



WANG ON GROUP LIMITED
宏安集團有限公司

(Incorporated in Bermuda with limited liability)
Stock Code: 1222



ANNUAL REPORT **2010**

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Tang Ching Ho, *Chairman*
Ms. Yau Yuk Yin, *Deputy Chairman*
Mr. Chan Chun Hong, Thomas, *Managing Director*

Independent Non-executive Directors

Dr. Lee Peng Fei, Allen, *CBE, BS, FHKIE, JP*
Mr. Wong Chun, Justein, *MBE, JP*
Mr. Siu Yim Kwan, Sidney, *S.B.St.J.*
Mr. Siu Kam Chau

AUDIT COMMITTEE

Mr. Siu Yim Kwan, Sidney, *S.B.St.J., Chairman*
Mr. Wong Chun, Justein, *MBE, JP*
Mr. Siu Kam Chau

REMUNERATION COMMITTEE

Mr. Wong Chun, Justein, *MBE, JP, Chairman*
Dr. Lee Peng Fei, Allen, *CBE, BS, FHKIE, JP*
Mr. Siu Yim Kwan, Sidney, *S.B.St.J.*
Mr. Siu Kam Chau
Mr. Tang Ching Ho
Ms. Yau Yuk Yin
Mr. Chan Chun Hong, Thomas

NOMINATION COMMITTEE

Dr. Lee Peng Fei, Allen, *CBE, BS, FHKIE, JP, Chairman*
Mr. Wong Chun, Justein, *MBE, JP*
Mr. Siu Yim Kwan, Sidney, *S.B.St.J.*
Mr. Siu Kam Chau
Mr. Tang Ching Ho
Ms. Yau Yuk Yin
Mr. Chan Chun Hong, Thomas

COMPANY SECRETARY

Ms. Mak Yuen Ming, Anita

LEGAL ADVISERS

DLA Piper Hong Kong
Freshfields Bruckhaus Deringer
Gallant Y.T. Ho & Co.
Morrison & Foerster

PRINCIPAL BANKERS

Bank of East Asia, Limited
China Construction Bank (Asia) Corporation Limited
China Construction Bank Corporation
DBS Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited

AUDITORS

Ernst & Young

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

5/F., Wai Yuen Tong Medicine Building
9 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Tengis Limited
26/F., Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

HOMEPAGE

<http://www.wangon.com>

STOCK CODE

1222

Chairman's Statement

On behalf of the board of directors (the "Board" or the "Directors") of Wang On Group Limited (the "Company"), I am pleased to present the audited consolidated financial results of the Company, its subsidiaries and its jointly-controlled entity (the "Group") for the year ended 31 March 2010.

In light of the strong economic recovery in Hong Kong and the People's Republic of China (the "PRC"), the Group showed improved performance during the year under review. For the year under review, the Group reported revenue of approximately HK\$575.0 million, representing an increase of HK\$115.5 million, or approximately 25.1% over that of the previous financial year. Profit attributable to equity owners amounted to approximately HK\$108.1 million, representing a 95.1% increase as compared to that of the previous financial year.

The Board has recommended a final dividend of HK0.6 cents per share for the year ended 31 March 2010, payable on or around 30 August 2010 subject to approval by the shareholders of the Company at the forthcoming annual general meeting.

During the year under review, the Group has strengthened its property portfolio, capitalising on the opportunities emerging from the booming Hong Kong property market. The Group acquired two adjacent industrial buildings at Sze Shan Street, Yau Tong, and plans to redevelop the combined site into a residential and commercial complex with over 300 residential units. The Company had applied for redevelopment of the industrial buildings and the project is expected to be completed in three years.

The Group's property development segment displayed steady performance. The sales of completed units at "Godi", a luxury residence project at Shatin Heights, continued to bring satisfactory revenue to the Group. Up to the date of this report, the Group had sold eight "Godi" houses out of a total of 11 houses, six of which were sold during the year under review.

The Group's investment property segment continued to generate stable rental income for the Group during the year under review. The Group believes its investment properties will not only provide it with healthy cash inflow but also opportunities for capital appreciation, given the market's strong demand for higher end properties. The Group will endeavour to seek and acquire quality investment properties to further enlarge its investment portfolio.

