SOUTH EAST GROUP

Stock Code: 726

Annual Report 2015

South East Group Limited
東南國際集團有限公司*

(Incorporated in Bermuda with limited liability)

* For identification purpose only

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS (Note):

Executive:

YEUNG Chun Wai, Anthony
(Chairman and Chief Executive Officer)
CHEN Domingo
(Deputy Chairman)
CHAN Chi Yuen

Independent Non-executive:

LEE Chi Ming
CHAN Chi Hung, Anthony
JIANG Hongqing

AUDIT COMMITTEE (Note):

JIANG Hongqing *(Committee Chairman)*
Lee Chi Ming
CHAN Chi Hung, Anthony

REMUNERATION COMMITTEE (NOTE):

LEE Chin Ming *(Committee Chairman)*
YEUNG Chun Wai, Anthony
JIANG Hongqing

NOMINATION COMMITTEE (Note):

LEE Chin Ming *(Committee Chairman)*
YEUNG Chun Wai, Anthony
JIANG Hongqing

FINANCIAL CONTROLLER:

LAU Wing Chuen

COMPANY SECRETARY:

LAU Wing Chuen

REGISTERED OFFICE:

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS:

Suites 1001-1004, 10th Floor
One Pacific Place, 88 Queensway
Hong Kong

AUDITORS:

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
31st Floor, Gloucester Tower
11 Pedder Road
Central
Hong Kong

PRINCIPAL REGISTRARS AND TRANSFER OFFICE:

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

HONG KONG SHARE REGISTRARS AND TRANSFER OFFICE:

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

Note: The above refers to the composition of the Board and the Board committees as at the date of this report. Details of changes in directors of the Company during the year ended 31 March 2015 are set out on page 7 of this report.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of South East Group Limited (the "Company") I am delighted to present the annual report and the audited consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2015.

During the year under review, the Company has undergone certain major changes, the Board has been reorganized. Under the leadership of the new Board, we are confident that the Group can identify premium investment opportunities with a view to enhance financial and operating performance of the Group and sustain growth in the future.

Looking forward, the Company intends to prioritise its investment in or acquiring new business opportunities in the property development and investment sector in the People's Republic of China ("PRC"). The Company entered, on 9 February 2015, a Share Subscription Agreement with China Minsheng Jiaye Investment Co., Ltd. ("CMJY") pursuant to which the Company will issue 6,500 million new Shares at HK$0.2 each to CMJY. We believe that with the background, industry expertise and experience of the CMJY, it would be desirable for the Group to pursue investment opportunities in the extended real estate sector as well as businesses that are ancillary to property development and investment.

The Shares Subscription was approved by the Company's shareholders on 18 May 2015 and 6,500 million shares had successfully been issued and allotted on 27 May 2015. We believe that by introducing a strategic investor, it would be a desirable opportunity to provide additional funding to support the implementation of the Group's business strategy in the future, benefit the long-term development of the Company by broadening its equity base and also strengthen the financial position of the Company.

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to all our shareholders, investors and other business partners for their continuing support and trust to the Company. I would also like to express our thanks and gratitude to our colleagues for their hard work and dedication in the past year.

By order of the Board of
SOUTH EAST GROUP LIMITED
Yeung Chun Wai, Anthony
Chairman

Hong Kong, 18 June 2015

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

The principal business of the Company is investment holding and the Group's business operations were principally related to property development and investment. It is the Group's ongoing plan to continue to leverage its resources in exploring opportunities in the property development and investment business. However, should there be any other potential investments in other areas that could potentially enhance the financial and operating performance of the Group and are in the interests of the Company and the Shareholders as a whole, they will also be considered.

At 31 March 2015, there was a gross floor area of approximately 7,845 square metres (2014: 7,845 square metres) of commercial properties held by the Group in Zouping, Shandong, PRC. Rental income of approximately HK$455,000 (2014: HK$416,000) was generated from leasing out part of the commercial properties concerned. No property sales was recorded attributable to the aforementioned properties during the year (2014: approximately HK$401,000).

As disclosed in the Company's announcement dated 26 February 2014, 23 May 2014, 22 August 2014, 25 November 2014 and 30 December 2014 in relation to the Framework agreement entered into by the Company and the Vendor in relation to the Proposed Acquisition of certain properties in Shenzhen, earnest money of HK$72 million was paid during the year. The payment was a step to strengthen the Groups' position in the negotiation process. No formal agreement had been signed after the expiry of the exclusivity period since under the leadership of the new Board, the Group is accessing other investment opportunities offering a higher return and better suits the Group's long term strategic development. The earnest money shall be refunded to the Company pursuant to the framework agreement and it is expected that such monies will be refunded to the Company as soon as practicable and in any event no later than 31 August 2015.

On 24 December, 2014, the Company entered into a no-legally binding framework agreement relating to a proposed acquisition of the entire equity interest of Jinhong Property Development Limited ("Jinhong"). Earnest money of HK$ 28 million was paid relating to the proposed acquisition. Jinhong is principally engaged in the business of development and management of a property development project situated in Shanghai City, the PRC. It is believed that the proposed acquisition, if materialized, will generate steady income for the Group's continuous development. The negotiation is still in progress and no formal agreement has been entered into up to date of this report.

As disclosed in the Company's announcement dated 2 March 2015, 9 March 2015 and Circular dated 30 April 2015, on 9 February 2015, the CMJY and the Company entered into the Share Subscription Agreement pursuant to which the CMJY has conditionally agreed to subscribe for and the Company has conditionally agreed to issue and allot, on the Share Subscription Completion Date, 6,500 million new Shares which has been determined by dividing HK$1,300 million by HK$0.20 each per Subscription Share. The Company also entered into the Convertible Bonds ("CB") Subscription Agreement with Honghu Capital Company Limited ("Honghu Capital") on the same date pursuant to which the Company has conditionally agreed to issue, and Honghu Capital has conditionally agreed to subscribe for, the CB in an aggregate principal amount of HK$200 million. The Company plans to utilize part of the net proceeds to be raised from the Share Subscription and CB subscription to make further investments in property projects, including projects that could facilitate its development in the property development and investment sector in various regions in the PRC.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS (continued)

The Share Subscription Agreement and CB subscription agreement was approved by shareholders on 18 May 2015 and completion took place at 27 May 2015. On completion date, 6,500 million subscription Shares had successfully been issued and allotted to Jiayao Global Investments Limited, a wholly owned subsidiary of CMJY as nominee and principal amount of HK$ 200 million CB had been issued to Honghu Capital.

FINANCIAL REVIEW

For the year ended 31 March 2015, the Group recorded a turnover of approximately HK$455,000 generated from properties rental (2014: HK$401,000 represented turnover from property sales and HK$416,000 represented turnover from properties rental).

The loss attributable to the owners of the Company for the year ended 31 March 2015 amounted to approximately HK$5,212,000 (2014: HK$7,395,000 (restated)) and loss per share was approximately HK0.26 cents (2014: HK0.91 cents (restated)).

At 31 March 2015, the total assets and net assets of the Group were approximately of HK$352,152,000 (2014: HK$71,388,000) and HK$346,514,000 (2014: HK$178,000) respectively.

The significant improvement of financial position of the Company was mainly attributed to the rights issue of 2,919,647,040 shares at the subscription price of HK$0.1 each during the year. With the net proceeds of approximately of HK$285,307,000 raised from the rights issue, the Company is able to continue its negotiations on the terms and conditions in relation to any proposed acquisitions and potential investment opportunities.

CAPITAL STRUCTURE

During the year under review, rights issue of 2,919,647,040 shares of the Company at the subscription price of HK$0.1 each have been issued and allotted. The net proceeds obtained by the Company from the rights issue amounted to approximately HK$285,307,000.

The proceeds from this rights issue were used for investment opportunities identified, business development and general working capital of the Group.

On 12 December 2014, the Company received a notice from the registered holder of the Convertible Bond (the "Bondholder") for exercising the conversion rights attaching to the Convertible Bond ("Convertible Bond") to convert the outstanding principal amount of HK$ 68,000,000 in full into 425,000,000 Shares at the conversion price of HK$0.16 per Share. The Convertible Bond is beneficially owned by Viva Shine Limited, a company owned as to 50% by Mr. Yu Shengming (Mr. Yu Shengming was the former executive director of the Company and Chairman of the Board resigned on 2 February 2015) and 50% by Mr. Wang Guoli. The Company allotted and issued a total of 425,000,000 Shares ("Conversion Shares") to the Bondholder.

At 31 March 2015, the Company's issued share capital was approximately HK$370,960,000 (2014: HK$36,496,000) with 3,709,602,920 (2014: 364,955,880) Shares in issue.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

At 31 March 2015, the Group had cash and bank balances amounted to approximately HK$131,695,000 (2014: HK$27,151,000).

Due to the conversion of Convertible Bond under section headed "Capital Structure" above, the Group's had no borrowings (2014: approximately HK$65,352,000) as at 31 March 2015 and gearing ratio was no longer applicable as at 31 March 2015 (2014: 92%), resulted from a comparison of the Group's total borrowings with the total assets.

SEGMENT

Details of segment information of the Group for the year ended 31 March 2015 are set out in Note 7 to the consolidated financial statements.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Save as disclosed in the paragraph under the section headed "Business Review and Prospects" above, the Group did not make any material acquisition and disposal of subsidiaries and affiliated companies during the year ended 2015.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

With the completion of the Share Subscription and CB Subscription, the Company will prioritise its investment in the extended real estate sector including businesses that are upstream and downstream relative to property development. In the next three to five years, with the support from the CMJY and China Minsheng Investment Corp., Ltd. ("China Minsheng Investment"), which holds 90% of the total share capital of CMJY, it is the intention of the Company to strive to achieve a robust market position in the upstream property development industry and to explore market opportunities in such industry.

To achieve this strategy, the Company has formed the strategic cooperation with a leading PRC construction company, which has sound and proven business record in the relevant industry. Details of such cooperation are disclosed in the announcement dated 23 April 2015 of the Company. It is expected that the combination of the business resources of the CMJY and the production capability of this construction company will greatly help the Company builds up its business capacity and the Company intends to utilise the proceeds from the Share Subscription and the CB Subscription to make investments in various business opportunities in order to establish an all-round platform of business and capital operation in the upstream property development sector.

In the coming years, the Company expects to set up a strong team of professionals to drive the above strategy of the Company and it is currently identifying candidates who have solid skills and extensive experience in the relevant industry. The Company is also considering the acquisition of an A level design institute and a top-grade construction company and the establishment of three large-scale production facilities in Hunan Province, Shanghai Municipal City and Guangdong Province, respectively. In recent years, the local government in Hunan Province has promulgated a few preferential policies to support the upstream property development sector (in particular, the production of pre-cast units and materials). Likewise, the Shanghai Municipal Government published its three-year action plan in 2014 in relation to the development of environmental friendly construction industry, pursuant to which all the new civil projects outside of the Outer Ring Road must be constructed by way of assembling pre-cast units and materials. The future development of construction industry in Guangdong Province is prosperous considering the large volume of real property projects in the long-term development plan published by the local government and the large-scale real property developers based in the region.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS (continued)

Apart from the commercial real property development projects as mentioned above, the Company is also considering to undertake projects in relation to the construction of government sponsored housings and reconstruction after serious natural disaster in the PRC to fulfil its corporate social responsibilities. There are a few potential client opportunities which include a real property developer in Hunan Province in respect of a project for government sponsored housing and a leading international real property developer in respect of a project in Malaysia.

The Company believes that investments in the upstream property development sector would provide more value-adding services and products by expanding the Company's business to the upstream of the supply chain of the real property development industry. Such upstream property development industry is the most effective way to solve the existing problems in the traditional construction industry (being high consumption, severe contamination and inefficiency) and is the best way to upgrade the traditional construction technology. It is also in line with the national development strategy of the PRC and intrinsic demand of city development in an environmental friendly way. In addition, the market access threshold of such industry is relatively high and our competitors will be limited in numbers. Given that such industry is still in the preliminary stage in its life cycle, none of the current market pioneers has obtained a predominant market position. As such, with the support from the CMJY in terms of its industry expertise and experience and extensive network resources, it would place the Company in a position to seize market opportunities effectively.

CHANGES OF COMPOSITION OF THE BOARD

During the year ended 31 March 2015, the Company has the following changes in the composition of its Board:

On 5 December 2014, The Board underwent the following restructuring:

Appointment of Directors:

Mr. Yeung Chun Wai, Anthony has been appointed as an executive Director, the deputy chairman of the Board, a member of each of the Nomination Committee and the Remuneration Committee, the chief executive officer and an Authorized Representative of the Company; and

Mr. Chen Domingo has been appointed as an executive Director.

Resignation of Committee Member and Deputy Chairman:

Mr. Mock Wai Yin has resigned as the deputy chairman of the Board, a member of each of the Nomination Committee and the Remuneration Committee, and the chief executive officer of the Company, but continues to serve as an executive Director and act as an Authorized Representative of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

CHANGES OF COMPOSITION OF THE BOARD (continued)

On 30 December 2014, The Board underwent the following restructuring:

Appointment of Directors:

Mr. Lee Chi Ming has been appointed as independent non-executive director, member of the Audit Committee and Chairman of each Remuneration Committee and Nomination Committee of the Company; and

Mr. Chan Chi Hung, Anthony has been appointed as independent non-executive director and member of Audit Committee of the Company.

Resignation of Directors:

Mr. Ng Kwok Wai has resigned as independent non-executive director, member of the Audit Committee and Chairman of each Remuneration Committee and Nomination Committee of the Company;

Mr. Ling Kit Wah, Joseph has resigned as independent non-executive director of the Company; and

Mr. Chen Xiaoping has resigned as non-executive director of the Company and member of Audit Committee of the Company.

On 2 February 2015, the Board underwent the following restructuring:

Appointment of Director:

Mr. Jiang Hongqing has been appointed as independent non-executive director, Chairman of the Audit Committee and member of each Remuneration Committee and Nomination Committee of the Company.

Re-designation of Directors:

Mr. Yeung Chun Wai, Anthony has been re-designated from the deputy chairman to the Chairman of the Board; and

Mr. Chen Domingo has been appointed as the deputy chairman of the Board.

Resignation of Directors:

Mr. Mock Wai Yin has resigned as executive Director of the Company;

Mr. Yu Shengming has resigned as Chairman of the Board, executive Director of the Company; and

Mr. Lee Chi Hwa, Joshua has resigned as independent non-executive Director, Chairman of the Audit Committee and Member of each Remuneration Committee and Nomination Committee of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEE INFORMATION

At 31 March 2015, the Group had a total of 14 (2014: 14) employees (excluding directors of the Company), 8 (2014: 8) employees worked in the PRC and 6 (2014: 6) worked in Hong Kong.

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

CHARGES ON GROUP ASSETS

At 31 March 2015, the Group had no assets pledged to banks to secure general banking facilities and bank loan granted to the Group (2014: Nil).

CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

At 31 March 2015, the Group had no outstanding capital commitments (2014: Nil) and no material contingent liabilities (2014: Nil).

LITIGATION

At 31 March 2015, the Group had not involved in any material litigation.

