the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements of the business of the Company and assessed the independence of all the independent non-executive directors of the Company.

(I) AUDITORS' REMUNERATION

The fees in relation to the audit services provided by external auditors of the Company for the financial year ended 31 March 2013 amounted to HK$867,066.

(J) AUDIT COMMITTEE

The Audit Committee currently consists of four independent non-executive directors and two non-executive directors.

All Members have sufficient experience in reviewing audited consolidated financial statements as aided by the external auditor of the Group whenever required. In addition, Mr. Chan Siu Ting has the appropriate professional qualifications and experience in financial matters.

The terms of reference of the Audit Committee are aligned with the recommendations set out in "A Guide for Effective Audit Committees" issued by the Hong Kong Institute of Certified Public Accountants. Given below are the main duties of the Audit Committee:

(J) AUDIT COMMITTEE (Cont'd)

(i) to make recommendations to the Board on the appointment, reappointment and removal of the external auditors, and to approve the remuneration and terms of engagement of the external auditors, and any questions of resignation or dismissal of those auditors;

(ii) to review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee should discuss with the external auditors the nature and scope of the audit and reporting obligations before the audit commences;

(iii) to review the Company's annual report and accounts, half-year report and quarterly reports before submission to the Board, the Audit Committee should focus particularly on:

(a) any changes in accounting policies and practices;
(b) major judgmental areas;
(c) significant adjustments resulting from audit;
(d) the going concern assumptions and any qualifications;
(e) compliance with accounting standards; and
(f) compliance with the Listing Rules and other legal requirements in relation to financial reporting;

(iv) to discuss problems and reservations arising from the audits, and any matters the external auditors may wish to discuss; and

(v) to review the audit programme, and ensure co-ordination with external auditors, of the internal audit function.

The work performed by the Audit Committee during the year is summarised below:

(i) review of the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

(ii) review of half-year and annual consolidated financial statements before submission to the Board, with particular consideration of the points mentioned in paragraph (iii) above regarding the duties of the Audit Committee;

(iii) discussion with the external auditors, the nature and scope of the audit; and

(iv) review of the Group's internal control systems.

(J) AUDIT COMMITTEE (Cont'd)

The Company's annual report for the year ended 31 March 2013 has been reviewed by the audit committee. The accounts for the year were audited by HLB Hodgson Impey Cheng Limited whose term of office will expire upon the forthcoming annual general meeting. The audit committee has recommended to the Board that HLB Hodgson Impey Cheng Limited be nominated for re-appointment as the auditor of the Company at the forthcoming annual general meeting.

(K) DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors are responsible for overseeing the preparation of accounts for the financial year ended 31 March 2013, which give a true and fair view of the affairs and results of the Company and of the Group and in compliance with requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Listing Rules.

In preparing the accounts for the financial year ended 31 March 2013:

(i) appropriate accounting policies are selected, applied consistently and in accordance with the Hong Kong Financial Reporting Standards;

(ii) prudent and reasonable judgements and estimates are made; and

(iii) the reasons for any significant departure from applicable accounting standards are stated, if applicable.

(L) REVIEW OF INTERNAL CONTROL

The Directors are ultimately responsible for the internal control system of the Group and, through the Audit Committee, have reviewed the effectiveness of the system.

A review of the effectiveness of the Group's internal control system and procedures covering all controls, including financial, operational and compliance and risk management, was conducted by the Audit Committee and subsequently reported to the Board during the year. Based on the result of the review, in respect of the year ended 31 March 2013, the Directors considered that the internal control system and procedures of the Group were effective and adequate.

(M) COMPANY SECRETARY

Company Secretary is to ensure there is a good information flow within the Board and between the Board and senior management, provides advice to the Board in relation to directors' obligations under the Listing Rules and applicable laws and regulations and assists the Board in implementing the corporate governance practices. Company Secretary has provided her training records to the Company indicating her compliance with the training requirement under Rule 3.29 of the Listing Rules.

(N) SHAREHOLDERS' RIGHTS

Under the Articles of Association of the Company and Hong Kong Companies Ordinance, shareholders holding not less than 5% of the paid up capital of the Company ("5% Shareholder") may convene an extraordinary general meeting by requisition stating the objects of the meeting, and deposit the signed requisition at the Company's registered office (Units 407-10, Tower 2, Silvercord, No. 30 Canton Road, Tsimshatsui, Kowloon, Hong Kong. Attention: The Company Secretary). Any 5% Shareholder may also requisition for the circulation of resolutions to be moved at a general meeting; and circulation of statements regarding resolution proposed. The special documents should be deposited at the Company's registered address as detailed above.

(O) SHAREHOLDERS COMMUNICATION POLICY

To enhance transparency, the Company endeavours to maintain an on-going dialogue with shareholders through a variety of communication channels.

The annual general meeting is used as an opportunity to communicate with all shareholders. The Company is also committed to providing clear and full performance information in its annual report, interim report and press releases. The Company also maintains a website at http://www.seapnf.com.hk, where detailed information of the Company's business developments, operations, financial and other information are posted.

Chua Nai Tuen
Chairman and Managing Director

Hong Kong, 28 June 2013

The Directors submit their report and the audited consolidated financial statements for the year ended 31 March 2013.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and property investment and those of its subsidiaries are shown in note 48 the consolidated financial statements on pages 137 and 138.

Further information on the segmental details is provided in note 6 to the consolidated financial statements on pages 91 to 95.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 March 2013 are set out in note 48 to the consolidated financial statements on pages 137 and 138.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2013 and the state of affairs of the Company and the Group as at that date are set out in the consolidated financial statements on pages 33 to 139.

DIVIDENDS

No interim dividend was paid during the year. The Directors have recommended for adoption at the Annual General Meeting to be held on Friday, 23 August 2013 the payment of a final dividend of HK3 cents per share in respect of the financial year ended 31 March 2013 on 5 September 2013 to Shareholders on record as at 30 August 2013. This recommendation has been disclosed in the consolidated financial statements.

FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the last five financial years is set out on page 142.

SHARE CAPITAL

There were no movements in either the Company's authorised or issued share capital during the year. Details of the Company's share capital is set out in note 36 to the consolidated financial statements on page 126.

RESERVES

Movements in reserves during the year are set out in the consolidated statement of changes in equity on page 39.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Movements in property, plant and equipment during the year are set out in note 17 to the consolidated financial statements on pages 105 to 108. Further details of the investment properties are set out in note 16 to the consolidated financial statements on pages 103 and 104.

LEASEHOLD LAND AND LAND USE RIGHT

Movements in leasehold land and land use right during the year are set out in note 18 to the consolidated financial statements on page 109.

BANK LOANS AND OVERDRAFTS

Particulars of all bank loans and overdrafts of the Group at 31 March 2013 repayable on demand or within a period not exceeding one year and those which fall due for repayment after a period of one year are set out in note 33 to the consolidated financial statements on pages 123 and 124.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of the Group's purchases and sales for the year attributable to the major suppliers and customers respectively were as follows:

Percentage of purchases attributable to the Group's largest supplier	65%
Percentage of purchases attributable to the Group's five largest suppliers	85%
Percentage of sales attributable to the Group's largest customer	19%
Percentage of sales attributable to the Group's five largest customers	39%

None of the Directors or their associates, nor does any Shareholder owning (to the knowledge of the Directors) more than 5% of the Company's issued share capital hold, any interests in the share capital of the suppliers and customers noted above.

DIRECTORS

The Directors of the Company during the year and up to the date of this report were:

Executive Directors:

Mr. Chua Nai Tuen *(Chairman and Managing Director)*
Mr. Chua Nai King *(Deputy Chairman)*
Mr. Nelson Junior Chua
Mr. Gilson Chua

Non-executive Directors:

Mr. Chan Man Hon, Eric
Mr. Jimmy Siy Tiong
Mr. Luis Siy (retired on 17 August 2012)
Mr. Rene Siy Chua
Mr. Samuel Siy Yap
Mr. Tsai Han Yung
Ms. Vivian Chua

Independent Non-executive Directors:

Mr. Chan Siu Ting
Mr. James L. Kwok
Mr. Wong Shek Keung
Mr. Tsui Ka Wah (appointed on 21 September 2012)
Mr. Tsai Sui Cheung, Andrew (appointed on 30 November 2012)

In accordance with Article 107(A) of the Company's Articles of Association, Messrs. Chua Nai King, Gilson Chua, Vivian Chua and Wong Shek Keung shall retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election. In accordance with Article 98 of the Company's Articles of Association. Mr. Tsui Ka Wah and Mr. Tsai Sui Cheung, Andrew shall also retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

The Company confirms that it has received written confirmation from each of the independent non-executive directors confirming their independence pursuant to Rule 3.13 of the Listing Rules, and the Company still considers the independent non-executive directors to be independent.

None of the Directors has a service contract with the Company or its subsidiaries, which is not determinable by the employer within one year without payment of compensation.

DIRECTORS' INTERESTS IN SHARE CAPITAL

As at 31 March 2013, the Directors of the Company had the following beneficial interests, all being long positions, in the share capitals of the Company, the subsidiaries and associates of the Company:

		Number of shares held				
		Personal Interests	Family Interests	Corporate Interests	Other Interests	% of the Issued Share Capital
(a)	**The Company**					
	(Ordinary shares of HK$1.00 per share)					
	Chua Nai Tuen	2,402,158	–	84,884,445 *(Note 1)*	–	40.15
	Chua Nai King	2,716,046	–	2,814,365 *(Note 1)*	16,910,355 *(Note 2)*	10.32
	Nelson Junior Chua	1,173,800	–	–	–	0.54
	Gilson Chua	1,239,031	–	–	–	0.57
	Jimmy Siy Tiong	7,029,875	–	–	–	3.23
	Rene Siy Chua	9,566,429	2,200	–	–	4.40
	Samuel Siy Yap	1,410,678	–	–	–	0.65
	Tsai Han Yung	4,976,029	–	–	–	2.29
	Vivian Chua	1,000,000	–	–	–	0.46
(b)	**Nan Sing Plastics Limited**					
	(Ordinary shares of HK$100.00 per share)					
	Chua Nai Tuen	–	6,965	–	–	4.64
(c)	**Titan Dragon Properties Corporation**					
	(Capital stock of Peso 1,000.00 per share)					
	Chua Nai Tuen	7,200	13,600	4,000 *(Note 1)*	–	31.00
	Jimmy Siy Tiong	1,600	–	–	–	2.00
	Rene Siy Chua	6,400	–	–	–	8.00

DIRECTORS' INTERESTS IN SHARE CAPITAL (Cont'd)

Note 1: The shares regarding 'Corporate interests' in which Messrs. Chua Nai Tuen and Chua Nai King were taken to be interested as stated above were the interests of corporations in general meetings of which they were either entitled to exercise (or were taken under Part XV of the Securities and Futures Ordinance (the "SFO") to be able to exercise) or control the exercise of one-third or more of the voting power in general meetings of such corporations.

Note 2: The shares regarding 'Other Interests' against the name of Mr. Chua Nai King represented an interest comprised in trust properties in which Mr. Chua was taken, under provisions in Part XV of the SFO which are applicable to a director or chief executive of a listed company, to be interested.

Except as disclosed above, as recorded in the register kept by the Company under section 352 of the SFO in respect of information required to be notified to the Company and the Stock Exchange pursuant to the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers:

(a) there were no interests, both long and short positions, held as at 31 March 2013 by any of the Directors or Chief Executive of the Company in shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), and

(b) there existed during the financial year no rights to subscribe for shares, underlying shares or debentures of the Company which were held by any of the Directors or Chief Executive of the Company or any of their spouses or children under 18 years of age nor had there been any exercises during the financial year of any such rights by any of them.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

Given below are the names of all parties, other than persons who are Directors of the Company, which were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital of the Company and the respective relevant numbers of shares in which they were, and/or were deemed to be, interested as at 31 March 2013 as recorded in the register kept by the Company under section 336 of the SFO:

	No. of Ordinary Shares held	% of the Issued Share Capital
J & N International Limited ("J & N")	53,136,808	24.44
Sonliet Investment Company Limited ("Sonliet")	31,747,637	14.60
HSBC International Trustee Limited ("HSBC")	16,910,355	7.77

SUBSTANTIAL SHAREHOLDERS' INTERESTS (Cont'd)

For the avoidance of doubts and double counting, it should be noted that J & N's and Sonliet's interests are entirely duplicated with Mr. Chua Nai Tuen's interests and HSBC's interests are entirely duplicated with Mr. Chua Nai King's interests as recorded in the preceding note.

All the interests stated above represented long positions and as at 31 March 2013, there were no short positions recorded in the said register.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

Mr. Tsai Sui Cheung, Andrew ("Mr. Tsai"), an independent non-executive director of the Company appointed on 30 November 2012, acted as a trustee to hold one ordinary share (equivalent to 33.3% of the issued capital) in a subsidiary of the Company, Silver Advance Limited for the period from 10 October 2006 to 7 November 2012. Mr. Tsai was not the beneficiary and the share was held on trust to the Company. Furthermore, Mr. Tsai had no business connection with the Company and any of its subsidiaries. Save as disclosed above, he does not have any interest (within the meaning of Part XV of the Securities and Futures Ordinance) in shares of the Company. The Company is of the view that Mr. Tsai has satisfied the requirement of independence as set out in Rule 3.13 of the Listing Rules.

RELATED PARTY TRANSACTIONS

The Group entered into certain transactions with parties regarded as "Related Parties" under applicable accounting principles. These mainly relate to transactions entered into by the Group in the ordinary course of business, negotiated on normal commercial terms and on an arm's length basis. Details are set out in note 46 to the consolidated financial statements on page 134.

DIRECTORS' INTERESTS IN CONTRACTS

During the year, consultancy fees of HK$1,740,000 were paid by the Group to Sonliet Investment Company Limited ("Sonliet"), and Tonwell Investment Company (Hong Kong) Limited ("Tonwell") of which Mr. Chua Nai Tuen was the director of Sonliet and Mr. Chua Nai King was the director of Tonwell respectively. The consultancy fees are part of the aforesaid directors' remuneration and have been disclosed in note 12 to the consolidated financial statements on pages 100 to 102.

DIRECTORS' INTERESTS IN CONTRACTS (Cont'd)

A tenancy agreement was made on normal commercial terms during the year in connection with the leasing of a premises owned by a company controlled by Mr. Chua Nai Tuen to the Company's subsidiary for the operation of plastic bags business and the total amount of rental paid by the Group during the year was HK$850,321. Furthermore, there were unsecured financial assistances made by a company in which Mr. Chua Nai Tuen had controlling interest to this company on normal commercial terms. Details of which are set out in note 32 to the consolidated financial statements on page 123.

Apart from the foregoing, no contracts of significance to which the Company, or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year. The above transactions also fall within the continuing connected transactions under the Rule 14A.33 of the Listing Rules and were exempted from the reporting, announcement and independent shareholders' approval requirements.

MANAGEMENT CONTRACTS

No contracts for the management and administration of the whole or any substantial part of any business of the Company were entered into or existed during the year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the year.

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors as at the date of this report, the Company has maintained the prescribed public float under the Listing Rules throughout the year ended 31 March 2013.

AUDITORS

The financial statements of the Company have been audited by HLB Hodgson Impey Cheng Limited who retire and, being eligible, offer themselves for re-appointment as auditors of the Company at the forthcoming annual general meeting. A resolution for the appointment of HLB Hodgson Impey Cheng Limited as the auditors of the Company for the subsequent year is to be proposed at the forthcoming annual general meeting.