The Group has been the single largest operator of Chinese wet markets in Hong Kong and currently manages approximately 1,100 stalls in 15 "Allmart" branded Chinese wet markets in Hong Kong. Among the 15 Chinese wet markets, the management contracts of the wet markets at King Lam and Po Lam, Tseung Kwan O and Heng On, Ma On Shan were awarded in July and November 2009, respectively. Leveraging the knowledge and expertise gained from managing Chinese wet markets in Hong Kong, the Group successfully introduced its sophisticated management model to Chinese wet markets in the PRC. The Group currently manages 16 "Huimin" branded Chinese wet markets in Shenzhen. The Group expects that the Group's business in the management and sub-licensing of Chinese wet markets will continue to display satisfactory performance in the coming years.

Chairman's Statement *(Cont'd)*

Turnover generated from the trading of agricultural by-products for the year under review amounted to approximately HK\$63.6 million, representing a decrease of approximately 26.0% as compared to that of the previous financial year.

The Group entered into a sale and purchase agreement with a strategic party to sell its 50% equity interest in the Changzhou agricultural by-products market after the financial year end. Upon completion of the disposal of the Group's equity interest in the Changzhou agricultural by-products market, the Group will concentrate its resources on the agricultural by-products wholesale market at Fanling, Hong Kong. The proceeds from the disposal of the Group's 50% stake will also provide additional resources for any potential investment opportunity which may be able to identify.

As of the date of this report the Group held approximately 2.7% interest in China Agri-Products Exchange Limited ("China Agri-Products"), a company listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") which is principally engaged in property rental and management at agricultural produce exchanges and the food and beverage business in the PRC.

The current financial year will present both challenges and opportunities to the Group's management. The Hong Kong and the PRC economies have been maintaining an encouraging momentum of recovery. Despite the Hong Kong government's recent efforts in cooling down the local property market, solid demand from end-users continues to support the prices of higher end residential properties. In the PRC, the consumption of daily necessities is underpinned by improved living standards. However, the global economy is still under the shadow of the financial turmoil in certain European countries, and the recovery of the US and major European industrial powers remains fragile. Thus, the management of the Group will stay alert of the changing market conditions. We will carry on with our prudent strategy of maintaining a healthy cash position to provide the Group with optimum flexibility to respond to market uncertainties.

On behalf of the Board, I would like to extend my heartfelt gratitude to our management team and all the staff for their dedication to the Group during the past year. Also, I would like to extend my sincere gratitude and appreciation to all of our shareholders, including institutional investors, customers and partners for their continuous support and confidence in the Group.

Tang Ching Ho
Chairman

Hong Kong, 5 July 2010

Management Discussion and Analysis

RESULTS

For the financial year ended 31 March 2010, the Group's turnover and profit attributable to owners of the parent amounted to approximately HK\$575.0 million (2009: approximately HK\$459.5 million) and approximately HK\$108.1 million (2009: approximately HK\$55.4 million), respectively.

DIVIDENDS

The Board has recommended the payment of a final dividend of HK0.6 cents (2009: HK0.5 cents) per ordinary share for the year ended 31 March 2010 to shareholders on the register of members of the Company as of Wednesday, 18 August 2010. The final dividend will be paid on or around Monday, 30 August 2010, subject to shareholders' approval at the forthcoming annual general meeting of the Company to be held on Wednesday, 18 August 2010. Together with the interim dividend of HK0.3 cents (2009: Nil), the total dividend for the year ended 31 March 2010 will be HK0.9 cents (2009: HK0.5 cents) per ordinary share.

CLOSURE OF REGISTER

The register of members of the Company will be closed from Monday, 16 August 2010 to Wednesday, 18 August 2010, both days inclusive, during which no transfer of shares will be registered. In order to qualify for the proposed final dividend and be qualified to attend and vote at the forthcoming annual general meeting, all shareholders are required to lodge their transfers with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited of 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration by no later than 4:00 p.m. on Friday, 13 August 2010.