DIRECTORS' BIOGRAPHY

EXECUTIVE DIRECTORS

Mr. Yeung Chun Wai, Anthony ("Mr. Yeung"), aged 39, is the Chairman and an executive Director. Mr. Yeung is also the Managing Partner and Chief Executive Officer of Quantum China Asset Management Limited, which in turn manages Taiping Quantum Strategic Fund, Taiping Quantum Prosperity Fund, Taiping Quantum China Opportunities Fund and Quantum Advantage Fund, which collectively interested in approximately 8.11% of the issued share capital of the Company as at the date of this report. Mr. Yeung has served as Managing Director and senior executive of JP Morgan Chase Bank, N.A., Bank of America Merrill Lynch and UBS AG, mainly responsible for initiation and execution of financial products, debt & risk management, asset management and securities sales, and other related transactions in the Greater China region. Before that, he had been working with China COSCO Holdings Company Limited (Stock code: 1919), a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), as a member of senior management as well as Deputy Chief Financial Officer and Company Secretary. He has proven track records and extensive experience in corporate restructuring and rescuing, consulting, corporate finance and business negotiation with well-versed business and people network in the region. Mr. Yeung graduated from The University of Hong Kong with a Bachelor Degree in Business Administration (Accounting and Finance). He is a fellow member of Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants and a fellow member of the Hong Kong Institute of Directors. Also, Mr. Yeung is currently executive director of e-Kong Group Limited (Stock code: 524), the vice chairman and executive director of Leyou Technologies Holdings Limited (Stock code: 1089) and independent non-executive director of Global Energy Resources International Group Limited (Stock code: 8192). Mr. Yeung is highly dedicated to community services, meanwhile he has been serving as Honorary Court Member of the Hong Kong Baptist University, Committee Member of the Admissions, Budgets and Allocation Committee of The Community Chest of Hong Kong, Founding Board Member and Honorary Treasurer of the Child Development Matching Fund and Quality Mentorship Network Limited, Director of Opera Hong Kong, Council Member of The Hong Kong Institute of Directors and so on.

Mr. Chen Domingo ("Mr. Chen"), aged 60, is the Deputy Chairman and executive Director of the Company. Mr. Chen is also the Chief Operating Officer of Quantum China Asset Management Limited, which in turn manages Taiping Quantum Strategic Fund, Taiping Quantum Prosperity Fund, Taiping Quantum China Opportunities Fund and Quantum Advantage Fund, which collectively interested in approximately 8.11% of the issued share capital of the Company as at the date of this report. Mr. Chen is also an executive director of Leyou Technologies Holdings Limited (Stock code: 1089). Before joining the Company, was Head of Capital Markets & Corporate Affairs of Agile Property Holdings Limited (Stock code: 3383), a company listed on the Main Board of the Stock Exchange. He was mainly in charge of overseas financing and operation management of Hong Kong regional headquarter. Prior to that, Mr. Chen was employed by many transnational companies and listed companies as director or senior management. He has proven track records and extensive experience in China real estate development, corporate finance, operation management and investor relations. Mr. Chen obtained an Executive Master of Business Administration degree jointly from Kellogg School of Management at Northwestern University, Chicago and Hong Kong University of Science and Technology in 1999 and a Diploma in Program for Management Development from Harvard University, Boston in 1988.

DIRECTORS' BIOGRAPHY

EXECUTIVE DIRECTORS (continued)

Mr. Chan Chi Yuen ("Mr. Chan"), aged 48, is an executive Director of the company. Mr. Chan holds a Bachelor degree with honours in Business Administration and a Master of Science degree in Corporate Governance and Directorship. He is a fellow of the Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants in the United Kingdom and an associate of The Institute of Chartered Accountants in England and Wales. Mr. Chan is a practising certified public accountant and has extensive experience in financial management, corporate development, corporate finance and corporate governance. Mr. Chan is currently an executive director and the chief executive officer of Noble Century Investment Holdings Limited (Stock code: 2322), an executive director of Co-Prosperity Holdings Limited (Stock code: 707) and e-Kong Group Limited (Stock code: 524), an independent non-executive director of Asia Energy Logistics Group Limited (Stock code: 351), REX Global Entertainment Holdings Limited (formerly known as China Gamma Group Limited) (Stock code: 164), Jun Yang Solar Power Investments Limited (Stock code: 397), Media Asia Group Holdings Limited (Stock code: 8075), New Times Energy Corporation Limited (Stock code: 166) and U-RIGHT International Holdings Limited (Stock code: 627). Mr. Chan was an executive director and chairman of Kong Sun Holdings Limited (Stock code: 295) from December 2011 to September 2013, and an independent non-executive director of China Sandi Holdings Limited (Stock code: 910) from September 2009 to July 2014. The issued shares of all the aforesaid companies are listed and traded on The Stock Exchange.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lee Chi Ming ("Mr. Lee"), aged 62, is a fellow member of Association of Chartered Certified Accountants ("ACCA") and Hong Kong Institute of Certified Public Accountants ("HKICPA"). He graduated from Hong Kong Polytechnic. He also holds a LLB degree from University of London and a master degree in Business Administration from University of Hong Kong. Mr. Lee serves as Council member of the ACCA and a member of the Advisory Committee of the College of Professional and Continuing Education ("CPCE") of HK Polytechnic University. He was the past president of ACCA, Hong Kong (2003/04) and a Council member of HKICPA (2005). Mr. Lee has over 25 years' experience in the fields of accounting, regulations and asset management. He held various senior positions with the Securities and Futures Commission ("SFC"), Hong Kong since 1995, as director of Licensing, director of Corporate Planning and director of Finance and Administration. Mr. Lee retired from SFC in July 2014 and joined as director and managing partner of Benington Capital Ltd, an asset management company which manages a Greater China focused long-short equity fund for professional investors. In addition, on 30 March 2015, Mr. Lee was appointed as an independent non-executive director of Huatai Securities Company Limited ("Huatai"). The appointment was effectively on 30 April after confirmation was obtained from relevant China Securities Regulatory Authority. Huatai is a securities broker dual-listed in Shanghai Stock Exchange (Stock Code: 601688) and Hong Kong Stock Exchange (Stock Code: 6886).

DIRECTORS' BIOGRAPHY

INDEPENDENT NON-EXECUTIVE DIRECTORS (continued)

Mr. Jiang Hongqing ("Mr. Jiang"), aged 47, was appointed as an executive director and vice chairman of the Hong Kong Life Sciences and Technologies Group Limited (Stock code: 8085) since 1 December 2012. On 22 August 2014, he resigned as the vice chairman but continues to act as executive director. Mr. Jiang holds a Ph.D. in Engineering majoring in Architectural Design and Theory from South China University of Technology. He also holds a Master of Engineering Degree majoring in Landscape Architecture Design and a Bachelor of Engineering Degree majoring in Urban Planning from Chongqing Institute of Architecture and Engineering. Mr. Jiang had also been studied in Ecole d' Architecture Paris-la-Seine in Paris, France. He is a Professorate Senior Urban Planner and a Certified Planner of the People's Republic of China. In addition, Mr. Jiang was also the member of City Ecological Planning and Construction Academic Committee of the Urban Planning Society of China and also was a consultant of Urban Planning Construction and Protection of Ancient City of Lijiang, Yunnan Province. He has extensive experience in planning design, architectural design, landscape architecture design, planning management and project planning. Mr. Jiang was also an executive Director of Birmingham International Holdings Limited (Stock code: 2309) from 30 August 2011 to 20 January 2012.

Mr. Chan Chi Hung, Anthony ("Mr. Chan"), aged 42, is an executive director of EPI Holdings Limited ("EPI"), an international oil & gas operator (Stock Code: 689). He was appointed on July 2013. Prior to joining EPI, Mr. Chan has held senior management positions at other Hong Kong listed companies. He was the executive director of China Financial Leasing Group Limited (Stock Code: 2312) from April 2007 to July 2013. Mr. Chan has held the position of non-executive director at Build King Holdings Limited (Stock Code: 240) since December 2008. Prior to his managerial career, Mr. Chan was the investment manager of Springfield Financial Advisory Limited, in charge of private equity, fund-of-funds and fixed-income investment portfolios for four years. Mr. Chan started his career as a banker in J.P. Morgan covering Asia ex-Japan region. Mr. Chan is a graduate of University of Minnesota — Twin Cities and Stanford Graduate School of Business, both in United States.

DIRECTORS' REPORT

The directors have pleasure in presenting their report and the audited financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 March 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. During the year, the principal business activities of the Group are property development and investment. Details of the principal activities of the Company's principal subsidiaries are set out in Note 20 to the consolidated financial statements.

FINANCIAL RESULTS

The loss and cash flows of the Group for the year ended 31 March 2015 and the state of affairs of the Group and the Company at that date are set out in the consolidated financial statements on pages 33 to 117.

DONATIONS

During the year, the Group has made charitable donations amounting to HK$ 800,000 (2014: Nil).

DIVIDENDS

The Directors do not recommend the payment of any dividend for the year ended 31 March 2015 (2014: Nil).

FINANCIAL SUMMARY

A summary of the consolidated results and assets and liabilities of the Group for the last five financial years is set out on page 118.

RESERVE

Details of movements in reserves of the Group and the Company during the year are set out in the statement of changes in equity on page 106 and Note 32 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group and the Company during the year are set out in Note 19 to the consolidated financial statements.

INVESTMENT PROPERTIES

As at 31 March 2015, the Group revalued its investment properties by using the combinations of an income capitalisation approach and a direct comparison approach. The increase in fair value amounting to approximately HK$1,668,000 has been credited to the consolidated statement of profit or loss and other comprehensive income.

Details of the investment properties of the Group are set out in Note 21 to the consolidated financial statements.

DIRECTORS' REPORT

SHARE CAPITAL

Details of share capital for the year are set out in Note 31 to the consolidated financial statements.

LITIGATION

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

BORROWINGS

Details of the borrowings of the Group at 31 March 2015 are set out in Note 29 to the consolidated financial statements.

RELATED PARTY TRANSACTIONS

Details of the related party transactions are disclosed in Note 36 to the consolidated financial statements. Such transactions are exempt from the reporting requirements in accordance with Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") in respect of connected transactions.

EVENTS AFTER THE END OF THE REPORTING PERIOD

Details of the significant post statement of financial position event of the Group are set out in Note 37 to the consolidated financial statements.

DIRECTORS

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

Executive directors:

Mr. Yeung Chun Wai, Anthony *(Chairman, Chief Executive Officer)*
  (appointed on 5 December 2014 and re-designed from Deputy Chairman to
  Chairman on 2 February 2015)
Mr. CHEN Domingo *(Deputy Chairman)*
  (appointed on 5 December 2014 and re-designated to Deputy Chairman on 2 February 2015)
Mr. CHAN Chi Yuen
Mr. YU Shengming *(Chairman)* (resigned on 2 February 2015)
Mr. MOCK Wai Yin (resigned on 2 February 2015)

Non-executive directors:

Mr. CHEN Xiaoping (resigned on 30 December 2014)

Independent Non-executive directors:

Mr. LEE Chi Ming (appointed on 30 December 2014)
Mr. CHAN Chi Hung, Anthony (appointed 30 December 2014)
Mr. JIANG Hongqing (appointed on 2 February 2015)
Mr. LING Kit Wah, Joseph (resigned on 30 December 2014)
Mr. NG Kwok Wai (resigned on 30 December 2014)
Mr. LEE Chi Hwa, Joshua (resigned on 2 February 2015)

DIRECTORS (continued)

Independent Non-executive directors: (continued)

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

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming annual general meeting has an unexpired service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

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

As at 31 March 2015, save as disclosed below, none of the Directors is a director or employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance ("SFO") and save as disclosed below, none of the Directors, the chief executive of the Company nor their associates (as defined in the Listing Rules) had any other interests or short positions in the shares of the Company, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or the chief executive of the Company is taken or deemed to have under such provisions of the SFO); or (b) were required to be entered into the register maintained by the Company, pursuant to Section 352 of the SFO; or (c) were required to be notified to the Company or the Stock Exchange, pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers contained in the Listing Rules.

Long position in the ordinary shares of HK$0.10 each (the "Shares"), underlying Shares and debentures of the Company

Name of director	Nature of interest	Number of Shares held	Total	Percentage of the Company's issued share capital as at March 2015 (Note 2)
JIANG Hongqing (Note 1)	Beneficially owner and deemed Interest of Spouse	15,000,000	15,000,000	0.41%

Notes:

1. Mr. Jiang Hongqing is an independent non-executive Director who, together with his spouse, held 15,000,000 Shares as at the date of this report.

2. For the purpose of this section, the shareholding percentage in the Company is calculated on the basis of 3,709,602,920 Shares in issue.

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN CONTRACTS

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

MANAGEMENT CONTRACTS

No contract concerning the management and administration of all or any substantial part of the Group's business was entered into or existed during the year.

DIRECTORS' AND CHIEF EXECUTIVE'S RIGHT TO ACQUIRE SHARES

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

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2015, save as disclosed below, as far as the directors of the Company are aware, no other persons or corporations (other than a director or chief executive of the Company) who had or were deemed or taken to have interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company.

Long position in the Shares and underlying Shares in the Company

Name of director	Nature of interest	Long Position/ Short Position	Number of Shares held	Percentage of Company's issued share the capital as at 31 March 2015 (Note 6)
Quantum China Asset Management Limited (Note 1)	Investment manager	Long position	828,840,000	22.34%
Taiping Quantum Prosperity Fund (Note 1)	Beneficial owner	Long position	400,420,000	10.79%
Taiping Quantum Strategic Fund (Note 1)	Beneficial owner	Long position	340,000,000	9.17%
China Minsheng Jiaye Investment Co., Ltd. (Note 2)	Beneficial owner	Long position	6,500,000,000	175.22%

SUBSTANTIAL SHAREHOLDERS (continued)

Long position in the Shares and underlying Shares in the Company (continued)

Name of director	Nature of interest	Long Position/ Short Position	Number of Shares held	Percentage of Company's issued share the capital as at 31 March 2015 (Note 6)
China Minsheng Investment Corp., Ltd. (Note 3)	Interest of a controlled corporation	Long position	6,500,000,000	175.22%
Honghu Capital Company Limited (Note 4)	Beneficial owner	Long position	1,000,000,000	26.96%
Deng Jun Jie (Note 5)	Interest of a controlled corporation	Long position	1,000,000,000	26.96%

Notes:

1. Each of Taiping Quantum Strategic Fund, Taiping Quantum Prosperity Fund and Taiping Quantum China Opportunities Fund and Quantum Advantage Fund is managed by Quantum China Asset Management Limited. Mr. Yeung, an executive Director, is the managing partner and chief executive officer of Quantum China Asset Management Limited.

2. On 9 February 2015, CMJY and the Company entered into the Share Subscription Agreement pursuant to which the Share Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to issue and allot, on the Share Subscription Completion Date, 6,500,000,000 new Shares which has been determined by dividing HK$1,300,000,000 (being the total subscription consideration under the Share Subscription Agreement) by HK$0.20 (being the Subscription Price per Subscription Share). Details in relation to the Shares Subscription are set out in the Company's Circular dated 30 April 2015. The Share Subscription had been approved by shareholders on 18 May 2015 and completion took place at 27 May 2015.

3. China Minsheng Investment is a large private investment company organized by The All-China Federation of Industry and Commerce in China and was launched by 59 well-known private enterprises throughout China. Details in relation to the China Minsheng Investment are set out in the Company's Circular dated 30 April 2015. CMJY is a subsidiary 90% owned by China Minsheng Investment.

4. On 9 February 2015, the Honghu Capital and the Company entered into the Convertible Bonds Subscription Agreement pursuant to which the Company has conditionally agreed to issue, and the Honghu Capital has conditionally agreed to subscribe for, the Convertible Bonds in an aggregate principal amount of HK$200,000,000. Assuming full subscription of the Convertible Bonds on the Subscription Completion Date and full conversion of the Convertible Bonds, 1,000,000,000 Conversion Shares will be allotted and issued to the bondholder(s). Details in relation to the CB Subscription are set out in the Company's Circular dated 30 April 2015. The Convertible Bonds Subscription had been approved by shareholders on 18 May 2015 and completion took place at 27 May 2015.

5. Honghu Capital Company Limited is a company 100% owned by Mr. Deng Jun Jie. Mr. Deng Jun Jie is a businessman and a Hong Kong permanent resident. Mr. Deng Jun Jie is an Independent Third Party and does not have any relationship with the CMJY, China Minsheng Investment and the 59 shareholders of China Minsheng Investment.

6. For the purpose of this section, the shareholding percentage in the Company is calculated on the basis of 3,709,602,920 Shares in issue.

DIRECTORS' REPORT

SHARE OPTION SCHEME

Details of the share option scheme of the Company are set out in Note 33 to the consolidated financial statement.

The share option scheme adopted by the Company on 7 November 2003 (the "Old Scheme") was terminated pursuant to a resolution passed by the shareholders of the Company on 7 August 2013. A new share option scheme (the "New Scheme") in place of the Old Scheme was adopted pursuant to such resolution with effect from 7 August 2013 for a period of 10 years.