There have been no other changes of auditor in the past two years except for the reorganisation of Messrs. HLB Hodgson Impey Cheng Limited in March 2012. Messrs. K. L Young Company, Certified Public Accountants acted as auditor of the Company until the resignation on 18 March 2011.

On behalf of the Board
Chua Nai Tuen
Managing Director

Hong Kong, 28 June 2013

INDEPENDENT AUDITORS' REPORT

HLB 國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31/F, Gloucester Tower
The Landmark
11 Pedder Street, Central
Hong Kong

TO THE SHAREHOLDERS OF
SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED
(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Southeast Asia Properties & Finance Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 33 to 139, which comprise the consolidated and the company statements of financial position at 31 March 2013, and the consolidated income statement, consolidated statement of comprehensive income, 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 of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the 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 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

AUDITORS' RESPONSIBILITY (Cont'd)

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 consolidated 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 of the Company, 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 at 31 March 2013, and of the Group's profit 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 Hong Kong Companies Ordinance.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Yu Chi Fat
Practising Certificate Number: P05467

Hong Kong, 28 June 2013

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2013 (in HK Dollars)

	Notes	2013	2012
Turnover	7	**392,889,485**	399,992,754
Cost of sales		**(296,227,215)**	(322,216,543)
Gross profit		**96,662,270**	77,776,211
Other revenue and other income	8	**11,289,863**	11,727,643
Gain arising on change in fair value of investment properties		**154,457,587**	77,025,438
Gain (loss) arising on change in fair value of financial assets at fair value through profit or loss		**497,503**	(3,325,142)
Impairment loss recognised in respect of property, plant and equipment		**(37,012,183)**	–
Selling and distribution expenses		**(12,946,584)**	(16,862,946)
Administrative expenses		**(58,035,302)**	(58,122,273)
Other operating (expenses) income		**(232,769)**	379,514
Profit from operations	9	**154,680,385**	88,598,445
Finance costs	10	**(8,165,254)**	(6,666,464)
Share of results of associates		**2,615,343**	3,690,206
Profit before tax		**149,130,474**	85,622,187
Income tax expense	11	**(2,155,058)**	(4,523,411)
Profit for the year		**146,975,416**	81,098,776
Profit attributable to:			
Owners of the Company		**145,312,570**	80,264,886
Non-controlling interests		**1,662,846**	833,890
		146,975,416	81,098,776
Earnings per share			
Basic and diluted	15	**66.8 cents**	36.9 cents

The accompanying notes form an integral part of the consolidated financial statements. Details of dividends proposed after the reporting period are set out in note 14.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2013 (in HK Dollars)

	2013	2012
Profit for the year	**146,975,416**	81,098,776
Other comprehensive income		
Available-for-sale financial assets:		
Gain (loss) arising on change in fair value	**5,022,520**	(4,430,523)
Reclassification adjustments relating to available-for-sale financial assets disposed of during the year	**(117,489)**	–
Exchange differences on translation of foreign operations:		
Exchange differences arising during the year	**454,905**	5,463,835
Reclassification adjustments relating to foreign operations disposed of during the year	**(374,800)**	–
Share of exchange reserve of associates	**(628)**	65,057
Total comprehensive income for the year	**151,959,924**	82,197,145
Attributable to:		
Owners of the Company	**150,293,387**	80,911,060
Non-controlling interests	**1,666,537**	1,286,085
	151,959,924	82,197,145

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2013 (in HK Dollars)

	Notes	**2013**	2012
Non-current assets			
Investment properties	16	**698,932,545**	544,474,958
Property, plant and equipment	17	**168,547,740**	214,728,338
Leasehold land and land use right	18	**13,202,763**	13,538,989
Interests in associates	20	**72,142,198**	68,582,558
Available-for-sale financial assets	21	**31,607,766**	26,323,909
Intangible assets	22	**3,702,706**	3,702,706
Other assets	23	**3,836,217**	3,052,178
		991,971,935	874,403,636
Current assets			
Inventories	24	**80,863,250**	85,737,359
Trade and other receivables	25	**202,146,440**	141,405,213
Financial assets at fair value through profit or loss	26	**8,729,795**	8,244,088
Deposits and prepayments		**5,159,529**	5,158,067
Amount due from a related company	27	**2,891**	–
Tax prepaid		**432,917**	2,852,511
Time deposits	28	**4,100,000**	4,100,000
Trust accounts of shares dealing clients	29	**72,436,280**	54,326,889
Cash and bank balances	30	**25,071,820**	60,940,600
		398,942,922	362,764,727
Current liabilities			
Amount due to an associate	20	**394,619**	1,366,096
Trade and other payables	31	**130,838,382**	151,845,873
Amount due to a related company	32	**23,473**	2,489,954
Bank loans and overdrafts	33	**153,290,043**	213,283,485
Taxation		**1,656,786**	2,435,174
		286,203,303	371,420,582
Net current assets (liabilities)		**112,739,619**	(8,655,855)
Total assets less current liabilities		**1,104,711,554**	865,747,781

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2013 (in HK Dollars)

	Notes	**2013**	2012
Non-current liabilities			
Bank loans	33	**160,417,428**	65,377,583
Amount due to non-controlling interest	34	**2,835,000**	2,664,500
Deferred tax liabilities	35	**1,998,077**	3,682,008
		165,250,505	71,724,091
Net assets		**939,461,049**	794,023,690
Capital and reserves			
Share capital	36	**217,418,850**	217,418,850
Reserves		**709,835,117**	566,064,295
Total equity attributable to owners of the Company		**927,253,967**	783,483,145
Non-controlling interests		**12,207,082**	10,540,545
Total equity		**939,461,049**	794,023,690

The consolidated financial statements were approved and authorised for issue by the board of directors on 28 June 2013 and are signed on its behalf by:

Chua Nai Tuen
Director

Chua Nai King
Director

The accompanying notes form an integral part of the consolidated financial statements.

STATEMENT OF FINANCIAL POSITION

At 31 March 2013 (in HK Dollars)

	Notes	**2013**	2012
Non-current assets			
Investment properties	16	**1,901,875**	1,872,756
Property, plant and equipment	17	**60,157**	725,255
Interests in subsidiaries	19	**218,285,197**	196,164,252
Interest in an associate	20	**28,789,810**	26,632,410
Available-for-sale financial assets	21	**810,000**	810,000
		249,847,039	226,204,673
Current assets			
Amount due from a subsidiary	19	**53,863,194**	116,534,115
Trade and other receivables	25	**87,918**	44,266
Deposits and prepayments		**499,349**	501,644
Amount due from a related company	27	**2,891**	–
Cash and bank balances	30	**1,308,496**	1,036,704
		55,761,848	118,116,729
Current liabilities			
Other payables		**2,371,096**	2,257,475
Amounts due to subsidiaries	19	**20,078,661**	71,843,169
Amount due to an associate	20	**394,619**	1,366,096
Amount due to a related company	32	**–**	2,489,954
Bank loans	33	**10,000,000**	10,000,000
		32,844,376	87,956,694
Net current assets		**22,917,472**	30,160,035
Total assets less current liabilities		**272,764,511**	256,364,708

STATEMENT OF FINANCIAL POSITION

At 31 March 2013 (in HK Dollars)

	Notes	**2013**	2012
Non-current liability			
Amount due to a subsidiary	19	**29,999,930**	–
Net assets		**242,764,581**	256,364,708
Capital and reserves			
Share capital	36	**217,418,850**	217,418,850
Retained earnings	37	**25,345,731**	38,945,858
Total equity		**242,764,581**	256,364,708

The financial statements were approved and authorised for issue by the board of directors on 28 June 2013 and are signed on its behalf by:

Chua Nai Tuen
Director

Chua Nai King
Director

The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2013 (in HK Dollars)

	Attributable to owners of the Company							
	Share capital	Property revaluation reserve *(Note a)*	Exchange reserve *(Note b)*	Available-for-sale financial assets revaluation reserve *(Note c)*	Retained earnings	Subtotal	Non–controlling interests	Total
At 1 April 2011	217,418,850	3,178,526	44,677,971	(4,919,683)	448,285,555	708,641,219	8,565,299	717,206,518
Profit for the year	–	–	–	–	80,264,886	80,264,886	833,890	81,098,776
Other comprehensive income for the year	–	–	5,076,697	(4,430,523)	–	646,174	452,195	1,098,369
Total comprehensive income for the year	–	–	5,076,697	(4,430,523)	80,264,886	80,911,060	1,286,085	82,197,145
Acquisition of additional interest in a subsidiary	–	–	–	–	453,431	453,431	(453,431)	–
Non-controlling interests arising on acquisition	–	–	–	–	–	–	1,156,592	1,156,592
Dividends paid to non-controlling interests	–	–	–	–	–	–	(14,000)	(14,000)
Dividends paid	–	–	–	–	(6,522,565)	(6,522,565)	–	(6,522,565)
At 31 March 2012 and at 1 April 2012	217,418,850	3,178,526	49,754,668	(9,350,206)	522,481,307	783,483,145	10,540,545	794,023,690
Profit for the year	–	–	–	–	145,312,570	145,312,570	1,662,846	146,975,416
Other comprehensive income for the year	–	–	75,786	4,905,031	–	4,980,817	3,691	4,984,508
Total comprehensive income for the year	–	–	75,786	4,905,031	145,312,570	150,293,387	1,666,537	151,959,924
Dividends paid	–	–	–	–	(6,522,565)	(6,522,565)	–	(6,522,565)
At 31 March 2013	217,418,850	3,178,526	49,830,454	(4,445,175)	661,271,312	927,253,967	12,207,082	939,461,049

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2013 (in HK Dollars)

Notes:

(a) The property revaluation reserve relates to properties reclassified from owner-occupied to investment properties. For such reclassifications, the accumulative increase in fair value at the date of reclassification in excess of any previous impairment loss is included in the property revaluation reserve, and will be transferred to retained earnings upon the retirement or disposal of the relevant property.

(b) Exchange reserve represents exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Hong Kong dollars) and are recognised directly in other comprehensive income and accumulated in the exchange reserve. Such exchange differences accumulated in the exchange reserve are reclassified to retained earnings on the disposal of the foreign operations.

(c) Available-for-sale financial assets revaluation reserve represents 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.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2013 (in HK Dollars)

	Notes	2013	2012
Cash (used in) generated from operations	39	**(57,475,616)**	53,096,910
Profit tax paid		**(2,197,783)**	(4,952,511)
Net cash (used in) generated from operating activities		**(59,673,399)**	48,144,399
Cash flows from investing activities			
Interest received		**7,990,535**	7,290,378
Dividend received		**1,274,982**	2,902,898
Additional contribution to the compensation fund with the Stock Exchange		**(784,039)**	(352,178)
(Advance to) repayment from associates		**(1,319,725)**	1,949,484
Purchase of available-for-sale financial assets		**(741,315)**	(565,263)
Purchase of financial assets at fair value through profit or loss		**(923,726)**	–
Purchase of property, plant and equipment		**(3,833,443)**	(8,859,147)
Proceeds from disposal of available-for-sale financial assets		**245,000**	–
Proceeds from disposal of financial assets at fair value through profit or loss		**935,522**	–
Proceeds from disposal of property, plant and equipment		**108,404**	7,001
Acquisition of subsidiary (net cash and cash equivalent)	47	**–**	86,012
Net cash generated from investing activities		**2,952,195**	2,459,185
Cash flows from financing activities			
Dividends paid		**(6,522,565)**	(6,522,565)
Interest paid		**(7,225,667)**	(5,720,055)
Other finance costs paid		**(956,761)**	(597,879)
New bank loans raised		**580,719,219**	727,540,739
Repayment of bank loans		**(554,604,370)**	(725,228,576)
Advance from non-controlling interest		**170,500**	–
Repayment to associates		**–**	(39,916)
Dividends paid to non-controlling interests		**–**	(14,000)
Net cash generated from (used in) financing activities		**11,580,356**	(10,582,252)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2013 (in HK Dollars)

	Notes	**2013**	2012
Net (decrease) increase in cash and cash equivalents		**(45,140,848)**	40,021,332
Cash and cash equivalents at the beginning of the reporting period		**60,940,600**	20,906,301
Effect of foreign exchange rate changes, net		**340,514**	12,967
Cash and cash equivalents at the end of the reporting period		**16,140,266**	60,940,600
Analysis of balances of cash and cash equivalents			
Cash and bank balances	30	**25,071,820**	60,940,600
Bank overdrafts	33	**(8,931,554)**	–
		16,140,266	60,940,600

The accompanying notes form an integral part of the consolidated financial statements.

1. GENERAL INFORMATION

The Company is a public limited liability company incorporated in Hong Kong and its shares are listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of the Company are located at Units 407-410, 4th Floor, Tower 2 Silvercord, 30 Canton Road, Tsimshatsui, Kowloon, Hong Kong.

The principal activities of the Group are investment holding, property investment and development, hotel ownership and management, manufacturing and trading of plastics packaging materials, stock broking, futures and finance during the year.

The consolidated financial statements are presented in Hong Kong dollars ("HKD"), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied, for the first time, the following new and revised standards and interpretations (collectively referred to as the "new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning from 1 April 2012. A summary of the new and revised HKFRSs adopted by the Group is set out as follows:

HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets

The Group has early adopted the amendments to HKAS 12 *Deferred Tax: Recovery of Underlying Assets*, in respect of the recognition of deferred tax on investment properties carried at fair value under HKAS 40 *Investment Properties* for the financial year ended 31 March 2011 and this change in accounting policy has been consistently applied in the consolidated financial statements.

Amendments to HKFRS 1 Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters

The amendments to HKFRS 1 *Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters* introduce a new deemed cost exemption for entities that have been subjected to severe hyperinflation, whereby these entities can elect fair value as the deemed cost for assets and liabilities affected by severe hyperinflation in their first HKFRS financial statements. The amendments also remove the legacy fixed dates in HKFRS 1 relating to derecognition and day one gain or loss transactions. As the Group is not a first time adopter of HKFRSs, the amendments have no financial impact on the Group.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Cont'd)

Amendments to HKFRS 7 Disclosures – Transfers of Financial Assets

The amendments to HKFRS 7 *Disclosures – Transfers of Financial Assets* require certain disclosures to be included in the consolidated financial statements in respect of transferred financial assets that are not derecognised in their entirety and for any continuing involvement in transferred financial assets that are derecognised in their entirety, irrespective of when the related transfer transaction occurred. However, an entity need not provide the disclosures for the comparative period in the first year adoption. The Group did not have any significant transfers of financial assets in previous periods or the current period which require disclosure in the current accounting period under the amendments.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS (Amendments)	Annual Improvements to HKFRSs 2009-2011 Cycle Issued in June 2012[2]
HKFRS 1 (Amendments)	Government Loans[2]
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory effective date of HKFRS 9 and Transition Disclosures[4]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangement[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements, Disclosure of Interests in Other Entities: Transition Guidance[2]
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities[3]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[1]
HKAS 19 (Revised)	Employee Benefits[2]
HKAS 27 (Revised)	Separate Financial Statements[2]
HKAS 28 (Revised)	Investments in Associates and Joint Ventures[2]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[3]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

[1] Effective for annual periods beginning on or after 1 July 2012
[2] Effective for annual periods beginning on or after 1 January 2013
[3] Effective for annual periods beginning on or after 1 January 2014
[4] Effective for annual periods beginning on or after 1 January 2015

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Cont'd)

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income* introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a "statement of comprehensive income" is renamed as a "statement of profit or loss and other comprehensive income" and an "income statement" is renamed as a "statement of profit or loss". The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in future accounting periods.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities and amendments to HKFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 *Financial Instruments: Presentation* clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKFRS 7 *Financial Instruments: Disclosures* require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to HKFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should also be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

The directors of the Company anticipate that the application of these amendments to HKAS 32 and HKFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Cont'd)

Annual Improvements to HKFRSs 2009 – 2011 Cycle issued in June 2012

The Annual Improvements to HKFRSs 2009 – 2011 Cycle include a number of amendments to various HKFRSs. The amendments are effective for annual periods beginning on or after 1 January 2013. Amendments to HKFRSs include the amendments to HKAS 16 *Property, Plant and Equipment* and the amendments to HKAS 32 *Financial Instruments: Presentation*.

