COSMOPOLITAN
INTERNATIONAL HOLDINGS LTD
四海國際集團有限公司

(incorporated in the Cayman Islands with limited liability)
(stock code : 120)

ANNUAL REPORT 2013

Contents

Corporate Information

DIRECTORS

Executive Directors

Mr. Bong Shu Yin, Daniel *(Chairman)*
Mr. Cheng Sui Sang

Non-executive Directors

Mr. Bong Shu Ying, Francis
Mr. Ng Kwai Kai, Kenneth
Mr. Leung So Po, Kelvin
Mr. Wong Po Man, Kenneth

Independent Non-executive Directors

Mr. Li Ka Fai, David
Mr. Lee Choy Sang
Ms. Ka Kit

AUDIT COMMITTEE

Mr. Li Ka Fai, David *(Chairman)*
Mr. Lee Choy Sang
Ms. Ka Kit

REMUNERATION COMMITTEE

Mr. Lee Choy Sang *(Chairman)*
Mr. Bong Shu Yin, Daniel
Mr. Li Ka Fai, David

NOMINATION COMMITTEE

Mr. Bong Shu Yin, Daniel *(Chairman)*
Mr. Lee Choy Sang
Mr. Li Ka Fai, David

SECRETARY

Mr. Cheng Sui Sang

AUDITOR

SHINEWING (HK) CPA Limited

REGISTERED OFFICE

P.O. Box 309
George Town
Grand Cayman
Cayman Islands
British West Indies

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Units 801-802, 8th Floor
68 Yee Wo Street
Causeway Bay
Hong Kong
Website: www.cosmoholdings.com

HONG KONG SHARE REGISTRAR

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

PRINCIPAL BANKERS

Bank of Communications Co., Ltd.
Industrial and Commercial Bank of China (Asia) Limited
Deutsche Bank A.G.
Standard Chartered Bank (Hong Kong) Limited
The Bank of East Asia Limited

FINANCIAL REVIEW

Cosmopolitan International Holdings Limited (the "Company") together with its subsidiaries (the "Group") recorded an audited consolidated profit of approximately HK$29,079,000 for the year ended 31 March 2013, as compared with the audited consolidated profit of HK$525,339,000 recorded last year. The audited consolidated profit recorded for the year under review included a gain of HK$42,016,000 (2012: HK$152,558,000) arising from the change in fair value, as valued by an independent professional valuer, of the subscription options ("Subscription Options") granted by the Group in 2008 to the holders to subscribe for additional convertible bonds due 2013 ("CB 2013") . Moreover, it should be noted that in the comparative financial year in 2012, the profit attained included the Group's attributable share of a profit of HK$527,678,000 recognised by the jointly controlled entities of the Group from a disposal transaction, the details of which have been disclosed in the Company's announcement dated 30 June 2011 and the 2012 Annual Report.

BUSINESS REVIEW

General

The principal activities of the Group are property development and investment, securities investments, and other investments. The turnover of the Group for the year under review was HK$179,402,000 as compared to HK$78,386,000 in the previous year. The increase in turnover was mainly attributed to the expanded activities in securities trading during the year. In the People's Republic of China (the "PRC"), the monetary authority has been keeping a steady money supply since last year to maintain an even-keel approach and to balance economic development without overheating, in particular, the property sector, but such efforts have so far not been effective in bringing down the property prices in general, especially in major cities. Tight liquidity has recently been observed in the inter-bank market in the PRC, which may indicate a fine-tuning or changes in the monetary policy. In Hong Kong, the property sector has been hit by the heavy stamp duties imposed on vendors and purchasers and the more restrictive lending policy for properties by banks. As a result, both the price and turnover of properties have experienced downward adjustments due to the dampened demand, aggravated by an anticipation of upward trend in the general interest rates in the United States of America (the "US"). Elsewhere, the uncertain sentiment in European debt crisis has continued to affect the markets, though many people have expected that the worst situation seems to have passed. During the early part of this year under review, the boom in the stock markets in Japan and some Asian countries have hit the news headlines. However, such rising markets have recently lost momentum, leading to rapid movement in the speculative capital flow and greater volatility in the debt and stock markets worldwide and in the currency market. On the other hand, signs of a recovery have been noted in the US and the Federal Reserve has recently indicated they may gradually moderate the quantitative easing ("QE") policy and may soon start to reduce the amount of money supply to the US economy.

Investors worldwide are generally focusing on, among others, three main areas: (1) economic growth in the PRC; (2) the speed of slowing down in the US QE monetary measures; and (3) the direction of the capital flow globally, especially those for the objective of short term speculation. As a result, uncertainties and mixed expectations on the future direction and development of the world economies continue to dominate the marketplace.

Chairman's Report

As at 31 March 2013, the unrestricted cash and bank deposits and net deposits placed with securities brokers (after setting off amounts due to securities brokers) within the Group were approximately HK$246,437,000.

The Group recorded net current liabilities of HK$45,800,000 as at 31 March 2013. The Group has recently secured from the Paliburg Group a 2-year term standby revolving credit facility to meet the Group's future working capital needs. The Board is confident that the Group would have adequate financial resources to satisfy full repayment of the current liabilities as and when they fall due.

Property Investments and Development Projects

Chengdu Project

As at 31 March 2013, a jointly controlled entity owned as to 50% each by the Group and Regal Hotels International Holdings Limited group held a 30% interest in a large scale development project in Chengdu, Sichuan (the "Chengdu Project").

Located in Chengdu City, Sichuan Province, the PRC, the Chengdu Project is planned to consist of hotel, commercial, office and residential components and has an overall total gross floor area of approximately 5,340,000 square feet which will be developed in stages. The first stage of the project primarily comprises a five-star hotel and three residential towers. The hotel will have 306 rooms and extensive facilities with a total gross floor area of approximately 446,000 square feet. The structural frame for the hotel development has been completed and external façade works are in progress. The first phase of the hotel is presently scheduled to be soft opened in mid-2014. The three residential towers included in the first stage of the project will have about 340 apartment units with car parking spaces and some ancillary commercial accommodation with a total gross floor area of approximately 490,000 square feet. The structural frames for the residential towers have also been completed and the overall construction works are scheduled to be completed by early 2014. Presale of the residential units is anticipated to be launched in the fourth quarter of 2013. Development works for the other stages of the project are planned to be carried out progressively.

On 27 June 2013, the Group entered into conditional agreements to effectively acquire the remaining 85% interests in the companies holding the Chengdu Project that are not owned by the Group. Details of the acquisition were set out in the announcement of the Company dated 27 June 2013 and published on the websites of the Stock Exchange and the Company on www.hkexnews.hk and www.cosmoholdings.com respectively.

Xinjiang Project

The Group through its wholly-owned subsidiary is engaged in a re-forestation and land exchange project for a land parcel of about 8,000 mu in accordance with the relevant laws and policies in Urumqi City, Xinjiang Uygur Autonomous Region, the PRC. About 4,400 mu of land has been re-forested and is pending for an exchange of about 1,880 mu development land within the 8,000 mu land parcel subject to the verification procedures of the local government authorities and land grant process. The development land is preliminarily planned for a large scale mixed-use development project comprising residential, hotel, recreational and commercial components.

The Group has further invested an aggregate amount of approximately HK$42,823,000 in this project during the year ended 31 March 2013. The Group has recently received preliminary confirmation from a relevant local government authority on the Group's entitlements under the re-forestation project to acquire the development land in accordance with the relevant laws and policies. Accordingly, the amounts invested in this project during the year under review is classified as prepaid re-forestation cost. The Directors remain optimistic that the land exchange arrangements will be able to be successfully implemented and the project will bring in positive value and contribution to the Group in the future.

Rainbow Lodge

The Group owns ten duplex apartment units plus fourteen carparks in Rainbow Lodge located at No. 9 Ping Shan Lane, Yuen Long, New Territories, Hong Kong. Certain units are undergoing renovation for enhancement of their value and their income generating potential. Several units have recently been leased out at market rental rates. The Company on 27 June 2013 entered into a conditional agreement to dispose of the companies owning these properties at the prevailing market price. Details of the disposal were set out in the announcement of the Company dated 27 June 2013 and published on the websites of the Stock Exchange and the Company on www.hkexnews.hk and www.cosmoholdings.com respectively.

Securities Investments

The Group continues to maintain an active investment portfolio of listed securities and bonds. There was a net profit of approximately HK$16,962,000 recorded on disposal of financial assets at fair value through profit or loss in the year under review. However, there was a net decrease in the fair value of these financial assets of approximately HK$18,958,000, based on their market closing prices as at 31 March 2013.

Chairman's Report

PROSPECTS

As mentioned earlier in this report, there have been general uncertainties overhanging in the worldwide equity and debt markets due to the European debt crisis and the prospect of growth in the PRC, US and Japan, with diverse views on the consequences and impact on the world economies. However, the growth in the PRC economy in a number of sectors has been observed to remain healthy. Due to globalization, it is likely that any adverse economic changes in Europe or elsewhere may have certain ripple effect on the PRC including Hong Kong. On the other hand, the effect of the continued growth in the PRC on the demand growth in the global markets still waits to be seen.

The Group is holding a positive view on the medium to long term prospects of the property development sector in the PRC and plans to focus its property investment and development business on the PRC market. The Group is making good progress in the Xinjiang Project and is hopeful that the prospects of the project as originally envisaged will ultimately be realized and is actively reviewing certain proposals to expand its property development portfolio in the PRC. As stated above, the Group entered into conditional agreements to consolidate its interests in the Chengdu Project. Furthermore, the Group also entered into a conditional agreement to acquire the companies owning a piece of land in Tianjin, the PRC for property development purposes on 27 June 2013. In line with its strategy to focus on the PRC property market, as stated above, the Company entered into a conditional agreement to dispose of the companies owning the Rainbow Lodge properties. Details of such transactions are set out in the separate announcement of the Company dated 27 June 2013 and published on the websites of the Stock Exchange and the Company on www.hkexnews.hk and www.cosmoholdings.com respectively. Subject to completion of the aforesaid transactions, the Group believes that the scale and the quality of the property development portfolio will be significantly improved. The Directors are confident that the Group will continue to grow and will bring to shareholders increasing returns.

DIRECTORS AND STAFF

Taking this opportunity, I would like to thank my fellow Directors on the Board for their contribution and advice and all the management and staff members for their efforts and dedications over the past year.

Bong Shu Yin, Daniel
Chairman

Hong Kong
27 June 2013

EXECUTIVE DIRECTORS

1. Mr. Bong Shu Yin, Daniel

Mr. Bong Shu Yin, Daniel, aged 74, appointed to the Board in 2006, is a qualified architect and has extensive experience in the property and hotel fields, both in Hong Kong and overseas. Mr. Bong had been involved in the management of several public listed companies in Hong Kong for over 10 years, including Century City International Holdings Limited ("Century City") and Paliburg Holdings Limited ("Paliburg"). Mr. Bong was the deputy chairman and an executive director of Regal Hotels International Holdings Limited ("Regal Hotels") until 1999 when he resigned to pursue his personal interests and investments.

2. Mr. Cheng Sui Sang

Mr. Cheng Sui Sang, aged 69, appointed to the Board in 2006, has extensive experience in banking and finance fields and has held senior management positions in overseas companies, as well as several Hong Kong listed companies. He holds a Bachelor's degree in Economics and a Master's degree in Business Administration, and is also an associate member of the Hong Kong Institute of Certified Public Accountants. Immediately before joining the Company, Mr. Cheng was involved in private consulting work to a number of clients in the PRC and Hong Kong. Mr. Cheng is also the secretary of the Company.

NON-EXECUTIVE DIRECTORS

1. Mr. Bong Shu Ying, Francis

Mr. Bong Shu Ying, Francis, OBE, JP, aged 71, appointed to the Board in 2006, is the brother of Mr. Bong Shu Yin, Daniel. Mr. Bong is currently a Director of AECOM Technology Corporation (a company incorporated in the United States of America listed on the main board of the New York Stock Exchange). Mr. Bong is also an independent non-executive director, member of audit committee, member of remuneration committee and member of nomination committee of China Merchants Holdings (International) Company Limited, a company listed on the main board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Mr. Bong holds a Bachelor's degree of Science in Engineering from the University of Hong Kong and is currently the Chairman of the Hong Kong University Engineering Advisory Committee. He is a former president of the Hong Kong Institution of Engineers, a former president of the Hong Kong Academy of Engineering Sciences and a fellow member of the Institution of Civil Engineers and The Institution of Structural Engineers in the United Kingdom.

Directors' Profile

2. Mr. Ng Kwai Kai, Kenneth

Mr. Ng Kwai Kai, Kenneth, aged 58, appointed to the Board in 2008, is a Chartered Secretary. Mr. Ng is an executive director and the chief operating officer of Century City (together with its subsidiaries, the "Century City Group"), an executive director of Paliburg and Regal Hotels, and a non-executive director and a member of the audit committee and the disclosure committee of Regal Portfolio Management Limited, the manager of Regal Real Estate Investment Trust ("Regal REIT"). Paliburg is a listed subsidiary of Century City and Regal Hotels is a listed subsidiary of Paliburg and Regal REIT is a listed subsidiary of Regal Hotels. Century City, Paliburg, Regal Hotels and Regal REIT are all listed on the main board of the Stock Exchange. Mr. Ng is in charge of the corporate finance, company secretarial and administrative functions of the Century City Group.

3. Mr. Leung So Po, Kelvin

Mr. Leung So Po, Kelvin, aged 41, appointed to the Board in 2008, is a member of the American Institute of Certified Public Accountants. Mr. Leung is an executive director of Century City. Mr. Leung holds a Bachelor's degree in Business Administration and a Master of Laws Degree in Chinese Business Law both from The Chinese University of Hong Kong. Mr. Leung has over 17 years of experience in accounting and corporate finance field. Mr. Leung has been with the Century City Group for over 15 years and has been involved in corporate finance function as well as in the China business division of the Century City Group.

4. Mr. Wong Po Man, Kenneth

Mr. Wong Po Man, Kenneth, aged 47, appointed to the Board in 2010, is a qualified architect. Mr. Wong graduated from the University of Hong Kong with a Bachelor of Arts degree in Architectural Studies and a Bachelor degree of Architecture. He also holds a Master of Science Degree in Real Estates from the University of Hong Kong. Mr. Wong has over 20 years of experience in architectural design and project management in respect of property development projects. Mr. Wong is also an executive director of Paliburg and he is also a Technical Director of an engineering company which is registered under the Buildings Ordinance.

INDEPENDENT NON-EXECUTIVE DIRECTORS

1. Mr. Li Ka Fai, David

Mr. Li Ka Fai, David, aged 58, invited to the Board in 2006, is currently the deputy managing partner of Li, Tang, Chen & Co. CPA (Practising). He is also a fellow of the Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants, UK as well as The Institute of Chartered Secretaries and Administrators, UK and an associate member of The Institute of Chartered Accountants in England and Wales. He is currently an independent non-executive director, chairman of audit committee, member of remuneration committee and member of nomination committee of Goldlion Holdings Limited (a company listed on the main board of the Stock Exchange), an independent non-executive director and chairman of audit committee of China-Hongkong Photo Products Holdings Limited (a company listed on the main board of the Stock Exchange), an independent non-executive director, member of audit committee and chairman of remuneration committee of China Merchants Holdings (International) Company Limited (a company listed on the main board of the Stock Exchange) and an independent non-executive director, member of audit committee and member of remuneration committee of AVIC International Holding (HK) Limited (formerly known as CATIC International Holdings Limited, a company listed on the main board of the Stock Exchange). Mr. Li is also an independent non-executive director and chairman of audit committee of Shanghai Industrial Urban Development Group Limited (formerly known as Neo-China Land Group (Holdings) Limited, a company listed on the main board of the Stock Exchange). Mr. Lee had retired as an adviser of China Vanke Co., Ltd (a company listed on the Shenzhen Stock Exchange in the PRC) (2005-2011) on 30 March 2013 of which he was the former independent director and chairman of audit committee.

2. Mr. Lee Choy Sang

Mr. Lee Choy Sang, aged 76, invited to the Board in 2006, has been involved in the construction industry for over 40 years. Mr. Lee obtained his Bachelor of Architecture Degree in the University of Hong Kong. Mr. Lee was a member of the Royal Institute of British Architects, the Royal Australian Institute of Architects and the Hong Kong Institute of Architects. He was also a registered architect in Hong Kong. He has been appointed as a member of the Hong Kong Housing Society. Mr. Lee is currently a director of Silver Force (Consultants) Limited and Brilliant Force International China Heating Supply Holdings Company Limited, and is in charge of various projects in respect of the provision of services relating to energy supply and management in different regions, including Hong Kong and the PRC.

3. Ms. Ka Kit

Ms. Ka Kit, aged 61, invited to the Board in 2006, has extensive experience in the telecommunication industry. Ms. Ka is a founder and director of Sharp Wind Development Limited, Southcom Internet Technology Limited and Southcom Limited, which are principally engaged in telecommunication services industry. She was appointed as chief executive officer of CAM Group Inc. (formerly known as RT Technologies, Inc.), a company incorporated in Nevada, United States of America ("US"), which is listed on the US Stock Exchange. Apart from her experience in telecommunication service industry, Ms. Ka has also developed various businesses in China involving property development and coal mining. Ms. Ka received her bachelor's degree in English Language and Literature at the Guangzhou University of Foreign Languages.

Report of the Directors

The Directors have pleasure in presenting their report together with the consolidated financial statements of the Group for the year ended 31 March 2013.

(I) PRINCIPAL ACTIVITIES

The principal activity of the Company is that of a holding company. The principal activities of the subsidiaries are property development and investment, securities investment and other investments. The principal activities of the principal subsidiaries are set out in note 34 to the consolidated financial statements.