No share options have been granted, exercised, cancelled or lapsed under the New Scheme since its adoption on 7 August 2013, since there are no outstanding share options at 31 March 2015.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2015:

(i) The Group's five largest customers accounted for less than 30% of the Group's total turnover.

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

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

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Other than the share options disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of Shares in or debentures of the Company or any other body corporate.

PURCHASE, SALE OR REDEMPTION OF OWN SHARES

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

PRE-EMPTIVE RIGHTS

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

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of its directors, the Company has maintained sufficient public float throughout the year ended 31 March 2015 and up to the date of this report.

DIRECTORS' REPORT

AUDIT COMMITTEE

The Company has set up an audit committee (the "Audit Committee") with specific written terms of reference which clearly deal with its authorities and duties. The Audit Committee currently comprises three members and it comprises all the independent non-executive Directors of the Company and one of its member possesses recognized professional qualifications in accounting. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and has discussed the auditing, internal control and financial reporting matters, including a review of the annual results and the consolidated financial statements for the year ended 31 March 2015.

CORPORATE GOVERNANCE

The Company has applied the principles and complied with the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the year ended 31 March 2015 except the deviations as disclosed in the "Corporate Governance Report" on pages 20 to 30.

DIRECTORS' INTEREST IN COMPETING BUSINESS

At 31 March 2015, none of the directors of the Company has interest in competing business required to be disclosed pursuant to Rule 8.10(2) of the Listing Rules.

AUDITORS

HLB Hodgson Impey Cheng Limited has been appointed as auditor of the Company to fill the casual vacancy following the resignation of East Asia Sentinel with effective from 15 December 2014. A resolution will be submitted to the annual general meeting to re-appoint HLB Hodgson Impey Cheng Limited as auditor of the Company.

By Order of the Board of
South East Group Limited
Yeung Chun Wai, Anthony
Chairman

Hong Kong, 18 June 2015

CORPORATE GOVERNANCE REPORT

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

(A) CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles and complied with the applicable code provisions (the "Code Provision(s)") of the Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Listing Rules throughout the year ended 31 March 2015 except the following:

Under Code Provision A.1.1, board meetings should be held at least four times a year at approximately quarterly intervals. The Board aims to meet regularly in person or through electronic means of communication at least four times a year. However, for the sake of flexibility, the Board may also hold meetings with less than 14 days' notice as required for regular meetings under Code Provision A.1.3, it may also pass resolutions by circulation of documents if considered appropriate. The Company will keep reviewing the above situation and make appropriate changes to improve the corporate governance practices of the Company if considered necessary.

Under Code Provision A.6.7, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Mr. Chen Xiaoping, a former non-executive Director resigned on 30 December 2014, could not attend the annual general meeting of the Company held at 7 August 2014 because of other business commitments. Aiming for compliance with this Code Provision, the Company will continue to furnish all Directors with appropriate information on all general meetings and take all reasonable measures to arrange the schedule in such a cautious way to enable all Directors to attend the general meetings as far as possible.

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer ("CEO") should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and CEO should be clearly established and set out in writing. During the year ended 31 March 2015, Mr. Yeung Chun Wai, Anthony held the offices of chairman and CEO of the Company. The Board believes that vesting the roles of both chairman and CEO in the same person provides the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies.

(B) DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by directors of the Company. The Company has made specific enquiry to all Directors that they have compiled with the required standard set out in the Model Code throughout the year ended 31 March 2015.

(C) BOARD OF DIRECTORS

The Board comprised the following directors during the year ended 31 March 2015 and up to the date of this report:

Executive directors:

Mr. YEUNG Chun Wai, Anthony *(Chairman, Chief Executive Officer)*
(appointed on 5 December 2014 and re-designed from Deputy Chairman to Chairman on 2 February 2015)
Mr. CHEN Domingo *(Deputy Chairman)*
(appointed on 5 December 2014 and re-designated to Deputy Chairman on 2 February 2015)
Mr. CHAN Chi Yuen
Mr. YU Shengming *(Chairman)* (resigned on 2 February 2015)
Mr. MOCK Wai Yin (resigned on 2 February 2015)

Non-executive directors:

Mr. CHEN Xiaoping (resigned on 30 December 2014)

Independent Non-executive directors:

Mr. LEE Chi Ming (appointed on 30 December 2014)
Mr. CHAN Chi Hung, Anthony (appointed 30 December 2014)
Mr. JIANG Hongqing (appointed on 2 February 2015)
Mr. LING Kit Wah, Joseph (resigned on 30 December 2014)
Mr. NG Kwok Wai (resigned on 30 December 2014)
Mr. LEE Chi Hwa, Joshua (resigned on 2 February 2015)

The relationship among members of the Board and biographical details of the directors of the Company (the "Directors", or individually the "Director") who are currently serving the Board are set out on pages 10 to 12 of this annual report. Save for the Directors' business relationships as a result of their respective directorships in the Company and its subsidiaries or else as disclosed in each of their respective biographies as aforementioned, there are no financial, business, family or other material or relevant relationships among members of the Board.

During the year ended 31 March 2015, the Board has complied with the requirements of the Listing Rules in relation to the appointment of a minimum of three independent non-executive directors and at least one independent non-executive director is having appropriate professional accounting or financial management experience.

The Company has observed the guidelines for assessing independence as set out in Rule 3.13 of the Listing Rules in the appointment of its independent non-executive Directors. It has received the confirmation of independence from each of the independent non-executive Directors upon their appointment, and has continued to receive from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company therefore considered all its existing independent non-executive Directors to be independent in accordance with the independence guidelines of the Listing Rules.

CORPORATE GOVERNANCE REPORT

(C) BOARD OF DIRECTORS (continued)

The Board aims to meet regularly in person or through electronic means of communication at least four times a year. For the sake of flexibility, the Board may also hold meetings whenever necessary rather than the regular meetings. During the year ended 31 March 2015, the Board has convened 16 meetings (excluding committee meetings) that required directors' attendance in person or through electronic means of communication to consider and approve, among others, annual and interim results of the Group, as well as to review business operations and development of the Group. It has also passed resolutions by circulation of documents two times during the year.

During the year ended 31 March 2015, the individual attendance record of each Director at the meetings of the Board (including circulation of written resolutions) and general meeting is as follows:

Name of director	Number of Board meetings attended	Board written resolution	Annual general meeting
Mr. YEUNG Chun Wai, Anthony (appointed on 5 December 2014)	6/6	2/2	N/A
Mr. CHEN Domingo (appointed on 5 December 2014)	6/6	2/2	N/A
Mr. CHAN Chi Yuen	14/16	2/2	1/1
Mr. YU Shengming (resigned on 2 February 2015)	9/15	2/2	1/1
Mr. MOCK Wai Yin (resigned on 2 February 2015)	15/15	2/2	1/1
Mr. CHEN Xiaoping (resigned on 30 December 2014)	10/13	0/0	0/1
Mr. LEE Chi Ming (appointed on 30 December 2014)	3/3	2/2	N/A
Mr. CHAN Chi Hung, Anthony (appointed 30 December 2014)	2/3	2/2	N/A
Mr. JIANG Hongqing (appointed on 2 February 2015)	0/1	0/0	N/A
Mr. LING Kit Wah, Joseph (resigned on 30 December 2014)	12/13	0/0	1/1
Mr. NG Kwok Wai (resigned on 30 December 2014)	13/13	0/0	1/1
Mr. LEE Chi Hwa, Joshua (resigned on 2 February 2015)	14/15	2/2	1/1

The Board has delegated the supervision of the day-to-day management of the Company's business to the executive Directors. However, the Directors are collectively responsible for promoting the success of the Company by guiding and monitoring the Company to achieve its strategic objectives. The Board's primary functions are to set corporate policy and overall strategy for the Group and to oversee the management's performance. Accordingly, the Board approves the strategic plans, major disposals and acquisitions, connected transactions and other significant operational issues. Furthermore, Board meetings may be held on occasions when a Board level decision on a particular matter is required; otherwise daily operational decisions are delegated to the executive Directors.

The Company has arranged for appropriate liability insurance cover for its Directors. The insurance coverage is reviewed on an annual basis.

(D) DIRECTORS' CONTINUOUS PROFESSIONAL DEVELOPMENT

Newly appointed Directors are provided with necessary induction and information to ensure that they have a proper understanding of the Company's business and operations, as well as awareness of Director's responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

Pursuant to Code Provision A.6.5 of the CG Code, the Directors should participate in continuous professional development to develop and refresh their knowledge and skills, so as to ensure that their contribution to the Board remains informed and relevant. The Directors committed to participating in appropriate continuous professional development activities by way of attending training or reading materials relevant to the Company's business or to the Directors' duties and responsibilities. During the year ended 31 March 2015, the Directors have been provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties. The Directors are also briefed on the latest development and changes in the Listing Rules and other relevant regulatory requirements from time to time. All directors are encouraged to participate in continuous professional development programmes to develop and refresh their professional knowledge and skills. All the existing Directors confirmed that they have had suitable directors' training through attendance of training courses and seminars; or reading materials to refresh their knowledge and skills during the year.

(E) CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Yeung Chun Wai, Anthony has been appointed as the CEO, Deputy Chairman of the Board, and Director of the Company on 5 December 2014. Subsequently, Mr. Yeung Chun Wai, Anthony had been re-designated to Chairman of the Board on 2 February 2015 to fill the causal vacancy caused by resignation of Mr. Yu Shengming.

As at 31 March 2015, Mr. Yeung Chun Wai, Anthony held the offices of chairman of the Board and CEO of the Company. The Board believes that vesting the roles of both chairman and CEO in the same person provides the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies.

(F) INDEPENDENT NON-EXECUTIVE DIRECTORS

On 30 December 2014, Mr. Lee Chi Ming and Mr. CHAN Chi Hung, Anthony were appointed as an independent non-executive Directors. Mr. Jiang Hongqing was subsequently appointed on 2 February 2015 as an independent non-executive Director. They all entered into a letter of appointment with the Company upon his appointment for a service term of three years, subject to re-election in accordance with the Company's bye-laws.

According to the Company's bye-laws, one-third of the Directors shall retire from office by rotation at the annual general meeting of the Company and every Director including those appointed for a specific term shall be subject to retirement by rotation at least once every three years. The Board therefore considers that sufficient measures were taken to ensure the corporate governance practices of the Company are not less than those specified in Code Provision A.4.1 of the CG Code.

CORPORATE GOVERNANCE REPORT

(G) BOARD COMMITTEES

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

Remuneration Committee

The Company has set up the Remuneration Committee with specific written terms of reference which clearly deal with its authorities and duties. Following the change of Board composition of the Company on 5 December 2014, 30 December 2014 and 2 February 2015 respectively, the Remuneration Committee currently comprises one executive director, namely Mr. Yeung Chun Wai, Anthony; and two independent non-executive Director, namely Mr. Jiang Hongqing and Mr. Lee Chi Ming. Mr. Lee Chi Ming is appointed the chairman of the Remuneration Committee.

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

During the year ended 31 March 2015, the Remuneration Committee held three meetings to review the remuneration packages of the executive Directors and senior management, consider and approve the renewal of the Company's service agreements with its executive Directors and matters relating to the early termination of such agreements upon change of Board composition of the Company. The attendance of each member of the Remuneration Committee is set out below:

Name of Member	Number of meetings attended
Mr. MOCK Wai Yin (ceased to be a member with effect from 5 December 2014)	3/3
Mr. NG Kwok Wai (ceased to be a member and Chairman with effect from 30 December 2014)	3/3
Mr. LEE Chi Hwa, Joshua (ceased to be a member with effect from 2 February 2015)	3/3
Mr. YEUNG Chun Wai, Anthony (appointed as a member with effect from 5 December 2014)	N/A
Mr. LEE Chi Ming (appointed as a member and Chairman with effect from 30 December 2014)	N/A
Mr. JIANG Hongqing (appointed as a member with effect from 2 February 2015)	N/A

The existing Remuneration Committee will continue to make recommendations to the Board on the Company's remuneration policy and structure for all Directors and senior management of the Group, and to ensure that no Director or any of his associates will participate in deciding his own remuneration.

Nomination Committee

The Company has set up the Nomination Committee with specific written terms of reference which clearly deal with its authorities and duties. Following the change of Board composition of the Company on 5 December 2014, 30 December 2014 and 2 February 2015 respectively, the Nomination Committee currently comprises one executive director, namely Mr. Yeung Chun Wai, Anthony; and two independent non-executive Director, namely Mr. Lee Chi Ming and Mr. Jiang Hongqing. Mr. Lee Chi Ming is appointed the Chairman of the Nomination Committee.

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

The Company recognizes the benefits of diversity of Board members. It will endeavour to ensure a balance of skills and experience among Board members when determining the composition of the Board. All Board appointments will be made on a merit basis, and selection of candidates will be based on objective criteria, having due regard for the benefits of diversity on the Board. Board diversity will be considered from a number of factors, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge, taking into account of the Company's own business model and specific needs. The board diversity policy of the Company has been published on the Company's corporate website (http://southeastgroup.todayir.com) for public information.

During the year ended 31 March 2015, the Nomination Committee held two meetings to review the structure and composition and the succession plan of the Board, and to evaluate and make recommendations on individuals nominated for directorship. The attendance of each member of the Nomination Committee is set out below:

Name of Member	Number of meetings attended
Mr. MOCK Wai Yin (ceased to be a member with effect from 5 December 2014)	2/2
Mr. NG Kwok Wai (ceased to be a member and Chairman with effect from 30 December 2014)	2/2
Mr. LEE Chi Hwa, Joshua (ceased to be a member with effect from 2 February 2015)	2/2
Mr. YEUNG Chun Wai, Anthony (appointed as a member with effect from 5 December 2014)	N/A
Mr. LEE Chi Ming (appointed as a member and Chairman with effect from 30 December 2014)	N/A
Mr. JIANG Hongqing (appointed as a member with effect from 2 February 2015)	N/A

Nomination Committee (continued)

In accordance with the Company's bye-laws, one-third of the Directors for the time being are required to retire by rotation in each annual general meeting and a newly appointed Director shall hold office only until the conclusion of the next following general meeting. Mr. Chan Chi Yuen shall retire by rotation pursuant to bye-law 99 of the Company's bye-laws, being eligible, offer himself for re-election at the forthcoming annual general meeting. Mr. Yeung Chun Wai, Anthony, Mr. Chen Domingo, Mr. Lee Chi Ming, Mr. Chan Chi Hung, Anthony and Mr. Jiang Hongqing shall retire pursuant to bye-law 102(B) of the Company's bye-laws, being eligible, offer themselves for re-election at the forthcoming annual general meeting. The existing Nomination Committee has reviewed the performance of the above Directors and have recommended to the Board for their re-election.

Audit Committee

The Company has set up the Audit Committee with specific written terms of reference which clearly deal with its authorities and duties. The primary role and function of the Audit Committee is to assist the Board in providing an independent review of the Group's financial reporting and internal control systems as well as the internal and external audit functions. Following the change of Board composition of the Company on 30 December 2014 and 2 February 2015 respectively, the Audit Committee currently comprises all independent non-executive Directors, namely Mr. Lee Chi Ming, Mr. Chan Chi Hung, Anthony and Mr. Jiang Hongqing. The composition and members of the Audit Committee comply with the requirements under Rule 3.21 of the Listing Rules. Mr. Lee Chi Ming is an independent non-executive Director with appropriate professional accounting qualification as required under Rule 3.10(2) of the Listing Rules.