The amendments to HKAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in HKAS 16 and as inventory otherwise. The directors of the Company do not anticipate that the amendments to HKAS 16 will have a significant effect on the Group's consolidated financial statement.

The amendments to HKAS 32 clarify that income tax on distributions to holders of an equity instrument and transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 *Income Taxes*. The amendment removes existing income tax requirements from HKAS 32 and requires entities to apply the requirements in HKAS 12 to any income tax arising from distributions to equity holders.

HKFRS 9 Financial Instruments

HKFRS 9 *Financial Instruments* issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in the consolidated income statement.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Cont'd)

HKFRS 9 Financial Instruments (Cont'd)

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in consolidated income statement. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to the consolidated income statement. Under HKAS 39, the entire amount of the change in the fair value of the financial liabilities designated as fair value through profit or loss was presented in the consolidated income statement.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The directors of the Company anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group's and the Company's financial assets and financial liabilities. The directors of the Company anticipate that the application of the new standard will affect the classification and measurement of the Group's and the Company's available-for-sale equity investments that are currently stated at cost less identified impairment losses, if any. At the date of issuance of these consolidated financial statements, the directors of the Company are in the process of assessing the potential financial impact.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10 *Consolidated Financial Statements*, HKFRS 11 *Joint Arrangements*, HKFRS 12 *Disclosure of Interests in Other Entities*, HKAS 27 *Separate Financial Statements* (as revised in 2011) and HKAS 28 *Investments in Associates and Joint Ventures* (as revised in 2011).

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Cont'd)

New and revised standards on consolidation, joint arrangements, associates and disclosures (Cont'd)

Key requirements of these five standards are described below:

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.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures*. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK (SIC) – Int 13 *Jointly Controlled Entities – Non-monetary Contributions by Venturers* will be withdrawn upon the effective date of HKFRS 11. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate consolidation.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013 with earlier application permitted provided that all of these standards are applied at the same time.

HKFRS 10 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 directors of the Company is assessing HKFRS 10's full impact and intends to adopt HKFRS 10 for the accounting period beginning on 1 April 2013.

The directors of the Company anticipate that the application of HKFRS 11, HKFRS 12, HKAS 27 and HKAS 28 will have no significant impact on amounts reported in the consolidated financial statements, but will result in more extensive disclosures in the consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Cont'd)

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities

The amendments to HKFRS 10 introduce an exception to consolidating subsidiaries for an investment entity, except where the subsidiaries provide services that relate to the investment entity's investment activities. Under the amendments to HKFRS 10, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss.

To qualify as an investment entity, certain criteria have to be met. Specifically, an entity is required to:

- obtain funds from one or more investors for the purpose of providing them with professional investment management services;
- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments to HKFRS 12 and HKAS 27 have been made to introduce new disclosure requirements for investment entities.

The amendments to HKFRS 10, HKFRS 12 and HKAS 27 are effective for annual periods beginning on or after 1 January 2014, with early application permitted. The directors of the Company anticipate that the application of the amendments will have no effect on the Group as the Company is not an investment entity.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Cont'd)

HKFRS 13 Fair Value Measurement

HKFRS 13 *Fair Value Measurement* establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 *Financial Instruments: Disclosures* will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors of the Company anticipate that the application of the new standard may affect certain amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

Except as described above, the directors of the Company anticipate that the application of other new and revised HKFRSs issued but not yet effect will have no significant impact on the Group's financial performance and financial position for the future and/or the disclosure set out in the consolidated financial statements of the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with HKFRSs which include all HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations ("Ints") issued by the HKICPA and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost basis except for certain properties and financial instruments that are measured at fair value, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

3.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.2 Basis of consolidation (Cont'd)

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amounts of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognised as a gain or loss in consolidated income statement attributable to the Group. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e. reclassified to consolidated income statement or transferred directly to retained earnings as specified by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.3 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in the consolidated income statement as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed in the acquisition date exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in the consolidated income statement as a bargain purchase gain.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.3 Business combinations (Cont'd)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another standard.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting date and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting date in accordance with HKAS 39 *Financial Instruments: Recognition and Measurement*, or HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in the consolidated income statement.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in the consolidated income statement. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to consolidated income statement where such treatment would be appropriate if that interest were disposed of.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.3 Business combinations (Cont'd)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Business combinations achieved in stages were accounted for as separate step. Goodwill was determined at each step. Any additional acquisition did not affect the previously recognised goodwill.

3.4 Goodwill

Goodwill arising on an acquisition of a business is carried at cost less accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of gain or loss on disposal.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.5 Interests in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint controlled entity. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, interests in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of results and other comprehensive income of the associates. When the Group's share of loss of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after re-assessment, is recognised immediately in the consolidated income statement.

The requirements of HKAS 39 *Financial Instruments: Recognition and Measurement* are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's interest in an associate. When necessary, the entire carrying amount of the interest (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the interest. Any reversal of that impairment loss is recognised in accordance with HKAS 36 *Impairment of Assets* to the extent that the recoverable amount of the interest subsequently increases.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.5 Interests in associates (Cont'd)

Upon disposal of an associate that results in the Group losing significant influence over that associate, any retained interest is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with HKAS 39 *Financial Instruments: Recognition and Measurement*. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to the consolidated income statement on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to the consolidated income statement (as a reclassification adjustment) when it loses significant influence over that associate.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

3.6 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purpose.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair value. Gains or losses arising from changes in the fair value of investment properties are included in the consolidated income statement for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the period in which the property is derecognised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.7 Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent impairment losses, if any.

The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the consolidated income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the property, plant and equipment, the expenditure is capitalised as an additional cost of that asset.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing cost capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for intended use.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.7 Property, plant and equipment (Cont'd)

Depreciation is recognised so as to write off the cost of items of property, plant and equipment (other than properties under construction) less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The details of depreciation using over the following rates per annum are as follows:

Buildings	Over the shorter of its estimated useful life or unexpired period of the lease of land
Plant and machinery	10%
Furniture, fixtures and equipment	10% – 25%
Motor vehicle	20%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated income statement.

3.8 Leasehold land and land use rights

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease. Where the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "leasehold land and land use right" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.9 Intangible assets

Intangible assets acquired separately

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses, (if any).

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets with indefinite useful lives that are acquired separately are carried at cost less subsequent accumulated impairment losses, if any.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in consolidated income statement when the asset is derecognised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.10 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocate to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated income statement.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the consolidated income statement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the weighted average cost formula. Net realisable value is the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as cost of sales in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as cost of sales in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is offset against the cost of sales in the period in which the reversal occurs.

3.12 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

3.13 Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in the consolidated income statement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.13 Financial instruments (Cont'd)

Financial assets

Financial assets are classified into the following categories, financial assets at fair value through profit or loss ("FVTPL"), available-for-sale financial assets ("AFS financial assets") and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets classified at FVTPL.

Financial assets at FVTPL

Financial assets at FVTPL has two subcategories, including financial asset held for trading and those designated as at FVTPL on initial recognition.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or

- it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.13 Financial instruments (Cont'd)

Financial assets (Cont'd)

Financial assets at FVTPL (Cont'd)

A financial asset other than a financial asset held for trading may be designated at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives and HKAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in the consolidated income statement in the period in which they arise. Fair value is determined in the manner described in note 4 to the consolidated financial statements.

AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL.

AFS financial assets are measured at fair value at the end of each reporting period. Changes in fair value are recognised in other comprehensive income and accumulated under the heading of "available-for-sale financial assets revaluation reserve". When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the available-for-sale financial assets revaluation reserve is reclassified to profit or loss.

Dividend on AFS financial assets are recognised in the consolidated income statement when the Group's right to receive the dividends is established.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.13 Financial instruments (Cont'd)

Financial assets (Cont'd)

AFS financial assets (Cont'd)

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amounts due from associates, deposits, amount due from a related company, time deposits, trust accounts of shares dealing clients and cash and bank balances) are measured at amortised cost using the effective interest method, less subsequent impairment losses, if any.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS financial assets, a significant or prolonged decline in the fair value of that financial asset below its cost is considered to be objective evidence of impairment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.13 Financial instruments (Cont'd)

Financial assets (Cont'd)

Impairment of financial assets (Cont'd)

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.13 Financial instruments (Cont'd)

Financial assets (Cont'd)

Impairment of financial assets (Cont'd)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in the consolidated income statement. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the consolidated income statement.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to the consolidated income statement in the period in which the impairment takes place.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through the consolidated income statement to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity investments, impairment losses previously recognised in the consolidated income statement are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised directly in other comprehensive income and accumulated under the heading of "available-for-sale financial assets revaluation reserve". In respect of AFS debt investments, impairment losses are subsequently reversed through the consolidated income statement if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.13 Financial instruments (Cont'd)

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Other financial liabilities

Other financial liabilities (including trade and other payables, amount due to an associate, amount due to a related company, bank loans and overdrafts and amount due to non-controlling interest) are subsequently measured at amortised cost, using the effective interest method.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.13 Financial instruments (Cont'd)

Financial liabilities and equity instruments (Cont'd)

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the original or modified terms of a debt instrument.

A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of obligation under the contract, as determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the revenue recognition policy.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, 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 in other comprehensive income and accumulated in equity is recognised in retained earnings.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.13 Financial instruments (Cont'd)

Derecognition (Cont'd)

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in retained earnings. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the consolidated income statement.

3.14 Revenue recognition

Rental income under operating leases is recognised, on a straight-line basis over the lease terms.

Revenue from hotel accommodation is recognised upon the provision of the accommodation services has been rendered.

Revenue from sale of goods is recognised when goods are delivered and title has passed to customers.

Brokerage income is recognised when the relevant contract note is made and properly executed.

Dividend income from financial assets is recognised when the shareholders' right to receive payment has been established.

Interest income from financial asset is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.15 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.15 Income tax (Cont'd)

Deferred tax (Cont'd)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment property that is measured using the fair value model, the carrying amounts of such property is presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment property is measured in accordance with the above general principles set out in HKAS 12 *Deferred Tax: Recovery of Underlying Assets* (i.e. based on the expected manner as to how property will be recovered).

Current and deferred tax for the year

Current and deferred tax is recognised in the consolidated income statement, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.16 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.17 Foreign currency

In preparing the consolidated financial statements of each individual group entity, transactions in currencies other than functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in the consolidated income statement in the period in which they arise except for:

(i) exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

(ii) exchange differences on transactions entered into in order to hedge certain foreign currency risks; and

(iii) exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to the consolidated income statement on repayment of the monetary items.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, (if any), are recognised in other comprehensive income and accumulated in equity under the heading of "exchange reserve" (attributed to non-controlling interests as appropriate).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.17 Foreign currency (Cont'd)

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to the consolidated income statement.

3.18 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the consolidated income statement in the period in which they are incurred.

3.19 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.20 Contingent liabilities and assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

A contingent liability is not recognised but is disclosed in the note 44 to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, the liability will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. When inflow is virtually certain, an asset is recognised.

3.21 Employee benefits

Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.21 Employee benefits (Cont'd)

Retirement benefit obligations

Payments to Mandatory Provident Fund Scheme (the "MPF Scheme") and state-managed retirement benefit schemes are recognised as an expense in the consolidated income statement when employees have rendered service entitling them to the contributions.

The Group operates a MPF Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution scheme, the assets of which are held in separate trustee-administered funds.

Under the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, with the employers' contributions subject to a cap of monthly relevant income of HK$25,000 (HK$20,000 prior to 1 June 2012). The Group's contributions to the scheme are expensed as incurred are vested in accordance with the scheme's vesting scales. Where employees leave the scheme prior to the full vesting of the employer's contributions, the amount of forfeited contribution is used to reduce the contributions payable by the Group.

The employees employed by the Group's subsidiaries in the People's Republic of China (the "PRC") are members of state-managed retirement benefit schemes operated by the government of the PRC. The subsidiaries are required to contribute a specific percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes operated by the government of the PRC is made the specified contributions under the schemes.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.22 Related parties

A party is considered to be 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 the Group's parent.

(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 parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or a joint venture of the other entity (or an associate or a joint venture of a member of the 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 Group or an entity related to the Group.

(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).

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.23 Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of resources allocation to, and assessing the 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 products and services, the nature of 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.

4. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	The Group		The Company	
	2013	2012	**2013**	2012
Financial assets				
Financial assets at fair value through profit or loss	**8,729,795**	8,244,088	**–**	–
Loans and receivables	**333,541,689**	293,594,266	**236,348,539**	274,440,880
Available-for-sale financial assets	**31,607,766**	26,323,909	**810,000**	810,000
	373,879,250	328,162,263	**237,158,539**	275,250,880
Financial liabilities				
Amortised cost	**447,798,945**	437,027,491	**62,844,306**	87,956,694

The Group's major financial instruments include financial assets at fair value through profit and loss, trade and other receivables, amount due from a related company, deposits, time deposits, trust accounts of shares dealing clients, amounts due from associates, available-for-sale financial assets, cash and bank balances, amount due to an associate, trade and other payables, amount due to a related company, bank loans and overdrafts, and amount due to non-controlling interest.

The Company's major financial instruments include amounts due from subsidiaries, trade and other receivables, deposits, amount due from a related company, available-for-sale financial assets, cash and bank balances, other payables, amounts due to subsidiaries, amount due to an associate and bank loans.

Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management of the Company manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

4. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies

Market risk

(i) Currency risk

The Group operates in Hong Kong and the PRC and majority of transactions are dominated in HKD, United State Dollars ("USD") and Renminbi ("RMB"). The Company operates in Hong Kong and majority of transactions are denominated in HKD and RMB. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities, which are denominated in a currency that is not the functional currency of the Group and the Company.

The Group is not exposed to foreign exchange risk in respect of HKD against the USD as long as USD is pegged.

The transactions and monetary assets and liabilities denominated in RMB outside the PRC is minimal, the Group and the Company consider that there is no significant foreign exchange risk in respect of RMB.

The Group and the Company currently does not have a foreign currency hedging policy in respect of assets and liabilities denominated in foreign currency. The Group and the Company will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(ii) Interest rate risk

The Group and the Company are exposed to cash flow interest rate risk, which is mainly arising from its variable-rate borrowings. The Group and the Company currently do not have an interest rate hedging policy. However, management of the Company monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The Group's and the Company's cash flow interest rate risk are mainly concentrated on the fluctuation of Hong Kong Interbank Offered Rate ("HIBOR") arising from the Group's and the Company's HKD denominated borrowings.

4. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

Market risk (Cont'd)

(ii) Interest rate risk (Cont'd)

The carrying amounts of the Group's and the Company's variable-rate borrowings at the end of the reporting period are as follows:

	The Group		The Company	
	2013	2012	**2013**	2012
Bank loans and overdrafts	**313,707,471**	278,661,068	**10,000,000**	10,000,000
Amount due to a related company	**–**	2,489,954	**–**	2,489,954
	313,707,471	281,151,022	**10,000,000**	12,489,954

Sensitivity analysis

The sensitivity analysis below presents the effects on the Group's and the Company's post-tax profit for the year as a result of change in interest rate on variable-rate borrowings. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 25 basis points (2012: 25 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points (2012: 25 basis points) higher/lower and all other variables were held constant, the Group's and the Company's post-tax profit for the year ended 31 March 2013 would decrease/increase by HK$654,864 and HK$20,875 (2012: decrease/increase by HK$586,903 and HK$26,073) respectively. This is mainly attributable to the Group's and the Company's interest rates on its variable rate on bank loans and overdraft and amount due to a related company.

For the year ended 31 March 2013 (in HK Dollars)

4. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

Market risk (Cont'd)

(iii) Equity price risk

The Group is exposed to equity price risk arising from equity investments classified as financial assets at FVTPL and AFS financial assets. Management of the Company manages this exposure by maintaining a portfolio of securities with different risk. The Group's equity price risk is mainly concentrated on equity securities operating in (i) provision of a comprehensive range of banking related financial services, (ii) provision of mobile telecommunications and related services, (iii) investment holding and the provision of consultancy services, (iv) generation and sale of electric power to the respective regional or provincial grid companies in the PRC, (v) provision of a wide range of financial products and services, including individual life insurance, long-term care insurance, group life and health insurance, pension products, annuities and mutual funds and (vi) container transport and logistics. All equity securities held by the Group are quoted in the Stock Exchange. In addition, the Group will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below presents the effects on the Group's post-tax profit for the year end and on equity as a result of a change in equity price, assuming the change had occurred at the end of the reporting period and had been applied to the exposure to the equity price for the relevant financial instruments in existence at that date. The changes in equity price represent management's assessment of a reasonably possible change in equity price at that date over the period until the next annual reporting period.

	2013 Effect on post-tax profit for the year	2012 Effect on post-tax profit for the year	**2013 Effect on equity**	2012 Effect on equity
10% increase (decrease) in market price of listed equity securities	**728,938**	688,381	**3,032,667**	2,504,281
	(728,938)	(688,381)	**(3,032,667)**	(2,504,281)

4. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

Credit risk

The Group's and the Company's credit risk is primarily attributable to trade and other receivables, trust accounts of shares dealing clients, time deposits and cash and bank balances. At 31 March 2013, the Group's and the Company's maximum exposure to credit risk which will cause a significant financial loss to the Group and the Company due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

Trade receivables of the Group consist of a large number of customers, spread across diverse industries and geographical areas.

As at 31 March 2013, the Company has concentration of credit risk as entire amount of trade receivables was due from a single customer. Management of the Company considered the credit risk is limited since the Company only trade with customer with an appropriate credit history and good reputation. Management of the Company monitored the financial background and creditability of trade debtor on an ongoing basis.

In order to minimise the credit risk, management of the Company has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group and the Company review the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's and the Company's credit risk is significantly reduced.

The Group and the Company deposited its trust accounts of shares dealing clients, time deposits and cash and bank balances with approved and reputable banks. Bankruptcy or insolvency of the banks may cause the Group's and the Company's right with respect to cash and cash equivalents held to be delayed or limited. Management of the Company monitors the credit rating of these banks on an ongoing basis, and considers that the Group's and the Company's exposure to credit risk as at 31 March 2013 and 31 March 2012 were minimal.

The Group and the Company does not have any other significant concentrations of credit risk. The exposures to these credit risks are monitored on an ongoing basis.

4. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

Liquidity risk

The Group and the Company are exposed to liquidity risk on financial liabilities. Management of the Group and the Company adopts a prudent policy to maintain a sufficient level of cash and cash equivalents and financial assets to meet continuous operational need. Various banking facilities and credit lines have also been arranged with different banks in order to fund any liquidity requirements in the short term.

At the end of the reporting period, the Group and the Company had banking facilities amounting to HK$667,985,170 and HK$15,000,000 (2012: HK$509,587,850 and HK$15,000,000) which utilised to the extent of HK$313,707,471 and HK$10,000,000 (2012: HK$278,661,068 and HK$10,000,000) respectively.

The following table details the Group's and the Company's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

4. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

Liquidity risk (Cont'd)

The maturity dates for all non-derivative financial liabilities are based on the agreed repayment dates. The amounts disclosed in the following table are based on the contractual undiscounted payments.

The Group

	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Over 5 years	Total contractual undiscounted cash flow	Carrying amount at year end
2013						
Trade and other payables	**130,838,382**	**–**	**–**	**–**	**130,838,382**	**130,838,382**
Amount due to a related company	**23,473**	**–**	**–**	**–**	**23,473**	**23,473**
Amount due to an associate	**394,619**	**–**	**–**	**–**	**394,619**	**394,619**
Amount due to non–controlling interest	**–**	**2,835,000**	**–**	**–**	**2,835,000**	**2,835,000**
Bank loans and overdrafts	**159,296,303**	**17,559,394**	**51,997,378**	**138,297,420**	**367,150,495**	**313,707,471**
	290,552,777	**20,394,394**	**51,997,378**	**138,297,420**	**501,241,969**	**447,798,945**
2012						
Trade and other payables	151,845,873	–	–	–	151,845,873	151,845,873
Amount due to a related company	2,570,878	–	–	–	2,570,878	2,489,954
Amount due to an associate	1,366,096	–	–	–	1,366,096	1,366,096
Amount due to non–controlling interest	–	2,664,500	–	–	2,664,500	2,664,500
Bank loans and overdrafts	215,426,180	14,169,183	20,701,502	36,576,673	286,873,538	278,661,068
	371,209,027	16,833,683	20,701,502	36,576,673	445,320,885	437,027,491

4. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

Liquidity risk (Cont'd)

The Company

	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Over 5 years	Total contractual undiscounted cash flow	Carrying amount at year end
2013						
Other payables	**2,371,096**	**–**	**–**	**–**	**2,371,096**	**2,371,096**
Amount due to an associate	**394,619**	**–**	**–**	**–**	**394,619**	**394,619**
Amounts due to subsidiaries	**20,081,907**	**29,999,930**	**–**	**–**	**50,081,837**	**50,078,591**
Bank loans	**10,180,000**	**–**	**–**	**–**	**10,180,000**	**10,000,000**
	33,027,622	**29,999,930**	**–**	**–**	**63,027,552**	**62,844,306**
2012						
Other payables	2,257,475	–	–	–	2,257,475	2,257,475
Amount due to a related company	2,570,878	–	–	–	2,570,878	2,489,954
Amount due to an associate	1,366,096	–	–	–	1,366,096	1,366,096
Amounts due to subsidiaries	72,791,795	–	–	–	72,791,795	71,843,169
Bank loans	10,180,000	–	–	–	10,180,000	10,000,000
	89,166,244	–	–	–	89,166,244	87,956,694

4. FINANCIAL INSTRUMENTS (Cont'd)

(c) Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- the fair values of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid price and ask prices respectively;
- the fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives; and
- the fair values of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded in the consolidated financial statements approximate to their fair value.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

4. FINANCIAL INSTRUMENTS (Cont'd)

(c) Fair value of financial instruments (Cont'd)

The Group

	Level 1	Level 2	Level 3	Total
2013				
Financial assets				
Available-for-sale financial assets				
– Listed equity securities	**30,326,666**	**–**	**–**	**30,326,666**
Financial assets at fair value through profit or loss				
– Investments held-for-trading	**8,729,795**	**–**	**–**	**8,729,795**
	39,056,461	**–**	**–**	**39,056,461**
2012				
Financial assets				
Available-for-sale financial assets				
– Listed equity securities	25,042,809	–	–	25,042,809
Financial assets at fair value through profit or loss				
– Investments held-for-trading	8,244,088	–	–	8,244,088
	33,286,897	–	–	33,286,897

There were no transfers between Level 1, 2 and 3 in the current and prior years.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment loss recognised in respect of trade and other receivables

The policy for impairment loss on trade and other receivables of the Group is based on the evaluation of collectibility and aging analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment loss may be required.

Income tax

The Group is subjected to income tax in Hong Kong and the PRC. Significant judgement is required in determining provision for tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises tax liabilities based on estimates of whether additional tax will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Useful lives of property, plant and equipment

Management of the Company determined the estimated useful lives of property, plant and equipment and respective depreciation. The accounting estimate is based on the expected wears and tears incurred during the daily operation. Wears and tears can be significantly different following renovation each time. When the useful lives differ from the original estimated useful lives, management will adjust the estimated useful lives accordingly. It is possible that the estimates made based on existing experience are different to the actual outcomes within the next financial period and could cause a material adjustment to the depreciation and carrying amount of property, plant and equipment.

Impairment loss recognised in respect of property, plant and equipment

The Group tests whether property, plant and equipment suffered any impairment whenever any impairment indication exists. In accordance with accounting policies, an impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. It is reasonably possible, based on existing knowledge, that outcomes within the next financial period that are different from assumptions could require an adjustment to the carrying amount of property, plant and equipment.

Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience on selling goods of similar nature. It could change significantly as a result of change in market condition. The directors of the Company will re-assess the estimations at the end of the reporting period.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Valuation of investment properties

Investment properties are stated at fair value based on the valuation performed by independent professional valuers, the valuers have based on method of valuation which involves certain assumptions and estimates that reflect, including capitalisation of net rental income after allowance for outgoings and amount has been taken into account of reversion to market value and/or market rent upon expiration of the existent tenancies, vacant possession, and comparable market transactions assuming that the Group sales the properties on the market in their existing state by making reference to comparable sales evidences as available in the relevant market. In relying on the valuation report, the management of the Company has exercised their judgement and is satisfied that the method of valuation is reflective of the current market conditions. Should there be any changes in assumptions due to change of market conditions, the fair value of the investment properties will change in future.

6. SEGMENT INFORMATION

HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of resources allocation to segments and to assessing their performance.

The chief operating decision maker has been identified as the directors of the Company. The directors of the Company review the Group's internal reporting in order to assess performance and allocate resources. The directors of the Company have determined the operating segments based on these reports.

The directors of the Company consider the business from both a geographic and product perspective. From a geographic and product perspective, the directors of the Company assess as the performance of property investments and development/hotel, manufacturing and distribution of plastics packaging materials and stock broking, futures and finance.

6. SEGMENT INFORMATION (Cont'd)

In a manner consistent with the way in which information is reported internally to chief operating decision maker for the purposes of resources allocation and performance assessment, the Group is currently organised into the following operating segments:

Property investments and development/hotel	Provision of hotel services and leasing of rental properties in Hong Kong and the PRC
Manufacturing and distribution of plastics packaging materials	Production and distribution of plastics bags and plastics packaging materials
Stock broking, futures and finance	Securities investment, futures dealing provision of financial investment services and in trading securities

I) Segment revenues and results

	Property investments and development/hotel		Manufacturing and distribution of plastics packaging materials		Stock broking futures and finance		Consolidated	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
Segment revenue	**46,646,399**	40,414,757	**327,289,737**	337,806,868	**18,953,349**	21,771,129	**392,889,485**	399,992,754
Segment results	**24,210,663**	20,000,787	**10,949,872**	(10,415,259)	**2,074,446**	1,987,479	**37,234,981**	11,573,007
Gain arising on change in fair value of investment properties	**154,457,587**	77,025,438	**-**	–	**-**	–	**154,457,587**	77,025,438
Impairment loss recognised in respect of property, plant and equipment	**(3,241,605)**	–	**(33,350,691)**	–	**(419,887)**	–	**(37,012,183)**	–
Profit from operations	**175,426,645**	97,026,225	**(22,400,819)**	(10,415,259)	**1,654,559**	1,987,479	**154,680,385**	88,598,445
Unallocated finance costs							**(8,165,254)**	(6,666,464)
Share of results of associates							**2,615,343**	3,690,206
Profit before tax							**149,130,474**	85,622,187
Unallocated income tax expenses							**(2,155,058)**	(4,523,411)
Profit for the year							**146,975,416**	81,098,776

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results are measured consistently with the Group's profit except that finance costs, share of results of associates and income tax expenses are excluded from such measurement. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales in both years.

For the year ended 31 March 2013 (in HK Dollars)

6. SEGMENT INFORMATION (Cont'd)

II) Segment assets and liabilities

	Property investments and development/hotel		Manufacturing and distribution of plastics packaging materials		Stock broking, futures and finance		Consolidated	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
Assets								
Reportable segment assets	**759,812,480**	635,261,811	**277,526,510**	302,044,316	**281,000,752**	228,427,167	**1,318,339,742**	1,165,733,294
Unallocated corporate assets							**72,575,115**	71,435,069
Total assets							**1,390,914,857**	1,237,168,363

	Property investments and development/hotel		Manufacturing and distribution of plastics packaging materials		Stock broking, futures and finance		Consolidated	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
Liabilities								
Reportable segment liabilities	**12,028,608**	13,595,539	**30,703,886**	39,136,123	**91,358,980**	105,634,761	**134,091,474**	158,366,423
Unallocated corporate liabilities							**317,362,334**	284,778,250
Total liabilities							**451,453,808**	443,144,673

For the purposes of monitoring segment performances and resources allocation between segments:

- all assets are allocated to reportable segments, other than interests in associates and tax prepaid; and

- all liabilities are allocated to reportable segments, other than bank loans and overdrafts, taxation and deferred tax liabilities.

6. SEGMENT INFORMATION (Cont'd)

III) Other segment information

	Property investments and development/hotel		Manufacturing and distribution of plastics packaging materials		Stock broking, futures and finance		Consolidated	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
Amounts included in the measure of segment results or segment assets:								
Additions to non-current assets *(Note)*	**82,589**	48,985	**3,497,914**	7,106,786	**1,036,979**	2,055,554	**4,617,482**	9,211,325
Amortisation of leasehold land and land use right	**(23,085)**	(23,085)	**(357,360)**	(353,233)	**–**	–	**(380,445)**	(376,318)
Depreciation of property, plant and equipment	**(4,359,736)**	(4,368,071)	**(8,352,342)**	(9,304,094)	**(625,229)**	(761,073)	**(13,337,307)**	(14,433,238)
Gain arising on change in fair value of investment properties	**154,457,587**	77,025,438	**–**	–	**–**	–	**154,457,587**	77,025,438
Impairment loss recognised in respect of property, plant and equipment	**(3,241,605)**	–	**(33,350,691)**	–	**(419,887)**	–	**(37,012,183)**	–
Impairment loss recognised in respect of trade receivables	**–**	–	**(82,975)**	–	**–**	–	**(82,975)**	–
Interest income	**1,239**	23	**81,145**	250,794	**7,907,382**	7,039,561	**7,989,766**	7,290,378
(Loss) gain on disposal of property, plant and equipment	**(14,692)**	(31,272)	**83,675**	–	**(49)**	–	**68,934**	(31,272)
Reversal of impairment loss recognised in respect of trade receivables	**–**	–	**23,139**	–	**–**	386,662	**23,139**	386,662
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment results or segment assets:								
Interests in associates	**–**	–	**–**	–	**–**	–	**72,142,198**	68,582,558
Finance costs	**–**	–	**–**	–	**–**	–	**(8,165,254)**	(6,666,464)
Income tax expense	**–**	–	**–**	–	**–**	–	**(2,155,058)**	(4,523,411)
Share of results of associates	**–**	–	**–**	–	**–**	–	**2,615,343**	3,690,206

Note: Non-current assets excluded financial instruments.