BUSINESS REVIEW

For the year ended 31 March 2010, the Group's posted a turnover of approximately HK\$575.0 million (2009: approximately HK\$459.5 million), representing an increase of approximately HK\$115.5 million. Profit attributable to owners of the parent for the year amounted to approximately HK\$108.1 million (2009: approximately HK\$55.4 million). The significant improvement was mainly attributable to the satisfactory performance arising from the continued sale of luxury houses at our property development project, "Godi", located in Shatin Heights and the capital appreciation of the Group's portfolio of investment properties.

Property development

In 2009, the Hong Kong residential market performed well. This division recorded a turnover of approximately HK\$225.6 million (2009: approximately HK\$129.6 million) representing an increase of approximately 74% as compared to the previous financial year. During the year, six houses in our "Godi" residential project were sold, one of which will be delivered in September 2010.

Management Discussion and Analysis *(Cont'd)*

During the year, the Group replenished its development land bank by the acquisition of a 6-storey factory building and an adjoining 3-storey factory building with site area of approximately 17,000 square feet and 24,000 square feet, respectively, at Yau Tong. The two sites are intended to be combined and re-developed into a residential complex.

Since the end of the year under review, in June, the Group acquired a residential building with a site area of approximately 4,000 square feet in Hung Hom, which the Group will redevelop into residential cum commercial complex.

Property investment

Gross rental income for the year ended 31 March 2010 received from the Group's investment property portfolio amounted to approximately HK\$43.0 million (2009: approximately HK\$13.4 million). During the year, the Group invested approximately HK\$121.9 million on the acquisition of retail and residential premises in Hong Kong.

As at 31 March 2010, the Group maintained an investment property portfolio comprising retail and residential premises in Hong Kong with a net book value of approximately HK\$677.9 million (31 March 2009: approximately HK\$462.6 million).

The Group will continue to look for potential investment properties and maintain a well-balanced portfolio for steady income growth and capital appreciation in the long run.

Management and sub-licensing of Chinese wet markets

The turnover for this division for the year ended 31 March 2010 was approximately HK\$207.7 million (2009: approximately HK\$168.4 million), representing an increase of approximately HK\$39.3 million. This was mainly attributable to the additional revenue generated from the management of four new Chinese wet markets in Hong Kong and positive rental revisions.

During the year, the Group took up the management of three more Chinese wet markets, namely King Lam and Po Lam at Tseung Kwan O and Heng On at Ma On Shan. As of today, the Group manages a portfolio of approximately 1,100 stalls spread over 15 Chinese wet markets with a total gross floor area of over 350,000 square feet.

During the year, the Group continued to manage a total of more than 1,100 stalls occupying a total gross floor area of over 186,000 square feet in 16 "Humin" brand Chinese wet markets in various districts in Shenzhen, the PRC.

The Group will continue to seek new opportunities for managing more profitable Chinese wet markets in Hong Kong and the PRC.

Management Discussion and Analysis (Cont'd)

Trading of agricultural by-products

For the year ended 31 March 2010, revenue from this division was approximately HK\$63.6 million (2009: approximately HK\$86.0 million), representing a decrease of HK\$22.4 million. The business of this division declined because of fierce competition from other operators in the market.

Agricultural by-products wholesale markets

The turnover of this division for the year ended 31 March 2010 amounted to approximately HK\$21.8 million (2009: approximately HK\$48.6 million), representing a decline of approximately HK\$26.8 million. This was chiefly due to the disposal of the Group's entire interest in the Yulin and the Xuzhou agricultural by-products wholesale markets in March 2009.

The performance of the operation of the Group's agricultural by-products wholesale market in Fanling remained satisfactory and stable during the year. The Group will strive to improve the operation efficiency and boost the trading activities at this market.

Following the disposal of the Yulin and Xuzhou markets last year, subsequent to the year end, the Group disposed of its entire 50% interest in an agricultural by-products wholesale market in Changzhou at a total consideration of approximately RMB79.4 million. After this disposal, the Group will focus its resources in this area on the operation of its agricultural by-products market in Hong Kong.

In October 2009, the Company acquire 110 million shares in China Agri-Products, representing approximately 3.77% of its issued share capital at that time, for a total consideration of approximately HK\$19 million. As of the date of this report, the Group's shareholding interest has been diluted to 2.67% following completion of a share placement by China Agri-Products completed in April 2010.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2010, the Group's total assets less current liabilities were approximately HK\$2.7 billion (2009: approximately HK\$1.7 billion) and the current ratio increased from approximately 3.38 times as at 31 March 2009 to approximately 6.14 times as at 31 March 2010.

