SOUTH EAST GROUP LIMITED
（東南國際集團有限公司）*

(Incorporated in Bermuda with limited liability)

(Stock Code: 726)

ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2014

AUDITED RESULTS

The board of directors (the "Directors") of South East Group Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2014 with comparative figures for the previous corresponding year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2014

	Note	**2014** **HK$'000**	2013 HK$'000
Turnover	*3*	**817**	732
Cost of properties sold		**(500)**	(354)
GROSS PROFIT		**317**	378
Fair value gains on investment properties	*9*	**15,215**	—
Other revenues	*4*	**1,154**	2,773
Selling and distribution costs		**(26)**	(16)
Administrative expenses		**(16,632)**	(16,407)
PROFIT/(LOSS) FROM OPERATIONS		**28**	(13,272)
Finance costs	*5*	**(3,214)**	(3,156)
LOSS BEFORE TAXATION	*6*	**(3,186)**	(16,428)
Taxation	*7(a)*	**(3,804)**	(429)
LOSS FOR THE YEAR		**(6,990)**	(16,857)

* *For identification purposes only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(Continued)
For the year ended 31 March 2014

	Note	**2014**	2013
		HK$'000	*HK$'000*
OTHER COMPREHENSIVE INCOME/(LOSS)			
Items that may be reclassified subsequently to profit or loss:			
Translation differences		**1,513**	452
Change in fair value of available-for-sale financial assets		**(1,224)**	(1,175)
Other comprehensive income/(loss) for the year		**289**	(723)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(6,701)**	(17,580)
LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		**(6,990)**	(16,857)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		**(6,701)**	(17,580)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic and diluted (cents)	*8*	**(1.97)**	(4.80)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2014

	Note	2014 HK$'000	2013 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**26**	39
Goodwill		**—**	—
Investment Properties	9	**37,800**	—
Available-for-sale financial assets		**2,082**	3,306
Total non-current assets		**39,908**	3,345
CURRENT ASSETS			
Held-to-maturity investments		**780**	780
Properties held for sale		**—**	22,318
Trade and other receivables	10	**3,549**	3,528
Cash and cash equivalents		**27,151**	39,855
Total current assets		**31,480**	66,481
CURRENT LIABILITIES			
Trade and other payables	11	**1,859**	2,815
Tax payable	7(b)	**165**	165
Convertible bond	12	**2,040**	2,040
Total current liabilities		**4,064**	5,020
NET CURRENT ASSETS		**27,416**	61,461
TOTAL ASSETS LESS CURRENT LIABILITIES		**67,324**	64,806
NON-CURRENT LIABILITIES			
Convertible bond	12	**63,312**	62,143
Deferred tax liability	13	**3,834**	—
Total non-current liabilities		**67,146**	62,143
NET ASSETS		**178**	2,663
EQUITY			
Equity attributable to owners of the Company:			
Share capital		**36,496**	35,126
Reserves		**(36,318)**	(32,463)
TOTAL EQUITY		**178**	2,663

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

1. BASIS OF PREPARATION

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

These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain investments and properties which are carried at their fair values.

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

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting year of the Group. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

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

(a) Amendments and interpretations to existing standards effective for the Group's annual financial year beginning on 1 April 2013 and relevant to the Group

The Group has applied the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA in the current year:

HKAS 1 (Revised)	Presentation of financial statements
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate financial statements
HKFRS 10	Consolidated financial statements
HKFRS 13	Fair value measurement
Amendments to HKFRS 7	Financial instruments: Disclosures — Offsetting financial assets and financial liabilities

Under HKAS 1 (Revised), "Presentation of financial statements", a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. Besides, HKAS 1 (Revised) require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

HKAS 19 (2011), "Employee benefits", was revised in June 2011. The changes on the Group's accounting policies has been as follows: to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset).

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

(a) Amendments and interpretations to existing standards effective for the Group's annual financial year beginning on 1 April 2013 and relevant to the Group *(Continued)*

HKFRS 10, "Consolidated financial statements", replaces the parts of HKAS 27 (Revised) "Consolidated and Separate Financial Statements" that deal with consolidated financial statements and HK (SIC)-Int 12 "Consolidated — Special Purpose Entities". HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios. The application of HKFRS 10 has had no significant impact on the financial results or position of the Group for the current and prior years.

HKFRS 13, "Fair value measurement", establishes a single source of guidance for, and disclosures about fair value measurements, and replaces those requirements previously included in various HKFRSs. In accordance with HKFRS 13, the Group has applied the new fair value measurements and disclosure requirements. Other than the additional disclosures, the application of this standard does not have a material impact on the Group's consolidated financial statements.