6. SEGMENT INFORMATION (Cont'd)

IV) Geographical segment

	Turnover	
	2013	2012
Hong Kong	**114,869,073**	93,932,422
North America	**45,076,590**	42,343,800
Oceania	**29,657,559**	31,944,870
Europe	**28,211,640**	33,952,565
PRC	**66,056,350**	92,261,824
Other Asian countries	**109,018,273**	105,557,273
	392,889,485	399,992,754

	Non-current assets	
	2013	2012
Hong Kong	**829,760,731**	688,964,887
PRC	**102,819,753**	132,650,880
	932,580,484	821,615,767

Note: Non-current assets excluded financial instruments. The geographical location of the specified non-current assets is based on the physical location of the asset, the location of the operation to which they are allocated, in the case of intangible assets, and the location of operations, in the case of interests in associates.

V) Information about major customers

For the year ended 31 March 2013, turnover from one customer of the Group of HK$75,685,863 (2012: two customers of the Group of HK$70,849,297 and HK$69,612,676 respectively) reported in manufacturing and distribution of plastics packaging materials segment had individually accounted for over 10% of the Group's total turnover. No other single customers contributed 10% or more to the Group's turnover for both years.

Certain comparative figures have been represented to conform with the change of resources allocation in the current year.

For the year ended 31 March 2013 (in HK Dollars)

7. TURNOVER

	2013	2012
Sale of goods	327,289,737	337,806,868
Gross rental income	20,385,026	18,047,237
Brokerage commission	17,561,191	18,466,908
Hotel income	26,261,373	22,367,520
Dividend income		
– Listed equity securities	1,392,158	3,304,221
	392,889,485	399,992,754

8. OTHER REVENUE AND OTHER INCOME

	2013	2012
Interest income	7,989,766	7,290,378
Other income *(Note)*	3,208,024	4,050,603
Gain on disposal of property, plant and equipment	68,934	–
Reversal of impairment loss recognised in respect of trade receivables	23,139	386,662
	11,289,863	11,727,643

Note: Other income mainly comprised of other securities income and other ancillary hotel revenue.

9. PROFIT FROM OPERATIONS

Profit from operations has been arrived at after charging (crediting):

	2013	2012
Amortisation of leasehold land and land use right	**380,445**	376,318
Auditors' remuneration	**867,066**	741,307
Bargain purchase gain recognised in a business combination	**–**	(462,618)
Cost of inventories sold	**234,329,160**	252,179,514
Depreciation of property, plant and equipment	**13,337,307**	14,433,238
Exchange gain	**(99,260)**	(204,365)
Fair value loss (gain), net:		
– Available-for-sale financial assets	**117,489**	–
– Financial assets at fair value through profit or loss	**(497,503)**	3,325,142
Impairment loss recognised in respect of trade receivables	**82,975**	–
Impairment loss recognised in respect of property, plant and equipment	**37,012,183**	–
(Gain) loss on disposal of property, plant and equipment	**(68,934)**	31,272
Operating lease rental in respect of office premises	**3,821,432**	2,992,006
Staff costs (including directors' remuneration):		
– Salaries, wages and allowances	**51,597,041**	52,743,394
– Staff benefits	**2,392,621**	3,425,829
– Defined contribution plans	**831,907**	749,544
	54,821,569	56,918,767
Gross rental income from investment properties	**(20,385,026)**	(18,047,237)
Less: Direct outgoing expenses from investment properties that generated rental income during the year	**49,654**	28,937
	(20,335,372)	(18,018,300)

10. FINANCE COSTS

	2013	2012
Interests on:		
Bank loans and overdraft wholly repayable:		
within five years	**5,148,864**	4,064,379
over five years	**1,457,096**	1,019,876
Amounts due to related companies	**597,470**	983,980
Other borrowings	**5,079**	–
Bank charges	**956,745**	598,229
	8,165,254	6,666,464

11. INCOME TAX EXPENSE

The income tax expense comprises:

	2013	2012
Current tax:		
Hong Kong Profits Tax	**3,678,086**	4,177,483
Under provision:		
Hong Kong Profits Tax	**160,903**	1,762,578
	3,838,989	5,940,061
Deferred tax:		
Current year *(note 35)*	**(1,683,931)**	(1,416,650)
Total income tax expense recognised	**2,155,058**	4,523,411

Hong Kong Profits Tax is calculated at 16.5% (2012: 16.5%) on the estimated assessable profit for the year.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% (2012: 25%).

11. INCOME TAX EXPENSE (Cont'd)

No PRC Enterprise Income Tax is payable on the profit for both year arising in the PRC since the assessable profit is wholly absorbed by tax losses brought forward. Tax losses carry forward amount to HK$13,963,308 (2012: HK$12,676,189).

The tax charge for the year can be reconciled to the profit before tax per the consolidated income statement as follows:

	2013	2012
Profit before tax	**149,130,474**	85,622,187
Notional tax on profit before tax, calculated at Hong Kong Profits Tax rate of 16.5% (2012: 16.5%)	**24,606,528**	14,127,661
Tax effect of:		
Different tax rates of subsidiaries operating in other jurisdictions	**514,137**	575,397
Expenses not deductible for tax purpose	**6,795,077**	44,493
Income not taxable for tax purpose	**(29,706,155)**	(12,229,813)
Under provision in respect of prior years	**160,903**	1,762,578
Current year's tax losses not recognised	**2,595,679**	2,617,177
Share of results of associates	**(431,532)**	(608,884)
Previous tax losses utilised in current year	**(2,379,579)**	(2,069,165)
Reversal of tax losses previously recognised	**–**	303,967
Tax charge for the year	**2,155,058**	4,523,411

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATION

The remuneration paid or payable to each of the 15 (2012: 14) directors for the year ended 31 March 2013 and 2012 is set out below:

Name of directors	Salary and other benefits	Director fee	MPF contribution	Total
2013				
Executive directors				
Chua Nai Tuen	2,555,800	55,000	13,000	2,623,800
Chua Nai King	984,000	30,000	–	1,014,000
Nelson Junior Chua	486,833	30,000	14,500	531,333
Gilson Chua	611,500	30,000	14,500	656,000
Non-executive directors				
Chan Man Hon, Eric	–	50,000	–	50,000
Jimmy Siy Tiong	–	30,000	–	30,000
Luis Siy (retired on 17 August 2012)	–	30,000	–	30,000
Rene Siy Chua	–	30,000	–	30,000
Tsai Han Yung	–	40,000	–	40,000
Samuel Siy Yap	–	30,000	–	30,000
Vivian Chua	379,858	30,000	15,725	425,583
Independent non-executive directors				
Chan Siu Ting	–	55,000	–	55,000
James L. Kwok	–	60,000	–	60,000
Wong Shek Keung	–	55,000	–	55,000
Tsui Ka Wah (appointed on 21 September 2012)	–	30,000	–	30,000
Tsai Sui Cheung, Andrew (appointed on 30 November 2012)	–	30,000	–	30,000
	5,017,991	615,000	57,725	5,690,716

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATION (Cont'd)

Name of directors	Salary and other benefits	Director fee	MPF contribution	Total
2012				
Executive directors				
Chua Nai Tuen	2,559,800	40,000	13,000	2,612,800
Chua Nai King	984,000	30,000	–	1,014,000
Nelson Junior Chua	459,000	30,000	12,000	501,000
Gilson Chua	593,300	30,000	12,000	635,300
Non-executive directors				
Chan Man Hon, Eric	–	30,000	–	30,000
Jimmy Siy Tiong	–	30,000	–	30,000
Luis Siy (retired on 17 August 2012)	–	30,000	–	30,000
Rene Siy Chua	–	30,000	–	30,000
Tsai Han Yung	–	30,000	–	30,000
Samuel Siy Yap	–	30,000	–	30,000
Vivian Chua	358,957	30,000	17,214	406,171
Independent non-executive directors				
Chan Siu Ting	–	30,000	–	30,000
James L. Kwok	–	30,000	–	30,000
Wong Shek Keung	–	30,000	–	30,000
	4,955,057	430,000	54,214	5,439,271

Mr. Chua Nai Tuen is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive.

During the year, no emoluments were paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company has waived or agreed to waive any emoluments in both years.

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATION (Cont'd)

Five highest paid employees

The five highest paid employees of the Group during the year included three (2012: three) directors, details of whose remuneration are disclosed above. The remuneration of the other two (2012: two) employees disclosed were as follows:

	2013	2012
Salaries and other allowances	**1,569,173**	1,309,968
MPF contribution	**30,000**	27,112
	1,599,173	1,337,080

The remuneration of the other two employees fell within the following band:

	2013 Number of employees	2012 Number of employees
Nil – HK$1,000,000	**2**	2

During the year, no emoluments were paid by the Group to any of these employees as an inducement to join or upon joining the Group or as compensation for loss of office.

13. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The loss attributable to owners of the Company includes a loss of HK$7,077,562 (2012: profit of HK$26,286,886) which has been dealt with in the financial statements of the Company.

14. DIVIDENDS

	2013	2012
Dividends recognised as distribution during the year:		
2012 final dividend – HK$3 cents (2012: 2011 final dividend HK$3 cents) per ordinary share	**6,522,565**	6,522,565

14. DIVIDENDS (Cont'd)

Subsequent to the end of the reporting period, a final dividend of HK$3 cents in respect of the year ended 31 March 2013 (2012: final dividend of HK$3 cents in respect of the year ended 31 March 2012) per share has been proposed by the directors of the Company and is subjected to approval by the shareholders in the forthcoming general meeting.

15. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on profit attributable to owners of the Company of HK$145,312,570 (2012: HK$80,264,886) and on the weighted average number of 217,418,850 (2012: 217,418,850) ordinary shares in issue during the year.

The denominators used are the same for both basic and diluted earnings per share.

16. INVESTMENT PROPERTIES

	The Group	**The Company**
At 1 April 2011	467,449,520	1,780,800
Gain arising on change in fair value	77,025,438	91,956
At 31 March 2012 and at 1 April 2012	544,474,958	1,872,756
Gain arising on change in fair value	154,457,587	29,119
At 31 March 2013	**698,932,545**	**1,901,875**

The fair values of the Group's and the Company's investment properties at the end of the reporting period have been arrived at on the basis of a valuation carried out on that date by Messrs. K. T. Liu Surveyors Limited, independent qualified professional valuer not connected to the Group with recent experience in the valuation of similar properties in relevant locations. The valuation was arrived at the basis of discounted cash flow projections based on estimates of future rental income from properties using current market rentals and yields as inputs and/or by reference to market evidence of transaction prices for similar properties.

All of the Group's and the Company's properties interests held under operating leases to earn rentals or for capital appreciation purpose are measured using the fair value model and are classified and accounted for as investment properties.

16. INVESTMENT PROPERTIES (Cont'd)

At 31 March 2013, investment properties with carrying amount of HK$465,000,000 (2012: HK$384,301,000) have been pledged to secure general banking facilities granted to the Group.

The carrying amounts of investment properties of the Group and the Company shown above comprises:

	The Group		The Company	
	2013	2012	**2013**	2012
Inside Hong Kong, held under Medium–term lease	**694,740,000**	540,801,000	**–**	–
Outside Hong Kong, held under Medium–term lease	**4,192,545**	3,673,958	**1,901,875**	1,872,756
	698,932,545	544,474,958	**1,901,875**	1,872,756

17. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings						
	Medium and long-term lease in Hong Kong	Medium-term lease in PRC	Construction in progress	Plant and machinery	Furniture, fixtures & equipment	Motor vehicles	Total
Cost							
At 1 April 2011	91,014,554	90,205,998	4,293,297	143,825,830	31,409,340	7,414,893	368,163,912
Additions	–	2,851,653	709,059	2,243,344	3,055,091	–	8,859,147
Acquisition through business combination	12,300,000	–	–	–	–	–	12,300,000
Transfer upon completion	–	–	(2,719,273)	2,290,313	428,960	–	–
Disposals	–	–	–	–	(9,058)	(120,000)	(129,058)
Exchange alignments	–	4,307,519	140,854	3,865,518	305,073	167,880	8,786,844
At 31 March 2012 and at 1 April 2012	103,314,554	97,365,170	2,423,937	152,225,005	35,189,406	7,462,773	397,980,845
Additions	–	868,699	–	1,993,072	799,121	172,551	3,833,443
Transfer upon completion	–	403,919	(403,919)	–	–	–	–
Disposals	–	–	–	–	(38,228)	(247,291)	(285,519)
Exchange alignments	–	361,683	9,004	486,188	36,378	17,563	910,816
At 31 March 2013	103,314,554	98,999,471	2,029,022	154,704,265	35,986,677	7,405,596	402,439,585
Accumulated depreciation and impairment							
At 1 April 2011	22,780,731	29,129,316	–	88,703,553	18,986,455	5,772,195	165,372,250
Charge for the year	3,252,763	2,279,826	–	6,148,527	2,443,781	308,341	14,433,238
Written back on disposals	–	–	–	–	(3,484)	(87,301)	(90,785)
Exchange alignments	–	1,742,761	–	1,407,673	220,334	167,036	3,537,804
At 31 March 2012 and at 1 April 2012	26,033,494	33,151,903	–	96,259,753	21,647,086	6,160,271	183,252,507
Impairment loss recognised	–	–	–	32,041,926	3,909,621	1,060,636	37,012,183
Charge for the year	3,410,302	2,334,160	–	5,110,612	2,253,294	228,939	13,337,307
Written back on disposals	–	–	–	–	(23,487)	(222,562)	(246,049)
Exchange alignments	–	148,986	–	347,345	29,827	9,739	535,897
At 31 March 2013	29,443,796	35,635,049	–	133,759,636	27,816,341	7,237,023	233,891,845
Carrying amounts							
At 31 March 2013	**73,870,758**	**63,364,422**	**2,029,022**	**20,944,629**	**8,170,336**	**168,573**	**168,547,740**
At 31 March 2012	77,281,060	64,213,267	2,423,937	55,965,252	13,542,320	1,302,502	214,728,338

17. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

The Company

	Furniture, fixtures & equipment	Motor vehicles	Total
Cost			
At 1 April 2011	684,214	1,647,926	2,332,140
Additions	10,000	–	10,000
Disposal	–	(120,000)	(120,000)
At 31 March 2012, at 1 April 2012 and at 31 March 2013	694,214	1,527,926	2,222,140
Accumulated depreciation and impairment			
At 1 April 2011	507,964	927,506	1,435,470
Charge for the year	45,558	103,158	148,716
Written back on disposals	–	(87,301)	(87,301)
At 31 March 2012 and at 1 April 2012	553,522	943,363	1,496,885
Impairment loss recognised	41,869	518,800	560,669
Charge for the year	38,666	65,763	104,429
At 31 March 2013	634,057	1,527,926	2,161,983
Carrying amounts			
At 31 March 2013	**60,157**	**–**	**60,157**
At 31 March 2012	140,692	584,563	725,255

Included in buildings of the Group shown as medium and long-term lease in Hong Kong, HK$11,842,541 (2012: HK$12,150,041) is related to long-term lease.