(II) FINANCIAL RESULTS

The results and the statement of affairs of the Group for the year ended 31 March 2013 are set out in the consolidated financial statements on pages 40 to 110.

(III) MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCING

Current assets and current liabilities of the Group as at 31 March 2013 were HK$428,848,000 and HK$474,648,000 respectively (31 March 2012: HK$368,047,000 and HK$504,242,000 respectively). Cash and bank deposit (excluding pledged bank deposits) and net deposits placed with securities brokers (after setting off amounts due to securities brokers) stood at HK$246,437,000 as at 31 March 2013 in comparison with HK$86,768,000 as at 31 March 2012. There was a marked improvement in net assets attributable to the owners of the Company to HK$602,693,000 due to the share of the profit recognized in a jointly controlled entity and the decrease of derivative financial liabilities included under current liabilities which had been reflected in the consolidated net profit of the Group as mentioned earlier under the section of Financial Review.

The Group's gearing ratio as at 31 March 2013 based on the net borrowings (represented by bank borrowings and convertible bond borrowings net of cash and bank deposits (excluding pledged bank deposits)) as a percentage of the total assets was 19% (31 March 2012 : 34%).

CONTINGENT LIABILITY

There is no contingent liability outstanding for the Group as at 31 March 2013.

CAPITAL STRUCTURE

The ordinary shares of the Company are listed on the Stock Exchange.

There was no change in the share capital during the year under review. The total number of outstanding issued and fully paid ordinary shares of the Company as at 31 March 2013 was 11,785,130,951 ordinary shares of HK$0.0002 each.

REMUNERATION POLICY

The Group had 31 full time employees (including executive directors) working in Hong Kong and the PRC. Management considers the overall level of staffing employed and the remuneration cost incurred in connection with the Group's operations to be compatible with market norm.

Remuneration packages are generally structured by reference to market terms and individual merits. Salaries are normally reviewed annually based on performance appraisals and other relevant factors. Staff benefits plans maintained by the Group include a mandatory provident fund scheme as well as medical insurance.

SUMMARY FINANCIAL INFORMATION

A summary of the results, assets, liabilities and non-controlling interests of the Group for the last five financial years is set out on pages 111 to 112.

(IV) PROPERTY AND EQUIPMENT

The details of movements in the Group's property and equipment during the year are set out in note 18 to the consolidated financial statements.

(V) SHARE CAPITAL

The details of movements in the share capital of the Company during the year are set out in note 29 to the consolidated financial statements.

(VI) RESERVES

The details of movements in the reserves of the Group during the year are set out in the consolidated financial statements on page 44.

(VII) PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro rata basis to its shareholders.

(VIII) PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

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

(IX) ARRANGEMENTS TO PURCHASE 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, and neither the Directors nor the chief executive, nor any of their spouses or children under the age of 18, had any rights to subscribe for the securities of the Company, or had exercised any such right.

(X) DISTRIBUTABLE RESERVES

At 31 March 2013, the Company's reserves available for distribution calculated in accordance with the laws of the Cayman Islands amounted to HK$253,097,000 (2012: HK$247,149,000).

(XI) SHARE OPTIONS

The details of the share option scheme ("Share Option Scheme") adopted by the Company on 20 August 2003 are set out in note 30 to the consolidated financial statements.

There were no outstanding options granted over its shares by the Company as at 31 March 2013.

(XII) JOINTLY CONTROLLED ENTITIES

Particulars of the Group's interests in its jointly controlled entities are set out in note 20 to the consolidated financial statements.

(XIII) MAJOR CUSTOMERS AND SUPPLIERS

The Group's turnover during the financial year under review was mainly derived from securities trading, and most of the trading transactions were conducted on the Stock Exchange through securities brokers, and thus the disclosure of the customers and suppliers information would not be meaningful.

(XIV) DIRECTORS

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

Executive Directors

Mr. Bong Shu Yin, Daniel *(Chairman)*

Mr. Cheng Sui Sang

Non-executive Directors

Mr. Bong Shu Ying, Francis

Mr. Ng Kwai Kai, Kenneth

Mr. Leung So Po, Kelvin

Mr. Wong Po Man, Kenneth

Independent Non-executive Directors:

Mr. Li Ka Fai, David

Mr. Lee Choy Sang

Ms. Ka Kit

Pursuant to Article 116 of the Articles, Mr. Ng Kwai Kai, Kenneth, Mr. Leung So Po, Kelvin and Mr. Wong Po Man, Kenneth, all being the Non-executive Directors of the Company, will retire from office by rotation at the next annual general meeting (“AGM”), and being eligible, they offer themselves for re-election.

All of the above retiring Directors of the Company, being eligible, have offered themselves for re-election at the AGM. Details of these retiring Directors, which are required to be disclosed pursuant to Rules 13.51(2) and 13.74 of The Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), are set out in the circular of the Company sent to the shareholders together with the 2013 Annual Report, relating to, inter alia, re-election of the retiring Directors.

(XV) DIRECTORS’ INTERESTS IN CONTRACTS

None of the Directors had any beneficial interests, whether direct or indirect, in any significant contract to which the Company, or any of its subsidiaries was a party at the balance sheet date or at any time during the year.

None of the Directors had any service contract, which is not determinable by the employer within one year without payment of compensation (other than statutory compensation), with the Company or any of its subsidiaries during the year.

Save for the Share Option Scheme under which no options have been granted, at no time during the year was the Company or any of its subsidiaries a party to any arrangement, whose objects are to enable a Director of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate within the Group.

(XVI) DIRECTORS' INTERESTS IN SHARE CAPITAL

According to the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), as at 31 March 2013, none of the Directors nor their associates had any personal, family, corporate or other interests in the equity or debt securities of the Company or any of its associated corporations as defined in the SFO.

(XVII) SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARE CAPITAL

As at 31 March 2013, the following substantial shareholders (not being a Director or chief executive of the Company) had an interest or short position in shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

Name	**Number of shares held**	**Percentage of the Company's share capital**
Giant Sino Group Limited *(Note 1)*	4,403,576,090	37.37%
Winart Investments Limited *(Note 2)*	900,000,000	7.64%
Lendas Investments Limited *(Note 2)*	650,000,000	5.52%
Great Select Holdings Limited *(Note 2)*	466,666,666	3.96%
Fountain Sky Limited *(Note 2)*	334,000,000	2.83%
Culture Landmark Investment Limited *(Note 3)*	1,446,064,745	12.27%
New Asia Media Development Limited *(Note 3)*	1,446,064,745	12.27%
Lam Kwing Wai, Alvin Leslie	828,480,000	7.03%

Save as disclosed herein, there was no other person who, as at 31 March 2013, had an interest or share position in the shares and underlying shares of the Company which were recorded in the register required to be kept under section 336 of the SFO.

Notes:

1. Giant Sino Group Limited is a wholly owned subsidiary of Space Capital Investments Limited, which in turn is owned as to 28% by Mr. Bong Shu Yin, Daniel (being the Chairman and an Executive Director of the Company). Space Capital Investments Limited was deemed to be interested in the 4,403,576,090 shares held by Giant Sino Group Limited.

2. Each of Winart Investments Limited, Lendas Investments Limited and Great Select Holdings Limited is a wholly owned subsidiary of Paliburg Development BVI Holdings Limited, which in turn is a wholly owned subsidiary of Paliburg. Mr. Ng Kwai Kai, Kenneth, a Non-executive Director, is a director of Winart Investments Limited, Lendas Investments Limited and Great Select Holdings Limited. Mr. Leung So Po, Kelvin, a Non-executive Director, is a director of Great Select Holdings Limited. Mr. Wong Po Man, Kenneth, a Non-executive Director, is a director of Lendas Investments Limited.

   Fountain Sky Limited is a wholly owned subsidiary of Regal Hotels (Holdings) Limited, which is in turn a wholly owned subsidiary of Regal International (BVI) Holdings Limited, which in turn is a wholly owned subsidiary of Regal Hotels. Regal Hotels is a listed subsidiary of, and was owned as to 51.28% as at 31 March 2013 by, Paliburg Development BVI Holdings Limited. Paliburg Development BVI Holdings Limited is a wholly owned subsidiary of Paliburg. Mr. Ng Kwai Kai, Kenneth, a Non-executive Director, is a director of Fountain Sky Limited.

   Paliburg is a listed subsidiary of, and was owned as to 62.17% as at 31 March 2013 by, Century City BVI Holdings Limited. Century City BVI Holdings Limited is a wholly owned subsidiary of Century City, which is a listed company controlled by, and was owned as to 58.16% as at 31 March 2013 by, Mr. Lo Yuk Sui.

   Each of Paliburg Development BVI Holdings Limited, Paliburg, Century City BVI Holdings Limited, Century City and Mr. Lo Yuk Sui was deemed to be interested in the shares held by Winart Investments Limited, Lendas Investments Limited, Great Select Holdings Limited and Fountain Sky Limited under Part XV of the SFO.

3. New Asia Media Development Limited is the beneficial owner of 1,446,064,745 shares of the Company and is a wholly owned subsidiary of Culture Landmark Investment Limited, a company listed on The Stock Exchange of Hong Kong Limited.

*Interests in underlying shares of the Company pursuant to the zero coupon convertible bonds due 2013 issued by Fancy Gold Limited, a wholly owned subsidiary of the Company ("**Convertible Bonds due 2013-A**") (Note 2)*

Name	Underlying shares of the Company pursuant to Convertible Bonds due 2013-A issued	Adjusted conversion price per share (subject to adjustment)	Further extended conversion period *(Note 2)*	Approximate % of issued share capital of the Company
Valuegood International Limited *(Note 1)*	3,536,250,000	HK$0.04	16 July 2007 to 16 September 2013	30.01%

Notes :

1. Valuegood International Limited is a wholly owned subsidiary of Regal International (BVI) Holdings Limited, which in turn is a wholly owned subsidiary of Regal Hotels. Regal Hotels is a listed subsidiary of, and was owned as to 51.28% as at 31 March 2013 by, Paliburg Development BVI Holdings Limited. Paliburg Development BVI Holdings Limited is a wholly owned subsidiary of Paliburg. Paliburg is a listed subsidiary of, and was owned as to 62.17% as at 31 March 2013 by, Century City BVI Holdings Limited. Century City BVI Holdings Limited is a wholly owned subsidiary of Century City, which is a listed company controlled by, and was owned as to 58.16% as at 31 March 2013 by, Mr. Lo Yuk Sui. Each of Regal International (BVI) Holdings Limited, Regal Hotels, Paliburg Development BVI Holdings Limited, Paliburg, Century City BVI Holdings Limited, Century City and Mr. Lo Yuk Sui was deemed to be interested in the underlying shares of the Company pursuant to the interests in the Convertible Bonds due 2013-A held by Valuegood International Limited under Part XV of the SFO. Mr. Ng Kwai Kai, Kenneth, a Non-executive Director, is a director of Valuegood International Limited.

2. The Company, Fancy Gold Limited and Valuegood International Limited had entered into a deed of variation to further extend the maturity date of the Convertible Bonds due 2013-A to 30 September 2013. Such further extension was approved by independent shareholders of the Company at the extraordinary general meeting of the Company held on 11 January 2013.

Interests in underlying shares of the Company pursuant to the zero coupon convertible bonds due 2013 that have been issued or may be issued by Apex Team Limited, a wholly-owned subsidiary of the Company ("Convertible Bonds due 2013")

Name	Underlying shares of the Company pursuant to Convertible Bonds due 2013 issued	Adjusted conversion price per share (subject to adjustment)	Approximate % of issued extended conversion period	Share capital of the Company
Time Crest Investments Limited *(Notes 1, 3 and 5)*	1,666,666,666	HK$0.06	29 February 2008 to 16 September 2013	14.14%
Well Mount Investments Limited *(Notes 1 and 5)*	1,666,666,666	HK$0.06	14 days after the date of issue *(Note 7)* to 16 September 2013	14.14%
Jumbo Pearl Investments Limited *(Notes 2, 4 and 6)*	1,666,666,666	HK$0.06	29 February 2008 to 16 September 2013	14.14%
Sun Joyous Investments Limited *(Notes 2 and 6)*	1,666,666,666	HK$0.06	14 days after the date of issue *(Note 7)* to 16 September 2013	14.14%

Notes :

1. Each of Time Crest Investments Limited and Well Mount Investments Limited is a wholly owned subsidiary of Regal International (BVI) Holdings Limited, which in turn is a wholly owned subsidiary of Regal Hotels. Regal Hotels is a listed subsidiary of, and was owned as to 51.28% as at 31 March 2013 by, Paliburg Development BVI Holdings Limited. Paliburg Development BVI Holdings Limited is a wholly owned subsidiary of Paliburg. Paliburg is a listed subsidiary of, and was owned as to 62.17% as at 31 March 2013 by, Century City BVI Holdings Limited. Century City BVI Holdings Limited is a wholly owned subsidiary of Century City, which is a listed company controlled by, and was owned as to 58.16% as at 31 March 2013 by Mr. Lo Yuk Sui. Each of Regal International (BVI) Holdings Limited, Regal Hotels, Paliburg Development BVI Holdings Limited, Paliburg, Century City BVI Holdings Limited, Century City and Mr. Lo Yuk Sui was deemed to be interested in the underlying shares of the Company pursuant to the interests in the Convertible Bonds due 2013 held by Time Crest Investments Limited and Well Mount Investments Limited under Part XV of the SFO. Mr. Ng Kwai Kai, Kenneth, a Non-executive Director, is a director of Time Crest Investments Limited and Well Mount Investments Limited.

2. Each of Jumbo Pearl Investments Limited and Sun Joyous Investments Limited is a wholly owned subsidiary of Paliburg Development BVI Holdings Limited, which in turn is a wholly owned subsidiary of Paliburg. Paliburg is a listed subsidiary of, and was owned as to 62.17% as at 31 March 2013 by, Century City BVI Holdings Limited. Century City BVI Holdings Limited is a wholly owned subsidiary of Century City, which is a listed company controlled by, and was owned as to 58.16% as at 31 March 2013 by Mr. Lo Yuk Sui. Each of Paliburg Development BVI Holdings Limited, Paliburg, Century City BVI Holdings Limited, Century City and Mr. Lo Yuk Sui was deemed to be interested in the underlying shares of the Company pursuant to the interests in the Convertible Bonds due 2013 held by Jumbo Pearl Investments Limited and Sun Joyous Investments Limited under Part XV of the SFO. Mr. Ng Kwai Kai, Kenneth and Mr. Wong Po Man, Kenneth, both Non-executive Directors, are directors of Jumbo Pearl Investments Limited and Sun Joyous Investments Limited.

3. The Company, Apex Team Limited and Time Crest Investments Limited had entered into a deed of variation to extend the maturity date of the Convertible Bonds due 2013 to 30 September 2013. Such extension was approved by independent shareholders of the Company in the extraordinary general meeting of the Company held on 11 January 2013.

4. The Company, Apex Team Limited and Jumbo Pearl Investments Limited had entered into a deed of variation to extend the maturity date of the Convertible Bonds due 2013 to 30 September 2013. Such extension was approved by independent shareholders of the Company in the extraordinary general meeting of the Company held on 11 January 2013.

5. The Company, Apex Team Limited, Well Mount Investments Limited and Time Crest Investments Limited had entered into an extension agreement to extend the expiry date of the option granted by Apex Team Limited to 2 July 2013 and the maturity date of the relevant Convertible Bonds due 2013 to 30 September 2013. Such extension was approved by independent shareholders of the Company at the extraordinary general meeting of the Company held on 11 January 2013.

6. The Company, Apex Team Limited, Sun Joyous Investments Limited and Jumbo Pearl Investments Limited had entered into an extension agreement to extend the expiry date of the option granted by Apex Team Limited to 2 July 2013 and the maturity date of the relevant Convertible Bonds due 2013 to 30 September 2013. Such extension was approved by independent shareholders of the Company at the extraordinary general meeting of the Company held on 11 January 2013.

7. As at 31 March 2013, Well Mount Investments Limited and Sun Joyous Investments Limited had not exercised their options to subscribe for the relevant Convertible Bonds due 2013.

(XVIII) CHANGE IN INFORMATION OF DIRECTORS

The change in the information of the Directors of the Company since the publication of the interim report of the Company for the six months ended 30 September 2012 required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules is set out below:

Name of Director	Details of changes
Executive Directors	
Mr. Bong Shu Yin, Daniel	• Entitled to monthly salary, based on services rendered to the Group, in an amount of HK$191,284 commencing from January 2013.
Mr. Cheng Sui Sang	• Entitled to monthly salary, based on services rendered to the Group, in an amount of HK$73,500 commencing from January 2013.
Non-executive Director	
Mr. Ng Kwai Kai, Kenneth	• Appointed on 24 September 2012 as a non-executive director and a member of the audit committee and the disclosure committee of the REIT Manager, the manager of Regal REIT (which is listed on the Main Board of the Stock Exchange).

Notes:

(i) Each Executive Director is also entitled to performance based discretionary bonus, and other related employee benefits and allowances for the executive role in the Group, and normal Director's fee in amount of HK$108,000 per annum in acting as a Director of the Company.

(ii) Details of the remunerations of the Executive Directors for the year ended 31 March, 2013 are disclosed in note 14 to the consolidated financial statements.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules. The updated biographical details of the Directors of the Company are set out in the preceding section headed "Directors' Profile".