Amendment to HKFRS 7, "Financial instruments: Disclosures — Offsetting financial assets and financial liabilities", requires new disclosure requirements which focus on quantitative information about recognised financial instruments that are offset in the statement of financial position, as well as those recognised financial instruments that are subject to master netting or similar arrangements irrespective of whether they are offset.

Except as described above, the application of the other new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years.

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

Up to the date of issue of these consolidated financial statements, the HKICPA have issued a number of new standards, amendments and interpretations to existing standards which are effective for the Group's financial period beginning on 1 April 2014, and which have not been early adopted in preparing these consolidated financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
HKFRS 9, "Financial instruments"	To be confirmed
Amendments to HKAS 36, "Recoverable amount disclosures for non-financial assets"	1 January 2014
Amendments to HKPRS 9 and HKFRS 7, "Mandatory effective date of HKFRS 9 and transition disclosures"	1 January 2015

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

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

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

Amendments to HKAS 36, "Recoverable amount disclosures for non-financial assets", removed certain disclosures of the recoverable amount of cash generating units which had been included in HKAS 36 by the issue of HKFRS 13. The amendment is not mandatory for the Group until 1 April 2014.

The Group is in the process of assessing the impact of these new and revised standards, amendments and interpretations to existing standards and does not expect that there will be a material impact on the consolidation financial statements of the Group.

There are no other HKFRSs or HK(IFRIC) interpretations that are not yet effective that would be expected to have a material impact on the Group.

3. TURNOVER

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

	2014 ***HK$'000***	2013 *HK$'000*
Sales of properties held for sale	**401**	732
Rental income of investment properties *(Note)*	**416**	—
Total	**817**	732

Note: The Group reclassified the properties held for sale to investment properties during the year. Rental income of HK$416,000 was generated from investment properties for the year ended 31 March 2014 while rental income of HK$248,000 was generated from properties held for sale and recognised in other revenues in previous year which included in Note 4.

4. OTHER REVENUES

	2014	2013
	HK$'000	*HK$'000*
Interest income	**721**	1,807
Investment income	**111**	134
Recovery of trade receivables	**158**	398
Rental income	**63**	248
Non-refundable deposit	**5**	—
Exchange gain	**86**	174
Sundry income	**10**	12
Total	**1,154**	2,773

5. FINANCE COSTS

	2014	2013
	HK$'000	*HK$'000*
Interest expenses on convertible bond	**3,209**	3,154
Others	**5**	2
Total	**3,214**	3,156

6. LOSS BEFORE TAXATION

Loss before taxation was arrived at after charging:

	2014	2013
	HK$'000	*HK$'000*
Auditors' remuneration		
— Current year	**250**	240
— Under-provision for prior year	**25**	24
	275	264
Cost of properties sold	**500**	354
Depreciation	**13**	200
Operating lease payments	**5,067**	4,957
Staff costs (excluding directors' remuneration)		
— Salaries and allowances	**3,860**	3,927
— Retirement benefit schemes contribution	**132**	161

7. TAXATION

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

	2014	2013
	HK$'000	*HK$'000*
The People's Republic of China (the "PRC") Enterprise Income Tax		
— Provision for the year	**—**	429
— Deferred taxation	**3,804**	—
Total	**3,804**	429

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group did not derive any assessable profits in Hong Kong for the year (2013: nil).

Taxation on profits derived in the PRC for subsidiaries has been calculated at the rate of tax prevailing in the PRC, Enterprise Income Tax rate, of 25% (2013: 25%), which is based on existing legislation, interpretations and practices in respect thereof.

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

	2014	2013
	HK$'000	*HK$'000*
The PRC Enterprise Income Tax		
— Tax payable	**(383)**	(378)
— Tax prepayment	**218**	213
Tax payable	**(165)**	(165)

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

	2014	2013
	HK$'000	*HK$'000*
Loss before taxation	**(3,186)**	(16,428)
Tax calculated at the applicable tax rates	**751**	(2,586)
Tax effect of non-deductible expenses	**193**	207
Tax effect of non-taxable income	**(39)**	(43)
Tax loss not recognised	**2,899**	2,851
Total tax expenses	**3,804**	429

7. TAXATION *(Continued)*

(d) At the end of the reporting period, the Group has unused tax losses of HK$37,732,000 (2013: HK$39,138,000) that are available for offsetting against future taxable profits. These tax losses have no expiry dates except for the tax losses of HK$1,505,000 (2013: HK$2,910,000) which will expire at various dates up to and including year of 2019 (2013: year of 2018). Deferred tax asset arising from the unused tax losses has not been recognised in the consolidated financial statements as, in the opinion of the Directors, it is not probable to determine whether sufficient future profits will be available to utilise the tax losses.