As at 31 March 2010, the Group had cash resources and short-term investments of approximately HK\$574.4 million (2009: approximately HK\$504.1 million). The aggregate borrowings as at 31 March 2010 amounted to approximately HK\$833.0 million (2009: approximately HK\$432.1 million). The gearing ratio was approximately 17.9% (2009: nil), calculated by reference to the Group's total borrowings net of cash and cash equivalents and the equity attributable to equity holders of the Company.

As at 31 March 2010, the Group's investment properties, with a total carrying value of approximately HK\$651.9 million (2009: approximately HK\$420.6 million), were pledged to secure the Group's general banking facilities totalling approximately HK\$349.4 million (2009: approximately HK\$432.1 million).

Management Discussion and Analysis *(Cont'd)*

The Group's capital commitment as at 31 March 2010 amounted to approximately HK\$7.0 million (2009: approximately HK\$27.8 million). The Group had no significant contingent liabilities as at the reporting period.

Management is of the opinion that the Group's existing financial resources will be sufficient for the Group's needs in the foreseeable future.

CAPITAL STRUCTURE

The Company underwent a capital reorganisation which became effective on 31 March 2009 (the "2009 Capital Reorganisation") comprising, among others, (i) the consolidation of every 25 shares of HK\$0.005 each then in issue into one consolidated share of HK\$0.125 and the consolidation of every two authorised but unissued shares of HK\$0.005 each into one authorised but unissued adjusted share of HK\$0.01; and (ii) the capital reduction of the nominal value of each issued consolidated share from HK\$0.125 to HK\$0.01, details of which were disclosed in the Company's announcement dated 13 February 2009 and circular dated 3 March 2009, respectively.

The Company underwent a further capital reorganisation (the "2010 Capital Reorganisation") comprising, inter alia, the consolidation of every five issued and unissued shares of HK\$0.01 each into one issued and unissued consolidated share of HK\$0.05. The 2010 Capital Reorganisation took effect at 5:00 p.m. on 23 February 2010, details of which were set out in the Company's announcement dated 14 January 2010 and circular dated 4 February 2010, respectively.

FUND RAISING ACTIVITIES, LIQUIDITY AND FINANCIAL RESOURCES

For the purpose of strengthening the capital base and raising funds for future development of the core businesses of the Group and for taking advantage of any other potential investment opportunities, the Group completed the following fund raising activities during the year under review and after the reporting period:

- (a) immediately following the 2009 Capital Reorganisation becoming effectively on 31 March 2009 and as announced by the Company earlier on 13 February 2009, the Company issued and allotted 1,132,861,635 offer shares and 755,241,090 bonus shares of HK\$0.01 each on 7 May 2009 pursuant to an open offer on the basis of three offer shares for every one share (as adjusted by the 2009 Capital Reorganisation) held by the shareholders, with a bonus issue on the basis of two bonus shares for every three offer shares taken up under the open offer, at the price of HK\$0.10 per offer share. Net proceeds of approximately HK\$108.2 million were raised for potential investments as and when appropriate and for general working capital purposes;
- (b) on 13 October 2009, the Company entered into a placing agreement with a placing agent to place an aggregate of 453 million shares of HK\$0.01 each to independent investors at a price of HK\$0.14 per share under the general mandate granted to the directors by the shareholders at the last annual general meeting held on 26 August 2009. Net proceeds of approximately HK\$61.3 million were raised for the Groups property development business; and

Management Discussion and Analysis (Cont'd)

- (c) immediately following the 2010 Capital Reorganisation becoming effectively at 5:00 p.m. on 23 February 2010 and as announced by the Company earlier on 14 February 2010, the Company has finally issued and allotted 1,631,233,962 rights shares and 1,087,488,924 bonus shares of HK\$0.05 each on 18 March 2010 pursuant to rights issue (with bonus issue) on the basis of three rights shares for every one share (as adjusted by the 2010 Capital Reorganisation) held by the shareholders, with a bonus issue on the basis of two bonus shares for every three rights shares taken up under the rights issue, at the price of HK\$0.185 per rights share. Net proceeds of approximately HK\$294.5 million were raised for the Group's property investment and development businesses.