(XIX) CONNECTED TRANSACTIONS

(A) Extension of terms of convertible bonds

CB2013(A) Extension Agreement

On 16 November 2012, a deed of variation (the "CB2013(A) Extension Agreement") was entered into between Jumbo Pearl Investments Limited ("Jumbo Pearl") (a wholly-owned subsidiary of Paliburg), Apex Team Limited ("Apex Team") (a wholly owned subsidiary of the Company) as the issuer of the zero coupon guaranteed convertible bonds (originally due on 14 February 2013) in a principal amount of HK$100 million (the "CB2013(A)") issued to Jumbo Pearl and the Company as the guarantor of Apex Team, in relation to the extension of the maturity date of the CB2013(A) to 30 September 2013 subject to the terms and conditions as set out therein (the "CB2013(A) Extension"). The conversion period of the CB2013(A) would accordingly be extended to 16 September 2013, being 14 days prior to the extended maturity date of the CB2013(A). Apart from the extension of the maturity date of the CB2013(A) and the redemption premium calculated based on a fixed yield to maturity of 5% per annum (compounded semi-annually) of the CB2013(A), all other terms of the CB2013(A) would remain unchanged.

As at the date of the CB2013(A) Extension Agreement, a total number of 1,666,666,666 new ordinary shares of par value HK$0.0002 each of the Company would fall to be issued on conversion of the CB2013(A) at the then prevailing conversion price of HK$0.06 per ordinary share of the Company, representing approximately 14.1% of the then issued ordinary share capital of the Company and approximately 12.4% of the then issued ordinary share capital of the Company as enlarged by such conversion.

CB2013(B) Extension Agreement

On 16 November 2012, a deed of variation (the "CB2013(B) Extension Agreement") was entered into between Time Crest Investments Limited ("Time Crest") (a wholly-owned subsidiary of Regal Hotels), Apex Team Limited ("Apex Team") (a wholly owned subsidiary of the Company) as the issuer of the zero coupon guaranteed convertible bonds (originally due on 14 February 2013) in a principal amount of HK$100 million (the "CB2010(B)") issued to Time Crest and the Company as the guarantor of Apex Team, in relation to the extension of the maturity date of the CB2013(B) to 30 September 2013 subject to the terms and conditions as set out therein (the "CB2013(B) Extension"). The conversion period of the CB2013(B) would accordingly be extended to 16 September 2013, being 14 days prior to the extended maturity date of the CB2013(B). Apart from the extension of the maturity date of the CB2013(B) and the redemption premium calculated based on a fixed yield to maturity of 5% per annum (compounded semi-annually) of the CB2013(B), all other terms of the CB2013(B) would remain unchanged.

As at the date of the CB2013(B) Extension Agreement, a total number of 1,666,666,666 new ordinary shares of par value HK$0.0002 each of the Company would fall to be issued on conversion of the CB2013(B) at the then prevailing conversion price of HK$0.06 per ordinary share of the Company, representing approximately 14.1% of the then issued ordinary share capital of the Company and approximately 12.4% of the then issued ordinary share capital of the Company as enlarged by such conversion.

CB2010 Extension Agreement

On 16 November 2012, a deed of variation (as supplemented by a supplemental deed dated 12 December 2012) (the "CB2010 Extension Agreement") was entered into between Valuegood International Limited ("Valuegood") (a wholly owned subsidiary of Regal Hotels), Fancy Gold Limited ("Fancy Gold") (a wholly owned subsidiary of the Company) as the issuer of the zero coupon guaranteed convertible bonds (whose due date was previously extended to 14 February 2013) issued in 2007 in an aggregate principal amount of HK$205 million and held as to HK$141.45 million by Valuegood (the "CB2010(s)") and the Company as guarantor of Fancy Gold, in relation to further extension of the maturity date of the CB2010s to 30 September 2013 subject to terms and conditions as set out therein (the "CB2010 Extension"). The conversion period of the CB2010s would accordingly be extended to 16 September 2013, being 14 days prior to the extended maturity date of the CB2010s. Apart from the further extension of the maturity date of the CB2010s, the redemption premium calculated based on a fixed yield to maturity of 5% per annum (compounded semi-annually) of the CB2010s and the restriction on conversion, all other terms of the CB2010s would remain unchanged.

As at the date of the CB2010 Extension Agreement, the CB2010s in the principal amount of HK$141.45 million held by Valuegood represent the entire amount of the outstanding CB2010s, and a total number of 3,536,250,000 new ordinary shares of the Company would fall to be issued on conversion of the outstanding CB2010s at the then prevailing conversion price of HK$0.04 per ordinary share of the Company, representing approximately 30.0% of the then issued ordinary share capital of the Company and approximately 23.1% of the then issued ordinary share capital of the Company as enlarged by such conversion.

Options Extension Agreements

On 16 November 2012, a supplemental agreement, which is supplemental to a subscription agreement dated 6 December 2007 in respect of the subscription for CB2013(A) and the grant of an option to subscribe for additional CB2013(A) in a principal amount of up to HK$100 million (the "Option(A)"), was entered into between Apex Team, Jumbo Pearl, Sun Joyous (a wholly owned subsidiary of Paliburg) and the Company in relation to the extension of the expiry date of the Option(A) granted to Sun Joyous to 2 July 2013 and the maturity date of the additional CB2013(A) to 30 September 2013 (the "Option (A) Extension Agreement").

On 16 November 2012, another supplemental agreement, which is supplemental to a subscription agreement dated 6 December 2007 in respect of the subscription for CB2013(B) and the grant of an option to subscribe for additional CB2013(B) in a principal amount of up to HK$100 million (the "Option(B)"), was entered into between Apex Team, Time Crest, Well Mount (a wholly owned subsidiary of Regal Hotels) and the Company in relation to the extension of the expiry date of the Option (B) granted to Well Mount to 2 July 2013 and the maturity date of the additional CB2013(B) to 30 September 2013 (the "Option(B) Extension Agreement", together with the "Option(A) Extension Agreement", the "Options Extension Agreements") (the "Options Extension").

Reasons for the Transactions

The CB2013(A), CB2013(B) and the CB2010s (collectively, "CBs") would mature on 14 February 2013 unless further extended. The CBs Extension effectively allows the Group to extend the maturity date of the CBs at the same interest rate for a further term up to 30 September 2013. The terms of the conversion rights to the CBs remain unchanged apart from the extension of the conversion periods of the CBs to 16 September 2013 and the restriction on conversion of the CB2010s if after conversion, the Company cannot meet the public float requirement under the Listing Rules. If the CBs Extension do not become unconditional by the long-stop date, the CBs will be subject to conversion at the option of the holders of the CBs on or before 31 January 2013 and any unconverted CBs will be subject to redemption in accordance with the respective terms upon the prevailing maturity date on 14 February 2013. Assuming there is no conversion of the CBs, the Group would be required to pay redemption monies totaling HK$443.9 million to the holders of the CBs.

Taking into account the overall financial position of the Group as at 30 September 2012, including the possible realization of the Group's financial assets and investment properties at their current market values on or before the prevailing maturity date, the Company considers the Group will have adequate resources to redeem the outstanding CBs at the prevailing maturity date. In arriving at the extended maturity date of the CBs, the Group has taken into account the extra time available under the extended maturity date to better plan its overall financial resources with respect to the Group's ongoing business operations and the redemption of any unconverted CBs on the extended maturity date.

Despite that the CBs Extension would allow the CBs to be convertible in an extended conversion period based on the extended maturity date and would incur additional interest during the extended period, taking into account the additional time and flexibility for the Group to better plan its financial resources and the comparative borrowing cost for an unsecured borrowing of similar magnitude, even if available, the Company considers that the CBs Extension provides a reasonable financing means for the Company to refinance its debts by extending the maturity date of the CBs at the same yield to maturity.

According to the original terms of the Options, the Options were to expire after 16 November 2012. The Options Extension shall extend the expiry date of the Options to 2 July 2013 during which the Options may be exercised providing the Group with an additional source of funding.

Listing Rules Implication

As at the date of the CB2013(A) Extension Agreement, CB2013(B) Extension Agreement and CB2010 Extension Agreement, Paliburg held approximately 17.11% of the issued ordinary share capital of the Company. Paliburg is a substantial shareholder of the Company while Regal Hotels is a listed subsidiary of Paliburg. Jumbo Pearl, Time Crest, Valuegood, Sun Joyous and Well Mount are subsidiaries of Paliburg, and hence are connected persons of the Company under the Listing Rules. Therefore, the CB2013(A) Extension, the CB2013(B) Extension and the CB2010 Extension and the Options Extension constitute connected transactions for the Company and are subject to the approval of the independent shareholders of the Company.

The CB2013(A) Extension, the CB2013(B) Extension and the CB2010 Extension and the Options Extension were approved by the independent shareholders of the Company at the extraordinary general meeting of the Company held on 11 January 2013.

Details of the CB2013(A) Extension, the CB2013(B) Extension and the CB2010 Extension and the Options Extension were disclosed in the announcements of the Company dated 16 November 2012 and 12 December 2012 and the circular of the Company dated 18 December 2012. Further details relating to the CBs are disclosed in note 28 to the financial statements.

(B) Chengdu Transactions/Tianjin Transaction/Rainbow Lodge Transaction

Chengdu Transaction

On 27 June 2013, Ample State Investments Limited (the "Chengdu Purchaser"), a wholly-owned subsidiary of the Company, and P&R Holdings Limited, a joint venture established and owned by Capital Merit Investments Limited (a wholly-owned subsidiary of Paliburg) and Regal Hotels Investments Limited (a wholly-owned subsidiary of Regal Hotels) as to 50% and 50% respectively (the "P&R Holdings"), entered into the sale and purchase agreement (the "Chengdu Agreement (A)") in relation to the (a) acquisition of a 70% equity interest in Joyous Unity, Excel Crown and their respective subsidiaries (the "Chengdu Group") by the Chengdu Purchaser; and (b) assignment of all amounts due (including principal, interests and other sums (if any)), owing by Farah Investments Limited (a wholly-owned subsidiary of Joyous Unity Investments Limited) and Ready Success Investments Limited (a wholly-owned subsidiary of Excel Crown Investments Limited) (the "P&R Shareholder Loans") to the Chengdu Purchaser (the "Chengdu Transaction (A)"), on the terms and subject to the conditions of the Chengdu Agreement (A) for a net consideration (after offsetting the outstanding consideration for the disposal by Faith Crown to P&R Holdings of a 70% equity interest in the Chengdu Group and 70% of the shareholder's loans due to Faith Crown by the Chengdu Group as set out in the announcement of the Company dated 30 June 2011) of HK$642.3 million (subject to adjustments).

Approximately HK$648.1 million payable by P&R Holdings to Faith Crown which will be novated to and assumed by the Chengdu Purchaser (the "Novated Liability") pursuant to the novation and variation deed dated 27 June 2013 entered into between the Chengdu Purchaser, Faith Crown and P&R Holdings pursuant to which the Novated Liability shall become payable by the Chengdu Purchaser (in lieu of P&R Holdings) to Faith Crown in consideration of the tantamount reduction in the consideration payable by the Chengdu Purchaser to P&R Holdings for the Chengdu Transaction (A).

On 27 June 2013, the Chengdu Purchaser and Faith Crown entered into the sale and purchase agreement (the "Chengdu Agreement (B)") in relation to the (a) acquisition of 30% equity interest in the Chengdu Group by the Chengdu Purchaser from Faith Crown; and (b) assignment of all amounts due (including principal, interests and other sums (if any)), owing or payable by Farah Investments Limited and Ready Success Investments Limited (the "FC Shareholder Loans") to the Chengdu Purchaser (the "Chengdu Transaction (B)"), on the terms and conditions of the Chengdu Agreement (B) for a consideration of HK$553 million (subject to adjustments).

Subject to fulfillment of the relevant conditions precedent, the completion of the Chengdu Transaction (A), the Chengdu Transaction (B) and the Novation Agreement shall take place simultaneously.

Tianjin Transaction

On 27 June 2013, Fortune City International Investments Limited, a wholly-owned subsidiary of the Company (the "Tianjin Purchaser"), and Regal BVI entered into the sale and purchase agreement between the Tianjin Purchaser and Regal BVI in relation to the (a) acquisition of the entire equity interest in Grand Praise Investments Limited, a wholly owned subsidiary of Regal BVI, by the Tianjin Purchaser from Regal BVI; and (b) assignment of all amounts due (including principal, interests and other sums (if any)), owing or payable by Sure Reward Investments Limited, a wholly-owned subsidiary of Grand Praise, by Regal BVI to the Tianjin Purchaser (the "Regal BVI Shareholder Loans") for a consideration of HK$1,417.5 million (subject to adjustments).

Rainbow Lodge Transaction

On 27 June 2013, the Company and P&R Holdings entered into the sale and purchase agreement (the "Rainbow Lodge Agreement") in relation to the (a) disposal of the entire equity interest in Kola Glory Limited ("Kola Glory"), a wholly owned subsidiary of the Company, by the Company to P&R Holdings; and (b) assignment of all amounts due (including principal, interests and other sums (if any)), owing or payable by Lead Fortune Development Limited, a wholly owned subsidiary of Kola Glory, to the Company (the "Shareholder Loans") to be assigned by the Company to P&R Holdings for a consideration of HK$88 million (subject to adjustments).

Reasons for the Transactions

The Group is principally engaged in property investment and development, and securities and other investments. It is undertaking three property projects; (i) the Chengdu Project, (ii) the Xinjiang project and (iii) the Rainbow Lodge Properties.

Chengdu Project

The Company holds a 50% interest in Faith Crown which holds a 30% interest in the Chengdu Group (which holds and develops the Chengdu Project). The Group first invested in Faith Crown in 2008, shortly after Faith Crown (through its wholly-owned subsidiary then) acquired the land in relation to the Chengdu Project. In June 2011, Faith Crown entered into an agreement to dispose of a 70% interest in Chengdu Group in order for the Group to focus its resources then in the Xinjiang project (as detailed below) and reserving financial resources for the plan then to invest in natural resources business if appropriate opportunities would arise. The Chengdu Project is located in the Chengdu City, Sichuan Province, the PRC and is planned to consist of hotel, commercial, office and residential components to be developed in stages.

Xinjiang Project

The Group through its wholly-owned subsidiary is engaged in a re-forestation and land exchange project for a land parcel of about 8,000 mu in accordance with the relevant laws and policies in Urumqi City, Xinjiang Uygur Autonomous Region, the PRC. About 4,400 mu of land has been re-forested and is pending for an exchange of about 1,880 mu development land within the 8,000 mu land parcel subject to the verification procedures of the local government authorities and land grant process. The development land is preliminary planned for a large scale mixed use development project comprising residential, hotel, recreational and commercial components.

Rainbow Lodge Properties

The Rainbow Lodge Properties are located in Yuen Long, New Territories, Hong Kong consisting of 10 residential duplex units and 14 car parks. As at the date of this report, four duplex units have been leased to third parties.

In view of the business opportunities available in the PRC property market and the continuous growth in the PRC economy, the Company is planning to focus the Group's property investment and development business on the PRC market and is therefore implementing the Chengdu Transactions, the Tianjin Transaction and the Rainbow Lodge Transaction. As the Rainbow Lodge Properties are located in Hong Kong, the Directors consider that their disposal under the Rainbow Lodge Transaction would be consistent with the present overall strategy of the Group to focus on the PRC property market.

Following completion of the transactions, the Group will hold the entire equity interests in the Chengdu Project and in the Tianjin Land and will no longer hold any equity interest in the Rainbow Lodge Properties. The Group will focus its resources to develop its business in the PRC property market, in particular the Chengdu Project, the Tianjin Land as well as its existing project in Xinjiang. The Chengdu Project and the Tianjin Land are located in Chengdu City and Tianjin, two major cities in the PRC. The Company intends to focus its resources in the development of the Chengdu Project and the Tianjin Land and considers that they are of great potential and will be beneficial to the Group's development plan in the PRC property market.

Listing Rules Implication

Paliburg is a substantial shareholder of the Company and Regal is a listed subsidiary of Paliburg. P&R Holdings is owned as to 50% by each of Paliburg (through a wholly-owned subsidiary) and Regal (through a wholly-owned subsidiary) while Faith Crown is a 50%-owned jointly controlled entity of Regal. P&R Holdings and Faith Crown are connected persons of the Company under the Listing Rules, and the Chengdu Transactions, the Tianjin Transaction and the Rainbow Lodge Transaction constitute connected transactions for the Company subject to the approval of the independent shareholders of the Company.

As certain percentage ratios in respect of the Chengdu Transactions and the Tianjin Transaction exceed 100%, the Chengdu Transactions and the Tianjin Transaction also constitute very substantial acquisitions for the Company under the Listing Rules. As one of the applicable percentage ratios in respect of the Rainbow Lodge Transaction is more than 5% but all are less than 25%, the Rainbow Lodge Transaction also constitutes a discloseable transaction for the Company under the Listing Rules.

Details of the Chengdu Transactions, Tianjin Transaction and Rainbow Lodge Transaction were set out in the announcement of the Company dated 27 June 2013.

(XX) SUFFICIENCY OF 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 sufficient public float as required under the Listing Rules.

(XXI) AUDITOR

SHINEWING (HK) CPA Limited retire, and being eligible, offer themselves for re-appointment.

(XXII) DIVIDENDS

The Board of Directors has resolved not to recommend the payment of a final dividend for the year ended 31 March 2013 (2012: Nil).

On behalf of the Board

Bong Shu Yin, Daniel
Chairman

Hong Kong, 27 June 2013

Corporate Governance Report

(I) CORPORATE GOVERNANCE PRACTICES

Following the issue of the Corporate Governance Code (the "Code"), as set out in Appendix 14 to the Listing Rules, the Company has carefully reviewed and considered the Code, and carried out a detailed analysis on the corporate governance practices of the Company against the requirements of the Code.

Throughout the financial year ended 31 March 2013, except for the requirements that (i) the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual and (ii) the Non-executive Directors and the Independent Non-executive Directors should be appointed for specific terms, the Company has complied with all code provisions of the Code. The deviation in item (i) above is due to the practical necessity and effective management on account of the Group's corporate operating structure. For deviation in item (ii) above, although the Non-executive Directors and the Independent Non-executive Directors of the Company were not appointed for specific terms, arrangements have been put in place such that all Directors would retire, and are subject to re-election, either in accordance with the articles of association of the Company or on a voluntary basis, at least once every three years.