8. LOSS PER SHARE

The calculation of basic loss per share is based on the consolidated loss attributable to owners for the year of HK$6,990,000 (2013: loss of HK$16,857,000) and on the weighted average of 355,091,521 (2013: 351,258,880) ordinary shares in issue during the year. No diluted loss per share has been presented as the exercise of the convertible bond would result in a decrease in loss per share for the year. The Company had no potential dilutive ordinary shares that were outstanding for the years ended 31 March 2014 and 31 March 2013.

9. INVESTMENT PROPERTIES

	2014 ***HK$'000***	2013 *HK$'000*
At 1 April	**—**	—
Reclassification from properties held for sale	**21,922**	—
Fair value gains	**15,215**	—
Exchange difference	**663**	—
At 31 March	**37,800**	—

The Group reclassified the properties held for sale to investment properties during the year. 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 2014 has been determined on the basis of valuation carried out by Savills Valuation and Professional Services Limited, an independent firm of professional valuer by using income capitalisation approach. The revaluation gains or losses 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 short term leases.

10. TRADE AND OTHER RECEIVABLES

	2014 *HK$'000*	2013 *HK$'000*
Trade receivables	**1,076**	1,206
Less: Provision for impairment	**(1,076)**	(1,206)
Trade receivables, net of provision	**—**	—
Deposits and other receivables	**3,104**	3,042
Maximum exposure to credit risk	**3,104**	3,042
Prepayments	**445**	486
	3,549	3,528

The carrying amounts of trade and other receivables approximated their fair values as at 31 March 2014 and 31 March 2013. The Group does not hold any collateral over these balances.

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

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

	2014 *HK$'000*	2013 *HK$'000*
At 1 April	**1,206**	1,590
Recovery of trade receivables	**(158)**	(398)
Exchange difference	**28**	14
At 31 March	**1,076**	1,206

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

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

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

	2014 *HK$'000*	2013 *HK$'000*
Renminbi	**1,757**	1,760
Hong Kong dollars	**1,792**	1,768
	3,549	3,528

11. TRADE AND OTHER PAYABLES

	2014	2013
	HK$'000	*HK$'000*
Trade payables	**334**	326
Other payables and accruals	**1,525**	2,489
	1,859	2,815

The carrying amounts of the Group's trade and other payables approximated their fair values as at 31 March 2014 and 31 March 2013 were denominated in the following currencies:

	2014	2013
	HK$'000	*HK$'000*
Hong Kong dollars	**1,078**	2,164
Renminbi	**781**	651
	1,859	2,815

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

12. CONVERTIBLE BOND

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

	2014	2013
	HK$'000	*HK$'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	**3,240**	2,071
Total liability component	**65,352**	64,183
Analysis into		
— Current liabilities	**2,040**	2,040
— Non-current liabilities	**63,312**	62,143
	65,352	64,183

13. DEFERRED TAX LIABILITY

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:

	2014	2013
	HK$'000	*HK$'000*
At 1 April	**—**	—
Charged for the year	**3,804**	—
Exchange difference	**30**	—
At 31 March	**3,834**	—

14. 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.

At the end of the reporting period, non-current assets included property, plant and equipment and investment properties with carrying amount of HK$37,826,000 (2013: property, plant and equipment with carrying amount of HK$39,000) located in the PRC.

DIVIDEND

The Directors do not recommend the payment of any dividend for the year ended 31 March 2014 (2013: nil).

RESULTS

For the year ended 31 March 2014, the Group recorded a turnover of approximately HK$817,000 generated from property sales and properties rental (2013: HK$732,000 represented turnover from property sales only). The loss attributable to the owners of the Company for the year ended 31 March 2014 amounted to approximately HK$6,990,000 (2013: HK$16,857,000) and loss per share was HK1.97 cents (2013: HK4.80 cents).

At 31 March 2014, the total assets and net assets of the Group were HK$71,388,000 (2013: HK$69,826,000) and HK$178,000 (2013: HK$2,663,000) respectively. This is an improvement from the net liabilities position as disclosed in the Company's interim report for the six months ended 30 September 2013, which is mainly due to the change of Group's properties held for sale as investment properties in the second half of the year under review. Attributable to the above change in use, the properties were revalued and a gain in fair value was recognized.