At 31 March 2013, buildings with carrying amounts of HK$73,812,477 (2012: HK$77,281,060) have been pledged to secure general banking facilities granted to the Group.

17. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Impairment of property, plant and equipment

During the year ended 31 March 2013, the directors of the Company have assessed whether there is any impairment in respect of property, plant and equipment in accordance with HKAS 36 *Impairment of Assets*.

Based on their assessments (by reference to fair value less costs to sell in the similar assets in the same industry), the directors of the Company determined that the Group's plant and machinery (which is used in the manufacturing and distribution of plastics packaging material segment), furniture, fixtures and equipment and motor vehicles are impaired by HK$32,041,926 (2012: Nil), HK$3,909,621 (2012: Nil) and HK$1,060,636 (2012: Nil) respectively.

The directors of the Company determined that the Company's furniture, fixtures and equipment and motor vehicles are impaired by HK$41,869 (2012: Nil) and HK$518,800 (2012: Nil) respectively.

During the year ended 31 March 2013, impairment loss recognised in respect of property, plant and equipment was mainly attributable to the following factors:

- physical damage
- technical obsolescence

Change in accounting estimates

To reflect the pattern in which those assets future economic benefits are expected to be consumed by the Group, the directors of the Company had revised its accounting estimates on the depreciation method and useful lives of plant and machinery, furniture, fixtures and equipment and motor vehicles. The change in accounting estimates is in accordance with HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and HKAS 16 *Property, Plant and Equipment*.

17. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Change in accounting estimates (Cont'd)

With effect from 1 January 2013, the depreciation method of plant and machinery, furniture, fixtures and equipment and motor vehicles was changed from reducing balance method to straight-line method under HKAS 16. The table below shows the details of annual depreciation rate of property, plant and equipment before and after 1 January 2013:

Category of property, plant and equipment	Before 1 January 2013 annual depreciation rate	After 1 January 2013 annual depreciation rate
Plant and machinery	10% – 20%	10%
Furniture, fixtures and equipment	15% – 25%	10% – 25%
Motor vehicles	15% – 25%	20%

The effect of the change in estimates on profit before tax in current and future periods of the Group is as follows:

	2013	2014	2015	2016	2017	Later
(Decrease) increase in profit before tax	(618,474)	(2,605,088)	(2,077,152)	(1,707,367)	(1,418,995)	8,427,076

The effect of the change in estimates on profit before tax in current and future periods of the Company is as follows:

	2013	2014	2015	2016	2017	Later
(Decrease) increase in profit before tax	(8,548)	(41,400)	4,585	5,979	4,863	34,521

18. LEASEHOLD LAND AND LAND USE RIGHT

The Group

Cost	
At 1 April 2011	18,298,325
Exchange alignment	681,665
At 31 March 2012 and at 1 April 2012	18,979,990
Exchange alignment	65,240
At 31 March 2013	19,045,230
Accumulated amortisation	
At 1 April 2011	4,897,709
Charge for the year	376,318
Exchange alignment	166,974
At 31 March 2012 and at 1 April 2012	5,441,001
Charge for the year	380,445
Exchange alignment	21,021
At 31 March 2013	5,842,467
Carrying amount	
At 31 March 2013	**13,202,763**
At 31 March 2012	13,538,989

	2013	2012
Land outside Hong Kong		
Medium-term lease	**13,202,763**	13,538,989

At 31 March 2013, there is no leasehold land and land use right have been pledged to secure general banking facilities granted to the Group. At 31 March 2012, the Group's leasehold land and land use right with carrying amount of HK$12,546,334 have been pledged to secure general banking facilities granted to the Group.

19. INTERESTS IN SUBSIDIARIES

The Company

	2013	2012
Unlisted shares, at cost	**52,313,709**	52,313,709
Amounts due from subsidiaries	**221,872,145**	192,007,156
	274,185,854	244,320,865
Less: Impairment loss recognised in respect of amounts due from subsidiaries	**(55,900,657)**	(48,156,613)
	218,285,197	196,164,252
Movement of impairment loss:		
Balance at the beginning of the reporting period	**48,156,613**	45,446,021
Impairment loss recognised	**7,775,654**	3,711,797
Impairment loss reversed	**(31,610)**	–
Amounts written off as uncollectible	**–**	(1,001,205)
Balance at the end of the reporting period	**55,900,657**	48,156,613

Details of the Company's principal subsidiaries at 31 March 2013 are set out in note 48 to the consolidated financial statements.

At 31 March 2013 and 2012, the directors of the Company assessed the recoverable amounts of amounts due from subsidiaries after considering profitability, cash flow position, financial position, forecast business development and future prospects of the subsidiaries. At 31 March 2013, based on these assessment, the directors of the Company determined that amounts due from subsidiaries were impaired by HK$7,775,654 (2012: HK$3,711,797).

Amounts due from subsidiaries are unsecured. The non-current portion has no fixed repayment terms and the current portion is repayable on demand. At 31 March 2013, amounts due from subsidiaries amounted HK$209,590,849 (2012: HK$243,963,810) bears interest at Hong Kong dollar prime rate, quoted by Standard Chartered Bank (Hong Kong) Limited, minus 2% in both years and remaining balance of amounts due from subsidiaries are interest-free.

19. INTERESTS IN SUBSIDIARIES (Cont'd)

Amounts due to subsidiaries are unsecured. The non-current portion has no fixed repayment terms and the current portion is repayable on demand. At 31 March 2013, amounts due to subsidiaries amounted HK$99,877 (2012: HK$29,191,406) bears interest at Hong Kong dollar prime rate, quoted by Standard Chartered Bank (Hong Kong) Limited, minus 2% in both years and remaining balance of amounts due to subsidiaries are interest-free.

20. INTERESTS IN ASSOCIATES

The Group

	2013	2012
Cost of investments in associates	**42,118,598**	39,057,290
Share of post-acquisition profit and other comprehensive income, net of dividend received	**2,614,715**	3,755,263
Derecognition of investment in an associate	**(374,800)**	(693,955)
	44,358,513	42,118,598
Amounts due from associates	**32,118,367**	30,798,642
Less: Impairment loss recognised	**(4,334,682)**	(4,334,682)
	72,142,198	68,582,558

The Company

	2013	2012
Cost of investment in an associate, unlisted	**13,921,154**	13,921,154
Amount due from an associate	**14,868,656**	12,711,256
	28,789,810	26,632,410

On 28 December 2012, Dongguan Wisestar Plastics Limited had been deregistrated, thus, the Group had no further significant influence against Dongguan Wisestar Plastics Limited.

On 6 October 2011, the Group further acquired 20% of the issued share capital of Nice Profit Hong Kong Investment Limited at a consideration of HK$20 that become a subsidiary of the Group for the year ended 31 March 2012. Details of the acquisition are set out in note 47 to the consolidated financial statements.

For the year ended 31 March 2013 (in HK Dollars)

20. INTEREST IN ASSOCIATES (Cont'd)

Amounts due from associates are unsecured, interest-free and have no fixed repayment terms.

Amount due to an associate is unsecured, interest-free and repayable on demand.

Details of the Group's associates at 31 March 2013 are set out in note 49 to the consolidated financial statements.

Summarised financial information of associates of the Group

	2013	2012
Total assets	**271,816,472**	246,000,602
Total liabilities	**(157,081,992)**	(141,917,096)
Net assets	**114,734,480**	104,083,506
The Group's share of net assets of associates	**44,358,513**	42,118,598

	2013	2012
Total revenue	**3,742,373**	4,141,595
Total profit for the year	**11,438,397**	19,939,065
Total other comprehensive (loss) income for the year	**(1,317)**	136,452
The Group's share of results and other comprehensive income of associates for the year	**2,614,715**	3,755,263

21. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The Group		The Company	
	2013	2012	**2013**	2012
Unlisted investments:				
– Equity securities in Hong Kong	**946,000**	946,000	**810,000**	810,000
– Equity securities outside Hong Kong	**335,100**	335,100	**–**	–
	1,281,100	1,281,100	**810,000**	810,000
Listed investments:				
– Equity securities listed in Hong Kong	**30,326,666**	25,042,809	**–**	–
	31,607,766	26,323,909	**810,000**	810,000

During the year, the gross gain in respect of the Group's available-for-sale financial assets recognised in other comprehensive income amounted to HK$5,022,520 (2012: gross loss amounted to HK$4,430,523), of which HK$117,489 (2012: Nil) was reclassified from other comprehensive income to consolidated income statement for the current year.

The unlisted investments are measured at cost less impairment because they do not have a quoted market price in an active market and hence, in the opinion of the directors, the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that the fair values cannot be measured.

At 31 March 2013, available-for-sale financial assets with carrying amount of HK$20,653,266 (2012: HK$24,188,309) have been pledged to secure general banking facilities granted to the Group.

At 31 March 2013 and 31 March 2012, the directors of the Company assessed the recoverable amount of unlisted equity securities in Hong Kong and outside Hong Kong with the basis of past performance, management expectation for market development and certain key assumption. Based on the these assessment, the directors of the Company considered that there is no indication that material decline or adverse changes in the market in which investees operated occurred and the directors of the Company considered that the cost of investments are still considered to be recoverable, thus no impairment loss was recognised for both years.

Fair values of listed securities are determined with reference to quoted market bid prices at the end of the reporting period.

The market values of the Group's listed securities in Hong Kong at the date of approval of these consolidated financial statements were HK$30,044,806.

22. INTANGIBLE ASSETS

The Group

	Stock Exchange trading right	Futures Exchange trading right	Membership of The Chinese Gold & Silver Exchange Society	Club membership	Total
Cost					
At 1 April 2011, at 31 March 2012, at 1 April 2012 and at 31 March 2013	5,030,001	201,205	1,475,000	981,500	7,687,706
Impairment					
At 1 April 2011, at 31 March 2012, at 1 April 2012 and at 31 March 2013	2,810,000	–	1,175,000	–	3,985,000
Carrying amounts					
At 31 March 2013	**2,220,001**	**201,205**	**300,000**	**981,500**	**3,702,706**
At 31 March 2012	2,220,001	201,205	300,000	981,500	3,702,706

Indefinite useful life

The Group classified the above intangible assets with indefinite life in accordance with HKAS 38 *Intangible Assets*. In the opinion of the directors of the Company, its legal rights are capable of being renewed indefinitely at insignificant cost and therefore are perpetual in duration, and based on future financial performance of the Group, they are expected to generate positive cash flows indefinitely. Under HKAS 38, the Group re-evaluate the useful life of the intangible assets each year to determine whether events or circumstances continue to support the view of the indefinite useful life of the asset.

Impairment

The Group completes its annual impairment test for the intangible asset by comparing its recoverable amount to the carrying amount at the end of the reporting period in accordance with HKAS 36 *Impairment of Assets*. The recoverable amounts of the intangible assets are determined based on fair value less cost to sell. The fair values are determined based on the current market conditions and the directors of the Company consider that no impairment loss was recognised in both years.

23. OTHER ASSETS

	The Group	
	2013	2012
Contribution to the compensation fund with the Stock Exchange	**2,636,217**	1,852,178
Statutory deposits with Hong Kong Securities Clearing Company Limited	**600,000**	600,000
Admission fee & guarantee fund to Hong Kong Securities Clearing Company Limited	**600,000**	600,000
	3,836,217	3,052,178

24. INVENTORIES

	The Group	
	2013	2012
Raw materials	**53,754,518**	55,310,563
Work in progress	**6,102,039**	7,446,285
Finished goods	**21,006,693**	22,980,511
	80,863,250	85,737,359

25. TRADE AND OTHER RECEIVABLES

The Group's trade receivables arose from (i) property investments and development/hotel, (ii) manufacturing and distribution of plastics packaging materials, and (iii) stock broking, futures and finance for the year.

	The Group	
	2013	2012
Trade receivables from:		
– Clearing house and cash clients	**30,682,074**	17,573,663
– Secured margin clients	**114,734,749**	64,667,777
– Other customers	**42,374,161**	52,732,013
	187,790,984	134,973,453
Less: Allowance for doubtful debts	**(6,311,404)**	(6,334,543)
	181,479,580	128,638,910
Other receivables	**20,666,860**	12,766,303
	202,146,440	141,405,213

Trade receivables from other customers are comprised of sales of goods and rental income.

The Group allows a credit period up to the respective settlement dates for securities transactions (normally two business days after the respective trade date for cash clients). Each secured margin client has a credit limit.

Trade receivables from manufacturing and distribution of plastics packaging materials fall into the general credit term ranged from 0 – 90 days except for a credit period mutually agreed between the Group and the customers.

Room guests are requested to settle all outstanding balances before they check out. Normally, upon check-in, the Group will request its room guests for cash deposit or credit card debit authorisation. Other than that, the Group does not obtain any other collateral from its room guests.

Other receivables comprised of life insurance plan and receivable from disposal of plant and machinery.

25. TRADE AND OTHER RECEIVABLES (Cont'd)

The Company's trade receivable arose from property investments and development/hotel for the year.

	The Company	
	2013	2012
Trade receivable from property investments	**30,955**	–
Other receivables	**56,963**	44,266
	87,918	44,266

(a) Aging analysis

The following is an aging analysis of trade receivables of the Group, presented based on the invoice date and net of allowance for doubtful debts:

	The Group	
	2013	2012
0-30 days	**29,194,331**	50,994,534
31-60 days	**25,980,373**	6,578,633
Over 60 days	**11,570,127**	6,397,966
	66,744,831	63,971,133

Margin loans due from margin clients are repayable on demand. Margin loans are required to be secured by clients' listed securities held by the Group as collateral and bears interest at 8.25% for both year ended 31 March 2013 and 31 March 2012. The amount of credit facilities granted to margin clients is determined by the discounted market value of the collateral securities accepted by the Group. At 31 March 2013, the total market value of securities pledged as collateral by the customers in respect of the loans to margin clients was HK$153,356,936 (2012: HK$93,066,180). No aging analysis of secured margin clients is disclosed as in the opinion of the directors of the Company, the aging analysis does not give additional value in view of the nature of business of securities margin financing.

25. TRADE AND OTHER RECEIVABLES (Cont'd)

(a) Aging analysis (Cont'd)

The following is an aging analysis of trade receivables of the Company, presented based on the invoice date:

	The Company	
	2013	2012
0-30 days	**30,955**	–

At 31 March 2013, trade receivables of the Company with the amount of HK$30,955 (2012: Nil) is due from a single customer.

(b) Movement in the allowance for doubtful debts

The movement in the allowance for doubtful debts during the year is as follows:

	The Group	
	2013	2012
At 1 April	**6,334,543**	9,220,448
Impairment loss recognised	**82,975**	–
Impairment loss reversed	**(23,139)**	(386,662)
Amounts written off as uncollectible	**(83,525)**	(2,499,243)
Foreign exchange translation gain	**550**	–
At 31 March	**6,311,404**	6,334,543

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of HK$82,975 (2012: Nil) which are past due at the end of the reporting period. The allowance for doubtful debts recognised because there has been a significant change in credit quality and the amounts are considered irrecoverable.