(II) DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as a code of conduct regarding securities transactions by Directors. Upon specific enquiry by the Company, all Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the year under review.

(III) BOARD OF DIRECTORS

Composition and role

The Board of Directors of the Company (the "Board") currently comprises the following members:

Executive Directors:

Mr. Bong Shu Yin, Daniel *(Chairman)*

Mr. Cheng Sui Sang

Non-executive Directors:

Mr. Bong Shu Ying, Francis

Mr. Ng Kwai Kai, Kenneth

Mr. Leung So Po, Kelvin

Mr. Wong Po Man, Kenneth

Independent Non-executive Directors:

Mr. Li Ka Fai, David

Mr. Lee Choy Sang

Ms. Ka Kit

The personal and biographical details of the Directors, including the relationships among them, are disclosed in the preceding section headed "Directors' Profiles" contained in this Annual Report.

During the year ended 31 March 2013, the Company has fully complied with Rules 3.10(1), (2) and 3.10A of the Listing Rules regarding the number of Independent Non-executive Directors and that these Independent Non-executive Directors represented at least one-third of the Board and at least one of them must have appropriate professional qualifications or accounting or related financial management expertise.

Each of the Independent Non-executive Directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all Independent Non-executive Directors have met the independence guidelines of Rule 3.13 of the Listing Rules.

The Board conducts regular meetings to discuss and decide on major corporate strategic, business and operational issues. The Company Secretary will assist the Executive Directors in setting the agenda of Board meetings and each Director is invited to propose or raise any issues for discussion in Board meetings. Notice of Board meetings and respective papers are distributed to Directors in advance for their consideration. Appropriate and sufficient information is provided to Board members in a timely manner in order to enable them to discharge their duties. Drafts and final versions of board minutes are circulated to each Director for their comments and record.

Non-executive Directors have particular responsibility in overseeing the development of the Company, scrutinizing management performance, and advising on critical business issues. The Board is satisfied that it has met these requirements.

The Board is responsible for overseeing the Company's strategic development and setting appropriate policies to manage risks in pursuit of the Company's strategic objectives as well as scrutinizing operational and financial performance.

Management is delegated with authority by the Board and is principally responsible for the day-to-day operations of the Group.

The Executive Directors conduct regular meetings with the senior management of the Group and associated companies during which operational issues and financial performance are reviewed. The Executive Directors report back to the Board regularly and on ad hoc basis as appropriate.

During the year under review, seven Board meetings were held and the attendance rate of individual Board members of the Company were as follows:

	Attendance	
Name of Directors	**Board Meeting**	**General Meeting**
Executive Directors:		
Mr. Bong Shu Yin, Daniel *(Chairman)*	7/7	2/2
Mr. Cheng Sui Sang	7/7	2/2
Non-executive Directors:		
Mr. Bong Shu Ying, Francis	7/7	2/2
Mr. Ng Kwai Kai, Kenneth	7/7	2/2
Mr. Leung So Po, Kelvin	7/7	2/2
Mr. Wong Po Man, Kenneth	6/7	2/2
Independent Non-executive Directors:		
Mr. Li Ka Fai, David	7/7	2/2
Mr. Lee Choy Sang	7/7	2/2
Ms. Ka Kit	4/7	2/2

In the course of discharging the Board's duties, each newly appointed Director will be offered training on key areas of business operations and practices of the Company. Newly appointed Directors will be offered orientation materials that set out the duties and responsibilities of directors under the Listing Rules, related ordinances and relevant regulatory requirements of Hong Kong. The Company had also arranged the Directors to participate in relevant professional development courses to continually enhance their relevant knowledge and skills. During the year under review, the Company has arranged for Directors a seminar in relation to updating of Director's obligations and duties under the CG Code and with respect to the amendments to the Securities and Futures Ordinance relating to disclosure of price sensitive/ inside information, which came into effect on 1st January 2013. The training received by the Directors during the year under review is summarized below :-

Name of Directors	**Types of training**
Executive Directors:	
Mr. Bong Shu Yin, Daniel *(Chairman)*	A, B
Mr. Cheng Sui Sang	A, B
Non-executive Directors:	
Mr. Bong Shu Ying, Francis	A, B
Mr. Ng Kwai Kai, Kenneth	A, B
Mr. Leung So Po, Kelvin	A, B
Mr. Wong Po Man, Kenneth	A, B
Independent Non-executive Directors:	
Mr. Li Ka Fai, David	A, B
Mr. Lee Choy Sang	A, B
Ms. Ka Kit	A, B

A - Attending briefing/seminars/conferences/forums

B – Reading/studying training or other materials

(IV) AUDIT COMMITTEE

The Audit Committee was established with reference to its specific written terms of reference adopted by the Board, a copy of the latest terms of reference is posted on the website of the Company and the Stock Exchange. The Audit Committee's primary responsibilities include reviewing the Company's financial reports, the system of internal controls, risks management and the effectiveness and objectivity of the audit process, and to make recommendations to the Board in relation to the above.

The Audit Committee currently comprises the following members:

Independent Non-executive Directors:
Mr. Li Ka Fai, David *(Chairman)*
Mr. Lee Choy Sang *(Member)*
Ms. Ka Kit *(Member)*

The Audit Committee has reviewed with the Board and the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the interim and final consolidated financial statements.

For the year ended 31 March 2013, the Audit Committee has reviewed the Company's policy and practice on corporate governance and made recommendations to the Board. In addition, the Audit Committee is responsible for reviewing and monitoring the training and continuous professional development of Directors and senior management, and the internal policies and practices to ensure compliance with legal and regulatory requirements.

As the Audit Committee recommended to re-appoint the current external auditor, SHINEWING (HK) CPA Limited, and the Board agreed to the same, no circumstances exist as would require an explanation from the Audit Committee as to why the Board has taken a different view from that of the Audit Committee regarding the selection, appointment, resignation or dismissal of the external auditor.

During the year under review, the Audit Committee met two times and the meetings were attended by the external auditor of the Company. The attendance rate of individual Audit Committee members of the Company were as follows:

Name of Audit Committee members	Attendance
Mr. Li Ka Fai, David *(Chairman)*	2/2
Mr. Lee Choy Sang *(Member)*	2/2
Ms. Ka Kit *(Member)*	1/2

(V) REMUNERATION COMMITTEE

The Company has established the Remuneration Committee with specific written terms of reference to deal with its authority and duties. Adopted by the Board, a copy of the latest terms of reference is posted on the website of the Company and the Stock Exchange. The principal role of the Remuneration Committee is to make recommendations to the Board on all aspects of the performance, employment conditions, remuneration and incentives of Executive Directors and senior management. It sets the remuneration and incentive policy of the Company as a whole and recommends the remuneration of senior staff to the Board for their approval after consultation with the Chairman and Executive Director. The emoluments of the Directors, including basis of salary and performance bonus, are based on each Director's skills, knowledge and involvement in the Company's affairs, the Company's performance and profitability, remuneration benchmark in the industry and the prevailing market conditions. No Director has taken part in setting his or her own remuneration.

The Remuneration Committee currently comprises the following members:

Independent Non-executive Directors:
Mr. Lee Choy Sang *(Chairman)*
Mr. Li Ka Fai, David *(Member)*

Executive Director:
Mr. Bong Shu Yin, Daniel *(Member)*

During the year under review, the Remuneration Committee met once and the attendance rate of individual Remuneration Committee members of the Company were as follows:

Name of Remuneration Committee members	Attendance
Mr. Lee Choy Sang *(Chairman)*	1/1
Mr. Li Ka Fai, David *(Member)*	1/1
Mr. Bong Shu Yin, Daniel *(Member)*	1/1

(VI) NOMINATION COMMITTEE

The Company has established the Nomination Committee with specific written terms of reference to deal with its authority and duties, adopted by the Board on 29 March 2012, a copy of which is posted on the website of the Company and the Stock Exchange. The Nomination Committee is responsible for formulating and making recommendations to the Board on nomination and appointment of Directors and on the Board's succession planning. The Nomination Committee develops selection procedures for candidates and will consider different criteria including appropriate professional knowledge and industry experience, and the standards set forth in Rules 3.08 and 3.09 of the Listing Rules. The Nomination Committee also reviews the structure, size and composition of the Board from time to time to ensure that it has balanced skills and expertise to provide effective leadership to the Company and assesses the independence of the Independent Non-executive Directors according to the criteria set out in Rule 3.13 of the Listing Rules.

The Nomination Committee shall meet as required by its work but at least once every financial year to fulfill its duties. The Nomination Committee currently comprises the following members:

Executive Director:
Mr. Bong Shu Yin, Daniel *(Chairman)*

Independent Non-executive Directors:
Mr. Li Ka Fai, David *(Member)*
Mr. Lee Choy Sang *(Member)*

During the year under review, the Remuneration Committee met once and the attendance rate of individual Nomination Committee members of the Company were as follows:

Name of Nomination Committee members	Attendance
Mr. Bong Shu Yin, Daniel *(Chairman)*	1/1
Mr. Li Ka Fai, David *(Member)*	1/1
Mr. Lee Choy Sang *(Member)*	1/1

(VII) INTERNAL CONTROL

The Board, with the assistance of the Audit Committee, has conducted a review of the effectiveness of the system of internal controls of the Group during the year under review, including financial, operational and compliance controls and risk management functions with a view to safeguarding the shareholders' investment and the Group's assets.

The Board acknowledges that it is responsible for the Group's system of internal control and for reviewing its effectiveness. Accordingly, management of the Company had been provided with clear instructions that any material issues relating to the internal control system, particularly in any incidence of significant control failings or weaknesses that has had, or might have, a material impact on the business of the Group are to be reported to the Board and the Audit Committee of the Company on a timely basis.

(VIII) DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors of the Company acknowledge their responsibility for preparing the consolidated financial statements of the Group, which give a true and fair view of the state of affairs of the Group, and ensure that appropriate accounting policies are selected and applied consistently and the consolidated financial statements are prepared in accordance with the relevant statutory requirements and applicable accounting standards. The Directors also ensure the consolidated financial statements are published in a timely manner.

The consolidated financial statements were audited by the external auditor, SHINEWING (HK) CPA Limited and their reporting responsibilities are set out in the Independent Auditor's Report contained in this Annual Report.

The consolidated financial statements have been prepared on a going concern basis. The Directors confirm that, to the best of their knowledge, they are not aware of material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

(IX) AUDITOR'S REMUNERATION

For the year ended 31 March 2013, the fees paid/payable by the Group to the external auditor in respect of audit and non-audit services provided by them amount to approximately HK$542,000 and HK$63,000 respectively. The non-audit services included interim review, taxation and other services.

(X) PROCEDURES FOR SHAREHOLDERS TO PROPOSE A PERSON FOR ELECTION AS A DIRECTOR

In accordance with Article 120 of the articles of association of the Company, a notice signed by a shareholder (other than the person to be proposed) duly qualified to attend and vote at a general meeting (the "Election Meeting") for which such notice is given of his intention to propose such person for election as a director (the "Nominee") and also a notice signed by the Nominee of his/her willingness to be elected (the "Nominee's Notice"), and together (the "Running Notices") shall be lodged at the Company's head office at Units 801-802, 8th Floor, 68 Yee Wo Street, Causeway Bay, Hong Kong or at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

According to Article 120 of the Company's articles of association, the minimum length of the period, during which such Running Notices are given, shall be at least seven (7) days and that (if the Running Notices are submitted after the dispatch of the notice of the Election Meeting) the period for lodgement of the Running Notices shall commence on the day after the dispatch of the notice of the Election Meeting and end no later than seven (7) days prior to the date of the Election Meeting. In this connection, the Running Notices shall be lodged within the seven-day (7-day) period commencing from the day after the dispatch of the notice of the Election Meeting.

The Nominee's Notice must include the biographical details of the Nominee as required by Rule 13.51(2) of the Listing Rules. The Nominee shall warrant in the Nominee's Notice that the information provided is true and complete and undertake that he/she will discharge his/her duties as a director upon election.

(XI) PROCEDURES FOR SHAREHOLDERS TO CONVENE GENERAL MEETINGS/PUT FORWARD PROPOSALS

The way in which shareholders can convene an Extraordinary General Meeting

In accordance with Article 72 of the articles of association of the Company, general meetings shall be convened on the written requisition of any two shareholders of the Company addressed to the Company Secretary deposited at the head office at Units 801-802, 8th Floor, 68 Yee Wo Street, Causeway Bay, Hong Kong specifying the objects of the meeting and signed by the requisitionists, and if the Directors do not within twenty-one days from the date of deposit of the requisition proceed duly to convene the meeting, the requisitionists themselves may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Directors, and all reasonable expenses incurred by the requisitionists as a result of the failure of the Directors shall be reimbursed to them by the Company.

The procedures for sending enquiries to the Board

Shareholders should direct their questions about their shareholdings to the Company's Hong Kong Share Registrar, the contact details of which are set out as follows :-

Computershare Hong Kong Investor Services Limited
17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Telephone : 2862-8628
Facsimile : 2529-6087

Shareholders, the potential investors and the media may at any time make a request for the Company's information to the extent such information is publicly available and make enquiries to the Company through the means as provided under the paragraph Investor Relations.

The procedures for making proposals at shareholders' meetings

To put forward proposals at a general meeting, shareholders should submit a written notice of those proposals with detailed contact information to the Company Secretary at the Company's head office at Units 801-802, 8th Floor, 68 Yee Wo Street, Causeway Bay, Hong Kong. The request will be verified with the Company's Hong Kong Share Registrar and upon their confirmation that the request is proper and in order, the Company Secretary will ask the Board to include the resolution in respect of those proposals in the agenda for the general meeting.

(XII) INVESTOR RELATIONS

The Company is committed to ensure shareholders' interest. To this end, the general meeting of the Company serves as a communication channel between Directors and shareholders. During the general meeting, Chairman of the Board and its committee members will be present to answer the queries that any individual shareholder may have, and separate resolutions are proposed on each substantial issue, including the re-election of retiring Directors.

The notice of Annual General Meeting ("AGM") shall be sent to all shareholders at least 20 clear business days prior to the date of meeting. Details of each proposed resolution, voting procedures and other relevant information are set out in the notice of AGM and the circular containing such detailed information will be sent to the shareholders in due course. During the year under review, there were no significant changes in the Company's constitutional documents.

Shareholders, investors and the media can make enquiries to the Company through the following means:

Telephone number	:	2834-2833
Fax number	:	2893-1312
By post	:	Units 801-802, 8th Floor, 68 Yee Wo Street, Causeway Bay, Hong Kong
Attention	:	Company Secretarial Department
By email	:	info@cosmoholdings.com

Independent Auditor's Report

TO THE SHAREHOLDERS OF
COSMOPOLITAN INTERNATIONAL HOLDINGS LIMITED
四海國際集團有限公司
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Cosmopolitan International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 40 to 110, which comprise the consolidated statement of financial position as at 31 March 2013, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as 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 disclosure requirements of the Hong Kong Companies Ordinance.

EMPHASIS OF MATTERS

Without qualifying our opinion, we draw attention to note 2 to the consolidated financial statements, which indicates that the Group has net current liabilities of approximately HK$45,800,000 as at 31 March 2013. These conditions, along with other matters as set out in note 2 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Wong Chuen Fai
Practising Certificate Number: P05589

Hong Kong
27 June 2013

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2013

	Notes	2013	2012
		HK$'000	HK$'000
Turnover	8	**179,402**	78,386
Revenue	9	**7,130**	10,554
Other operating income	10	**4,052**	1,933
Net gain (loss) on disposal of financial assets at fair value through profit or loss		**16,962**	(646)
Gain on changes in fair value of financial instruments, net	11	**23,058**	30,720
Gain on changes in fair value of investment properties	19	**8,000**	—
Reversal of provisions	27	**—**	1,246
Administration expenses		**(20,183)**	(32,189)
Finance costs	12	**(33,580)**	(35,005)
Share of results of jointly controlled entities	20	**23,640**	527,678
Profit before tax	13	**29,079**	504,291
Income tax credit	15	**—**	21,048
Profit for the year		**29,079**	525,339
Other comprehensive income (expense)			
Exchange differences arising on translating foreign subsidiaries		**41**	(158)
Share of other comprehensive income (expense) of jointly controlled entities		**908**	(10,170)
Other comprehensive income (expense) for the year		**949**	(10,328)
Total comprehensive income for the year		**30,028**	515,011

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2013

	Note	2013 HK$'000	2012 HK$'000
Profit for the year attributable to:			
Owners of the Company		**29,121**	525,390
Non-controlling interests		**(42)**	(51)
		29,079	525,339
Total comprehensive income attributable to:			
Owners of the Company		**30,070**	515,062
Non-controlling interests		**(42)**	(51)
		30,028	515,011
Earnings per share	16		
– Basic		**0.25 HK cent**	4.46 HK cents
– Diluted		**0.25 HK cent**	1.85 HK cents

Consolidated Statement of Financial Position

At 31 March 2013

	Notes	2013	2012
		HK$'000	HK$'000
Non-current assets			
Plant and equipment	18	**1,171**	355
Investment properties	19	**88,000**	80,000
Interests in jointly controlled entities	20	**559,348**	628,531
		648,519	708,886
Current assets			
Prepayment, deposits and other receivables	21	**44,750**	1,011
Financial assets at fair value through profit or loss	22	**107,946**	233,369
Tax recoverable	23	**2,208**	3,709
Pledged bank deposits	24	**24,592**	43,190
Deposits placed with securities brokers	24	**—**	1,086
Cash and bank balances	24	**249,352**	85,682
		428,848	368,047
Current liabilities			
Accrued liabilities and other payables		**6,089**	4,824
Bank borrowings	25	**12,212**	36,993
Amounts due to securities brokers	24	**2,915**	—
Derivative financial liabilities	26	**7,878**	49,894
Income tax payable		**1,288**	1,288
Convertible bonds	28	**444,266**	411,243
		474,648	504,242
Net current liabilities		**(45,800)**	(136,195)
Total assets less current liabilities		**602,719**	572,691