FOREIGN EXCHANGE

The Board is of the opinion that the Group has no material foreign exchange exposure. All bank borrowings are denominated in Hong Kong dollars. The revenue of the Group, being mostly denominated in Hong Kong dollars, matches the currency requirements of the Group's operating expenses. The Group therefore does not engage in any hedging contracts.

EMPLOYEES AND REMUNERATION POLICIES

At the balance sheet date, the Group had 250 employees, of whom approximately 81.6% were located in Hong Kong and the rest were located in the PRC. The Group remunerates its employees mainly based on industry practices and individual performance and experience. On top of the regular remuneration, discretionary bonus and share options may be granted to selected staff by reference to the Group's performance as well as the individual's performance. Other benefits such as medical and retirement benefits and structured training programs are also provided.

PROSPECTS

The immediate outlook of the Hong Kong property market remains positive. The recent responses from the property developers to the land auctions and tenders were also encouraging and well received. The prevailing low mortgage interest rate, the influx of capital, increasing buying interest from Mainland buyers and the continuing limited supply of luxury properties in Hong Kong continue to be the favorable factors for the residential property market. With a strong and healthy financial position, the Group is well prepared for future expansion by making selective acquisition of quality sites for development in Hong Kong. In addition, the Group will maintain a policy of selectively and continuously replenishing its property investment portfolio, which will strengthen its rental revenue and profitability as a whole.

Regarding the management and sub-licensing of Chinese wet markets, this division of the Group continues to be the market leader in Hong Kong. The Group will seek more management contracts both in Hong Kong and the PRC and strengthen our leading position in this segment.

Board of Directors and Senior Management

BOARD OF DIRECTORS

Executive Directors

Mr. Tang Ching Ho, aged 48, is a co-founder of the Group (which was established in 1987), and the Chairman of the Company since November 1993. He is also a member of remuneration committee and nomination committee of the Company. Mr. Tang is responsible for the strategic planning, policy making and business development of the Group. He has extensive experience in corporate management. He is also the chairman of Wai Yuen Tong Medicine Holdings Limited (“WYTH”), a company listed on the Stock Exchange. Mr. Tang is also appointed as a standing committee member of the tenth CPPCC Guangxi Zhuang Autonomous Region Committee and a standing committee member of the third CPPCC Guangxi Yulin City Committee. He is the husband of Ms. Yau Yuk Yin, the Deputy Chairman of the Company.

Ms. Yau Yuk Yin, aged 48, is a co-founder of the Group and the Deputy Chairman of the Company since November 1993. She is also a member of remuneration committee and nomination committee of the Company. Ms. Yau is responsible for the overall human resources and administration of the Group. She has over 12 years of experience in human resources and administration management. She is the wife of Mr. Tang Ching Ho, the Chairman of the Company.

Mr. Chan Chun Hong, Thomas, aged 46, joined the Group in March 1997 as an executive Director and was re-designated as the Managing Director of the Company in September 2005. He is also a member of remuneration committee and nomination committee of the Company. Mr. Chan is currently responsible for managing the overall operations of the Group. He graduated from the Hong Kong Polytechnic University (then known as the Hong Kong Polytechnic) with a bachelor’s degree in accountancy and is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. He is also the managing director of WYTH, the chairman and managing director of LeRoi Holdings Limited (“LeRoi”), the chairman of China Agri-Products and an independent non-executive director of Shanghai Prime Machinery Company Limited, all of which are companies listed on the main board of the Stock Exchange.

Independent non-executive Directors

Dr. Lee Peng Fei, Allen, *CBE, BS, FHKIE, JP*, aged 70, joined the Group in November 1993 as an independent non-executive Director. He is a member of remuneration committee and the chairman of nomination committee of the Company. Dr. Lee holds an honorary doctoral degree in engineering from The Hong Kong Polytechnic University and an honorary doctoral degree in laws from The Chinese University of Hong Kong. He is currently an independent non-executive director of AMS Public Transport Holdings Limited, Giordano International Limited, ITE (Holdings) Limited, Playmates Holdings Limited, Sam Woo Holdings Limited and VXL Capital Limited, all of which are companies listed on the Stock Exchange.