BUSINESS REVIEW AND PROSPECTS

During the year ended 31 March 2014, the Group was principally engaged in the business of property development and investments in the PRC. At 31 March 2014, there was a gross floor area of approximately 7,845 square metres (2013: 7,985 square meters) of commercial properties held by the Group in Zouping, Shandong, the PRC. Turnover of approximately HK$401,000 was recorded from property sales attributable to the aforementioned properties during the year under review (2013: HK$732,000 generated from sale of car parking space in Pudong, the PRC). Rental income of approximately HK$416,000 was recorded this year, which was generated from leasing out part of the commercial properties concerned. Owing to adjustment in operational structure in view of the real estate market in the PRC and the recurring nature of the leasing transactions, the Group reclassified the completed properties in Zouping formerly held for sale as investment properties. Hence, properties rental was reclassified and included as revenues generated from the Group's main business operations for the year ended 31 March 2014, rather than accounted for as other revenues as in previous year.

During the year under review, the board of directors of the Company (the "Board") has been reorganized. Under the leadership of the reorganized Board, the Group has made an effort to explore quality properties with a view to expanding its property portfolio so as to enhance performance and sustain growth in this business. As disclosed in the Company's announcements dated 26 February 2014 and 23 May 2014, the Company entered into a non-legally binding framework agreement and supplemental framework agreement relating to a possible acquisition of certain properties in Shenzhen, the PRC. Taking into consideration of the growing trend in Shenzhen commercial and residential property market, it is believed that the proposed acquisition, if materialized, will generate steady income for the Group's continuous development. A detailed due diligence and negotiations are still in progress and no formal agreement has been entered into up to date. The Company will make proper announcement regarding this potential investment project as and when appropriate.

The Company will strive to boost its business development and enhance financial and operating performance, so as to create better returns for shareholders in the long run. To pursue in this direction, the Group will continue looking for business opportunities and potential acquisitions actively. It will also actively seek for market opportunities in order to broaden its capital base and to enhance its income source.

CAPITAL STRUCTURE

During the year under review, 13,697,000 new ordinary shares of HK$0.10 each have been issued and allotted upon exercise of share options granted by the Company. The proceeds obtained by the Company from the exercise of share options amounted to approximately HK$4,215,770.

At 31 March 2014, the Company's issued share capital was HK$36,495,588 (2013: HK$35,125,888) with 364,955,880 (2013: 351,258,880) ordinary shares of HK$0.10 each in issue.

Similar to the previous year, the Group's interest-bearing liabilities were mainly attributable to the 3% coupon convertible bond (the "Convertible Bond") of the Company due on 7 May 2016 (the "Maturity Date") with an outstanding principal amount of HK$68,000,000 as at 31 March 2014. The Convertible Bond was transferred from Loyal Delight Group Limited to Viva Shine Limited on 20 December 2013. It was then deposited and transferred to Kingston Securities Limited on 23 December 2013. Accordingly, a bond certificate was issued to Kingston Securities Limited on 24 December 2013 without change in beneficial ownership. The Convertible Bond can be converted into a maximum of 162,679,425 shares (subject to restrictions on conversion right) at the conversion price of HK$0.418 per share (subject to adjustment) prior to the Maturity Date. The Company has no obligation to redeem the Convertible Bond prior to the Maturity Date unless an event of default as provided in the terms and conditions of the Convertible Bond has occurred prior to the Maturity Date and the bondholder serves a notice on the Company requiring the Convertible Bond to be redeemed.

LIQUIDITY AND FINANCIAL RESOURCES

At 31 March 2014, the Group had cash and bank balances amounted to approximately HK$27,151,000 (2013: HK$39,855,000). At the year-end date, the Group's total borrowings represented the carrying amount of the Convertible Bond of approximately HK$65,352,000 (2013: HK$64,183,000).

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

The Group had shareholders' equity of approximately HK$178,000 as at 31 March 2014 (2013: HK$2,663,000).

The Group's gearing ratio resulting from a comparison of the Group's total borrowings with the total assets was approximately 92% as at 31 March 2014 (2013: 92%).

SEGMENT

Details of segment information of the Group for the year ended 31 March 2014 are set out in Note 14 to the consolidated financial statements.

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

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

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

As aforesaid, the Company will actively seek for market opportunities in order to broaden its capital base and to enhance its income source. Hence, the Company may implement debt and/or equity fund raising plan(s) to satisfy the financing needs arising out of any business development of the Group as well as to improve its financial position in the event that suitable fund raising opportunities arise. As at the date of this announcement, the Company had not entered into any agreement, arrangement, understanding, intention or negotiation that should be disclosed pursuant to the Listing Rules and the Securities and Futures Ordinance.