Consolidated Statement of Financial Position

At 31 March 2013

	Note	2013	2012
		HK$'000	HK$'000
Capital and reserves			
Share capital	29	**2,357**	2,357
Reserves		**600,336**	570,722
Equity attributable to owners of the Company		**602,693**	573,079
Non-controlling interests		**26**	(388)
Total Equity		**602,719**	572,691

The consolidated financial statements on pages 40 to 110 were approved and authorised for issue by the board of directors on 27 June 2013 and are signed on its behalf by:

Bong Shu Yin, Daniel
Director

Cheng Sui Sang
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2013

	Attributable to owners of the Company											
	Share Capital	Share premium	Capital redemption reserve	Capital reserve	Exchange fluctuation reserve	Contributed surplus (Note)	Convertible bonds reserve	Other reserve	(Accumulated losses) retained profit	Total	Non-controlling interests	Total equity
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2011	2,357	202,769	209	1,018	11,585	26,801	24,739	(620)	(210,841)	58,017	(337)	57,680
Profit for the year	–	–	–	–	–	–	–	–	525,390	525,390	(51)	525,339
Exchange differences arising on translating foreign subsidiaries	–	–	–	–	(158)	–	–	–	–	(158)	–	(158)
Share of other comprehensive expense of jointly controlled entities	–	–	–	–	(10,170)	–	–	–	–	(10,170)	–	(10,170)
Total comprehensive (expense) income for the year	–	–	–	–	(10,328)	–	–	–	525,390	515,062	(51)	515,011
At 31 March 2012 and 1 April 2012	2,357	202,769	209	1,018	1,257	26,801	24,739	(620)	314,549	573,079	(388)	572,691
Profit for the year	–	–	–	–	–	–	–	–	29,121	29,121	(42)	29,079
Exchange differences arising on translating foreign subsidiaries	–	–	–	–	41	–	–	–	–	41	–	41
Share of other comprehensive income of jointly controlled entities	–	–	–	–	908	–	–	–	–	908	–	908
Total comprehensive income (expense) for the year	–	–	–	–	949	–	–	–	29,121	30,070	(42)	30,028
Deemed acquisition of additional interest in a subsidiary (Note 34)	–	–	–	–	–	–	–	(456)	–	(456)	456	–
At 31 March 2013	**2,357**	**202,769**	**209**	**1,018**	**2,206**	**26,801**	**24,739**	**(1,076)**	**343,670**	**602,693**	**26**	**602,719**

Note:

The contributed surplus of the Group represents the excess of the nominal value of the subsidiaries' shares acquired over the nominal value of the Company's shares issued in exchange at the time of the Group's reorganisation in 1991, net of subsequent distributions therefor. Under the Companies Law of the Cayman Islands, the contributed surplus is distributable under certain specific circumstances.

Consolidated Statement of Cash Flows

For the year ended 31 March 2013

	2013 HK$'000	2012 HK$'000
Operating activities		
Profit before tax	**29,079**	504,291
Adjustments for :		
Interest income	**(3,692)**	(579)
Share of results of jointly controlled entities	**(23,640)**	(527,678)
Depreciation on plant and equipment	**128**	87
Plant and equipment written off	**—**	7
Reversal of provisions of the litigation	**—**	(1,246)
Gain on changes in fair value of financial instruments, net	**(23,058)**	(30,720)
Gain on changes in fair value of investment properties	**(8,000)**	—
Finance costs	**33,580**	35,005
Operating cash flows before movements in working capital	**4,397**	(20,833)
Increase in prepayment, deposits and other receivables	**(42,586)**	(33)
Decrease (increase) in financial assets at fair value through profit or loss	**106,465**	(91,554)
Increase in amount due to securities brokers	**2,915**	—
Increase in accrued liabilities and other payables	**1,265**	122
Cash generated from (used in) operations	**72,456**	(112,298)
Hong Kong Profits Tax refund (paid)	**1,501**	(4,144)
Net cash from (used in) operating activities	**73,957**	(116,442)

Consolidated Statement of Cash Flows

For the year ended 31 March 2013

	2013 HK$'000	2012 HK$'000
Investing activities		
Decrease in loan to jointly controlled entities	**93,731**	76,129
Decrease (increase) in pledged bank deposits	**18,598**	(43,190)
Interest received	**2,539**	579
Purchase of plant and equipment	**(940)**	(171)
Deposit refund for a property development project	**—**	24,500
Net cash from investing activities	**113,928**	57,847
Financing activities		
Repayment of bank loan	**(36,993)**	—
New bank loans raised	**12,212**	36,993
Interest paid	**(557)**	(172)
Net cash (used in) from financing activities	**(25,338)**	36,821
Net increase (decrease) in cash and cash equivalents	**162,547**	(21,774)
Cash and cash equivalents at beginning of year	**86,768**	108,655
Effect of foreign exchange rate changes	**37**	(113)
Cash and cash equivalents at end of year, represented by cash and bank balances and deposits placed with securities brokers	**249,352**	86,768

1. GENERAL

Cosmopolitan International Holdings Limited (the "Company") is an exempted limited company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section of the annual report.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"). Other than those subsidiaries established in the People's Republic of China (the "PRC") whose functional currency is Renminbi ("RMB"), the functional currency of the Company and its subsidiaries (collectively referred to as the "Group") is HK$.

As the Company is listed in Hong Kong, the directors of the Company consider that it is appropriate to present the consolidated financial statements in HK$.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are property investment, property development, securities investment and other investments. The principal activities of the principal subsidiaries are set out in note 34.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared on a going concern basis notwithstanding the net current liabilities of approximately HK$45,800,000 as at 31 March 2013. The condition indicates the existence of a material uncertainty which may cast doubt on the Group's ability to continue as a going concern and therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business. However, in the opinion of the directors of the Company, the liquidity of the Group can be maintained in the coming year as the directors of the Company had taken into consideration of the following facts and circumstances:

(a) As at 31 March 2013, included in the current liabilities of the Group was derivative financial liabilities of approximately HK$7,878,000 which represented an option to entitle the option holders to subscribe for convertible bond to be issued with a maturity date within six months after 31 March 2013. Such derivative financial liabilities shall not have any cash outflow by the Group; and

(b) On 26 June 2013, a wholly-owned subsidiary of the Company obtained a standby revolving credit facility with the final repayment date on 25 June 2015 from a subsidiary company of Paliburg Holdings Limited, a related company of the Group of HK$200,000,000, which, if required, will be drawn down to meet any financial obligations as and when they fall due.

Accordingly, the directors of the Company considered that the Group has sufficient financial resources to meet its financial obligations as and when they fall due. The consolidated financial statements have been prepared on a going concern basis and do not include any adjustments that would be required should the Group not able to continue as a going concern.

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

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to HKFRS 7	Financial Instruments: Disclosures – Transfers of Financial Assets
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 12 Deferred Tax: Recovery of Underlying Assets

The Group has applied for the first time the amendments to HKAS 12 Deferred Tax: Recovery of Underlying Assets in the current year. Under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 Investment Property are presumed to be recovered entirely through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The Group measures its investment property prior to the transfer to property, plant and equipment using the fair value model. As a result of the application of the amendments to HKAS 12, the directors of the Company reviewed the Group's investment property and concluded that none of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the directors have determined that the 'sale' presumption set out in the amendments to HKAS 12 is not rebutted.

The application of the amendments to HKAS 12 has resulted in the Group not recognising any deferred taxes on changes in fair value of the investment properties.

The change in amendments to HKAS 12 has no effect to the Group's deferred taxation as at 1 April 2011 and 31 March 2012, and the Group's income tax expense, profit for the year and basic and diluted earnings per share for the year ended 31 March 2012 as the Group had no fair value changes of investment properties as at 1 April 2011 and 31 March 2012.

The adoption of the amendments to HKAS 12 has resulted in the Group's income tax expenses for the year ended 31 March 2013 and deferred tax liabilities as at 31 March 2013 being decreased by approximately HK$1,320,000. In addition, the Group's basic and diluted earnings per share for the year ended 31 March 2013 are increased by 0.01 Hong Kong cents after the adoption.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

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

Amendments to HKFRSs	Annual Improvements 2009 – 2011 Cycle[2]
Amendments to HKFRS 1	Government Loan[2]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[4]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial statements, Joint arrangements and Disclosure of Interests in Other Entities: Transition Guidance[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[3]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[3]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[1]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[3]
HK (International Financial Reporting Interpretation Committee) ("IFRIC") –Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine[2]
HK(IFRIC) – Interpretation 21	Levies[3]

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 July 2015.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

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 1 Presentation of Financial Statements, the amendments to HKAS 16 Property, Plant and Equipment and the amendments to HKAS 32 Financial Instruments: Presentation.

The amendments to HKAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

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 do not anticipate that the application of the amendments will have a material effect on the consolidated and the Company's financial statements.

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 directors anticipate that the amendments to HKAS 32 will have no effect on the consolidated and the Company's financial statements as the Group and the Company has already adopted this treatment.

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

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

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HKFRS 9 Financial Instruments

HKFRS 9 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 to be 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 profit or loss.

— With regard to the measurement of financial liabilities designed 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 profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

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

The directors anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

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, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

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 all of these five standards are applied at the same time.

The directors anticipate that the application of these five standards may not have significant impact on amounts reported in the consolidated financial statements under the current group structure.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HKFRS 13 Fair Value Measurement

HKFRS 13 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 anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2013 and that the application of the new Standard may affect the amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

Amendment 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.

The directors of the Company anticipate that the application of others new and revised HKFRSs, will have no material impact on the results and the financial position of the Group.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. 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 on the historical cost basis, except for certain investment properties and financial instruments, which are measured at fair values, 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.

The principal accounting policies are set out below.

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.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or 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 in 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 a subsidiary are presented separately from the Group's equity therein.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Jointly controlled entities

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the jointly controlled entities. When the Group's share of losses of a jointly controlled entity equals or exceeds its interests in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), 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 that jointly controlled entity.

The requirement of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a jointly controlled entity. When necessary, the entire carrying amount of the investment (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 investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

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

Revenue recognition

Revenue from trading of securities and securities dealing is recognised on the trade date basis that the relevant trading contracts are executed.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income 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 the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

Rental income is recognised on a straight-line basis over the period of the relevant lease.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Plant and equipment

Plant and equipment held for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of plant and equipment 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 amounted for on a prospective basis.

An item of 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 plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/ or for capital appreciation. Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment property are included in profit or loss 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 its disposals. 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 profit or loss in the period in which the item is derecognised.

Leasing

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

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the 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 arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of the reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange fluctuation reserve (attributed to non-controlling interest as appropriate).

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 borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefits costs

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation

Income tax expense represents the sum of the tax currently payable and deferred 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 statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes 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 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 difference 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 interests in joint ventures, 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.

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 is 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are 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 properties are measured in accordance with the above general principles set out in HKAS 12 (i.e. based on the expected manner as to how the properties will be recovered).

Current and deferred tax is recognised into profit or loss, except when they relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

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 or financial liabilities at fair value through profit or loss ("FVTPL")) 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 or financial liabilities at FVTPL are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into one of two categories, including financial assets at FVTPL and loan 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

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 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 debts instruments of which interest income is included in other operating income.

Financial assets at FVTPL

Financial assets at FVTPL are financial assets held for trading.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of 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.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in revenue line item in the consolidated statement of comprehensive income. Fair value is determined in the manner described in note 7(c).

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 other receivables and deposits, pledge bank deposits, deposits placed with securities brokers and cash and bank balance) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

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 where 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 financial assets have been affected.

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 default or delinquency in interest or 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 assets, such as other 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 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.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of other 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 profit or loss. When other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of 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 profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments

Debt 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 accrued liabilities and other payables, bank borrowings and convertible bonds are subsequently measured at amortised cost, using the effective interest method.

Convertible bonds contain liability and equity components

Convertible bonds issued by the Group that contain both the liability and conversion option components are classified separately into respective items on initial recognition in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Convertible bonds contain liability and equity components *(Continued)*

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible bonds and the fair value assigned to the liability component, representing the conversion option for the holder to convert the bonds into equity, is included in equity (convertible bonds reserve).

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in convertible bonds reserve until the embedded option is exercised (in which case the balance stated in convertible bonds reserve will be transferred to share premium). Where the option remains unexercised at the expiry date, the balance stated in convertible bonds reserve will be released to the retained profit. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.

Convertible bonds contain liability and equity components, and derivative component (option to subscribe for convertible bonds)

Convertible bonds issued by the Group that contain liability, conversion option and derivative component (which is not closely related to the host liability component) are classified separately into respective items on initial recognition. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument. At the date of issue, both the liability and derivative component are measured at fair value. The difference between the gross proceeds of the issue of the convertible bonds and the fair values assigned to the liability and derivative component respectively, representing the conversion option for the holder to convert the bond into equity, is included in equity (convertible bonds reserve).

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The derivative component is measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability, equity and derivative components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly in equity. Transaction costs relating to the derivative component are charged to profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and are amortised over the period of the convertible bonds using the effective interest method.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

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 directly in other comprehensive income is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations specified in the relevant contract are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least ten per cent different from the discounted present value of the remaining cash flows of the original financial liability. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Cash and cash equivalents

Bank balances and cash in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that 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).

Impairment loss on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered 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. When 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. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated 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.

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 a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a 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 a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that standard.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated 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.

Critical judgments in applying the entity's accounting policies

The following are the critical judgments, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Going concern and liquidity consideration

The assessment of the going concern and liquidity assumption involves making a judgment by the directors of the Company, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The directors of the Company consider that the Group has the ability to continue as a going concern and the major events or conditions, which may give rise to business risks, that individually or collectively may cast doubt about the going concern assumption are set out in note 2.

Key sources of estimation uncertainty

The followings 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.

Estimated fair value of investment properties

Investment properties are carried in the consolidated statement of financial position as at 31 March 2013 at their fair value of approximately HK$88,000,000 (2012: HK$80,000,000). The fair value was based on a valuation on these properties conducted by an independent firm of professional valuers by reference to market evidence of transaction prices for similar properties in the same locations and conditions. Favourable or unfavourable changes in market would result in changes in the fair value of the Group's investment properties and corresponding adjustments to the amount of profit or loss reported in the consolidated statement of comprehensive income.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty *(Continued)*

Fair value of derivative financial liabilities

The fair values of the derivative financial liabilities involve assumptions on the Company's credit spread, discount rate, expected credit rating and future cash flows. Should these assumptions change, there would be material changes to the valuation. As at 31 March 2013, the carrying amount and the fair value of derivative financial liabilities were approximately HK$7,878,000 (2012: HK$49,894,000).

Income taxes

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 31 March 2013, the carrying amounts of tax recoverable and payable are HK$2,208,000 (2012: HK$3,709,000) and HK$1,288,000 (2012: HK$1,288,000) respectively. During the year ended 31 March 2013, no income tax expense was recognised (2012: income tax credit of approximately HK$21,048,000). No deferred tax provisions have been recognised in the Group's consolidated statement of financial position as at 31 March 2013 and 2012.

Estimated impairment loss on interests in jointly controlled entities

As at 31 March 2013, the carrying amount of interests in jointly controlled entities is approximately HK$559,348,000 (2012: HK$628,531,000) without impairment loss.

The directors of the Company determined whether interests in jointly controlled entities are impaired by reference to an estimation of the recoverable amount of investment. The recoverable amount of the interests in jointly controlled entities requires the Group to estimate the future cash flows expected to arise from the jointly controlled entities and a suitable discount rate including the risk adjustment in order to calculate the present value. The assumption includes management's best estimate of the set of economic conditions in the future.

6. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which includes bank borrowings in note 25, convertible bonds in note 28, cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through new share issues, the issue of new debt or the redemption of existing debt.

7. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2013	2012
	HK$'000	HK$'000
Financial assets		
Financial assets at FVTPL (held for trading)	**107,946**	233,369
Loan and receivables (including cash and bank balances)	**318,625**	130,969
	426,571	364,338
Financial liabilities		
Financial liabilities at FVTPL (held for trading)		
Derivative financial liabilities	**7,878**	49,894
Amortised cost	**465,482**	453,060
	473,360	502,954

7. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies

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

Market risk

(a) Currency risk

Other than the subsidiaries established in the PRC whose functional currency is RMB, the Company and its other subsidiaries' functional currency is HK$. However, certain bank balances and deposits placed with securities brokers are denominated in currencies other than HK$.

	Assets	
	2013	2012
	HK$'000	HK$'000
United States dollar ("USD")	**8,362**	165
RMB	**97,612**	72,868
Total	**105,974**	73,033

The Group currently does not have a foreign currency hedging policy but the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the needs arise.

7. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

(a) Currency risk (Continued)

Sensitivity analysis

The Group mainly exposed to USD and RMB. The following table details the Group's sensitivity to a reasonably possible change of 5% in exchange rate of HK$ against USD and RMB while all other variables are held constant. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of each reporting period for a 5% (2012: 5%) change in foreign currency rates.

	USD and RMB	
	2013	2012
	HK$'000	HK$'000
Increase (decrease) in profit for the year, net of tax effect		
– if HK$ weakens against foreign currencies	**4,424**	3,049
– if HK$ strengthens against foreign currencies	**(4,424)**	(3,049)

A change of 5% (2012: 5%) in exchange rate of HK$ against each foreign currency does not affect other components of equity materially.