25. TRADE AND OTHER RECEIVABLES (Cont'd)

(c) Aging of trade receivables which are past due but not impaired

Trade receivables disclosed above include amounts (see below for aging analysis) which are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable.

The following is an aging analysis of trade receivables of the Group which are past due but not impaired:

	The Group	
	2013	2012
Neither past due nor impaired	**29,103,691**	49,519,669
Less than one month past due	**29,729,133**	10,183,842
One to three months past due	**4,203,949**	1,967,311
More than three months past due	**3,708,058**	2,300,311
	66,744,831	63,971,133

The following is an aging analysis of trade receivables of the Company which are neither past due nor impaired:

	The Company	
	2013	2012
Neither past due nor impaired	**30,955**	–

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track of record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

In determining the recoverability of trade receivables, the directors of the Company consider any change in the credit quality of the trade receivables from the date credit were initially granted up to the end of the reporting period.

26. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	The Group	
	2013	2012
Trading securities listed in Hong Kong	**8,729,795**	8,244,088

The above trading securities were classified as held-for-trading investment and the fair values are determined with reference to quoted market bid prices at the end of the reporting period.

At 31 March 2013, trading securities listed in Hong Kong with carrying amount of HK$3,216,300 (2012: HK$8,198,750) have been pledged to secure general banking facilities granted to the Group.

The market values of the Group's trading securities listed in Hong Kong at the date of approval of these consolidated financial statements were HK$8,657,330.

27. AMOUNT DUE FROM A RELATED COMPANY

The Group and the Company

The amount due was unsecured, bears interest at Hong Kong dollar prime rate, quoted by Standard Chartered Bank (Hong Kong) Limited, minus 2% and repayable on demand.

28. TIME DEPOSITS

	The Group	
	2013	2012
Short term bank deposits		
– Secured time deposits	**4,100,000**	4,100,000

The effective interest rate on time deposits ranged from 0.30% p.a. (2012: 0.35% p.a.) and the time deposits will mature within 181 days. (2012: 180 days)

At 31 March 2013 and 2012, all time deposits are denominated in HKD.

29. TRUST ACCOUNTS OF SHARES DEALING CLIENTS

	The Group	
	2013	2012
Trust accounts	**72,436,280**	54,326,889

From the Group's ordinary business of securities and future dealing, it receives and holds money from clients and other institutions in the course of conducting its regulated activities. These client's monies are maintained in one or more trust bank accounts. The Group has recognised the corresponding trade payables to respective clients and other institutions.

Trust accounts earn interests at floating rates based on daily bank deposit rates. At 31 March 2013 and 2012, all trust accounts are denominated in HKD.

30. CASH AND BANK BALANCES

	The Group		The Company	
	2013	2012	**2013**	2012
Cash and cash equivalents	**25,071,820**	60,940,600	**1,308,496**	1,036,704

At 31 March 2013, the Group's cash and bank balances denominated in RMB and USD are HK$3,667,728 (2012: HK$5,942,320) and HK$437,759 (2012: HK$280,733) respectively.

At 31 March 2013, the Company's cash and bank balances denominated in RMB are HK$109,949 (2012: HK$64,424).

RMB is not a freely convertible currency and the remittance of funds out of the PRC is subjected to the foreign exchange control promulgated imposed by the PRC government.

Bank balances earn interests at floating rate based on daily bank deposit rates and are placed with creditworthy banks with no recent history of default.

31. TRADE AND OTHER PAYABLES

The Group's trade payables arose from (i) property investments and development/hotel, (ii) manufacturing and distribution of plastics packaging materials, and (iii) stock broking, futures and finance for the year.

	The Group	
	2013	2012
Trade payables to:		
– Clearing house and cash clients	**79,408,338**	60,749,924
– Secured margin clients	**8,287,890**	40,494,868
– Other creditors	**16,146,128**	23,886,445
	103,842,356	125,131,237
Other payables	**26,996,026**	26,714,636
	130,838,382	151,845,873

Trade payables from other creditors are comprised of purchases of materials and supplies.

The following is an aging analysis of the trade payables at the end of the reporting period:

	The Group	
	2013	2012
0-30 days	**99,850,857**	114,507,318
31-60 days	**3,239,550**	5,511,682
Over 60 days	**751,949**	5,112,237
	103,842,356	125,131,237

Included in trade and other payables of HK$79,408,338 (2012: HK$60,749,924) are amounts payable to clearing house and cash clients which would be due within 30 days.

32. AMOUNT DUE TO A RELATED COMPANY

The Group and the Company

At 31 March 2013, the amount due to a related company is interest-free, unsecured and repayable on demand.

At 31 March 2012, the amount due to a related company bore interest at Hong Kong dollar prime rate, quoted by Standard Chartered Bank (Hong Kong) Limited, minus 2% for the year. The amount due was unsecured and fully repaid during the year ended 31 March 2013.

33. BANK LOANS AND OVERDRAFTS

	The Group		The Company	
	2013	2012	**2013**	2012
Secured bank overdrafts	**8,931,554**	–	**–**	–
Secured bank loans	**294,775,917**	267,676,995	**–**	–
Unsecured bank loans	**10,000,000**	10,984,073	**10,000,000**	10,000,000
	313,707,471	278,661,068	**10,000,000**	10,000,000

	The Group		The Company	
	2013	2012	**2013**	2012
Carrying amount repayable:				
Within one year	**153,290,043**	213,283,485	**10,000,000**	10,000,000
More than one year, but not exceeding two years	**14,655,986**	13,135,586	**–**	–
More than two years, but not exceeding five years	**43,010,109**	18,415,340	**–**	–
Over five years	**102,751,333**	33,826,657	**–**	–
	313,707,471	278,661,068	**10,000,000**	10,000,000
Less: Amounts due within one year shown under current liabilities	**(153,290,043)**	(213,283,485)	**(10,000,000)**	(10,000,000)
Amounts shown under non-current liabilities	**160,417,428**	65,377,583	**–**	–

33. BANK LOANS AND OVERDRAFTS (Cont'd)

The secured bank loans and overdrafts were secured by the Group's assets as described in note 43 and bear interest at rates ranging from 1.70% to 5.25% (2012: 1.60% to 7.46%) per annum.

The unsecured bank loan bear interest rate at HIBOR plus 1.5% (2012: HIBOR plus 1.5%) per annum.

At 31 March 2013, the Group had secured bank loans with the amount of HK$5,450,000 (2012: HK$14,150,000) that granted under the Special Loan Guarantee Scheme of the government of the Hong Kong Special Administrative Region ("HKSAR"). The government of HKSAR had provided a guarantee with the amount of HK$10,800,000 in both years to the Group.

The Group's bank loans and overdrafts are denominated in currency other than HKD as set out below:

	The Group	
	2013	2012
RMB	–	2,467,308

34. AMOUNT DUE TO NON-CONTROLLING INTEREST

The Group

The amount due to non-controlling interest is unsecured, interest-free and has no fixed repayment terms.

35. DEFERRED TAX LIABILITIES

The Group

The components of deferred tax liabilities recognised in the consolidated statement of financial position and the movements thereon during the years are as follows:

	Accelerated tax depreciation	Revaluation of investment properties	Tax losses	Others	Total
At 1 April 2011	4,830,598	298,239	(303,967)	273,788	5,098,658
(Credit) charge to the consolidated income statement	(1,793,227)	72,610	303,967	–	(1,416,650)
At 31 March 2012 and at 1 April 2012	3,037,371	370,849	–	273,788	3,682,008
(Credit) charge to the consolidated income statement	(1,813,577)	129,646	–	–	(1,683,931)
At 31 March 2013	**1,223,794**	**500,495**	**–**	**273,788**	**1,998,077**

At 31 March 2013, the Group did not recognise deferred tax asset in respect of tax losses of HK$33,673,027 (2012: HK$32,363,330). As it is not probable that taxable profits will be available against which the unused tax losses of the Group can be utilised, deferred tax asset have not been recognised in respect of the unused tax losses. Tax losses are available indefinitely for offsetting future taxable profit of the companies in which the losses arose except for the tax losses arising in the PRC of HK$13,963,308 (2012: HK$12,676,189) that will expire in one to five years for offsetting against future taxable profits.

The Company

The components of deferred tax liabilities recognised in the Company statement of financial position and the movements during the years are as follows:

	Accelerated tax depreciation	Tax losses	Total
At 1 April 2011	124,714	(124,714)	–
(Credit) charge to the income statement	(124,714)	124,714	–
At 31 March 2012, at 1 April 2012 and at 31 March 2013	**–**	**–**	**–**

35. DEFERRED TAX LIABILITIES (Cont'd)

The Company (Cont'd)

At 31 March 2013, the Company did not recognise deferred tax asset in respect of tax losses of HK$19,643,401 (2012: HK$18,937,787). As it is not probable that taxable profits will be available against which the unused tax losses of the Company can be utilised, deferred tax asset have not been recognised in respect of the unused tax losses. Tax losses are available indefinitely for offsetting future taxable profit of the Company in which the losses arose.

36. SHARE CAPITAL

The Group and the Company

	2013	2012
Authorised:		
500,000,000 (2012: 500,000,000) ordinary shares of HK$1.00 each	**500,000,000**	500,000,000
Issued and fully paid:		
217,418,850 (2012: 217,418,850) ordinary shares of HK$1.00 each	**217,418,850**	217,418,850

37. RETAINED EARNINGS

The Company

	Retained earnings
At 1 April 2011	19,181,537
Profit for the year	26,286,886
Dividends paid	(6,522,565)
At 31 March 2012 and at 1 April 2012	38,945,858
Loss for the year	(7,077,562)
Dividends paid	(6,522,565)
At 31 March 2013	**25,345,731**

38. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to maintain the Group's ability to continue operating as a going concern and to preserve healthy capital structure ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares and raise or repay debts. The Group's overall strategy remains unchanged from prior year.

Consistently, the Group monitors capital on the basis of net debt to equity ratio calculated on the basis of the Group's net debt (after cash and bank balances together with time deposit) over equity attributable to owners of the Company. The Group's policy is to keep the net debt to equity ratio at a reasonable level.

The Group is not subject to any external imposed capital requirements.

The net debt to equity ratio at 31 March 2013 and 2012 were as follows:

	2013	2012
Total debts *(Note 1)*	**316,960,563**	285,181,618
Less:		
Time deposits	**(4,100,000)**	(4,100,000)
Cash and bank balances	**(25,071,820)**	(60,940,600)
Net debt	**287,788,743**	220,141,018
Equity attributable to owners of the Company *(Note 2)*	**927,253,967**	783,483,145
Net debt to equity ratio	**31.04%**	28.10%

Notes:

1. Debts comprises amount due to an associate, amount due to a related company, bank loans and overdrafts and amount due to non-controlling interest as detailed in notes 20, 32, 33 and 34 respectively.

2. Equity attributable to owners of the Company includes all capital and reserves attributable to owners of the Company.

For the year ended 31 March 2013 (in HK Dollars)

39. RECONCILIATION OF PROFIT BEFORE TAX TO CASH (USED IN) GENERATED FROM OPERATIONS

	2013	2012
Profit before tax	**149,130,474**	85,622,187
Adjustments for:		
Gain arising on change in fair value of investment properties	**(154,457,587)**	(77,025,438)
(Gain) loss arising on change in fair value of financial assets at fair value through profit or loss	**(497,503)**	3,325,142
Bargain purchase gain recognised in a business combination	**–**	(462,618)
Share of results and other comprehensive income of associates	**(2,614,715)**	(3,755,263)
Dividend income	**(1,392,158)**	(3,304,221)
Interest income	**(7,989,766)**	(7,290,378)
Exchange gain	**(99,260)**	(204,365)
Finance costs	**8,165,254**	6,666,464
Reversal of impairment loss recognised in respect of trade receivables	**(23,139)**	(386,662)
Impairment loss recognised in respect of trade receivables	**82,975**	–
Impairment loss recognised in respect of property, plant and equipment	**37,012,183**	–
Depreciation of property, plant and equipment	**13,337,307**	14,433,238
Amortisation of leasehold land and land use right	**380,445**	376,318
(Gain) loss on disposal of property, plant and equipment	**(68,934)**	31,272
Fair value loss on available-for-sale financial assets	**117,489**	–
Operating cash flows before movements in working capital	**41,083,065**	18,025,676
Decrease (increase) in inventories	**5,122,324**	(10,695,973)
(Increase) decrease in trade and other receivables	**(60,601,683)**	45,291,981
Increase in deposits and prepayments	**(660)**	(959,839)
(Increase) decrease in trust accounts of shares dealing clients	**(18,109,391)**	1,989,108
Decrease in time deposits	**–**	1,000,000
Increase in amount due from a related company	**(2,891)**	–
(Decrease) increase in trade and other payables	**(21,528,422)**	17,731,409
Decrease in amount due to an associate	**(971,477)**	–
Decrease in amount due to a related company	**(2,466,481)**	(19,285,452)
Cash (used in) generated from operations	**(57,475,616)**	53,096,910

40. RETIREMENT BENEFIT COSTS

Defined contribution plan

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the plans are held separately from those of the Group in funds under the control of trustees.

The Group operates MPF Scheme under rules and regulations of Mandatory Provident Fund Schemes Ordinance for all its employees in Hong Kong. The Group has chosen to follow the minimum statutory contribution requirement of 5% of eligible employees' monthly relevant income but limited to the mandatory cap of HK$25,000 ($20,000 prior to 1 June 2012). The contributions are charged to the consolidated income statements as incurred. In respect of those employees who leave the Group prior to completion of qualifying service period, the relevant portion of the employer's voluntary contributions forfeited (represents the assets transferred from the Old Scheme) will be reverted to the Group. The assets of the MPF Scheme are held separately from those of the Group in an independently administrative fund.

The employees of the Group's subsidiaries in the PRC are members of state-managed retirement benefit schemes operated by the government of the PRC. The subsidiary is required to contribute a specific percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes operated by the government of the PRC is to make the specified contributions under the schemes. The contributions are charged to the consolidated income statements.

During the year ended 31 March 2013, no retirement benefits schemes contributions of the Group was forfeited (2012: Nil). The total expense recognised in the consolidated income statement of HK$831,907 (2012: HK$749,544) represents contributions payable to these plans by the Group at rates specified in the rules of the plans.

41. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 March 2013 and 2012, the Group did not have major non-cash transactions.

42. OPERATING LEASES

As lessee

	The Group 2013	2012
Minimum lease payments paid under operating leases during the period:		
Office premises	**3,821,432**	2,992,006

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of office premises which fall due as follows:

	The Group 2013	2012
Within one year	**2,240,129**	3,602,582
In the second to fifth year inclusive	**707,004**	1,313,863
	2,947,133	4,916,445

Operating lease payments represent rentals payable by the Group for certain of its office premises. Leases are negotiated at terms which range from 1 to 3 years.

For leasing period exceeds two years, lease rental will be adjusted bi-yearly to reflect market rent.

As lessor

Property rental income earned during the year was HK$20,385,026 (2012: HK$18,047,237). All of the investment properties held by the Group and the Company are for rental purposes and are expected to generate annual rental yields of 2% to 19% (2012: 1% to 19%) and 19% (2012: 19%) on an ongoing basis respectively. All of the properties held have committed tenants for the next 2 years.