During the year ended 31 March 2015, the Audit Committee held two meetings to review with the management the Group's adopted accounting principles and practices, internal controls and financial reporting matters in conjunction with the external auditors, including reviews of the half-year and annual financial results and reports. The Audit Committee has also discussed on the financial, operational and compliance controls in particular the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, and their training programmes and budget. The Audit Committee has not taken a different view from the Board regarding the selection and re-appointment of the external auditors. The attendance of each member of the Audit Committee is set out below:

Name of Member	Number of meetings attended
Mr. LEE Chi Hwa, Joshua (ceased to be a member and the Chairman with effect from 2 February 2015)	2/2
Mr. CHEN Xiaoping (ceased to be a member with effect from 30 December 2014)	2/2
Mr. NG Kwok Wai (ceased to be a member with effect from 30 December 2014)	2/2
Mr. JIANG Hongqing (appointed as a member and Chairman with effect from 2 February 2015)	N/A
Mr. CHAN Chi Hung, Anthony (appointed as a member with effect from 30 December 2014)	N/A
Mr. LEE Chi Ming (appointed as a member with effect from 30 December 2014)	N/A

The existing Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31 March 2015, including the accounting principles and practices adopted by the Group.

(H) CORPORATE GOVERNANCE FUNCTIONS

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

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

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

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

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

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

The Company has adopted a whistle-blowing policy to encourage employees of the Group to raise concerns about possible improprieties. During the year under review, no incident of fraud or misconduct was reported from employees that have material effect on the Group's financial statements and overall operations. The Company has also published the "Procedures for Shareholders to Nominate Candidates for Election as Directors" on its corporate website.

(I) AUDITORS' REMUNERATION

An analysis of remuneration in respect of audit services provided by Auditors for the year ended 31 March 2015 was as follows:

	HK$'000
Interim review for the period ended 30 September 2014	45
Audit services for the year ended 31 March 2015	330

(J) ACCOUNTABILITY

Financial reporting

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

A statement by the auditors of the Company about their reporting responsibilities is set out in the "Independent Auditors' Report" on pages 31 to 32 of this annual report.

CORPORATE GOVERNANCE REPORT

Internal controls

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

(K) COMPANY SECRETARY

Ms. Chan Sau Chee had resigned as the company secretary on 5 December 2014 and Mr. Lau Wing Chuen has been appointed as the company secretary of the Company to fill up her vacant position. He is a full time employee of the Company and has relevant academic or professional qualifications and adequate working experience to discharge the functions of company secretary.

(L) SHAREHOLDERS' RIGHTS

Rights to convene special general meetings

(1) Under the Company's bye-laws

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

(2) Under the Companies Act

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

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

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

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

Rights to put forward proposals at general meetings

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

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

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

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

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

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

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

(bb) not less than one hundred Shareholders.

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

CORPORATE GOVERNANCE REPORT

Rights to put forward proposals at general meetings (continued)

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

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

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

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

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

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

Rights to put enquiries to the Board

Shareholders may at any time put enquiries to the Board. All enquiries shall be in writing and be sent by post to the principal place of business of the Company in Hong Kong at Suites 1001-1004, 10th Floor, One Pacific Place, 88 Queensway, Hong Kong.

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

(M) INVESTOR RELATIONS

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

By an ordinary resolution passed on 18 May 2015, the authorized share capital of the Company was increased from HK$400,000,000 divided into 4,000,000,000 shares of par value HK$0.10 each to HK$2,500,000,000 divided into 25,000,000,000 Shares by the creation of an additional 21,000,000,000 new Shares.

Save as above share capital clause change of the Company's bye-laws, there was no other change in the Company's constitutional documents.

INDEPENDENT AUDITORS' REPORT

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

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

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

We have audited the consolidated financial statements of South East Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 33 to 117, which comprise the consolidated and the Company statements of financial position as at 31 March 2015, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the 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, in accordance with Section 90 of the Bermuda Companies Act 1981, 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.

INDEPENDENT AUDITORS' REPORT

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of 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 and of the Company as at 31 March 2015, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

EMPHASIS OF MATTER

Without qualifying our opinion, we draw attention to Note 4 to the consolidated financial statements which states that the Company has made various prior years' adjustments to restate the consolidated and the Company's financial statements for the year ended 31 March 2014, including certain opening balances as at 1 April 2013.

OTHER MATTER

The consolidated financial statements of the Group and of the Company for the year ended 31 March 2014 were audited by another auditor who expressed an unmodified opinion on those statements on 20 June 2014.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Shek Lui
Practicing Certificate Number: P05895

Hong Kong, 18 June 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000 (restated)
Turnover	8	455	817
Cost of sales and services		(80)	(500)
GROSS PROFIT		375	317
Other revenue	9	898	910
Other gains and losses	10	12,061	15,054
Selling and distribution expenses		(34)	(26)
Administrative expenses		(15,841)	(16,632)
LOSS FROM OPERATIONS		(2,541)	(377)
Finance costs	11	(2,254)	(3,214)
LOSS BEFORE TAXATION	12	(4,795)	(3,591)
Taxation	13	(417)	(3,804)
LOSS OF THE YEAR		(5,212)	(7,395)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Items that may be reclassified subsequently to profit or loss:			
— Translation differences		(33)	1,513
— Change in fair value of available-for-sale financial assets		76	(819)
Other comprehensive income for the year		43	694
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(5,169)	(6,701)
LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company	14	(5,212)	(7,395)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		(5,169)	(6,701)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic and diluted (HK cents)	18	(0.26)	(0.91)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	19	**60**	26
Investment properties	21	**39,468**	37,800
Available-for-sale financial assets	22	**2,131**	2,082
		41,659	39,908
CURRENT ASSETS			
Held-for-trading investments	23	**70,384**	—
Held-to-maturity investments	24	**—**	780
Trade and other receivables	26	**108,414**	3,549
Cash and cash equivalents	27	**131,695**	27,151
		310,493	31,480
CURRENT LIABILITIES			
Trade and other payables	28	**1,222**	1,859
Tax payable		**165**	165
Convertible bond	29	**—**	2,040
		1,387	4,064
NET CURRENT ASSETS		**309,106**	27,416
TOTAL ASSETS LESS CURRENT LIABILITIES		**350,765**	67,324
NON-CURRENT LIABILITY			
Convertible bond	29	**—**	63,312
Deferred tax liability	30	**4,251**	3,834
		4,251	67,146
NET ASSETS		**346,514**	178
EQUITY			
Equity attributable to owners of the Company:			
Share capital	31	**370,960**	36,496
Reserves	32(a)	**(24,446)**	(36,318)
TOTAL EQUITY		**346,514**	178

Approved by the Board of Directors on 18 June 2015.

YEUNG Chun Wai, Anthony	**CHEN Domingo**
Director	*Director*

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

STATEMENT OF FINANCIAL POSITION

As at 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	19	**28**	—
Interests in subsidiaries	20	**14,251**	14,251
Available-for-sale financial assets	22	**1,947**	1,898
		16,226	16,149
CURRENT ASSETS			
Held-for-trading investments	23	**70,384**	—
Trade and other receivables	26	**108,181**	1,791
Cash and cash equivalents	27	**120,618**	5,225
		299,183	7,016
CURRENT LIABILITY			
Trade and other payables	28	**356**	1,076
Convertible bond	29	**—**	2,040
		356	3,116
NET CURRENT ASSETS		**298,827**	3,900
TOTAL ASSETS LESS CURRENT LIABILITIES		**315,053**	20,049
NON-CURRENT LIABILITY			
Convertible bond	29	**—**	63,312
NET ASSETS/(LIABILITIES)		**315,053**	(43,263)
EQUITY			
Share capital	31	**370,960**	36,496
Reserves	32(b)	**(55,907)**	(79,759)
TOTAL EQUITY		**315,053**	(43,263)

Approved by the Board of Directors on 18 June 2015.

YEUNG Chun Wai, Anthony
Director

CHEN Domingo
Director

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2015

	Share capital HK$'000	Share premium HK$'000 Note 32(c)(i)	Available-for-sale financial assets revaluation reserve HK$'000 Note 32(c)(ii)	Equity component convertible bond HK$'000 Note 32(c)(iii)	Exchange reserve HK$'000 Note 32(c)(iv)	Contributed surplus reserve HK$'000 Note 32(c)(v)	Employee share option reserve HK$'000 Note 32(c)(vi)	Accumulated losses HK$'000	Total HK$'000
At 1 April 2013									
As originally stated	35,126	11,337	(2,917)	5,888	15,558	131,166	1,538	(195,033)	2,663
Prior years' adjustment (Note 4)	–	–	3,765	–	–	–	–	(3,765)	–
As restated	35,126	11,337	848	5,888	15,558	131,166	1,538	(198,798)	2,663
Loss of the year (restated) (Note 4)	–	–	–	–	–	–	–	(7,395)	(7,395)
Other comprehensive (loss)/income:									
Change in fair value of available-for-sale financial assets (restated) (Note 4)	–	–	(819)	–	–	–	–	–	(819)
Translation differences	–	–	–	–	1,513	–	–	–	1,513
Total comprehensive (loss)/income for the year	–	–	(819)	–	1,513	–	–	(7,395)	(6,701)
Exercise of share options by owners	1,370	4,304	–	–	–	–	(1,458)	–	4,216
Cancellation of share options by owners	–	–	–	–	–	–	(80)	80	–
At 31 March 2014 (restated)	36,496	15,641	29	5,888	17,071	131,166	–	(206,113)	178
At 1 April 2014 (restated)	36,496	15,641	29	5,888	17,071	131,166	–	(206,113)	178
Loss of the year	–	–	–	–	–	–	–	(5,212)	(5,212)
Other comprehensive income/(loss):									
Change in fair value of available-for-sale financial assets	–	–	76	–	–	–	–	–	76
Translation differences	–	–	–	–	(33)	–	–	–	(33)
Total comprehensive income/(loss) for the year	–	–	76	–	(33)	–	–	(5,212)	(5,169)
Rights issue	291,964	–	–	–	–	–	–	–	291,964
Rights issue expenses	–	(6,657)	–	–	–	–	–	–	(6,657)
Issue of shares upon conversion of convertible bond (Note 29)	42,500	29,586	–	(5,888)	–	–	–	–	66,198
At 31 March 2015	**370,960**	**38,570**	**105**	**–**	**17,038**	**131,166**	**–**	**(211,325)**	**346,514**

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

CONSOLIDATED STATEMENT OF CASH FLOW

For the year ended 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000 (restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		**(4,795)**	(3,591)
Adjustments for:			
Depreciation		**2**	13
Reversal of impairment loss on trade receivables	10	**(92)**	(158)
Gain on fair value change of investment properties	10	**(1,668)**	(15,215)
Gain on fair value change of held-for-trading investments	10	**(10,587)**	—
Loss on disposal of held-for-trading investments	10	**207**	—
Impairment loss on available-for-sale financial assets	10	**27**	405
Interest expenses	11	**2,254**	3,214
Interest income on bank deposits	9	**(649)**	(682)
Interest income on held-to-maturity investments	9	**(43)**	(39)
Dividend income from available-for-sale financial assets	9	**(30)**	(111)
Operating loss before changes in working capital		**(15,374)**	(16,164)
Increase in properties held for sale		**—**	(267)
Increase in held-for-trading investments		**(60,004)**	—
(Increase)/decrease in trade and other receivables		**(104,730)**	706
(Decrease)/increase in trade and other payables		**(637)**	313
NET CASH USED IN OPERATING ACTIVITIES		**(180,745)**	(15,412)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**649**	152
Dividend income from available-for-sale financial assets		**30**	111
Purchase of property, plant and equipment		**(36)**	—
Proceeds from held-to-maturity investments		**780**	—
NET CASH GENERATED FROM INVESTING ACTIVITIES		**1,423**	263

CONSOLIDATED STATEMENT OF CASH FLOW

For the year ended 31 March 2015

	2015 HK$'000	2014 HK$'000 (restated)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest expenses on convertible bond	(1,408)	(3,314)
Proceeds from issue of shares	—	4,216
Proceeds from rights issue	291,964	—
Rights issue expenses	(6,657)	—
NET CASH GENERATED FROM FINANCING ACTIVITIES	283,899	902
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	104,577	(14,247)
Effect of foreign exchange rate changes	(33)	1,543
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	27,151	39,855
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	131,695	27,151
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	131,695	27,151

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

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

For the year ended 31 March 2015

1. GENERAL

The Company was incorporated as an exempted company with limited liability in Bermuda on 28 February 1991 under the Companies Act 1981 of Bermuda and its issued shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effective from 25 July 1991.

The address of the registered office of the Company is Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda. The principal place of business of the Company has been changed to Suites 1001-1004, Level 10, One Pacific Place, 88 Queensway, Admiralty, Hong Kong with effective from 9 January 2015.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in Note 20 to the consolidated financial statements.

On 27 May 2015, China Minsheng Jiaye Investment Co., Ltd., a 90% owned subsidiary of China Minsheng Investment Corp., Ltd., becomes the substantial shareholder of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The Hong Kong Institute of Certified Public Accountants ("HKICPA") has issued certain amendments and interpretations which are or have become effective. It also issued certain new and revised standards, amendments and interpretation ("New HKFRSs"), which are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

For the year ended 31 March 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of preparation

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company. In addition, the functional currencies of certain group entities that operate outside Hong Kong are determined based on the currency of the primary economic environment in which the group entities operate (e.g. Renminbi ("RMB")). All values are rounded to the nearest thousand (HK$'000) except otherwise indicated.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and investment properties that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of Hong Kong Accounting Standards ("HKASs") 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of preparation (continued)

***Basis of measurement** (continued)*

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

(c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

For the year ended 31 March 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Basis of consolidation (continued)

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

- potential voting rights held by the Group, other vote holders or other parties;

- rights arising from other contractual arrangements; and

- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries 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.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Basis of consolidation (continued)

***Changes in the Group's ownership interests in existing subsidiaries** (continued)*

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified or permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(d) Business combination

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

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

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

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

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

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

For the year ended 31 March 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Business combination (continued)

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Business combination (continued)

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

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

(e) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

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

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

For the year ended 31 March 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Property, plant and equipment

Property, plant and equipment including furniture and fixtures, computer equipment and motor vehicles, are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. The cost of an item of property comprises its purchase price and any directly attributable costs of bringing the assets to its location and working condition for its intended use. Expenses incurred after item of property, plant and equipment have been put into operation, such as repair and maintenance, is normally charged to the consolidated statement of profit or loss and other comprehensive income in the period in which it is incurred. In situation where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of assets and as a replacement.

Depreciation is calculated on the straight-line method basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful lives. The principal annual rates used for the purpose are as follows:

Furniture and fixtures	5 years
Computer equipment	3 years
Motor vehicle	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are accounted for as investment properties and are measured using the fair value model. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

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

(h) Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

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 and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

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

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

For the year ended 31 March 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) 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 and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

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

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

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

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

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

For the year ended 31 March 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

***Financial assets** (continued)*

Financial assets at FVTPL (continued)

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the consolidated statement of profit or loss and other comprehensive income.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

AFS financial assets

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

Equity and debt securities held by the Group that are classified as AFS financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of AFS monetary financial assets relating to interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated under the heading of AFS financial assets revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity investments are recognised in profit or loss when the Group's right to receive the dividends is established.

The fair value of AFS monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

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

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

For the year ended 31 March 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

***Financial assets** (continued)*

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables and cash and cash equivalents) are measured at amortised cost using the effective interest method, less any impairment.

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

Impairment of financial assets

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

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

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

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

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

***Financial assets** (continued)*

Impairment of financial assets (continued)

For financial assets that are 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 estimated future cash flows, discounted at the financial asset's original effective interest rate.

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

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

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

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

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

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

For the year ended 31 March 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

Financial liabilities and equity instruments

Classification as debt or equity

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 an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Convertible bonds

The component parts of compound instruments (convertible bonds) issued by the Company are classified separately as financial liabilities and equity 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 an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share premium. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained profits. 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 notes 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 recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

For the year ended 31 March 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

***Financial liabilities and equity instruments** (continued)*

Financial liabilities

The Group's financial liabilities are classified as other financial liabilities.

Other financial liabilities

Other financial liabilities (including trade and other payables) are subsequently measured at amortised cost using the effective interest method.

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 than financial liabilities classified as at FVTPL.