In management's opinion, the sensitivity analysis is not necessarily of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

7. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

(b) Price risk

The Group is exposed to price risk through its investments in listed equity securities and corporate bonds and derivative financial liabilities embedded in the convertible bonds.

The management manages the exposure of price risk of listed investments by maintaining a portfolio of investments with different risks. In addition, the Group has a team to monitor the price risk and will consider hedging the risk exposure should the need arise.

The derivative financial liabilities are the option to subscribe additional convertible bond by the holder for cash subscription paid to the Group and the Group does not have obligation to settle the liabilities in cash. Thus, the management does not hedge its equity price risk.

Sensitivity analysis

The sensitivity analyses below of listed investments have been determined based on the exposure to price risks at the reporting date. A 15% increase or decrease in equity prices is used when reporting price risk internally to key management personnel and represents management's assessment of the reasonably possible change in equity prices.

If the prices of the respective investments had been 25% (2012: 25%) higher/lower with all other variables held constant, the post tax profit will increase/decrease by approximately HK$22,534,000 (2012: HK$48,716,000) as a result of the changes in fair value of listed investments.

If the share price of the Company had increased or decreased by 10% and all the derivative components moved according to the historical correlation with the share price of the Company, the consolidated post tax profit for the year would decrease by approximately HK$4,265,000 (2012: HK$8,020,000) or increase by approximately HK$3,224,000 (2012: HK$7,647,000) respectively, arising from changes in fair value of the derivative financial liabilities.

7. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

(c) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to bank borrowings (see note 25) and convertible bonds issued by the Group (see note 28). The Group currently does not enter into any hedging instruments for fair value interest rate risk.

The Group is also exposed to cash flow interest rate risk in relation to variable-rate pledged bank deposits, deposits placed with securities brokers, amounts due to securities brokers and bank balances (see note 24) due to the fluctuation of the prevailing market interest rate.

The management determined that the fair value and cash flow interest rate risks have insignificant effect to the results of the Group and no sensitivity analysis is prepared.

Credit risk

As at 31 March 2013, the Group's maximum exposure to credit risk which will cause a financial loss to the Group 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.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for various monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debt at the end of each 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 credit risk is significantly reduced.

The Group's concentration of credit risk by geographical location is mainly in Hong Kong ("HK").

The credit risk on liquid funds is limited because the counterparties are banks and securities brokers with high credit ratings assigned by international credit-rating agencies. Other than concentration of credit risk on liquid funds, the Group does not have any other significant concentration of credit risk.

As at 31 March 2013, the Group had credit risk on loan to jointly controlled entities of approximately HK$12,741,000 (2012: HK$106,472,000). Regular review on the financial position of jointly controlled entities is performed. The review focus on the financial background and current ability to pay, and take into account information specific to jointly controlled entities as well as pertaining to the environment in which jointly controlled entities operate.

7. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Liquidity risk

The Group is exposed to liquidity risk as at the end of the reporting period as its financial assets due within one year was less than its financial liabilities due within one year and had net current liabilities as of approximately HK$45,800,000 as at 31 March 2013. As explained in note 2, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operation and mitigate the effects of fluctuates in cash flows. The Group has planned measures to maintain a healthy cash and working capital position of the Group to ensure the Group's liquidity.

The management will closely monitor the cash flow generated from operations and the Group's needs for different types of external financing.

The table has been drawn up based on undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is calculated by interest rate curve at the end of the reporting period.

	Carrying amounts HK$'000	Total undiscounted cash flows HK$'000	Within 1 year HK$'000
As at 31 March 2013			
Non-derivatives financial liabilities			
Accrued liabilities and other payables	6,089	6,089	6,089
Bank borrowings	12,212	12,221	12,221
Amounts due to securities brokers	2,915	2,915	2,915
Convertible bonds	444,266	457,929	457,929
	465,482	479,154	479,154

7. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

	Carrying amounts HK$'000	Total undiscounted cash flows HK$'000	Within 1 year HK$'000
As at 31 March 2012			
Non-derivatives financial liabilities			
Accrued liabilities and other payables	4,824	4,824	4,824
Bank borrowings	36,993	37,381	37,381
Convertible bonds	411,243	443,922	443,922
	453,060	486,127	486,127

(c) Fair value

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

- The fair value of financial assets with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices and ask prices respectively;
- The fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing model based on discounted cash flow analysis; and
- The fair value of derivative instruments is calculated using Binomial Option Pricing Model as set out in note 26.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values due to short-term or immediate maturities.

7. FINANCIAL INSTRUMENTS *(Continued)*

(c) Fair value *(Continued)*

Fair value measurements recognised in the consolidated statement of financial position

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).
- 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).

As at 31 March 2013

	Level 1 HK$'000	Level 2 HK$'000	Total HK$'000
Financial assets			
Financial assets at FVTPL	107,946	—	107,946
Financial liabilities			
Derivative financial liabilities	—	7,878	7,878

7. FINANCIAL INSTRUMENTS *(Continued)*

(c) Fair value *(Continued)*

Fair value measurements recognised in the consolidated statement of financial position *(Continued)*

As at 31 March 2012

	Level 1	Level 2	Total
	HK$'000	HK$'000	HK$'000
Financial assets			
Financial assets at FVTPL	233,369	—	233,369
Financial liabilities			
Derivative financial liabilities	—	49,894	49,894

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

Significant assumptions used in determining fair value of derivative financial liabilities are set out in note 26.

8. TURNOVER

The following is an analysis of the Group's turnover for the year:

	2013	2012
	HK$'000	HK$'000
Proceeds from disposal of financial assets at FVTPL	**172,272**	67,832
Dividend income from financial assets at FVTPL	**5,307**	10,553
Interest income from corporate bonds	**1,066**	—
Interest income from deposits placed with securities brokers	**1**	1
Rental income	**756**	—
	179,402	78,386

9. SEGMENT INFORMATION

Information reported to the board of directors of the Company, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance focuses on types of goods and investments.

Specifically, the Group's reportable segments same as operating segments under HKFRS 8 are as follows:

(a) Securities trading – engaged in trading of equity and debt securities; and

(b) Property investment and development – engaged in property investment and property development.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment:

For the year ended 31 March 2013

	Securities trading HK$'000	Property investment and development HK$'000	Total HK$'000
Turnover	178,646	756	179,402
Revenue			
External	6,374	756	7,130
Segment profit	4,303	5,201	9,504
Other operating income			4,052
Unallocated corporate expenses			(16,553)
Gain on changes in fair value of derivative financial instruments related to convertible bonds			42,016
Share of results of jointly controlled entities			23,640
Finance costs			(33,580)
Profit before tax			29,079

9. SEGMENT INFORMATION *(Continued)*

Segment revenues and results *(Continued)*

For the year ended 31 March 2012

	Securities trading HK$'000	Property investment and development HK$'000	Total HK$'000
Turnover	78,386	—	78,386
Revenue			
External	10,554	—	10,554
Segment loss	(112,006)	(17,585)	(129,591)
Other operating income			1,933
Unallocated corporate expenses			(13,282)
Gain on changes in fair value of derivative financial instruments related to convertible bonds			152,558
Share of results of jointly controlled entities			527,678
Finance costs			(35,005)
Profit before tax			504,291

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 4. Segment profit or loss represents the profit earned by or loss from each segment without allocation of central administration costs, income tax credit, directors' emoluments, other operating income, gain or loss on change in fair value of derivative financial instruments related to convertible bonds, share of results of jointly controlled entities, reversal of provisions and finance costs. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

9. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment.

	2013 HK$'000	2012 HK$'000
Segment assets		
Securities trading	**107,946**	234,455
Property investment and development	**131,125**	80,493
Total segment assets	**239,071**	314,948
Unallocated corporate assets	**838,296**	761,985
Consolidated assets	**1,077,367**	1,076,933
Segment liabilities		
Securities trading	**2,915**	484
Property investment and development	**5,367**	4,091
Total segment liabilities	**8,282**	4,575
Unallocated corporate liabilities	**466,366**	499,667
Consolidated liabilities	**474,648**	504,242

For the purpose of monitoring segment performances and allocating resources between segments:

– all assets are allocated to operating segments other than interests in jointly controlled entities, tax recoverable, pledged bank deposits, cash and bank balances and assets for central administration.

– all liabilities are allocated to reporting segments other than derivative financial liabilities, income tax payable, bank borrowings, convertible bonds and liabilities for central administration.

9. SEGMENT INFORMATION *(Continued)*

Other segment information

For the year ended 31 March 2013

	Securities trading HK$'000	Property investment and development HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss or segment assets				
Addition to non-current assets (Note)	—	99	841	940
Depreciation	—	92	36	128
Net gain on disposal of financial assets at FVTPL	(16,962)	—	—	(16,962)
Loss (gain) on change in fair value of financial instruments, net	18,958	—	(42,016)	(23,058)
Gain on change in fair value of investment properties	—	(8,000)	—	(8,000)
Amounts regularly provided to the chief operation decision maker but not included in the measure of segment profit or loss or segment assets				
Interest income	—	—	(3,692)	(3,692)
Interests in jointly controlled entities	—	559,348	—	559,348
Share of results of jointly controlled entities	—	(23,640)	—	(23,640)
Finance costs	—	—	33,580	33,580

Note:

Addition to non-current assets excluded interests in jointly controlled entities.

9. SEGMENT INFORMATION *(Continued)*

Other segment information *(Continued)*

For the year ended 31 March 2012

	Securities trading HK$'000	Property investment and development HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss or segment assets				
Addition to non-current assets (Note)	—	170	1	171
Depreciation	—	50	37	87
Written off of property and equipment	—	—	7	7
Net gain on disposal of financial assets at FVTPL	646	—	—	646
Loss (gain) on change in fair value of financial instruments, net	121,838	—	(152,558)	(30,720)
Reversal of provisions	—	(1,246)	—	(1,246)
Amounts regularly provided to the chief operation decision maker but not included in the measure of segment profit or loss or segment assets				
Interest income	—	—	(579)	(579)
Interests in jointly controlled entities	—	628,531	—	628,531
Share of results of jointly controlled entities	—	(527,678)	—	(527,678)
Finance costs	—	—	35,005	35,005
Income tax credit	(21,048)	—	—	(21,048)

Note:

Addition to non-current assets excluded interests in jointly controlled entities.

9. SEGMENT INFORMATION *(Continued)*

Revenue

The following is an analysis of the Group's revenue:

	2013	2012
	HK$'000	HK$'000
Dividend income from financial assets at FVTPL	5,307	10,553
Interest income from corporate bonds	1,066	—
Interest income from deposits placed with securities brokers	1	1
Rental income	756	—
	7,130	10,554

Geographical information

The Group's operations are located mainly in HK.

Information about the Group's revenue from external customers is presented based on the location of the operations. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets	
	2013	2012	2013	2012
	HK$'000	HK$'000	HK$'000	HK$'000
HK	7,130	10,554	88,072	80,064
The PRC	—	—	560,447	628,822
	7,130	10,554	648,519	708,886

Information about major customers

During the years ended 31 March 2013 and 2012, no single customer has contributed over 10% of the total turnover and revenue of the Group.

10. OTHER OPERATING INCOME

	2013 HK$'000	2012 HK$'000
Interest income from:		
Pledged bank deposits	**237**	138
Bank balances	**3,455**	441
Total interest income	**3,692**	579
Exchange gain	**—**	994
Sundry income	**360**	360
	4,052	1,933

11. GAIN ON CHANGES IN FAIR VALUE OF FINANCIAL INSTRUMENTS, NET

	2013 HK$'000	2012 HK$'000
Loss on change in fair value of financial assets at FVTPL	**(18,958)**	(121,838)
Gain on change in fair value of derivative financial liabilities	**42,016**	152,558
	23,058	30,720

12. FINANCE COSTS

	2013 HK$'000	2012 HK$'000
Imputed interest expenses on convertible bonds (note 28)	**33,023**	34,833
Interest on bank borrowings wholly repayable within five years	**557**	172
	33,580	35,005

13. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging (crediting):

	2013 HK$'000	2012 HK$'000
Staff costs (excluding directors' emoluments in note 14(a))		
Wages and salaries	**1,940**	1,533
Retirement benefits scheme contributions	**96**	110
	2,036	1,643
Auditors' remuneration	**542**	548
Plant and equipment written off	**—**	7
Depreciation on plant and equipment	**128**	87
Exchange loss	**214**	—
Gross rental income from investment properties	**(756)**	—
Less:		
Direct operating expenses incurred for investment properties that generated rental income during the year	**197**	—
Direct operating expenses incurred for investment properties that did not generate rental income during the year	**296**	482
	(263)	482

14. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

The emoluments paid or payable to each of 9 (2012:10) directors were as follows:

For the year ended 31 March 2013

		Other emoluments		
	Directors' fees HK$'000	Basic salaries, allowance and benefits in kind HK$'000	Retirement benefits scheme contributions HK$'000	Total emoluments HK$'000
Executive directors				
Bong Shu Yin, Daniel	108	2,623	15	2,746
Cheng Sui Sang	108	991	15	1,114
Non-executive directors				
Bong Shu Ying, Francis	108	—	—	108
Ng Kwai Kai, Kenneth	108	—	—	108
Leung So Po, Kelvin	108	—	—	108
Wong Po Man, Kenneth	108	—	—	108
Independent non-executive directors				
Li Ka Fai, David	138	—	—	138
Lee Choy Sang	108	—	—	108
Ka Kit	108	—	—	108
Total	1,002	3,614	30	4,646

14. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

(a) Directors' emoluments *(Continued)*

For the year ended 31 March 2012

		Other emoluments		
	Directors' fees	Basic salaries, allowance and benefits in kind	Retirement benefits scheme contributions	Total emoluments
	HK$'000	HK$'000	HK$'000	HK$'000
Executive directors				
Bong Shu Yin, Daniel	108	2,542	12	2,662
Cheng Sui Sang	108	925	12	1,045
Non-executive directors				
Wang Baoning (resigned on 26 September 2011)	54	—	—	54
Bong Shu Ying, Francis	108	—	—	108
Ng Kwai Kai, Kenneth	108	—	—	108
Leung So Po, Kelvin	108	—	—	108
Wong Po Man, Kenneth	108	—	—	108
Independent non-executive directors				
Li Ka Fai, David	129	—	—	129
Lee Choy Sang	108	—	—	108
Ka Kit	108	—	—	108
Total	1,047	3,467	24	4,538

14. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, two (2012: two) were directors of the Company whose emoluments are set out in note 14(a) above. Details of the emoluments of the remaining three (2012: three) individuals were as follows:

	2013	2012
	HK$'000	HK$'000
Basic salaries, allowance and benefits in kind	**1,043**	980
Retirement benefits scheme contributions	**42**	36
	1,085	1,016

The emoluments of each of the three employees are less than HK$1,000,000 for two years ended 31 March 2013 and 2012.

During the two years ended 31 March 2013 and 2012, no emoluments were paid by the Group to the five highest paid individuals and directors as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors and the employees has waived any emoluments during the two years ended 31 March 2013 and 2012.

15. INCOME TAX CREDIT

	2013	2012
	HK$'000	HK$'000
Current tax credit:		
Hong Kong Profits Tax		
Charge for the year	**—**	—
Over provision in prior years	**—**	(21,048)
	—	(21,048)

Hong Kong Profits Tax is calculated at 16.5% (2012: 16.5%) of the estimated assessable profits for the two years ended 31 March 2013 and 2012.

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% from 1 January 2008 onwards.

15. INCOME TAX CREDIT *(Continued)*

The income tax credit for the years can be reconciled to the profit before tax per the consolidated statement of comprehensive income as follows:

	2013	2012
	HK$'000	HK$'000
Profit before tax	**29,079**	504,291
Tax at the Hong Kong profits tax rate of 16.5% (2012: 16.5%)	**4,799**	83,208
Tax effect of expenses not deductible for tax purpose	**11,874**	9,508
Tax effect of income not taxable for tax purpose	**(9,537)**	(26,961)
Tax effect of shares of results of jointly controlled entities	**(3,901)**	(87,067)
Utilisation of tax losses not recognised in prior years	**(2,809)**	—
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(471)**	(1,712)
Tax effect of tax losses not recognised	**45**	23,024
Over provision in prior years	**—**	(21,048)
Income tax credit for the year	**—**	(21,048)

During the year ended 31 March 2012, the Group finalised with Inland Revenue Department (the "IRD") that the income tax payables recorded as at 31 March 2008 in relation to the income tax provision of approximately HK$22,265,000 for the years of assessment 2006/07 to 2008/09 is no longer payable. Over provision of the related income tax has been credited to profit or loss in the current year. The provision of approximately HK$22,265,000 was due to net gain recognised in respect of the placement rights attached on certain convertible bonds which were issued on 2 March 2007 by Sinofair Investment Limited, a wholly-owned subsidiary of the Company, to Lendas Investments Limited to finance an acquisition of certain companies.

Also, the income tax of certain subsidiaries in respect of the year ended 31 March 2011 has been under-provided by HK$1,217,000 during the year ended 31 March 2012.

During the year ended 31 March 2013, the Group has estimated unused tax losses of approximately HK$181,306,000 (2012: HK$198,057,000) available to set off against future taxable profits. No deferred tax asset has been recognised for such tax losses due to the unpredictability of future profit streams. These tax losses may be carried forward indefinitely.

16. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	2013 HK$'000	2012 HK$'000
Earnings		
Earnings for the purpose of basic earnings per share:		
Profit for the year attributable to owners of the Company	**29,121**	525,390
Effect of dilutive potential ordinary shares:		
Gain on change in fair value of derivative financial liabilities	**—**	(152,558)
Imputed interest expense on convertible bonds	**—**	34,833
Profit for the purpose of diluted earnings per share	**29,121**	407,665

	2013 '000	2012 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**11,785,131**	11,785,131
Effect of dilutive potential ordinary shares:		
Options to subscribe for convertible bonds	**—**	3,333,333
Convertible bonds	**—**	6,869,583
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**11,785,131**	21,988,047

Diluted earnings per share is same as basic earnings per share for the year ended 31 March 2013. The computation of diluted earnings per share does not assume the conversion/exercise of the Company's outstanding convertible bonds set out in note 28 and options to subscribe for additional convertible bonds set out in note 26 since their conversion/exercise would result in an anti-dilutive effect on the basic earnings per share for the year ended 31 March 2013.

17. DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2013, nor has any dividend been proposed since the end of the reporting period (2012: nil).

18. PLANT AND EQUIPMENT

	Leasehold improvement HK$'000	Furniture, equipment, and computer software HK$'000	Motor vehicles HK$'000	Total HK$'000
COST				
At 1 April 2011	51	463	244	758
Additions	—	171	—	171
Written off	—	(10)	—	(10)
Exchange adjustment	—	8	2	10
At 31 March 2012 and 1 April 2012	51	632	246	929
Additions	—	143	797	940
Written off	—	(48)	—	(48)
Exchange adjustment	—	4	1	5
At 31 March 2013	51	731	1,044	1,826
ACCUMULATED DEPRECIATION				
At 1 April 2011	17	361	103	481
Charge for the year	10	47	30	87
Eliminated on written off	—	(3)	—	(3)
Exchange adjustment	—	7	2	9
At 31 March 2012 and 1 April 2012	27	412	135	574
Charge for the year	10	94	24	128
Eliminated on written off	—	(48)	—	(48)
Exchange adjustment	—	1	—	1
At 31 March 2013	37	459	159	655
CARRYING VALUES				
At 31 March 2013	14	272	885	1,171
At 31 March 2012	24	220	111	355

18. PLANT AND EQUIPMENT *(Continued)*

The above items of plant and equipment are depreciated on a straight-line basis at 20% - 30% per annum.

19. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1 April 2011 and 31 March 2012	80,000
Gain on changes in fair value	8,000
At 31 March 2013	88,000

The investment properties are located in Hong Kong and held under medium lease terms.

The fair values of the Group's investment properties at 31 March 2013 and 2012 have been arrived at on the basis of a valuation carried out on that date by Landscope Surveyors Limited, an independent qualified professional valuer not connected with the Group. Landscope Surveyors Limited is a member of the Hong Kong Institute of Surveyors and has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation was arrived at by reference to market evidence of transaction prices for similar properties in the same locations and conditions.

20. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	2013	2012
	HK$'000	HK$'000
Cost of unlisted investments in jointly controlled entities	**1**	1
Loan to jointly controlled entities	**12,741**	106,472
Share of post-acquisition profits and other comprehensive income	**546,606**	522,058
	559,348	628,531

During the years ended 31 March 2013 and 2012, the loans to jointly controlled entities are unsecured, interest-free and have no fixed terms of repayment. As it is the Group's intention not to demand repayment within one year, the amounts are classified as non-current assets. To maintain the liquidity of the Group, on 22 June 2012, Faith Crown had provided an undertaking of repayment of HK$100,000,000 on or before 21 July 2012 in respect of the loan due to the Group amounting to approximately HK$106,472,000 as at 31 March 2012. During the year ended 31 March 2013, Faith Crown repaid HK$100,000,000 to the Group.

20. INTERESTS IN JOINTLY CONTROLLED ENTITIES *(Continued)*

Details of the Group's jointly controlled entities as at 31 March 2013 and 2012 are as follows:

Name of entity	Form of business structure	Place of incorporation, country of registration/ operations	Proportion of nominal value of issued capital held by the Group		Nominal value of issued ordinary share capital/paid up registered capital	Principal activities
			2013	2012		
Faith Crown	Incorporated	BVI/HK	**50%**	50%	US$100	Investment holding
Joyous Unity Investments Limited ("Joyous Unity")	Incorporated	BVI/HK	**15%**	15%(Note)	US$100	Investment holding
Farah Investments Limited	Incorporated	HK/HK	**15%**	15%(Note)	HK$2	Investment holding
置富投資開發(成都)有限公司	Incorporated	PRC/PRC	**15%**	15%(Note)	HK$336,000,960	Property Development
成都富博房地產開發有限公司	Incorporated	PRC/PRC	**15%**	15%(Note)	HK$111,660,000	Property Development
Excel Crown Investments Limited ("Excel Crown")	Incorporated	BVI/HK	**15%**	15%(Note)	US$100	Investment holding
Ready Success Investments Limited	Incorporated	HK/HK	**15%**	15%(Note)	HK$1	Investment holding

Note: On 30 June 2011, Faith Crown, a jointly controlled entity held by a wholly-owned subsidiary of Regal Hotels International Holdings Limited (Stock code: 78) ("Regal Hotels") and a wholly-owned subsidiary of the Company, entered into an agreement with Flourish Lead Investments Limited (currently known as P&R Holdings Limited, "P&R Holdings"), a jointly controlled entity held by Regal Hotels and Paliburg Holdings Limited (Stock code: 617), to dispose of 70% equity interest in Excel Crown, Joyous Unity and their respective subsidiaries held by Faith Crown and (ii) 70% shareholders' loan of Faith Crown (the "Disposal").

The Disposal was completed on 14 July 2011 and Faith Crown recorded a gain arising from the Disposal of approximately HK$1,027,793,000. After the Disposal, Excel Crown, Joyous Unity and their respective subsidiaries held by Faith Crown are no longer jointly controlled entities of the Company.

A put option (the "Put Option") was also granted to Joyous Unity by Faith Crown. When the Put Option is exercised by Joyous Unity, Faith Crown shall purchase or procure the purchase of the certain completed property complex in Chengdu, the PRC ("Chengdu Project") at a price equivalent to their market valuation of Chengdu Project which will be determined by an independent professional valuer whose appointment shall be agreed by Faith Crown and Joyous Unity. The Put Option is exercisable by Joyous Unity within three years after the completion of the Disposal and extendable by Joyous Unity to four years if Chengdu Project has not been completed within three-year exercise period of the Put Option.

20. INTERESTS IN JOINTLY CONTROLLED ENTITIES *(Continued)*

After the completion of the Disposal, Excel Crown and Joyous Unity have been reclassified from interests in jointly controlled entities of the Group to associates of Faith Crown.

The details were set out in the announcement of the Company dated 30 June 2011.

The summarised financial information in respect of the Group's interests in jointly controlled entities which are accounted for using the equity method is set out below:

	2013	2012
	HK$'000	HK$'000
Current assets	**200,000**	200,000
Non-current assets	**920,417**	1,057,821
Current liabilities	**—**	—
Non-current liabilities	**27,202**	213,703
Group's share of net assets of jointly controlled entities	**546,607**	522,059
Income	**50,418**	1,062,733
Expenses	**3,137**	7,377
Other comprehensive (expense) income	**1,816**	(20,340)
The Group's share of results of jointly controlled entities	**23,640**	527,678
The Group's share of other comprehensive (expense) income of jointly controlled entities	**908**	(10,170)

21. PREPAYMENT, DEPOSITS AND OTHER RECEIVABLES

	2013 HK$'000	2012 HK$'000
Prepaid re-forestation costs (note a)	**42,823**	—
Deposits and other receivables	**1,976**	1,060
Less: Impairment loss recognised (note b)	**(49)**	(49)
	44,750	1,011
Deposit paid for acquisition of a subsidiary (note c)	**7,044**	7,044
Less: Impairment loss recognised	**(7,044)**	(7,044)
	—	—
Prepayment, deposits and other receivables	**44,750**	1,011

Notes:

a. The amount related to the costs incurred in the year ended 31 March 2013 in relation to a re-forestation project in Urumqi, Xinjiang Uygur Autonomous Region, the PRC. In previous years, the Group had entered into contracts with the relevant PRC government authorities that upon the agreed completion (and had been certified by the relevant government authorities) of re-forestation works in respect of that land, as well as the completion of the land auction procedures in accordance with the relevant rules and regulations, the Group shall be either entitled the land use right of the 30% of the overall project area of such land for development purpose or reimbursed for all the costs incurred in the re-forestation project, in accordance with applicable rules and regulations.

As stated in the consolidated financial statements for the year ended 31 March 2009, the contractual rights to perform and complete the re-forestation works over the parcel of that land was expired and the Group was then negotiating with the relevant PRC government authorities for renewal of the contractual rights in respect of the re-forestation works. In view of the then uncertainty over the renewal, the relevant payment incurred for re-forestation works had been recognised in profit or loss in previous years.

During the year ended 31 March 2013, the Group has completed the milestones required by the relevant PRC government and subsequent to the year end, on 15 May 2013, the Group obtained affirmations from local government authorities to confirm the fulfillments of the conditions agreed with the relevant rules and regulations. As such, based on the legal option obtained, the directors of the Company are in the opinion that costs incurred in the current year for the re-forestation work are fully recoverable in future in accordance with applicable rules and regulations and are classified as prepayment for the year ended 31 March 2013..

21. PREPAYMENT, DEPOSITS AND OTHER RECEIVABLES *(Continued)*

Note:

b. Movement in the allowance for doubtful debts

	2013	2012
	HK$'000	HK$'000
At beginning and end of the year	49	49

Included in the allowance for doubtful debts were individually impaired other receivables with an aggregate balance of approximately HK$49,000 (2012: HK$49,000) which have been long overdue. The Group does not hold any collateral over these balances.

c. On 23 October 2009, the Group entered into a framework agreement (the "Framework Agreement") with two independent third parties, to acquire 70% equity interests in a company (the "Proposed Target Company") established in the PRC (the "Proposed Acquisition").

Upon signing of the Framework Agreement, the Group paid a refundable cash deposit of RMB6,200,000 (equivalent to approximately HK$7,044,000) (the "Deposit") to the two independent third parties and held certain PRC land use rights owned by the Proposed Target Company as collateral. Pursuant to the terms as set out in the Framework Agreement, if the Group and the two independent third parties fail to enter into a definitive agreement in relation to the Proposed Acquisition on or before 22 November 2009, the Framework Agreement will lapse and the contractual parties will have no further obligation to each other, save and except that the Group shall return the land use rights to the two independent third parties and the two independent third parties shall refund to the Group the Deposit with interest.

Subsequently, the Group and the two independent third parties had not entered into any definitive agreement and the Framework Agreement lapsed. However, the two independent third parties have not refunded the Deposit. The Group had brought a legal action against the two independent third parties on 10 June 2010 to recover the Deposit. During the year ended 31 March 2010, an impairment loss of approximately HK$7,044,000 was recognised in the consolidated statement of comprehensive income.

According to the verdict given by 廣東省惠州市中級人民法院 (*Guangdong Province Hui Zhou People's Intermediate Court) on 4 January 2011, it was held in favour of the return of the Deposit without accrued interest to the Group from the two independent third parties. However, subsequent to the verdict, both the Group, who claimed for the accrued interest of late return of the Deposit, and the two independent parties have filed appeal to 廣東省高級人民法院 (*Guangdong Province People's High Court) on 24 March 2011 and 10 March 2011 respectively.

According to the verdict given by Guangdong Province High Court on 19 December 2011, it was held in favour of the return of the Deposit with accrued interest to Group from two independent parties. However, subsequent to the verdict, the two independent parties have filed appeal to 最高人民法院 (*Supreme People's Court) on 11 August 2012. On 19 December 2012, the Supreme People's Court requests the Guangdong Province High Court to re-judge the case. Up to the date of this report, the Group is pending for court case. As at 31 March 2013 and 2012, the carrying amount of deposit paid, net of impairment of approximately HK$7,044,000, was nil.

21. PREPAYMENT, DEPOSITS AND OTHER RECEIVABLES *(Continued)*

Note:

(c) (Continued)

Movement in the allowance for deposit paid for acquisition of a subsidiary

	2013 HK$'000	2012 HK$'000
At beginning and end of the year	**7,044**	7,044

Included in the allowance for deposit paid for acquisition of a subsidiary was individually impaired as which have been long overdue. The Group does not hold any collateral over this balance.

* The English transliteration of the Chinese name of the court is for identification purpose only and should not be regarded as the official English name of the court.

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2013 HK$'000	2012 HK$'000
Held for trading investments		
Equity securities listed in Hong Kong	**66,875**	233,369
Corporate bonds listed in Hong Kong	**22,824**	—
Corporate bonds listed overseas	**18,247**	—
	107,946	233,369

Held-for-trading investments are stated at fair value. The fair value of the listed securities and corporate bonds had been determined by reference to published price quotations in active markets. Loss on fair value changes of held-for-trading investments of listed equity securities of approximately HK$19,212,000 (2012: HK$121,838,000) has been recognised in profit or loss during the year ended 31 March 2013. Gain on fair value changes of held-for-trading investments of listed corporate bonds of approximately HK$254,000 (2012: nil) has been recognised in profit or loss during the year ended 31 March 2013.

During the year ended 31 March 2013, the Group disposed of certain listed securities and realised gain on disposal of investments held for trading of approximately HK$16,962,000 (2012: loss on disposal of investments held for trading of approximately HK$646,000).

As at 31 March 2013, the corporate bonds listed in Hong Kong carry fixed interest rate of 4.25% per annum with maturity date on 19 October 2017. Corporate bonds listed overseas carry fixed interest rates ranging from 7.63% to 10.50% per annum with maturity date ranging from 26 January 2015 to 11 August 2015.

23. TAX RECOVERABLE

During the year ended 31 March 2011, a subsidiary of the Group was subject to additional assessment by the IRD in respect of income tax payable for certain prior years. The Group had lodged objections against the additional assessments and the IRD held over the payment of income tax hereof. Tax reserve certificates of approximately HK$2,598,000 were purchased by the Group and such amount were recorded as tax recoverable.

During the year ended 31 March 2012, the aforesaid objection has been finalised, approximately HK$1,097,000 of tax reserve certificates had been used to settle the aforesaid income tax payable during the year ended 31 March 2012. Also, the Group paid approximately HK$2,208,000 to IRD as provisional tax for the year ended 31 March 2012.

During the year ended 31 March 2013, the IRD refunded approximately HK$1,501,000 to a subsidiary of the Group.

24. PLEDGED BANK DEPOSITS/ DEPOSITS PLACED WITH SECURITIES BROKERS/ CASH AND BANK BALANCES/ AMOUNTS DUE TO SECURITIES BROKERS

Cash and bank balances comprise cash held by the Group and bank balances that are interest-bearing at prevailing market interest rates ranging from 0.01% to 0.40% (2012: 0.01% to 0.36%) per annum. As at 31 March 2013, bank balances of approximately HK$6,985,000 (2012: HK$165,000) and HK$97,612,000 (2012: HK$29,678,000) were denominated in USD and RMB respectively which are the currencies other than the functional currency of the relevant entities.

Pledged bank deposits of approximately HK$24,592,000 (2012: HK$43,190,000) represent deposits pledged to the bank to secure the bank borrowings of approximately HK$12,212,000 (2012: HK$36,993,000) and banking facilities of HK$50,000,000 (2012: nil) granted to the Group and classified under current assets. The pledged bank deposits carry interest ranging from 2.00% to 2.82% per annum (2012: 3% per annum) and were denominated in RMB which was the currency other than the functional currency of the relevant entities.

The deposits placed with securities brokers carry interest ranging from 0.01% to 0.13% for 2012 and 2013 per annum and are repayable on demand. Amounts due to securities brokers of HK$2,915,000 as at 31 March 2013 is non-interest bearing.

25. BANK BORROWINGS

	2013	2012
	HK$'000	HK$'000
Fixed rate bank borrowings – secured	12,212	36,993

As at 31 March 2013, the amount was secured by the pledged bank deposits of the Group of approximately HK$12,212,000 (2012: HK$43,190,000). For the year ended 31 March 2013, the bank borrowings carry interest at fixed interest rate of 1.30% per annum (2012: 2.31% per annum).

The bank borrowings are repayable within one year and classified under current liabilities.

26. DERIVATIVE FINANCIAL LIABILITIES

The derivative financial liabilities of the Group are not for the hedging purpose. Derivative financial liabilities as at 31 March 2013 and 2012 comprise:

	2013	2012
	HK$'000	HK$'000
Options to subscribe for convertible bonds	7,878	49,894

Options to subscribe for additional convertible bonds were granted by the Group in conjunction with the issue of the convertible bonds due 2013 in the principal amount of HK$200,000,000 by the Group on 15 February 2008. The details of such convertible bonds and options are set out in note 28(b).

For the years ended 31 March 2013 and 2012, the fair value of the options to subscribe for convertible bonds was valued by Grant Sherman Appraisal Limited, which are independent qualified professional valuers not connected with the Group. The valuation was made by using the Binomial Option Pricing Model and considering the present value of the stream of future cash flows discounted at the interest rate of 4.75% (2012: 7.16%).

26. DERIVATIVE FINANCIAL LIABILITIES *(Continued)*

The inputs into the model for the years ended 31 March 2013 and 31 March 2012 are set out as follows:

	2013	2012
Spot price	**HK$260,596,000**	HK$275,413,000
Exercise price	**HK$200,000,000**	HK$200,000,000
Risk free rate	**0.080%**	0.141%
Expected options life	**0.26 years**	0.44 years
Expected volatility	**52.88%**	91.32%
Expected dividend yield	**Nil**	Nil

27. PROVISIONS

	HK$'000
At 1 April 2011	1,199
Exchange adjustment	47
Reversal of provisions	(1,246)
At 31 March 2012, 1 April 2012 and 31 March 2013	—

Xinjiang Libao Ecological Development Company Limited ("Xinjiang Libao"), a non-wholly owned subsidiary of the Company as at 31 March 2012, was a defendant brought by a reforestation supplier during the year ended 31 March 2010, through the litigation, claiming unsettled reforestation fees of approximately RMB934,000 (equivalent to approximately HK$1,148,000).