CHANGES OF COMPOSITION OF THE BOARD

During the year ended 31 March 2014, the Company has the following changes in the composition of its Board:

On 8 May 2013, Mr. David R. Peterson resigned as an independent non-executive director of the Company.

On 7 October 2013, Mr. Ling Kit Wah, Joseph was appointed as an independent non-executive director of the Company to fill up the above casual vacancy.

On 20 December 2013, the Board underwent the following restructuring:

Appointment of Directors:

Mr. Yu Shengming was appointed as the chairman of the Board and an executive director of the Company;

Mr. Mock Wai Yin was appointed as the deputy chairman of the Board, an executive director, chief executive officer and a member of each of the Nomination Committee and the Remuneration Committee of the Company and an authorized representative of the Company;

Mr. Chan Chi Yuen was appointed as an executive director of the Company;

Mr. Ng Kwok Wai was appointed as an independent non-executive director, the chairman of each of the Nomination Committee and the Remuneration Committee and a member of the Audit Committee of the Company; and

Mr. Lee Chi Hwa, Joshua was appointed as an independent non-executive director, the chairman of the Audit Committee and a member of each of the Nomination Committee and the Remuneration Committee of the Company.

Re-designation of Director

Mr. Chen Xiaoping was re-designated from an executive director to a non-executive director and appointed as a member of the Audit Committee of the Company, and resigned as the chief executive officer of the Company.

Resignation of Directors

Mr. Wu Siu Chung resigned as the chairman of the Board, an executive director and an authorized representative of the Company;

Mr. Eduard William Rudolf Helmuth Will resigned as a non-executive director, a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Company;

Mr. Lo Yuk Lam resigned as an independent non-executive director, the chairman of each the Nomination Committee and the Remuneration Committee and a member of the Audit Committee of the Company; and

Mr. Wong Kam Wah resigned as an independent non-executive director, the chairman of the Audit Committee, and a member of each of the Nomination Committee and the Remuneration Committee of the Company;

On 14 January 2014, Mr. Chen Yuan Shou, Budiman resigned as a non-executive director of the Company.

EMPLOYEE INFORMATION

At 31 March 2014, the Group had a total of 14 (2013: 21) employees (excluding directors of the Company), 8 (2013: 9) employees worked in the PRC and 6 (2013: 12) 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 2014, the Group had no assets pledged to banks to secure general banking facilities and bank loan granted to the Group (2013: nil).

CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

At 31 March 2014, the Group had no outstanding capital commitments (2013: nil) and no material contingent liabilities (2013: nil).

LITIGATION

At 31 March 2014, the Group had not involved in any material litigation.

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.

CORPORATE GOVERNANCE CODE

The Company has applied the principles and complied with the applicable code provisions (the "Code Provision(s)") of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the year ended 31 March 2014 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.4.1, non-executive Directors should be appointed for a specific term, and subject to re-election. Each of the existing Directors (including non-executive Directors) has entered into a letter of appointment with the Company, pursuant to the terms and conditions of which his service term is subject to retirement by rotation in accordance with the Company's bye-laws. According to the Company's bye-laws, one-third of the Directors for the time being shall retire from office by rotation at the annual general meeting of the Company and every Director shall be subject to retirement by rotation at least once every three years. As such, the Board considers the same purpose as a specific term of appointment can be achieved.

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 Yuan Shou, Budiman, a former non-executive Director, and Mr. Lo Yuk Lam, a former independent non-executive Director, could not attend the annual general meeting of the Company held on 7 August 2013 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 2014.

AUDIT COMMITTEE

The Company has set up an audit committee (the "Audit Committee") with specific written terms of reference which clearly deal with its authorities and duties. The Audit Committee currently comprises three members including two independent non-executive Directors and one non-executive Director, and its chairman possesses 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 2014.

PUBLICATION OF FINANCIAL INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

The Company's annual report for the year ended 31 March 2014 containing all applicable information required by the Listing Rules will be despatched to the shareholders of the Company and published on the Stock Exchange's website (http://www.hkexnews.hk) and on the Company's website (http://southeastgroup.todayir.com) in due course.

By order of the Board of
SOUTH EAST GROUP LIMITED
Yu Shengming
Chairman

Hong Kong, 20 June 2014

As at the date of this announcement, the Board comprises Mr. Yu Shengming (Chairman), Mr. Mock Wai Yin (Deputy Chairman) and Mr. Chan Chi Yuen as executive directors; Mr. Chen Xiaoping as non-executive director; and Mr. Ng Kwok Wai, Mr. Lee Chi Hwa, Joshua and Mr. Ling Kit Wah, Joseph as independent non-executive directors.