Derecognition

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

For the year ended 31 March 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

Derecognition (continued)

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

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

(i) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash at banks and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

(j) Revenue recognition

Revenue represents sales of properties held for sale and rental income of investment properties. Provided it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably, revenue is recognised in the consolidated statement of profit or loss and other comprehensive income as follows:

(a) Sales of properties held for sale

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

(b) Rental income of investment properties

Rental income of investment properties is recognised on an accrual basis in accordance with the terms of the leasing agreement.

(c) Interest income

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Taxation

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

Current tax

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

Deferred tax

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

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

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

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

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

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

For the year ended 31 March 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Taxation (continued)

***Deferred tax** (continued)*

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using 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.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate 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. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(l) Impairment of tangible and intangible assets other than goodwill

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

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

Recoverable amount is the higher of fair value less costs of disposal 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 CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or the CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Impairment of tangible and intangible assets other than goodwill (continued)

When an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) 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 CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(m) Properties held for sale

Properties are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the properties is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such properties and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Properties classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

(n) Provisions

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

The amount recognised as a provision is 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. When 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 (when the effect of the time value of money is material).

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

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

For the year ended 31 March 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Employee benefits

Pension obligations

The Group has participated in the Mandatory Provident Fund Scheme (the "MPF Scheme") under the Mandatory Provident Fund Scheme Ordinance. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The MPF Scheme is generally funded by payments from employees and by the Group. The Group's contributions to the MPF Scheme are expensed as incurred in accordance with the rules of the MPF Scheme and are not reduced by contributions forfeited by those employees who leave the MPF Scheme prior to vesting fully in the contributions.

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

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

Termination benefits

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

(p) Equity settled share option scheme

Equity settled share option payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity settled share option scheme are set out in Note 33.

The fair value determined at the grant date of the equity settled share option payments is expensed on a straightline basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (employee share-based payment reserve).

At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to employee share option reserve.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Equity settled share option scheme (continued)

When share options are exercised, the amount previously recognised in employee share option reserve will be transferred to share premium. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in employee share option reserve will be transferred to retained earnings.

(q) Leasing

The Group as lessor

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

The Group as lessee

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

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

(r) Borrowing costs

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

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

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

(s) Related parties

A party is considered to be related to the Group if:

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

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

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

For the year ended 31 March 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Related parties (continued)

A party is considered to be related to the Group if: (continued)

(ii) has significant influence over the Group; or

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

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

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

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

(iii) the entity and the Group are joint ventures of the same third party.

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

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

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

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

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

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

(t) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each 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 at 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Foreign currencies (continued)

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

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

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

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

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

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

For the year ended 31 March 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

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

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

In the current year, the Group has applied, for the first time, the following New HKFRSs issued by the HKICPA, which are effective for the Group's financial period beginning 1 April 2014. A summary of the New HKFRSs is set out below:

HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) — Int 21	Levies

The application of these New HKFRSs has not had any material impact on the amounts reported for the current year and prior years but may affect the accounting for future transactions or arrangements.

Impact of the application of HKFRS 10, HKFRS 12 and HKAS 27

The Group has applied the amendments to HKFRS 10, HKFRS 12 and HKAS 27 *Investment Entities* for the first time in the current year. The amendments to HKFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

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

Impact of the application of HKFRS 10, HKFRS 12 and HKAS 27 (continued)

To qualify as an investment entity, a reporting entity is required to:

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

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

As the Company is not an investment entity, the application of the amendments has had no impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

Impact of the application of HKAS 32

The Group has applied the amendments to HKAS 32 *Offsetting Financial Assets and Financial Liabilities* for the first time in the current year. The amendments to HKAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments have been applied retrospectively. As the Group does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

Impact of the application of HKAS 36

The Group has applied the amendments to HKAS 36 *Recoverable Amount Disclosures for Non- Financial Assets* for the first time in the current year. The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a CGU to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by HKFRS 13 *Fair Value Measurements*.

The application of these amendments has had no material impact on the disclosures in the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

For the year ended 31 March 2015

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

Impact of the application of HKAS 39

The Group has applied the amendments to HKAS 39 *Novation of Derivatives and Continuation of Hedge Accounting* for the first time in the current year. The amendments to HKAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness.

The amendments have been applied retrospectively. As the Group does not have any derivatives that are subject to novation, the application of these amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

Impact of the application of HK (IFRIC) — Int 21

The Group has applied HK (IFRIC) — Int 21 *Levies* for the first time in the current year. HK (IFRIC) — Int 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

HK (IFRIC) — Int 21 has been applied retrospectively. The application of this Interpretation has had no material impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

Except for the above, the application of these New HKFRSs had no material impact on the Group's consolidated financial performance and positions for the current and prior years. Accordingly, no prior period adjustments had been required.

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

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

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010-2012 Cycle[2]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011-2013 Cycle[1]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012-2014 Cycle[4]
HKFRS 9	Financial Instruments[6]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception[4]
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations[4]
HKFRS 14	Regulatory Deferral Accounts[3]
HKFRS 15	Revenue from Contracts with Customers[5]
HKAS 1 (Amendments)	Disclosure Initiative[4]
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation[4]
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants[4]
HKAS 19 (2011) (Amendments)	Defined Benefits Plans: Employee Contributions[1]
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements[4]

1 Effective for annual periods beginning on or after 1 July 2014
2 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions
3 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016
4 Effective for annual periods beginning on or after 1 January 2016
5 Effective for annual periods beginning on or after 1 January 2017
6 Effective for annual periods beginning on or after 1 January 2018

HKFRS 9 *Financial Instruments*

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a fair value through other comprehensive income ("FVTOCI") measurement category for certain simple debt instruments.

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

For the year ended 31 March 2015

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

HKFRS 9 *Financial Instruments* (continued)

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting 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 designated as at FVTPL, 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 the fair value of the financial liability designated as FVTPL was presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

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

Amendments to HKFRS 10 and HKAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Amendments to HKFRS 10:

- An exception from the general requirement of full gain or loss recognition has been introduced into HKFRS 10 for the loss control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method.

- New guidance has been introduced requiring that gains or losses resulting from those transactions are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the re-measurement at fair value of investments retained in any former subsidiary that has become an associate or a joint venture that is accounted for using the equity method are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

Amendments to HKAS 28:

- The requirements on gains and losses resulting from transactions between an entity and its associate or joint venture have been amended to relate only to assets that do not constitute a business.

- A new requirement has been introduced that gains or losses from downstream transactions involving assets that constitute a business between an entity and its associate or joint venture must be recognised in full in the investor's financial statements.

- A requirement has been added that an entity needs to consider whether assets that are sold or contributed in separate transactions constitute a business and should be accounted for as a single transaction.

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

For the year ended 31 March 2015

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 *Investment Entities: Applying the Consolidation Exception*

The narrow-scope amendments to HKFRS 10, HKFRS 12 and HKAS 28 introduce clarifications to the requirements when accounting for investment entities. The amendments also provide relief in particular circumstances, which will reduce the costs of applying the standards.

Amendments to HKFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*

The amendments to HKFRS 11 provide guidance on how to account for the acquisition of an interest in a joint operation in which the activities constitute a business as defined in HKFRS 3 *Business Combinations.* Specifically, the amendments state that the relevant principles on accounting for business combinations in HKFRS 3 and other standards (e.g. HKAS 36 *Impairment of Assets* regarding impairment testing of a CGU to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by HKFRS 3 and other standards for business combinations.

HKFRS 14 *Regulatory Deferral Accounts*

HKFRS 14 permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous Generally Accepted Accounting Principles ("GAAP") requirements when they adopt HKFRS. However, to enhance comparability with entities that already apply HKFRS and do not recognise such amounts, the Standard requires that the effect of rate regulation must be presented separately from other items. An entity that already presents HKFRS financial statements is not eligible to apply the standard.

HKFRS 15 *Revenue from Contracts with Customers*

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract

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

HKFRS 15 *Revenue from Contracts with Customers* (continued)

- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

Amendments to HKAS 1 *Disclosure Initiative*

The amendments to HKAS 1 are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures.

Amendments to HKAS 16 and HKAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*

The amendments to HKAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

(a) when the intangible asset is expressed as a measure of revenue; or

(b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

Amendments to HKAS 16 and HKAS 41 *Agriculture: Bearer Plants*

The amendments to HKAS 16 Property, Plant and Equipment and HKAS 41 Agriculture define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with HKAS 16, instead of HKAS 41. The produce growing on bearer plants continues to be accounted for in accordance with HKAS 41.

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

For the year ended 31 March 2015

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

Amendments to HKAS 19 *Defined Benefits Plans: Employee Contributions*

The amendments to HKAS 19 clarify how an entity should account for contributions made by employees or third parties that are linked to services to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognise the contributions as a reduction of the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service either using the plan's contribution formula or on a straight-line basis; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

Amendments to HKAS 27 *Equity Method in Separate Financial Statements*

The amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements

- At cost,
- In accordance with HKFRS 9 *Financial Instruments* (or HKAS 39 *Financial Instruments: Recognition and Measurement* for entities that have not yet adopted HKFRS 9), or
- Using the equity method as described in HKAS 28 *Investments in Associates and Joint Ventures*.

The accounting option must be applied by category of investments.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred.

In addition to the amendments to HKAS 27, there are consequential amendments to HKAS 28 to avoid a potential conflict with HKFRS 10 *Consolidated Financial Statements* and to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards*.

The directors of the Company is in the process of assessing the potential impact of the New HKFRSs but is not yet in a position to determine whether the New HKFRSs will have a significant impact on how its results of operations and financial position are prepared and presented. The New HKFRSs may result in changes in the future as to how the results and financial position are prepared and presented.

4. PRIOR YEARS ADJUSTMENTS

As disclosed in Note 22 to the consolidated financial statements, equity instruments listed in Hong Kong of approximately HK$1,947,000 (2014: HK$1,898,000) has been recognised as AFS financial assets. The changes in fair value of such equity instruments have been recognised as AFS financial assets revaluation reserve as included in the consolidated and the Company's statements of changes in equity. It has come to the attention of the directors of the Company that no impairment was made for the listed equity instruments since its acquisition. The directors of the Company have reassessed and notified a significant and prolonged decline in the fair value of the listed equity investments below its initial cost in the prior years. Therefore, it was considered that the listed equity instruments should be impaired and recorded in the consolidated statement of profit or loss and other comprehensive income in accordance to HKAS 39 *Financial Instruments: Recognition and Measurement.*

The following tables disclose the prior years adjustments that have been made in order to reflect the adjustments stated to each of the line items in the consolidated statement of profit or loss and other comprehensive income and the consolidated and the Company's statements of changes in equity as previously reported for the year ended 31 March 2014, and the consolidated and the Company's statements of changes in equity at 1 April 2013.

The Group

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	For the year ended 2014 HK'000
LOSS FOR THE YEAR	
Decrease in other gains and losses	405
Increase in loss for the year	405
OTHER COMPREHENSIVE INCOME	
Increase in fair value of AFS financial assets	405
Increase in other comprehensive income for the year	405
LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	
Increase in loss for the year attributable to owners of the Company	405
Increase in loss per share attributable to owners of the Company	
Basic and diluted (HK cents)	0.05

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

For the year ended 31 March 2015

4. PRIOR YEARS ADJUSTMENTS (continued)

The Group (continued)

Consolidated Statement of Changes in Equity

	As at 1 April 2013 HK$'000 (originally stated)	Adjustment HK$'000	As at 1 April 2013 HK$'000 (restated)	As at 31 March 2014 HK$'000 (originally stated)	Adjustment HK$'000	As at 31 March 2014 HK$'000 (restated)
AFS financial assets revaluation reserve	(2,917)	3,765	848	(4,141)	4,170	29
Accumulated losses	(195,033)	(3,765)	(198,798)	(201,943)	(4,170)	(206,113)
Total equity attributable to owners of the Company	2,663		2,663	178		178

The Company

Statement of Changes in Equity

	As at 1 April 2013 HK$'000 (originally stated)	Adjustment HK$'000	As at 1 April 2013 HK$'000 (restated)	As at 31 March 2014 HK$'000 (originally stated)	Adjustment HK$'000	As at 31 March 2014 HK$'000 (restated)
AFS financial assets revaluation reserve	(2,917)	3,765	848	(4,141)	4,170	29
Accumulated losses	(210,119)	(3,765)	(213,884)	(255,102)	(4,170)	(259,272)
Total equity attributable to owners of the Company	(1,192)		(1,192)	(43,263)		(43,263)

The amendment in AFS financial assets revaluation reserve would have no effect on the information in the consolidated and the Company's statements of financial position at the beginning and the end of the preceding period.

5. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates 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.

Impairment of AFS financial assets

The Group follows the guidance of HKAS 39 when determining whether an investment in AFS financial assets is other than temporarily impaired. This determination requires significant estimates. In making this estimates, the Group evaluates, among other factors, the duration and extent to which the fair value of an AFS financial asset is less than its cost, and the expected time span the Group will hold on to this investment.

Impairment of trade and other receivables

The Group estimates impairment losses for trade and other receivables resulting from the inability of the debtors to make the required payments. The Group bases the estimates on the ageing of the trade and other receivables balance, receivables creditworthiness, and historical write-off experience. If the financial conditions of the receivables were to deteriorate, actual write-offs would be higher than estimated.

Income tax

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

Deferred tax liability

The Group is subject to land appreciation tax ("LAT") in the PRC. The provision for LAT is based on management's best estimate according to its understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the disposal of its investment properties. The Group has not finalised its LAT calculation and payments with the tax authorities for the investment properties. The final outcome could be different from the amounts that were initially recorded, and any differences will have impact on the LAT expense and the related provision in the period in which the differences realise.

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

For the year ended 31 March 2015

5. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Realisability of deferred tax assets

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

As at 31 March 2015, the Group has unused tax losses of approximately HK$37,489,000 (2014: HK$37,732,000) that are available for offsetting against future taxable profits. Deferred tax asset arising from the unused tax losses has not been recognised in the consolidated financial statements as, in the opinion of the management, it is not probable to determine whether sufficient future profits will be available to utilise the tax losses.

Fair value of investment properties

The Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainly in the amount and timing of the cash flows.

The carrying amount of investment properties at 31 March 2015 was approximately HK$39,468,000 (2014: HK$37,800,000). Further details, including the key assumptions used for fair value measurements and a sensitivity analysis, are given in Note 21 to the consolidated financial statements.

6. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT

(a) Categories of financial instruments

The Group

	2015 HK$'000	2014 HK$'000
Financial assets		
AFS financial assets	2,131	2,082
Financial assets at FVTPL		
Held-for-trading investments	70,384	—
Held-to-maturity investments	—	780
Loans and receivables (including cash and cash equivalent)	235,840	30,198
Financial liabilities		
At amortised cost	1,222	67,211

The Company

	2015 HK$'000	2014 HK$'000
Financial assets		
AFS financial assets	1,947	1,898
Financial assets at FVTPL		
Held-for-trading investments	70,384	—
Loans and receivables (including cash and cash equivalent)	224,596	6,572
Financial liabilities		
At amortised cost	356	66,428

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

For the year ended 31 March 2015

6. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (continued)

(b) Financial risk management objectives and policies

The Group's principal financial instruments comprise AFS financial assets, financial assets at FVTPL, held-to-maturity investments and loans and receivables. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The main risks arising from the Group's financial instruments are market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and equity prices.

Market risk exposures are measured by sensitivity analysis.

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured. Details of sensitivity analysis for foreign currency risk, interest rate risk and price risk are set out below.

Foreign currency risk

Foreign exchange risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The majority of the Group's transactions and balances are denominated in HK$ and RMB, which are the functional currencies of the Company and its subsidiaries respectively.

The Group's assets and liabilities are mainly denominated in Hong Kong dollars, except certain bank balances and held-to-maturity investments which are denominated in RMB and United State dollars ("USD"). As Hong Kong dollar are pegged to USD, it is assumed that there would be no material currency risk exposure between these two currencies. The Group does not have any formal hedging policies.

6. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (continued)

(b) Financial risk management objectives and policies (continued)

***Market risk** (continued)*

Foreign currency risk (continued)

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Liabilities		Assets	
	2015 HK$'000	2014 HK$'000	**2015 HK$'000**	2014 HK$'000
RMB	**5,281**	4,781	**60,268**	66,226
USD	**—**	—	**1,046**	962

Sensitivity analysis

The Group is mainly exposed to the effect of fluctuation in RMB.

The following table details the Group's sensitivity to a 5% (2014: 5%) increase and decrease in HKD against RMB. The sensitivity analysis includes outstanding foreign currency denominated monetary items. A positive number below indicates an increase in profit or equity where the HKD strengthen 5% (2014: 5%) against RMB. For a 5% (2014: 5%) weakening of the HKD against RMB, there would be an equal and opposite impact on the profit or equity, and the balances below would be negative.

	Impact of RMB	
	2015 HK$'000	2014 HK$'000
Profit or loss (Note (i))	**396**	198
Equity (Note (ii))	**2**	76

Notes:

(i) This is mainly as a result of foreign exchange gains/losses on translation of RMB-denominated net assets, representing trade and other receivables, cash and cash equivalents and trade and other payables.

(ii) This is mainly as a result of translation differences between HK$ and RMB in relation to the Group's foreign currency transactions.

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

For the year ended 31 March 2015

6. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (continued)

(b) Financial risk management objectives and policies (continued)

***Market risk** (continued)*

Interest rate risk

The Group's cash flow interest rate risk relates primarily to the Group's variable interest bearing bank balances. The interest rate risk mainly arises from interest-bearing bank deposits. The Group did not enter into interest rate swap to hedge against its exposures.

Sensitivity analysis

At 31 March 2015, if interest rates on interest-bearing bank deposits had been 100 basis points (2014: 100 basis points) higher/lower with all other variables held constant, post-tax loss for the year would have been approximately HK$1,099,000 (2014: HK$226,000) higher/lower, as a result of higher/lower interest income on bank deposits.

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

Price risk

The Group is exposed to equity securities price risk because investments held by the Group are classified on the consolidated statement of financial position either as AFS financial assets or as held-for-trading investments. The Group's and the Company's listed investments are listed on the Hong Kong Stock Exchange and are valued at quoted market prices at the end of the reporting period. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio.

Sensitivity analysis

The following table demonstrates the sensitivity to every 5% (2014: 5%) change in the fair values of the equity investments, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting periods. For the AFS financial assets of the Group and the Company, the impact is on the AFS financial assets revaluation reserve and no account is given for factors such as impairment which might have impact on the consolidated statement of profit or loss and other comprehensive income.

— Loss before tax for the year ended 31 March 2015 would increase/decrease by approximately HK$3,519,000 (2014: Nil). This is mainly due to change in fair value of held-for-trading investments.

— AFS financial assets equity reserve of both the Group and the Company would increase/decrease by approximately HK$97,000 (2014: HK$95,000). This is mainly due to change in fair value of AFS financial assets.

The Group's and the Company's sensitivity to price risk have increased during the year mainly due to the increase in investments in held-for-trading investments.

6. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk

As at 31 March 2015 and 2014, the Group's and the Company's maximum exposure to credit risk is trade and other receivables and bank balances.

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

In respect of other receivables, the directors of the Company are of the opinion that the credit risk is low because there is no past default history.

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

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

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the directors of the Company, which has built an appropriate liquidity risk management framework to meet the Group's short, medium and long-term funding and liquidity management requirements.

The following tables detail the Group's and the Company's remaining contractual maturity for its financial liabilities which are included in the maturity analysis provided internally to the key management personnel for the purpose of managing liquidity risk. For non-derivative liabilities, the tables reflect the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The tables include both interest and principal cash flows.

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

For the year ended 31 March 2015

6. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The Group

	Weighted average effective interest rate %	Within 1 year HK$'000	2 to 5 years HK$'000	Total undiscounted amount HK$'000	Total carrying amount HK$'000
2015					
Non-derivative financial liability					
Trade and other payables	–	1,222	–	1,222	1,222

	Weighted average effective interest rate %	Within 1 year HK$'000	2 to 5 years HK$'000	Total undiscounted amount HK$'000	Total carrying amount HK$'000
2014					
Non-derivative financial liabilities					
Trade and other payables	–	1,859	–	1,859	1,859
Convertible bond	5.00	2,040	70,247	72,287	65,352
		3,899	70,247	74,146	67,211

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

For the year ended 31 March 2015

6. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The Company

	Weighted average effective interest rate %	Within 1 year HK$'000	2 to 5 years HK$'000	Total undiscounted amount HK$'000	Total carrying amount HK$'000
2015					
Non-derivative financial liability					
Other payables and accruals	–	356	–	356	356

	Weighted average effective interest rate %	Within 1 year HK$'000	2 to 5 years HK$'000	Total undiscounted amount HK$'000	Total carrying amount HK$'000
2014					
Non-derivative financial liabilities					
Other payables	–	1,076	–	1,076	1,076
Convertible bond	5.00	2,040	70,247	72,287	65,352
		3,116	70,247	73,363	66,428

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

For the year ended 31 March 2015

6. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (continued)

(c) Fair value estimation

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

(i) the fair value of financial assets and financial liabilities (including derivative instruments) with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices and ask prices respectively; and

(ii) the fair value of other financial assets and financial liabilities (including derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input. For an option-based derivative, the fair value is estimated using option pricing model (for example, the binomial option pricing model).

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

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. prices) or indirectly (i.e. derived from prices); and

— Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

6. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (continued)

(c) Fair value estimation (continued)

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

The Group and the Company

2015	**Level 1 HK$'000**	**Level 2 HK$'000**	**Level 3 HK$'000**	**Total HK$'000**
Financial assets				
Held-for-trading investments	**70,384**	**–**	**–**	**70,384**
AFS financial assets	**1,947**	**–**	**–**	**1,947**
	72,331	**–**	**–**	**72,331**

2014	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Financial assets				
AFS financial assets	1,898	–	–	1,898

There were no transfers between Levels 1 and 2 in both years.

(d) Capital risk management

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

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

Consistent with industry practice, the Group monitors its capital structure on the basis of a gearing ratio.

In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt. In view of the amount of cash and cash equivalents as compared to the total debts for the years ended 31 March 2015 and 2014, the directors of the Company did not find it necessary to restructure its share capital or adjust its total debts of the Group.

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

For the year ended 31 March 2015

6. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (continued)

(d) Capital risk management (continued)

Debt-to-equity ratio

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

The Group

	2015 HK$'000	2014 HK$'000
Liabilities		
Trade and other payables	**1,222**	1,859
Convertible bond	**–**	65,352
Total debts	**1,222**	67,211
Less: Cash and cash equivalents	**(131,695)**	(27,151)
Net (capital)/debt	**(130,473)**	40,060
Total equity (Note)	**346,514**	178
Net debt-to-equity ratio (times)	**N/A**	225

Note:

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

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

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

For the year ended 31 March 2015

7. SEGMENT INFORMATION

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

During the years ended 31 March 2015 and 2014, the Group mainly operated in the PRC and the Group's turnover are derived from the PRC and most of the assets of the Group are located in the PRC as at 31 March 2015 and 2014. No analysis of the Group's result by geographical area is disclosed.

At the end of the reporting period, non-current assets included property, plant and equipment and investment properties with carrying amount of approximately HK$39,528,000 (2014: HK$37,826,000) located in the PRC.

8. TURNOVER

The Group's turnover consists of sales of properties held for sale and rental income of investment properties, which are set out below:

	2015 **HK$'000**	2014 HK$'000
Sales of properties held for sale	**–**	401
Rental income of investment properties (Note)	**455**	416
	455	817

Note:

The Group reclassified the properties held for sale to investment properties during the year ended 31 March 2014. Rental income of approximately HK$455,000 and HK$416,000 respectively was generated from investment properties for the years ended 31 March 2015 and 2014.

9. OTHER REVENUE

	2015 **HK$'000**	2014 HK$'000
Interest income on bank deposits	**649**	682
Interest income on held-to-maturity investments	**43**	39
Dividend income from AFS financial assets	**30**	111
Management fee income	**75**	63
Sundry income	**101**	15
	898	910

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

For the year ended 31 March 2015

10. OTHER GAINS AND LOSSES

	2015 HK$'000	2014 HK$'000 (restated)
Exchange (losses)/gains	(52)	86
Gain on fair value change of investment properties (Note 21)	1,668	15,215
Loss on disposal of held-for-trading investments	(207)	—
Reversal of impairment loss on trade receivables (Note 26)	92	158
Impairment loss on AFS financial assets (Note 22)	(27)	(405)
Gain on fair value change of held-for-trading investments	10,587	—
	12,061	15,054

11. FINANCE COSTS

	2015 HK$'000	2014 HK$'000
Interest expenses on convertible bond	2,254	3,209
Others	—	5
	2,254	3,214

12. LOSS BEFORE TAXATION

	2015 HK$'000	2014 HK$'000
Loss before taxation has been arrived after charging:		
Auditors' remuneration	330	275
Cost of properties sold	—	500
Depreciation of property, plant and equipment	2	13
Operating lease payments	4,133	5,067
Directors' and chief executive's emoluments (Note 15)	3,820	4,196
Total staff costs, excluding directors' emoluments		
— Salaries and allowances	3,012	3,860
— Retirement benefits scheme contributions	108	132

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

For the year ended 31 March 2015

13. TAXATION

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2015 HK$'000	2014 HK$'000
Deferred tax liability (Note 30)	**417**	3,804

Hong Kong Profits Tax is calculated at 16.5% (2014: 16.5%) of the estimated assessable profit for the year. No provision for Hong Kong Profits Tax has been made as the Group had no chargeable profit for the years ended 31 March 2015 and 2014.

Taxation on profits derived in the PRC for subsidiaries has been calculated at the rate of tax prevailing in the PRC, Enterprise Income Tax rate, at 25% (2014: 25%), which is based on existing legislation, interpretations and practices in respect thereof.

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

	2015 HK$'000	2014 HK$'000 (restated)
Loss before taxation	**(4,795)**	(3,591)
Tax calculated at the applicable tax rates	**(684)**	685
Tax effect of non-deductible expenses	**677**	260
Tax effect of non-taxable income	**(1,943)**	(40)
Tax loss not recognised	**2,367**	2,899
Total tax expenses	**417**	3,804

(c) At the end of the reporting period, the Group has unused tax losses of approximately HK$37,489,000 (2014: HK$37,732,000) that are available for offsetting against future taxable profits. These tax losses have no expiry dates except for the tax losses of approximately HK$1,261,000 (2014: HK$1,505,000) which will expire at various dates up to and including year of 2020 (2014: year of 2019). Deferred tax asset arising from the unused tax losses has not been recognised in the consolidated financial statements as, in the opinion of the directors of the Company, it is not probable to determine whether sufficient future profits will be available to utilise the tax losses.

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

For the year ended 31 March 2015

14. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated loss attributable to owners of the Company includes a profit of approximately HK$5,913,000 (2014: loss of HK$5,974,000 (restated)) which has been dealt with in the financial statements of the Company. The amount excluded the reversal of impairment loss in amount due from subsidiaries (2014: impairment loss in amount due from subsidiaries) (Note 20).

15. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the six (2014: seven) directors and the chief executive for the years ended 31 March 2015 and 2014 were as follows:

2015

Name of Director/ Chief Executive Officer ("CEO")	Fee HK$'000	Salary and other benefits HK$'000	Contribution to pension scheme HK$'000	Total HK$'000
Executive Directors				
CHAN Chi Yuen	480	–	–	480
CHEN Domingo (appointed on 5 December 2014)	–	480	6	486
YEUNG Chun Wai, Anthony (appointed on 5 December 2014) *(Chairman and CEO)*	–	1,242	6	1,248
MOCK Wai Yin (resigned on 2 February 2015)	–	520	16	536
YU Shengming (resigned on 2 February 2015)	520	–	–	520
Non-Executive Directors				
CHEN Xiaoping (resigned on 30 December 2014)	120	–	–	120
Independent Non-Executive Directors				
LEE Chi Ming (appointed on 30 December 2014)	30	–	–	30
CHAN Chi Hung, Anthony (appointed on 30 December 2014)	30	–	–	30
JIANG Hongqing (appointed on 2 February 2015)	20	–	–	20
LING Kit Wah, Joseph (resigned on 30 December 2014)	100	–	–	100
NG Kwok Wai (resigned on 30 December 2014)	120	–	–	120
LEE Chi Wah, Joshua (resigned on 2 February 2015)	130	–	–	130
	1,550	2,242	28	3,820

15. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (continued)

2014

Name of Director/ Chief Executive Officer ("CEO")	Fee HK$'000	Salary and other benefits HK$'000	Contribution to pension scheme HK$'000	Total HK$'000
Executive Directors				
YU Shengming (appointed on 20 December 2013) *(Chairman)*	120	–	–	120
MOCK Wai Yin (appointed on 20 December 2013) *(CEO)*	–	120	4	124
CHAN Chi Yuen (appointed on 20 December 2013)	120	–	–	120
WU Siu Chung (resigned on 20 December 2013)	–	1,200	11	1,211
CHEN Xiaoping (resigned on 20 December 2013)	–	2,085	11	2,096
Non-Executive Directors				
CHEN Xiaoping (appointed on 20 December 2013)	30	–	–	30
Eduard William Rudolf Helmuth WILL (resigned on 20 December 2013)	90	–	–	90
CHEN Yuan Shou, Budiman (resigned on 14 January 2014)	94	–	–	94
Independent Non-Executive Directors				
LING Kit Wah, Joseph (appointed on 7 October 2013)	58	–	–	58
NG Kwok Wai (appointed on 20 December 2013)	30	–	–	30
LEE Chi Wah, Joshua (appointed on 20 December 2013)	30	–	–	30
David R. PETERSON (resigned on 8 May 2013)	13	–	–	13
LO Yuk Lam (resigned on 20 December 2013)	90	–	–	90
WONG Kam Wah (resigned on 20 December 2013)	90	–	–	90
	765	3,405	26	4,196

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

For the year ended 31 March 2015

15. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (continued)

During the years ended 31 March 2015 and 2014, there was no arrangement under which a director or CEO waived or agreed to waive any emoluments.

For both years ended 31 March 2015 and 2014, no emoluments were paid by the Group to the directors as an inducement to join, or upon joining the Group, or as compensation for loss of office.

16. SENIOR MANAGEMENT'S EMOLUMENTS AND INDIVIDUALS WITH HIGHEST EMOLUMENTS

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included three (2014: two) executive directors whose emoluments were reflected in the analysis presented in Note 15 to the consolidated financial statements. The emoluments of the remaining two (2014: three) individuals were as follows:

	2015	2014
	HK$'000	HK$'000
Salaries and other short-term employee benefits	**1,176**	1,554
Contribution to pension scheme	**26**	44
	1,202	1,598

The emoluments of the two (2014: three) individuals, included two (2014: three) senior management, with the highest emoluments are within the following band:

	Number of individuals	
	2015	2014
Nil to HK$1,000,000	**2**	3

16. SENIOR MANAGEMENT'S EMOLUMENTS AND INDIVIDUALS WITH HIGHEST EMOLUMENTS (continued)

(b) Senior management of the Company

The emoluments of the senior management of the Company are within the following band:

	Number of individuals	
	2015	2014
Nil to HK$1,000,000	**3**	3

During the year, bonus of approximately HK$334,000 (2014: HK$37,000) was paid to the five highest paid individuals of the Group. No emoluments were paid by the Group to any of the five highest paid individuals as an inducement to join, or upon joining the Group, or as a compensation for loss of office (2014: Nil).

17. DIVIDEND

The directors of the Company do not recommend the payment of dividend in respect of both years ended 31 March 2015 and 2014.

18. LOSS PER SHARE

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

Loss	**2015** **HK$'000**	2014 HK$'000 (restated)
Loss for the purpose of basic and diluted loss per share	**(5,212)**	(7,395)

Number of shares	**2015** **'000**	2014 '000 (restated)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**2,032,365**	816,710

The weighted average number of ordinary shares for the purpose of calculating basic loss per share for the year ended 31 March 2015 have been adjusted for the effect of rights issue completed on 30 October 2014. The rights issue has been reflected retrospectively by restating the opening number of ordinary shares at 1 April 2013.