According to the Verdict of 烏魯木齊市米東區人民法院, the above litigation has been finalised and 烏魯木齊市米東區人民法院 ruled in favour of Xinjiang Libao on 12 October 2011, as a result, the entire amount of provisions were reversed during the year ended 31 March 2012.

28. CONVERTIBLE BONDS

As of 31 March 2013, the Group had 2 (2012: 2) outstanding convertible bonds ("CBs").

The details of the CBs and the movements during the year are set out as follows:

(a) CB 2010

On 17 May 2007, the Company's wholly-owned subsidiary, Fancy Gold Limited, issued convertible bonds in the principal amount of HK$205,000,000 ("CB 2010") with maturity date on 16 May 2010.

Conversion rights are exercisable at any time from 16 July 2007 to 2 May 2010.

CB 2010 bears no coupon interest and is unsecured.

The effective interest rate of the liability component has been changed from 11.4% to 5.3% as the maturity of CB 2010 was further extended from 16 May 2011 to 14 February 2013 as detailed below.

The holders of CB 2010 are entitled to convert CB 2010 into ordinary shares of the Company at an initial conversion price of HK$0.205 per share (subject to adjustment). The conversion price was adjusted to HK$0.20 per share (subject to adjustment) due to new convertible bonds issued on 25 February 2009.

If any of CB 2010 has not been converted, it will be redeemed on the original maturity date of 6 May 2010 at 115.97% of the outstanding principal amount of the CB 2010.

On 30 October 2007, a principal amount of HK$61,500,000 of CB 2010 was converted into 300,000,000 ordinary shares at the initial conversion price of HK$0.205 per share.

On 26 April 2010, the Group has entered into a deed of variation ("Deed of Variation") with a holder of CB 2010 to extend the maturity date of CB 2010 of principal amount of HK$141,450,000 from 16 May 2010 to 16 May 2011. The conversion price remained at HK$0.20 per share (subject to adjustment) and if any of the CB 2010 has not been converted subsequently, it shall be redeemed on the extended maturity date on 16 May 2011 at 121.84% of outstanding principal amount of the CB 2010. The CB 2010 bears no coupon interest and is unsecured. Details were set out in the Company's announcement on 26 April 2010. Such extension of maturity date of CB 2010 was approved by independent shareholders of the Company on 7 June 2010.

On 27 April 2010, a principal amount of HK$2,050,000 of CB2010 was converted into 10,250,000 new ordinary shares at a conversion price of HK$0.20 per share.

Pursuant to a share subdivision effective on 30 August 2010 (the "Share Subdivision"), the conversion price of CB 2010 was further adjusted from HK$0.20 per share to HK$0.04 per share.

28. CONVERTIBLE BONDS *(Continued)*

(a) CB 2010 *(Continued)*

On 27 April 2011, the Group has further entered into another deed of variation to further extend the maturity date of CB 2010 in the principal amount of HK$141,450,000 from 16 May 2011 to 14 February 2013. All the remaining CB2010 will be redeemed by the Group at 132.84% of the outstanding principal amount of the CB2010 on 14 February 2013. Details were set out in the Company's announcement on 27 April 2011. Such extension of CB2010 was approved by independent shareholders of the Company on 9 June 2011.

On 16 November 2012, the Group has further entered into another deed of variation to further extend the maturity date of CB 2010 in the principal amount of HK$141,450,000 from 14 February 2013 to 30 September 2013. All the remaining CB2010 will be redeemed by the Group at 137.03% of the outstanding principal amount of the CB2010 on 30 September 2013. Details were set out in the Company's announcement on 16 November 2012. Such extension of CB2010 was approved by independent shareholders of the Company on 11 January 2013.

The directors of the Company considered that the deed of variations entered by the Group on 26 April 2010, 27 April 2011 and 16 November 2012 respectively resulted in change the terms of CB 2010 but not substantial modifications.

(b) CB 2013

On 15 February 2008, the Company's wholly-owned subsidiary, Apex Team Limited, issued convertible bonds in the principal amount of HK$200,000,000 ("CB 2013") with maturity date on 14 February 2013.

CB 2013 bears no coupon interest and is unsecured.

The effective interest rate of the liability component is 12.19%.

Conversion rights are exercisable at any time from 29 February 2008 to 31 January 2013.

The holders of CB 2013 are entitled to convert CB 2013 into ordinary shares of the Company at an initial conversion price of HK$0.60 per share (subject to adjustment). The conversion price was adjusted to HK$0.30 per share (subject to adjustment) due to the new convertible bonds issued on 25 February 2009.

28. CONVERTIBLE BONDS *(Continued)*

(b) CB 2013 *(Continued)*

If any of CB 2013 has not been converted, it will be redeemed on the maturity date at 128.01% of the outstanding principal amount of CB 2013.

Options are granted by the Group to subscribe for another convertible bonds in an additional principal amount of up to HK$200,000,000 ("Optional Bonds").

The CB 2013 contains three components: liability component, equity component and embedded derivative financial liabilities of the Optional Bonds.

The options granted to subscribe for the Optional Bonds is presented in the consolidated statement of financial position as "Derivative financial liabilities" and is measured at fair value with changes in fair value recognised in profit or loss.

Pursuant to the Share Subdivision effective on 30 August 2010, the conversion price of CB2013 was further adjusted from HK$0.30 per share to HK$0.06 per share.

On 16 November 2012, the Group has entered into deeds of variation to extend the maturity date of CB 2013 in the aggregate principal amount of HK$200,000,000 from 14 February 2013 to 30 September 2013. All the remaining CB2013 will be redeemed by the Group at 132.05% of the outstanding principal amount of the CB2013 on 30 September 2013. Details were set out in the Company's announcement on 16 November 2012. Such extension of maturity date of CB2013 was approved by independent shareholders of the Company on 11 January 2013.

The directors of the Company considered that the deed of variations entered into by the Group on 16 November 2012 resulted in change of the terms of CB 2013 but not substantial modifications.

On 16 November 2012, the Group entered into extension agreements to extend the expiry date of the options from 16 November 2012 to 2 July 2013 and the maturity date of the Optional Bonds from 14 February 2013 to 30 September 2013. Details were set out in the Company's announcement on 16 November 2012. Such extension of expiry date of the options and the maturity date of the Optional Bonds were approved by the independent shareholders of the Company on 11 January 2013.

The directors of the Company considered that the extension agreements entered into by the Group on 16 November 2012 resulted in change of the terms of Optional Bonds but not substantial modifications.

28. CONVERTIBLE BONDS *(Continued)*

(c) The liability component of the above-mentioned convertible bonds represented the present value of the contractually determined stream of future cash flows discounted at the rate of interest at the date of issue with reference to the market rates for an equivalent non-convertible loan.

The equity component is presented in equity heading “Convertible bonds reserve”.

The movements of the liability components of the above-mentioned convertible bonds for the year are set out below:

	CB 2010 HK$'000 (note 28a)	CB 2013 HK$'000 (note 28b)	Total HK$'000
Carrying amount of the liability component as at 1 April 2011	169,991	206,419	376,410
Imputed interest expense (note 12)	9,674	25,159	34,833
Carrying amount of the liability component as at 31 March 2012 and 1 April 2012	179,665	231,578	411,243
Imputed interest expense (note 12)	9,349	23,674	33,023
Carrying amount of the liability component as at 31 March 2013	189,014	255,252	444,266

No movements of the equity components of all convertible bonds for the years ended 31 March 2013 and 31 March 2012.

29. SHARE CAPITAL

	Number of shares	Amount
	'000	HK$'000
Authorised :		
At 1 April 2011, 31 March 2012, 1 April 2012 and 31 March 2013, HK$0.0002 each	1,250,000,000	250,000
Issued and fully paid :		
At 1 April 2011, 31 March 2012, 1 April 2012 and 31 March 2013, HK$0.0002 each	11,785,131	2,357

30. SHARE OPTION SCHEME

On 20 August 2003, at the annual general meeting, the Company adopted a share option scheme ("the Scheme") under which the board of directors of the Company may, at their discretion, invite any full time and part time employees, directors, suppliers, customers, consultants, advisors or shareholders of any of the companies within the Group to take up options to subscribe for ordinary shares of the Company at any time during ten years from the date of adoption of the Scheme.

The total number of shares which may be issued upon exercise of all options to be granted under the Scheme and other schemes of the Group must not in aggregate exceed 10% of the number of shares in issue as at the date of approval of the Scheme (the "10% Limit"). The Company may obtain approval from the shareholders of the Company to refresh the 10% Limit, provided that the total number of shares which may be issued upon exercise of all options to be granted under the Scheme and other schemes of the Group under the limit as refreshed must not exceed 10% of the number of shares in issue at the date of approval of the refresher mandate.

The maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company shall not exceed such number of shares as shall represent 30% of the issued share capital of the Company from time to time.

The total number of shares issued and may be issued upon exercise of the options granted to each eligible person under the Scheme and any other share option schemes of the Company (including exercised, cancelled and outstanding options) in the 12-month period up to and including the proposed date of grant for such options must not exceed 1% of the then number of issued shares of the Company, without prior approval from the Company's shareholders.

30. SHARE OPTION SCHEME *(Continued)*

Option granted under the Scheme must be accepted within 6 months from the date of grant and in any event no later than the last date of the period of ten years from the date of adoption of the Scheme. Upon acceptance, the grantee shall pay HK$10.00 to the Company as consideration for the grant.

The subscription price for the shares under the Scheme shall be a price determined by the board of directors of the Company and notified to an eligible participant and shall be at least the higher of: (i) the nominal value of a share; (ii) the closing price of the shares as stated in the daily quotation sheet issued by the Stock Exchange on the date of grant, which shall be a business day; and (iii) the average closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant.

No share option has been granted since the date when the Scheme becomes effective.

31. RETIREMENT BENEFITS SCHEME

The Group operates the MPF Scheme established under the Mandatory Provident Fund Schemes Ordinance in December 2000, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated statement of comprehensive income as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Company's subsidiaries operating in the PRC are required to participate in a central pension scheme (the "Central Scheme") operated by the local municipal government in the PRC. The respective local municipal government in the PRC, undertakes to assume the retirement benefits obligations of all existing and future retired staff of these subsidiaries. The only obligation of these subsidiaries with respect to the Central Scheme is to meet the required contributions under the Central Scheme. The contributions, which are calculated based on 23% of the monthly salaries of the current employees, are charged to the consolidated statement of comprehensive income as they become payable in accordance with the rules of the Central Scheme.

The total contribution to the retirement benefits scheme charged to the consolidated statement of comprehensive income for the year was approximately HK$126,000 (2012: HK$134,000).

32. OPERATING LEASE COMMITMENT

The Group as lessor

Property rental income earned during the year was approximately HK$756,000 (2012: nil).

As at year ended 31 March 2013, the Group has contracted with tenants for the following future minimum lease payments:

	2013	2012
	HK$'000	HK$'000
Within one year	**458**	—

The Group as lessee

During the year, the Group had paid approximately HK$867,000 (2012: HK$867,000) as operating lease charges in respect of office premises.

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

	2013	2012
	HK$'000	HK$'000
Within one year	**742**	867
Two to five years	**16**	361
	758	1,228

The leases were negotiated for a term of up to two years and with fixed rentals.

33. COMMITMENTS

Commitments contracted but not provided for in respect of:

	2013	2012
	HK$'000	HK$'000
Investments in jointly controlled entities (Note)	**237,259**	143,528

Note:

During the year ended 31 March 2008, the Group has contracted with a wholly-owned subsidiary of Regal Hotels to invest in Faith Crown with total agreed commitment of investment costs of HK$250,000,000 (2012: HK$250,000,000) for property development projects in the PRC. The directors of the Company considered that the aforesaid commitment will not be paid within twelve months after 31 March 2013.

34. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries held by the Company as at 31 March 2013 and 2012 are as follows:

Name of company	**Place of incorporation/ operation**	**Nominal value of issued ordinary share capital/paid up registered capital**	**Effective percentage of ownership interest**		**Principal activities**
			2013	2012	
			%	%	
Directly held:					
Cosmopolitan International (China) Limited	BVI	US$1	**100**	100	Investment holding
Cosmopolitan International Finance Limited	HK	HK$1	**100**	100	Securities investments
Cosmopolitan International Management Services Limited	HK	HK$1	**100**	100	Provision of management services
Hope Bright Holdings Limited	BVI	US$1	**100**	100	Investment holding
Kola Glory Limited	BVI	US$1	**100**	100	Investment holding

34. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Name of company	Place of incorporation/ operation	Nominal value of issued ordinary share capital/paid up registered capital	Effective percentage of ownership interest		Principal activities
			2013	2012	
			%	%	
Indirectly held:					
Advanced Industry Limited ("AIL")	BVI	US$351,000	**99.72**	99.72	Investment holding
Ample Legend Limited	HK	HK$1	**100**	100	Provision of intercompany treasury services
Apex Team Limited	HK	HK$1	**100**	100	Provision of intercompany treasury services
Evercharm Investments Limited	BVI	US$1	**100**	100	Securities investment
Fancy Gold Limited	HK	HK$1	**100**	100	Provision of intercompany treasury services
Indirectly held					
Lanston Limited	HK	HK$1	**100**	100	Investment holding
Lead Fortune Development Limited	HK	HK$1	**100**	100	Property investment
Sinofair Investment Limited	HK	HK$1	**100**	100	Provision of inter-company treasury services
Xinjiang Libao	PRC (foreign-wholly-owned)	US$2,825,000	**100% (Note)**	99.72	Property development

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

34. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Save as disclosed in note 28, none of the subsidiaries has issued any debt securities subsisting at 31 March 2013 and 2012 or at any time during the year ended 31 March 2013 and 2012.

Note: During the year ended 31 March 2013, the immediate holding company of Xinjiang Libao had been changed from AIL, a non-wholly owned subsidiary of the Company, to Lanston Limited, a wholly-owned subsidiary of the Company, accordingly Xinjiang Libao became a wholly-owned subsidiary of the Group.

35. RELATED PARTY TRANSACTIONS

(a) Save as disclosed elsewhere in the consolidated financial statements, the Group paid the building management fee of approximately HK$493,000 (2012: HK$482,000) to Paliburg Estate Management Limited in connection with the Group's investment properties during the year ended 31 March 2013. The fee was mutually agreed between the Group and the related company. Two directors of the Company, Mr. Ng Kwai Kai and Mr. Wong Po Man, are also directors and key management personnel of the related company.

The Group received the rental income of HK$360,000 from Regal Hotels in connection with sub-letting the Group's office during the year ended 31 March 2013 and 2012. The fee was mutually agreed between the Group and the related company. Regals Hotels is the 50% equity holder of Faith Crown, a jointly controlled entity directly held by Regal Hotels and a wholly-owned subsidiary of the Company.

(b) Compensation of key management personnel

The key management members of the Group were the directors of the Company. The remunerations of directors were disclosed in note 14(a).

The remunerations of the key management members are determined by the remuneration committee having regarded to the performance of individuals and market prices.

36. PLEDGE OF ASSETS

As at 31 March 2013, the Group pledged its bank deposits of approximately HK$24,592,000 (2012: HK$43,190,000) for the bank borrowings of approximately HK$12,212,000 (2012: 36,993,000) and banking facilities of HK$50,000,000 (2012: nil) granted to the Group. Details are set out in note 24.

37. EVENTS AFTER THE END OF THE REPORTING PERIOD

Except as disclosed in note 21a, on 27 June 2013, the Group entered into several conditional agreements with connected parties in respect of the followings:

i) to effectively acquire the entire interests in the companies holding the property development project in Chengdu, the PRC from Faith Crown and P&R Holdings;

ii) to acquire the Grand Praise Investments Limited and its subsidiaries which own a piece of land in Tianjin, the PRC from Regal International (BVI) Holdings Limited;

iii) to dispose of the Group's investment properties (note 19).

Details of the above transactions were set out in the announcement of the Company dated 27 June 2013.

SUMMARY FINANCIAL INFORMATION

A summary of the results, assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited financial statements and restated as appropriate, is set out below.

RESULTS

	Year ended 31 March				
	2013	2012	2011	2010	2009
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Turnover	**179,402**	78,386	160,229	128,169	8,903
Administrative expenses	**(20,183)**	(32,189)	(20,080)	(15,522)	(17,853)
Profit (loss) before tax	**29,079**	504,291	215,459	(324,583)	(272,418)
Income tax credit/(expense)	**—**	21,048	(385)	(5,804)	—
Profit (loss) before non-controlling interests (including discontinued operations)	**29,079**	525,339	215,074	(330,387)	(265,790)
Non-controlling interests	**42**	51	341	—	5,688
Profit (loss) attributable to owners of the Company (including discontinued operations)	**29,121**	525,390	215,415	(330,387)	(260,102)
Discontinued operation					
Profit (loss) for the year from discontinued operation	**—**	—	—	—	6,628
Earnings (loss) per share				(Restated)	(Restated)
(in HK cents)	**0.25**	4.46	1.89	(2.93)	(2.68)

Summary Financial Information

For the year ended 31 March 2013

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 March				
	2013	2012	2011	2010	2009
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Non-current assets	**648,519**	708,886	267,428	251,406	245,909
Current assets	**428,848**	368,047	400,384	398,238	296,875
Current liabilities	**(474,648)**	(504,242)	(403,713)	(662,315)	(69,226)
Net current (liabilities) assets	**(45,800)**	(136,195)	(3,329)	(264,077)	227,649
Total assets less current liabilities	**602,719**	572,691	264,099	(12,671)	473,558
Non-current liabilities	**—**	—	(206,419)	(183,994)	(341,256)
Net assets (liabilities)	**602,719**	572,691	57,680	(196,665)	132,302
Non-controlling interests	**26**	388	337	—	—