42. OPERATING LEASES (Cont'd)

As lessor (Cont'd)

At the end of the reporting period, the Group and the Company had contracted with tenants for the following future minimum lease payments:

	The Group		The Company	
	2013	2012	**2013**	2012
Within one year	**13,318,696**	16,267,217	**368,276**	368,276
In the second to fifth year inclusive	**9,849,355**	15,635,669	**828,622**	92,069
	23,168,051	31,902,886	**1,196,898**	460,345

43. PLEDGE OF ASSETS

Assets with the following carrying amounts have been pledged to secure general banking facilities granted to the Group, set out in note 33:

	2013	2012
Investment properties	**465,000,000**	384,301,000
Buildings	**73,812,477**	77,281,060
Leasehold land and land use right	**–**	12,546,334
Available-for-sale financial assets	**20,653,266**	24,188,309
Financial assets at fair value through profit or loss	**3,216,300**	8,198,750
Time deposits	**4,100,000**	4,100,000
	566,782,043	510,615,453

44. CONTINGENT LIABILITIES

(a) At the end of the reporting period, the Group and the Company have issued the following guarantees:

	The Group		The Company	
	2013	2012	**2013**	2012
Financial guarantees issued to banks in favour of subsidiaries	**–**	–	**622,950,000**	458,000,000
Guarantee issued to supplier in respect of outstanding balances due by subsidiaries	**–**	–	**3,882,080**	3,882,080

At the end of the reporting period, the directors of the Company do not consider it is probable that a claim will be made against the Company under any of the guarantees.

(b) At 31 March 2011, a subsidiary had unsettled tax issue regarding the deductibility of accounting fee incurred in the years from 2002/03 to 2008/09. The unsettled tax issue was resolved during the year ended 31 March 2012.

(c) In past years, the constructor for the hotel renovation works claimed against the Company and SAP Realty Company Limited ("SAR"), a wholly owned subsidiary of the Group for an overdue balance of HK$5,009,115. However, SAR has made a counter claim to that constructor for the amount overpaid to him of HK$5,459,314, having taken into account the cost and the expenses incurred by SAR to rectify the defect in the works and the loss and damage caused by the constructor's failure to complete the works on time.

Up to the date of this report, the outcome of the proceedings is still uncertain. As the directors of the Company considered it is premature and not practical to draw a conclusion of the outcome of the claims and that the ultimate liability, if any, will not have a material adverse impact on the Group's financial position, no provision was made as of 31 March 2013 and 31 March 2012.

44. CONTINGENT LIABILITIES (Cont'd)

(d) Furthermore, a constructor of the renovation works of a director's quarters owned by K.W. & Associates Company Limited, a wholly owned subsidiary of the Company, has demanded settlement from the subsidiary of an overdue balance of HK$1,567,380, of which HK$724,600 has been recognised as a liability in the statement of financial position of that subsidiary. However, the subsidiary has counter-claimed for the rectification cost of about HK$820,000 caused by the defects in the constructor's works.

Up to the date of this report, the outcome of the claims is still uncertain. As the directors of the Company considered it is premature and not practical to draw a conclusion of the outcome of the claims and that the ultimate liability, if any, will not have a material adverse impact on the Group's financial position, no further provision was made at 31 March 2013 and 31 March 2012.

45. CAPITAL COMMITMENTS

	The Group	
	2013	2012
Contracted for but not provided in the financial statement in respect of factory renovation and purchase of machines	**391,666**	–

For the year ended 31 March 2013 (in HK Dollars)

46. MATERIAL RELATED PARTY TRANSACTION

Save as disclosed elsewhere in the consolidated financial statements, during the year, the Group had entered into the following transactions with related parties at normal commercial terms:

		2013	2012
(a)	Income received from associates of the Group:		
	– Rental income	–	116,261
(b)	Payments to an associate of the Group:		
	– Purchase of properties, plant and equipment	–	1,365,565
	– Purchase of raw materials & scrap	–	577,430
(c)	Payment to a company in which the Chairman of the Group has controlling interest:		
	– Rental expenses	**850,321**	842,160
(d)	Interest payment to related companies in which the Chairman of the Group has controlling interest	**499,629**	846,845
(e)	In addition to the directors' remuneration as disclosed in note 12, remuneration of the other key management personnel was disclosed as follows:		
	– Short-term employee benefits	**3,060,837**	3,215,640
	– MPF contribution	**86,071**	94,333
(f)	Remuneration paid to close family members of key management personnel	**765,101**	747,270

In addition to the above, the Group paid certain consultancy fee to companies controlled by Mr. Chua Nai Tuen and Mr. Chua Nai King, executive directors of the Group, for which HK$756,000 (2012: HK$756,000) and HK$984,000 (2012: HK$984,000) respectively.

The remuneration of directors and key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trends.

Details of the balances with related parties at the end of the reporting period are set out in notes 20, 27 and 32 to the consolidated financial statements respectively.

47. BUSINESS COMBINATION

On 6 October 2011, the Group further acquired 20% of the issued share capital of Nice Profit Hong Kong Investment Limited ("Nice Profit") at a consideration of HK$20. Subsequent to the acquisition, the Group held 50% equity interest in Nice Profit. The acquisition has been accounted for using the acquisition method.

The amount of bargain purchase gain recognised in a business combination as a result of the acquisition was HK$462,618. Nice Profit was engaged in property investment. The bargain purchase gain recognised in a business combination of Nice Profit of HK$462,618 was arising from the difference between (a) the fair value of the consideration transferred of HK$20; and (b) the acquisition-date fair value of identifiable assets acquired and liabilities recognised of HK$462,638.

Consideration transferred

	HK$
Cash	20

Acquisition-related costs amounting to HK$479 have been excluded from the consideration transferred and have been recognised as an expense in the current year in the consolidated income statement.

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	Fair value HK$
Property, plant and equipment	12,300,000
Other receivable	1,231
Cash and bank balances	86,032
Bank loan	(4,663,021)
Other payables	(2,746,554)
Amount due to a director	(2,664,500)
Net assets	2,313,188
20% of net assets acquired	462,638
Less: Bargain purchase gain recognised in a business combination	(462,618)
	20

Note: There was no material difference between the fair value of identifiable assets and liabilities and corresponding acquiree's carrying amount on 6 October 2011.

47. BUSINESS COMBINATION (Cont'd)

Net cash inflow from acquisition:

	HK$
Cash paid	20
Less: Cash and bank balances acquired	(86,032)
	(86,012)

Nice Profit incurred a loss of HK$84,600 to the Group for the year ended 31 March 2012.

Had these business combinations been effected at 1 April 2011, the revenue of the Group would have been HK$399,992,754, and the profit for the year ended 31 March 2012 would have been HK$81,054,581. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2011, nor is it intended to be a projection of future results.

48. PRINCIPAL SUBSIDIARIES

Name of company	Place of incorporation/operation	Class of share/ registered capital held	Nominal value of issued ordinary share capital/ registered capital	Percentage of equity interest held by the Company directly	indirectly	Principal activities
Always Best Company Limited	British Virgin Islands/ PRC	Ordinary	US$1	–	95	Investment holding
Dongguan Nan Sing Plastics Limited[c]	PRC	Registered	HK$160,000,000[a]	–	95	Manufacture of plastics products
Dongguan Nanryo Super Plastics Limited[c]	PRC	Registered	HK$20,000,000[b]	–	95	Manufacture of plastics products
Fortune State Investments Limited	Hong Kong	Ordinary	HK$2	100	–	Investment holding
Happy Dragon Investment Limited	Hong Kong	Ordinary	HK$2	100	–	Investment holding
Hotel Benito Management Limited	Hong Kong	Ordinary	HK$1,000	100	–	Hotel operation
K.W. & Associates Company Limited	Hong Kong	Ordinary	HK$2,000,000	100	–	Property investment
Nan Sing Holding Limited	Hong Kong	Ordinary	HK$10,000	100	–	Investment holding
Nan Sing Plastics Limited	Hong Kong	Ordinary	HK$15,000,000	–	95	Trading of plastics products
Nanryo Super Plastics (Hong Kong) Limited	Hong Kong	Ordinary	HK$19,500,000	–	95	Trading of plastics products
Nice Profit Hong Kong Investment Limited[d]	Hong Kong	Ordinary	HK$100	50	–	Property investment
SAP Realty Company Limited	Hong Kong	Ordinary	HK$100	100	–	Property investment
Southeast Asia Properties & Finance (China) Limited	Hong Kong/ PRC	Ordinary	HK$2	100	–	Property investment and development
Southeast Asia Properties Finance (Nomintees) Limited	Hong Kong	Ordinary	HK$10,000	100	–	Nominees

48. PRINCIPAL SUBSIDIARIES (Cont'd)

Name of company	Place of incorporation/operation	Class of share/ registered capital held	Nominal value of issued ordinary share capital/ registered capital	Percentage of equity interest held by the Company directly	Percentage of equity interest held by the Company indirectly	Principal activities
Stockwell Securities Limited	Hong Kong	Ordinary	HK$30,000,000	100	–	Stock broking
Stockwell Commodities Limited	Hong Kong	Ordinary	HK$10,000,000	100	–	Commodities dealing
Tanpar Company Limited	Hong Kong	Ordinary	HK$100	–	95	Trading of plastics products and nominee
Top Epoch Limited	Hong Kong	Ordinary	HK$1	100	–	Property investment
Tsen Hsin Industrial Company Limited	Hong Kong	Ordinary	HK$400,000	–	95	Property investment

(a) Paid up capital up to 31 March 2013 amounted to HK$160,000,000

(b) Paid up capital up to 31 March 2013 amounted to HK$20,000,000

(c) Wholly foreign-owned enterprise

(d) Another shareholder of Nice Profit who holds 50% voting power has agreed to act in accordance with the voting and management decision of the Company. Therefore, Nice Profit is considered as a subsidiary of the Company.

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results of the year or formed a substantial portion of the net assets of the Group. To give details of the other subsidiaries would, in the opinion of the directors of the Company, result in particular of excessive length.

None of the subsidiaries had debt securities outstanding at the end of the year or at any time during the year.

49. ASSOCIATES

Name of company	Place of Incorporation/operation	Particulars of issued ordinary share capital/ registered capital	Class of share/ registered capital held	Percentage of equity interest held by the Company directly	Percentage of equity interest held by the Company Indirectly	Principal activities
Wisestar Holdings Limited	Hong Kong	HK$2	Ordinary	–	47.7	Trading of plastics products
Ongoing Investments Limited	British Virgin Islands/ PRC	US$100	Ordinary	–	20	Property investment
Sequin Development Limited	British Virgin Islands/ PRC	US$100	Ordinary	–	20	Property investment
Titan Dragon Properties Corporation	Philippines	Peso 80,000,000	Ordinary	30	19	Property investment

The above table lists the associates of the Group which, in the opinion of the directors of the Company, principally affected the results for the year or formed a substantial portion of the net assets of the Group.

50. EVENTS AFTER THE REPORTING PERIOD

On 30 April 2013, the Company entered into an agreement with a third party (the "Borrower") and agreed to provide a mortgage loan (the "Loan") with an amount of HK$19,000,000 to the Borrower. Under the terms of the loan agreement, the Borrower had provided two properties and a personal guarantee with unlimited amount to the Company for securing the Loan. The Loan bears interest at Hong Kong dollar prime rate, quoted by Hang Seng Bank Limited, and Loan interest is repayable by 60 consecutive months during Loan period. The Loan principal will be repaid on or before 29 April 2018 and contains a clause of repayable on demand.

51. APPROVAL AND AUTHORISATION FOR ISSUE OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 28 June 2013.

LIST OF PROPERTIES

For the year ended 31 March 2013

I. PROPERTIES HELD FOR INVESTMENT

	Location	Usage	Category of lease term	Group's interest
(1)	Shops, G/F, 7-7B Cameron Road Tsimshatsui Kowloon	Commercial	Medium term lease	100%
(2)	Room 406, 4/F, Tower 2, Slivercord 30 Canton Road Tsimshatsui Kowloon	Commercial	Medium term lease	100%
(3)	Nan Sing Industrial Building 57-59, Kwok Shui Road Kwai Chung New Territories	Industrial	Medium term lease	95%
(4)	9/F, Chan Shan Building, Dong Men Nan Road, Shenzhen, PRC	Commercial	Medium term lease	100%
(5)	Flats C & D, 2/F, Block 2, Kwai Tak Industrial Centre, Kwai Chung, New Territories	Industrial	Medium term lease	95%
(6)	Flat 15E Tower 1, Ming Yue hua Yuan Yitian Road, Futian, Shenzhen, PRC	Residential	Medium term lease	100%

2. PROPERTIES UNDER DEVELOPMENT

	Location	Approximate Site area (sq.m.)	Usage	Group's interest
(1)	Nan Shan Development Zone Zhanmutou Dongguan PRC	104,788	Industrial	95%
(2)	Nan Sing Building Town centre Zhangmutou Dongguan PRC *(see note)*	1,350	Residential/ Commercial	100%

Note: Development plans are pending for approval by relevant authority.

3. PROPERTIES HELD FOR OWN USE

	Location	Usage	Category of lease term	Group's interest
(1)	Residential Block, 7-7B Cameron Road, Tsimshatsui, Kowloon	Hotel operation	Medium term lease	100%
(2)	Room 407-410,4/F, Tower 2, Slivercord, 30 Canton Road, Tsimshatsui, Kowloon	Commercial	Medium term lease	100%
(3)	24, Essex Crescent, Kowloon Tong, Kowloon	Residential	Medium term lease	100%
(4)	Nan Sing Industrial Estate, Nan Shan Development Zone Zhangmutou, Dongguan, PRC	Industrial	Medium term lease	95%
(5)	Car Park Space No. 20 on G/F., Kwai Tak Industrial Centre, Kwai Chung, N.T.	Carpark	Medium term lease	95%
(6)	Unit 1902, 19/F., Star House, 3 Salisbury Road, Kowloon	Commerical	Long term lease	50%

FIVE YEARS FINANCIAL SUMMARY

For the year ended 31 March 2013 (in HK Dollars)

Summary of the results, assets and liabilities of the Group for the last five years is as follows:

	2013	2012	2011	2010	2009
RESULTS					
Turnover	**392,889,485**	399,992,754	349,696,043	308,036,722	367,971,773
Profit attributable to:					
Owners of the Company	**145,312,570**	80,264,886	77,370,847	96,547,619	17,634,549
Non-controlling interests	**1,662,846**	833,890	856,440	252,144	(172,752)
	146,975,416	81,098,776	78,227,287	96,799,763	17,461,797
Total assets	**1,390,914,857**	1,237,168,363	1,150,338,699	1,036,272,501	853,576,078
Total liabilities	**(451,453,808)**	(443,144,673)	(433,132,181)	(397,130,343)	(342,387,450)
	939,461,049	794,023,690	717,206,518	639,142,158	511,188,628
Equity attributable to:					
Owners of the Company	**927,253,967**	783,483,145	708,641,219	631,087,711	497,624,757
Non-controlling interests	**12,207,082**	10,540,545	8,565,299	8,054,447	13,563,871
	939,461,049	794,023,690	717,206,518	639,142,158	511,188,628
EARNINGS PER SHARE					
Basic and diluted	**66.8 cents**	36.9 cents	35.6 cents	44.4 cents	8.1 cents
DIVIDEND PER SHARE	**3.0 cents**	3.0 cents	3.0 cents	3.0 cents	3.0 cents