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

For the year ended 31 March 2015

18. LOSS PER SHARE (continued)

The computation of diluted loss per share does not assume the conversion of the Company's outstanding convertible bond since their exercise would result in a decrease in loss per share from continuing operations for the year ended 31 March 2014.

The Company had no potential dilutive ordinary shares that were outstanding for the year ended 31 March 2015.

19. PROPERTY, PLANT AND EQUIPMENT

The Group

	Furniture and fixtures HK$'000	Computer equipment HK$'000	Motor vehicle HK$'000	Total HK$'000
AT COST				
At 1 April 2013	126	2	1,921	2,049
Disposals	—	—	(1,580)	(1,580)
Exchange adjustment	3	—	8	11
At 31 March 2014 and 1 April 2014	129	2	349	480
Additions	—	36	—	36
At 31 March 2015	129	38	349	516
ACCUMULATED DEPRECIATION				
At 1 April 2013	117	2	1,891	2,010
Charge for the year	—	—	13	13
Eliminated on disposals	—	—	(1,580)	(1,580)
Exchange adjustment	3	—	8	11
At 31 March 2014 and 1 April 2014	120	2	332	454
Charge for the year	—	2	—	2
At 31 March 2015	120	4	332	456
NET BOOK VALUE				
At 31 March 2015	**9**	**34**	**17**	**60**
At 31 March 2014	9	—	17	26

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

For the year ended 31 March 2015

19. PROPERTY, PLANT AND EQUIPMENT (continued)

The Company

	Computer equipment HK$'000	Motor vehicle HK$'000	Total HK$'000
AT COST			
At 1 April 2013	—	1,580	1,580
Disposals	—	(1,580)	(1,580)
At 31 March 2014 and 1 April 2014	—	—	—
Additions	30	—	30
At 31 March 2015	**30**	**—**	**30**
ACCUMULATED DEPRECIATION			
At 1 April 2013	—	1,580	1,580
Eliminated on disposals	—	(1,580)	(1,580)
At 31 March 2014 and 1 April 2014	—	—	—
Charge for the year	2	—	2
At 31 March 2015	2	—	2
NET BOOK VALUE			
At 31 March 2015	**28**	**—**	**28**
At 31 March 2014	—	—	—

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

For the year ended 31 March 2015

20. INTERESTS IN SUBSIDIARIES

The Company

	2015 HK$'000	2014 HK$'000
Unlisted investment, at cost	**52,925**	52,925
Amounts due from subsidiaries (Note (i))	**131,187**	132,009
Less: Provision for impairment (Note (ii))	**(169,861)**	(170,683)
	14,251	14,251

The movement of provision for impairment loss on amounts due from subsidiaries is as follows:

	2015 HK$'000	2014 HK$'000
At the beginning of the year	**170,683**	131,189
Impairment loss recognised	**—**	39,494
Reversal of impairment loss	**(822)**	—
	169,861	170,683

Notes:

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

(ii) Reversal of impairment loss of approximately HK$822,000 was recognised during the year ended 31 March 2015 due to settlement from subsidiaries (2014: An impairment loss of approximately HK$39,494,000 was recognised due to the repeated losses of the subsidiaries).

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

For the year ended 31 March 2015

20. INTERESTS IN SUBSIDIARIES (continued)

Particulars of the Group's subsidiaries as at 31 March 2015 and 2014 are as follows:

Direct subsidiaries	Place of incorporation/ operation	Issued and paid-up capital/ registered capital	Percentage of equity interests attributable to the Company 2015	2014	Principal activities
Benelux Property Development (Shanghai) Limited	The PRC	US$5,000,000	**100%**	100%	Property development
Benelux (Far East) Company Limited	Hong Kong	100 ordinary shares of HK$1 each	**100%**	100%	Investment holding
Sunshine Universal Development Limited	The British Virgin Islands	1 ordinary share of US$1 each	**100%**	100%	Inactive
Happy Universal Investment Limited	The British Virgin Islands	1 ordinary share of US$1 each	**100%**	100%	Investment holding
South East Property (Shandong) Limited	The PRC	RMB15,000,000	**100%**	100%	Property development
Perfect Gold Investments Limited	Hong Kong	2 ordinary shares of HK$1 each	**100%**	100%	Inactive
Ricco Mining Investment Limited	Hong Kong	1 ordinary share of HK$1 each	**100%**	100%	Inactive

Indirect subsidiaries	Place of incorporation/ operation	Issued and paid-up capital/ registered capital	Effective equity interest 2015	2014	Principal activities
Shanghai Kaiyuen Computer Company Limited (Note)	The PRC	RMB500,000	**100%**	100%	Inactive
Excel Profit International Investment Limited	The British Virgin Islands	1 ordinary share of US$1 each	**100%**	100%	Inactive

None of the subsidiaries had issued any debt securities at 31 March 2015 or at any time during the year (2014: Nil).

Note:

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

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

For the year ended 31 March 2015

21. INVESTMENT PROPERTIES

The Group

	2015 HK$'000	2014 HK$'000
At 1 April	**37,800**	—
Reclassification from properties held for sale (Note 25)	**—**	21,922
Gain on fair value change of investment properties (Note 10)	**1,668**	15,215
Exchange difference	**—**	663
	39,468	37,800

The Group reclassified the properties held for sale to investment properties during the year ended 31 March 2014. At the end of the reporting period, the Group measures its investment properties at fair value. The fair value of the Group's investment properties as at 31 March 2015 has been determined on the basis of valuation carried out by Grant Sherman Appraisal Limited (2014: Savills Valuation and Professional Services Limited), a firm of independent professional valuers, by using an income capitalisation approach. The changes in fair values were included in the consolidated statement of profit or loss and other comprehensive income.

Investment properties are situated in the PRC for rental purpose under medium term leases.

(a) Amounts recognised in profit or loss for investment properties

The Group

	2015 HK$'000	2014 HK$'000
Rental income	**455**	416
Direct operating expenses from properties that generated rental income	**(80)**	(74)
Direct operating expenses from properties that did not generated rental income	**(161)**	(140)
	214	202

(b) Valuation techniques

Valuation was based on income capitalisation approach which takes into account the current rent passing of the property interest and the reversionary potential of the tenancies.

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

For the year ended 31 March 2015

21. INVESTMENT PROPERTIES (continued)

(c) Information about fair value measurement

Fair value hierarchy

The different levels of fair value have been defined in Note 2(b) of the consolidated financial statements.

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 March 2015 using			
	Quoted prices in active markets (Level 1) HK$'000	**Significant observable inputs (Level 2) HK$'000**	**Significant unobservable inputs (Level 3) HK$'000**	**Total HK$'000**
Investment properties in the PRC	**–**	**–**	**39,468**	**39,468**

	Fair value measurement as at 31 March 2014 using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Investment properties in the PRC	–	–	37,800	37,800

There were no transfers between level 1, 2 and 3 during the year.

The reconciliation for fair value measurements categorised with level 3 of the fair value hierarchy is the same as the table presented above.

(d) Valuation processes of the Group

The Group's investment properties were valued at 31 March 2015 by the independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

The management reviews the valuations performed by the independent valuers for financial reporting purposes at least once every six months, in line with the Group's interim and annual reporting dates.

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

For the year ended 31 March 2015

21. INVESTMENT PROPERTIES (continued)

(d) Valuation processes of the Group (continued)

At each financial year end, the management:

— verifies all major inputs to the independent valuation report;

— assess property valuations movements when compared to the prior year valuation report; and

— holds discussions with the independent valuers.

The following table gives information about how the fair values of the investment properties are determined for the years ended 31 March 2015 and 2014:

2015

Investment properties held by the Group	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs for fair value
Investment properties in the PRC	Income capitalisation approach	Market rent per month (per square meter)	RMB16-RMB30 per square meter	The higher market rent, the higher fair value.
		Capitalisation rate (Reversionary yield (%))	5.5% per annum	The higher capitalisation rate, the lower fair value.

2014

Investment properties held by the Group	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs for fair value
Investment properties in the PRC	Income capitalisation approach	Market rent per month (per square meter)	RMB17.3-RMB31.4 per square meter	The higher market rent, the higher fair value.
		Capitalisation rate (Reversionary yield (%))	6% per annum	The higher capitalisation rate, the lower fair value.

The Group believes that possible changes in the input values would not cause significant change in fair value of the investment properties. There was no change in the valuation technique during the year.

The future aggregate minimum rental receivables under non-cancellable operating leases are as follows:

The Group

	2015 HK$'000	2014 HK'000
No later than one year	215	22

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

For the year ended 31 March 2015

21. INVESTMENT PROPERTIES (continued)

(d) Valuation processes of the Group (continued)

The particulars of the investment properties during the years ended 31 March 2015 and 2014 are as follows:

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

22. AVAILABLE-FOR-SALE FINANCIAL ASSETS

The Group

	2015 HK$'000	2014 HK'000
Listed equity investments in Hong Kong, at fair value (Note (i))	1,947	1,898
Unlisted equity investments, at cost (Note (ii))	184	184
Analysed for reporting purposes as:		
Non-current assets	2,131	2,082

The Company

	2015 HK$'000	2014 HK'000
Listed equity investments in Hong Kong, at fair value (Note (i))	1,947	1,898
Analysed for reporting purposes as:		
Non-current assets	1,947	1,898

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

Notes:

(i) The fair value of the Group's listed equity investments are based on quoted market price. The directors of the Company assessed and considered that prolonged decline in the fair value below initial cost occurred in one of the listed equity instruments. An impairment loss of HK$27,000 (2014: HK$405,000 (restated)) has been recognised in the consolidated statement of profit or loss and other comprehensive income as disclosed in Note 10.

(ii) Unlisted equity investments are measured at cost less impairment for both years ended 31 March 2015 and 2014 since there was no quoted market price in an active market for the shares and the directors of the Company were of the opinion that their fair values cannot be reliably measured. The directors of the Company conduct a regular review on the performance of the investee companies and considered that no further adjustment will be needed on the provision amount of impairment loss of approximately HK$1,766,000 that has been recognised since 2005.

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

For the year ended 31 March 2015

23. HELD-FOR-TRADING INVESTMENTS

The Group and the Company

	2015 HK$'000	2014 HK'000
Held-for-trading:		
Equity securities, at fair value		
— listed in Hong Kong	**70,384**	—
Analysed for reporting purposes as:		
Current assets	**70,384**	—

The fair values of the listed equity securities have been determined by reference to published price quotation in active markets.

24. HELD-TO-MATURITY INVESTMENTS

The Group

	2015 HK$'000	2014 HK'000
Promissory note (Note)	**–**	780
Analysed for reporting purposes as:		
Current assets	**–**	780

Note:

The promissory note represents an unlisted security which bears interest at 5% per annum and was initially matured in March 2008. The mature date has been subsequently extended until 15 December 2014. The carrying amounts of held-to-maturity investments were denominated in USD.

On 9 February 2015, the outstanding principal and interest amounting to USD100,000 and USD5,555 respectively was fully received.

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

For the year ended 31 March 2015

25. PROPERTIES HELD FOR SALE

Properties held for sale are developed commercial properties in the PRC. The Group's properties held for sale were reclassified to investment properties during the year ended 31 March 2014. The movements are as follows:

The Group

	2015 HK$'000	2014 HK'000
At 1 April	–	22,318
Cost of properties sold	–	(396)
Reclassification to investment properties (Note 21)	–	(21,922)
	–	–

26. TRADE AND OTHER RECEIVABLES

The Group

	2015 HK$'000	2014 HK'000
Trade receivables	984	1,076
Less: Provision for impairment	(984)	(1,076)
Trade receivables, net of provision	–	–
Deposits and other receivables (Note)	107,267	3,104
Prepayments	1,147	445
	108,414	3,549

The Company

	2015 HK$'000	2014 HK'000
Deposits and other receivables (Note)	107,042	1,347
Prepayments	1,139	444
	108,181	1,791

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

For the year ended 31 March 2015

26. TRADE AND OTHER RECEIVABLES (continued)

Note:

Deposits mainly include rental deposit of approximately HK$3,323,000 (2014: HK$1,135,000) and deposit for office renovation of approximately HK$1,347,000 (2014: Nil). Other receivables mainly include HK$100,000,000 (2014: Nil) refundable earnest money for the two acquisitions in PRC. Details of the two acquisitions please refer to the announcements of the Company dated 26 February 2014 and 24 December 2014.

The Group normally allows an average credit period of over 90 days to customers. Impairment losses in respect of trade receivables are recorded using a provision account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

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

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

	2015	2014
	HK$'000	HK'000
At 1 April	**1,076**	1,206
Reversal of impairment loss (Note 10)	**(92)**	(158)
Exchange difference	**—**	28
At 31 March	**984**	1,076

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being unrelated.

Included in the provision for impairment of trade receivables are amount of approximately HK$984,000 (2014: HK$1,076,000) which are overdue receivables. The impairment recognised represents the difference between the carrying amount and the present value of these trade receivables. The Group does not hold any collateral over these balances. Other classes within trade and other receivables do not contain impaired assets.

27. CASH AND CASH EQUIVALENTS

The Group

	2015 HK$'000	2014 HK'000
Cash and bank balances	**131,695**	27,151

The Company

	2015 HK$'000	2014 HK'000
Cash and bank balances	**120,618**	5,225

Included in cash and bank balances as at 31 March 2015 is an amount denominated in RMB of approximately RMB16,304,000 (equivalent to approximately HK$20,543,000) (2014: RMB21,137,000 (equivalent to HK$26,633,000)). Remittance of RMB out of the PRC is subject to exchange restrictions imposed by the PRC government.

28. TRADE AND OTHER PAYABLES

The Group

	2015 HK$'000	2014 HK'000
Trade payables	**334**	334
Other payables and accruals	**888**	1,525
	1,222	1,859

The Company

	2015 HK$'000	2014 HK'000
Other payables and accruals	**356**	1,076

The average credit period on trade payables is over 90 days. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe. All trade payables of the Group were aged over twelve months based on the invoice issue date.

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

For the year ended 31 March 2015

29. CONVERTIBLE BOND

The Group and the Company

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

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

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

The Convertible Bond was transferred from Loyal Delight Group Limited ("Loyal Delight") to Viva Shine Limited ("Viva Shine") on 20 December 2013. It was then deposited and transferred to Kingston Securities Limited ("Kingston") on 23 December 2013 without change in beneficial ownership.

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

On 12 December 2014, the Company received a notice from Kingston for exercising the conversion rights attaching to the Convertible Bond to convert the outstanding principal amount of HK$68,000,000 in full at the conversion price of HK$0.16 per conversion share. Accordingly, the Company issued 425,000,000 new shares to Kingston and the conversion of Convertible Bond was completed on 17 December 2014.

Upon the conversion, the Company derecognised the liability component of approximately HK$66,198,000 and transferred this amount with equity component (equity component convertible bond reserve) of approximately HK$5,888,000 into share capital and share premium with the amount of HK$42,500,000 and approximately HK$29,586,000 respectively, using the method in consistency with that used initially to allocate the net proceeds on the Convertible Bond issuance date.

29. CONVERTIBLE BOND (continued)

The Group and the Company (continued)

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

	2015 HK$'000	2014 HK'000
Nominal value of the Convertible Bond	**68,000**	68,000
Equity component	**(5,888)**	(5,888)
Liability component		
— Liability component	**62,112**	62,112
— Interest expenses	**4,086**	3,240
Conversion of Convertible Bond	**(66,198)**	—
Total liability component	**—**	65,352
Analysed for reporting purposes as:		
Current liabilities	**—**	2,040
Non-current liabilities	**—**	63,312
	—	65,352

30. DEFERRED TAX LIABILITY

The Group

Deferred tax liability is recognised for the temporary difference on recognition of fair value gain of investment properties. The movement on the deferred tax liability is as follows:

	2015 HK$'000	2014 HK'000
At 1 April	**3,834**	—
Charge of the year (Note 13)	**417**	3,804
Exchange difference	**—**	30
At 31 March	**4,251**	3,834

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

For the year ended 31 March 2015

31. SHARE CAPITAL

	Number of shares		Share capital	
	2015	2014	**2015**	2014
	'000	'000	**HK$'000**	HK$'000
Ordinary shares of HK$0.10 each				
Authorised:				
Balance at the beginning and at the end of the year	**4,000,000**	4,000,000	**400,000**	400,000
Issued and fully paid:				
Balance at the beginning of the year	**364,956**	351,259	**36,496**	35,126
Rights issue (Note (i))	**2,919,647**	—	**291,964**	—
Conversion of Convertible Bond (Notes (ii) and 29)	**425,000**	—	**42,500**	—
Share options exercised	**—**	13,697	**—**	1,370
Balance at the end of the year	**3,709,603**	364,956	**370,960**	36,496

Notes:

(i) On 30 October 2014, the Company completed the rights issue on the basis of eight rights shares for every one share held on the record date. Approximately 2,919,647,000 shares were issued at a subscription price of HK$0.1 per rights share. No share premium had credited to share premium account. The net proceeds of approximately HK$285,307,000 are intended to be used for financing the proposed acquisition of the Properties in Shenzhen, the PRC, and for continual development. Details of the rights issue were set out in the Company's announcement dated 25 September 2014 and 29 October 2014.

(ii) On 17 December 2014, the bondholder of the Convertible Bond has completed the conversion of Convertible Bond with principal amount of HK$68,000,000 in full into 425,000,000 shares at the conversion price of HK$0.16 per share. This conversion resulted in conversion into approximately 11.46% of ordinary shares of the issued share capital of the Company.

All the share issued during the year rank pari passu with the then existing share in all respects.

32. RESERVES

(a) The Group

The amounts of the Group's reserves and the movement therein for the current and prior years are presented in the consolidated statement of changes in equity on page 36 of the consolidated financial statements.

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

32. RESERVES (continued)

(b) The Company

	Share premium HK$'000 Note 32(c)(i)	Available for-sale financial assets revaluation reserve HK$'000 Note 32(c)(ii)	Equity component convertible bond HK$'000 Note 32(c)(iii)	Contributed surplus reserve HK$'000 Note 32(c)(v)	Employee share option reserve HK$'000 Note 32(c)(vi)	Accumulated losses HK$'000	Total HK$'000
At 1 April 2013							
As originally stated	11,337	(2,917)	5,888	157,955	1,538	(210,119)	(36,318)
Prior years' adjustment (Note 4)	–	3,765	–	–	–	(3,765)	–
As restated	11,337	848	5,888	157,955	1,538	(213,884)	(36,318)
Loss for the year (restated)	–	–	–	–	–	(45,468)	(45,468)
Other comprehensive loss:							
Change in fair value of AFS financial assets (Note 4)	–	(819)	–	–	–	–	(819)
Total comprehensive loss for the year	–	(819)	–	–	–	(45,468)	(46,287)
Exercise of share options by owners	4,304	–	–	–	(1,458)	–	2,846
Cancellation of share options by owners	–	–	–	–	(80)	80	–
At 31 March 2014 (restated)	15,641	29	5,888	157,955	–	(259,272)	(79,759)
At 1 April 2014 (restated)	15,641	29	5,888	157,955	–	(259,272)	(79,759)
Profit for the year	–	–	–	–	–	6,735	6,735
Other comprehensive income:							
Change in fair value of AFS financial assets	–	76	–	–	–	–	76
Total comprehensive income for the year	–	76	–	–	–	6,735	6,811
Rights issue expenses	(6,657)	–	–	–	–	–	(6,657)
Issue of shares upon conversion of convertible bond (Note 29)	29,586	–	(5,888)	–	–	–	23,698
At 31 March 2015	**38,570**	**105**	**–**	**157,955**	**–**	**(252,537)**	**(55,907)**

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

For the year ended 31 March 2015

32. RESERVES (continued)

(c) Nature and purpose of reserves

(i) Share premium

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

(ii) AFS financial assets revaluation reserve

The fair value reserve comprises the cumulative net change in the fair value of AFS financial assets held at the end of the reporting period and is dealt with in accordance with the accounting policies in Note 2(h) and Note 22 to the consolidated financial statements.

(iii) Equity component convertible bond

The capital reserve represents the value of the unexercised equity component of convertible bond issued by the Company recognised in accordance with the accounting policy adopted for Convertible Bond in Note 29 to the consolidated financial statements.

(iv) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the consolidated financial statements of the Group. The reserve is dealt with in accordance with the accounting policies set out in Note 2(t) to the consolidated financial statements.

(v) Contributed surplus reserve

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

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

(vi) Employee share option reserve

The employee share option reserve comprised the fair value of share options granted which were yet to be exercised, as further explained in the accounting policy for share option scheme in Note 2(p) to the consolidated financial statements.

33. SHARE OPTION SCHEME

The Company adopted a share option scheme on 7 November 2003 (the "Scheme"), which was subsequently terminated pursuant to a resolution passed by the Company's shareholders on 7 August 2013. A new share option scheme (the "New Scheme") in place of the Scheme was adopted pursuant to such resolution with effect from 7 August 2013 for a period of 10 years. The following is a summary of the Scheme:

(a) Purpose

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

(b) Participants

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

(c) Total number of shares available for issue

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

(d) Maximum entitlement of each participant

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

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

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

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33. SHARE OPTION SCHEME (continued)

(e) Option period

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

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

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

(g) Payment on acceptance of the option

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

(h) Basis of determining the exercise price

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

(i) Remaining life of the Scheme

The New Scheme will remain valid for a period of ten years commencing on 7 August 2013 unless otherwise terminated by resolution of shareholders in general meeting.

(j) Estimated fair value of share options

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

Fair value of share options and assumptions:

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

33. SHARE OPTION SCHEME (continued)

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

The Company did not grant any share options that no share options expense was recognised during the year (2014: Nil).

The share options exercised during the year ended 31 March 2014 resulted in the issue of 13,697,000 new ordinary shares of the Company and an increase in issued share capital of HK$1,370,000 and a share premium of HK$4,304,000.

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

The following share options are outstanding under the Scheme during the year ended 31 March 2014:

	Weighted average exercise price per share HK$	Number of options '000
At 1 April	0.3117	14,389
Movements during the year:		
— Exercised	0.1060	(3,965)
— Exercised	0.3900	(9,732)
— Cancelled	0.3900	(692)
At 31 March	—	—

There are no outstanding share options as at the end of the reporting period (2014: Nil).

No share options have been granted, exercised, cancelled or lapsed under the New Scheme since its adoption on 7 August 2013.

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For the year ended 31 March 2015

33. SHARE OPTION SCHEME (continued)

The following table discloses movements of the Company's share options held by directors of the Company under the Scheme during the year ended 31 March 2014:

Participants	Date of grant	Exercisable period	Exercise price per share* HK$	Number of share options: At 1 April 2013	Granted during the year	Exercised during the year	Lapsed during the year	At 31 March 2014
Directors								
WU Siu Chung (resigned on 20 December 2013)	09/03/2011	09/03/2011 – 08/03/2014	0.390	3,000,000	–	(3,000,000)	–	–
CHEN Xiaoping (resigned on 30 December 2014)	09/03/2011	09/03/2011 – 08/03/2014	0.390	2,500,000	–	(2,500,000)	–	–
Eduard William Rudolf Helmuth WILL (resigned on 20 December 2013)	09/03/2011	09/03/2011 – 08/03/2014	0.390	2,500,000	–	(2,500,000)	–	–
CHEN Yuan Shou, Budiman	18/12/2003	18/12/2005 – 17/12/2015	0.106	3,305,000	–	(3,305,000)	–	–
(resigned on 14 January 2014)	09/03/2011	09/03/2011 – 08/03/2014	0.390	346,000	–	–	(346,000)	–
				3,651,000	–	(3,305,000)	(346,000)	–
LO Yuk Lam	18/12/2003	18/12/2005 – 17/12/2015	0.106	330,000	–	(330,000)	–	–
(resigned on 20 December 2013)	09/03/2011	09/03/2011 – 08/03/2014	0.390	346,000	–	(346,000)	–	–
				676,000	–	(676,000)	–	–
WONG Kam Wah	18/12/2003	18/12/2005 – 17/12/2015	0.106	330,000	–	(330,000)	–	–
(resigned on 20 December 2013)	09/03/2011	09/03/2011 – 08/03/2014	0.390	346,000	–	(346,000)	–	–
				676,000	–	(676,000)	–	–
David R. PETERSON (resigned on 8 May 2013)	09/03/2011	09/03/2011 – 08/03/2014	0.390	346,000	–	–	(346,000)	–
Employees and others	09/03/2011	09/03/2011 – 08/03/2014	0.390	1,040,000	–	(1,040,000)	–	–
Total				14,389,000	–	(13,697,000)	(692,000)	–

* Share options under the Scheme have been fully exercised before the completion of rights issue during the year. Therefore, the exercise price per share has not taken into account for the effect of rights issue.

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For the year ended 31 March 2015

34. OPERATING LEASE ARRANGEMENT

At 31 March 2015 and 2014, the Group had the total future minimum lease payments under non-cancellable operating leases with respect of office premises as follows:

The Group

	2015 HK$'000	2014 HK'000
No later than one year	10,146	5,647
Within the second to fifth years inclusive	13,085	3,217
	23,231	8,864

The Company

	2015 HK$'000	2014 HK'000
No later than one year	9,977	5,299
Within the second to fifth years inclusive	13,085	3,091
	23,062	8,390

35. COMPANIES EXCLUDED FROM CONSOLIDATION

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

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

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

For the year ended 31 March 2015

35. COMPANIES EXCLUDED FROM CONSOLIDATION (continued)

Details of the companies excluded from consolidation as at 31 March 2015 and 2014 are as follows:

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

Notes:

(i) Benelux Manufacturing Limited (in liquidation) ("BML") is excluded from consolidation because severe restrictions which significantly impaired control by the Group over BML's assets and operations.

(ii) Prime Standard Limited ("PSL") which is a subsidiary of BML, is excluded from consolidation because the Group's control over PSL has been significantly impaired following the appointment of provisional liquidators to BML.

(iii) P.T. Beneluxindo ("PTB") which is a wholly owned subsidiary of BML, is excluded from consolidation because the Group's control over PTB has been significantly impaired following the appointment of provisional liquidators to BML.

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

	2015 HK$'000	Previous years since acquisition HK$'000
Dealt with in the consolidated financial statements of the Group	–	(46,232)
Not dealt with in the consolidated financial statements of the Group	–	(244,391)

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

For the year ended 31 March 2015

36. RELATED PARTY TRANSACTIONS

Other than those disclosed in the notes elsewhere to the consolidated financial statements, the Group had not entered into transactions with related parties for the year ended 31 March 2015.

The Group received from Ricco Capital (Holdings) Limited ("Ricco"), a company wholly owned by the former chairman of the Group, administrative services fees income for the provision of registered office address, in a total amount of HK$9,000 during the year ended 31 March 2014.

Key management compensation

	2015 HK$'000	2014 HK$'000
Salaries and other short-term employee benefits	5,163	5,724
Employer's contribution to pension scheme	60	70
	5,223	5,794

The emoluments of directors and other members of key management are determined by the remuneration committee having regard to the performance of individuals and market trends.

37. EVENTS AFTER THE END OF THE REPORTING PERIOD

(a) On 9 February 2015, the China Minsheng Jiaye Investment Co., Ltd. ("Share Subscriber") and the Company entered into the Share Subscription Agreement pursuant to which the Share Subscriber has conditionally agreed to subscribe for 6,500 million new Shares with nominal value of HK$0.2 issued by the Company under specific mandate (collectively referred as to the "Share Subscription"). On the same date, Honghu Capital Company Limited ("CB Subscriber") and the Company entered into the subscription agreement of convertible bonds ("CB") pursuant to which the CB Subscriber has conditionally agreed to subscribe for a zero coupon convertible bonds in an aggregate principal amount of HK$200 million issued by the Company (collectively referred as to the "CB Subscription").

Upon the successful granting of approval by the shareholders at 18 May 2015, completion of Share Subscription and CB Subscription took place at 27 May 2015. On completion date, 6,500 million subscription Shares had successfully been issued and allotted to Jiayao Global Investments Limited, a wholly owned subsidiary of Share Subscriber and principal amount of HK$200 million CB had been issued to CB Subscriber. The authorised share capital of the Company increased from HK$400 million to HK$2,500 million, details can be referred to the poll result announcement of the Company dated 18 May 2015.

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

For the year ended 31 March 2015

37. EVENTS AFTER THE END OF THE REPORTING PERIOD (continued)

(b) On 23 April 2015, the Company entered into the note subscription agreement with Mingzhu Construction Engineering Group (Hong Kong) Limited (the "Issuer") and Mingzhu Construction Engineering Co., Ltd. (the "Guarantor"), pursuant to which the Company conditionally agreed to subscribe for the guaranteed note in the principal amount of HK$250,000,000 with a coupon rate of 4.80% per annum (collectively referred as to the "Note Subscription"). The Note Subscription was approved by the Company's shareholders on 18 May 2015. Details can be referred to the announcement and the circular of the Company dated 23 April 2015 and 30 April 2015 respectively.

(c) On 28 April 2015, Benelux Property Development (Shanghai) Limited ("Benelux"), a subsidiary of the Company, together with China Minsheng Zhuyou Co., Ltd. ("Zhuyou"), a subsidiary of Share Subscriber, entered into a memorandum of understanding ("MOU") with Shanghai Zhao Nian Heavy Machinery Co., Ltd. (the "Vendor") in relation to the proposed acquisition of certain assets in Shanghai. Pursuant to the MOU, Benelux has conditionally agreed to acquire from the Vendor a parcel of land in Shanghai, together with the factory compound erected on such land parcel. The total consideration for the proposed acquisition will be RMB82 million, details can be referred to the announcement of the Company dated 28 April 2015.

(d) On 13 May 2015, the Company, together with Zhuyou, entered into a MOU with Shenzhen Superwatt Power Technology Co., Ltd. ("Superwatt") in relation to the proposed acquisition of the entire equity interest in Huizhou City Superwatt Power Technology Co., Ltd. (the "Target Company"). The principal assets of the Target Company comprise a parcel of land with an existing production facility located in Huizhou City, and certain equipment for the purpose of manufacturing pre-cast construction units and materials. The total consideration for the proposed acquisition will be RMB72 million, details can be referred to the announcement of the Company dated 13 May 2015.

(e) The financial year end date of the Company has been changed from 31 March to 31 December commencing from the financial period ending on 31 December 2015. For reasons of the change, please refer to the announcement of the Company dated 22 May 2015.

38. COMPARATIVE FIGURES

As a result of the prior years adjustments, certain comparative figures have been adjusted to conform to current year's presentation and to provide comparative amounts. Further details of these corrections are disclosed in Note 4. Furthermore, certain comparative figures have been reclassified to conform with the current year's presentation.

39. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 18 June 2015.

FIVE YEAR FINANCIAL SUMMARY

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

	For the year ended 31 March				
	2011	2012	2013	2014	**2015**
	HK$'000	HK$'000	HK$'000	HK$'000 (restated)	**HK$'000**
Results					
Turnover	1,383	940	732	817	**455**
Loss before taxation	(19,859)	(16,717)	(16,428)	(3,591)	**(4,795)**
Taxation	(15)	(147)	(429)	(3,804)	**(417)**
Loss after taxation	(19,874)	(16,864)	(16,857)	(7,395)	**(5,212)**
Loss attributable to owners of the Company	(19,874)	(16,864)	(16,857)	(7,395)	**(5,212)**

	For the year ended 31 March				
	2011	2012	2013	2014	**2015**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Assets and liabilities					
Total assets	99,459	86,498	69,826	71,388	**352,152**
Total liabilities	(70,776)	(66,255)	(67,163)	(71,210)	**(5,638)**
Total equity	28,683	20,243	2,663	178	**346,514**