Board of Directors and Senior Management (Cont'd)

BOARD OF DIRECTORS

Independent non-executive Directors (Cont'd)

Mr. Wong Chun, Justein, *MBE, JP*, aged 56, joined the Group in November 1993 as an independent non-executive Director. He is a member of audit committee and nomination committee of the Company and the chairman of the remuneration committee of the Company. Mr. Wong holds a bachelor's degree in Commerce and Computing Science from Simon Fraser University, Canada. He is a Fellow of Institute of Canadian Bankers. He was a member of the Fight Crime Committee, the Independent Police Complaints Council, the Legal Aid Services Council, chairman of Quality Education Fund Assessment and Monitoring Committee and is currently a member of Joint Committee of Student Finance and other government advisory bodies.

Mr. Siu Yim Kwan, Sidney, *S.B.St.J.*, aged 63, joined the Group in November 1993 as an independent non-executive Director. He is the chairman of audit committee of the Company and a member of nomination committee and remuneration committee of the Company. Mr. Siu is also an executive member of a number of charitable organisations and sports associations and an independent non-executive director of B.A.L. Holdings Limited, a listed company in Hong Kong.

Mr. Siu Kam Chau, aged 45, joined the Group in September 2004 as an independent non-executive Director. Mr. Siu holds a bachelor's degree in accountancy from The City University of Hong Kong. He is a member of audit committee, nomination committee and remuneration committee of the Company. Mr. Siu is a Certified Public Accountant (Practising) and a fellow of The Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He retired as an executive director of Hong Kong Health Check and Laboratory Holdings Company Limited (now known as China Gogreen Assets Investment Limited), a listed company in Hong Kong, after the conclusion of its 2009 annual general meeting held on 28 August 2009.

Senior management

Mr. Cheung Wai Kai joined the Group in July 1998 and is the general manager of the Group's commercial management division. He had more than 14 years of experience in general management and 13 years of experience specialising in the market management. He is also an executive director of LeRoi, a company listed on the main board of the Stock Exchange.

Mr. Kwok Tze Chiu, Samson joined the Group in September 1997 and is the general manager of the Group's contacts/cost control division and responsible for quantity surveying and cost control of the Group's project management. Prior to joining the Group, he had over 21 years of experience in the building industry. He graduated from the Hong Kong Polytechnic University with a higher certificate in Building Studies.

Mr. Leong Weng Kin joined the Group in July 2004 and is the group financial controller of the Group. He holds a Master degree in Business Administration from the Chinese University of Hong Kong. Prior to joining the Group, he had over 10 years of experience in key financial position in a Hong Kong listed Group and more than four years working experience in an international firm of Certified Public Accountants. He is also a director of China Agri-Products, a company listed on the main board of the Stock Exchange.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining a high standard of corporate governance practices within a sensible framework with an emphasis on the principles of transparency, accountability and independence. The Board believes that good corporate governance is essential to the success of the Company and the enhancement of shareholders' value.

In light of the requirements set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), the Board has reviewed regularly the corporate governance practices of the Company following the adoption to enhance various procedures and documentation. In the opinion of the Board, the Company has applied the principles of and complied with the code provisions of the CG Code throughout the year ended 31 March 2010, except for the following deviations:

Code provision E.1.2

Under code provision E.1.2, the chairman of the independent board committee (if any) should also be available to answer questions at any general meeting to approve a connected transaction or any other transactions that is subject to independent shareholders' approval.

At the general meeting held on 24 June 2009 to approve the refreshment of general mandates to issue new shares and repurchase shares of the Company, as detailed in the Company's circular dated 8 June 2009 and the general meeting held on 23 February 2010 to approve, inter alia, the rights issue and issue of bonus shares, as detailed in the Company's announcement dated 14 January 2010 and circular dated 4 February 2010, the chairman of the independent board committee did not attend because he was engaged in another sudden and urgent appointments. The Directors will endeavour to rearrange their appointments and will attend all necessary general meetings in the future.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

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

To comply with code provision A.5.4 of the CG Code, the Company also adopted a code of conduct regarding securities transactions on no less exacting terms than the Model Code by the relevant employees of the Company or any of its subsidiaries who are considered likely to be in possession of unpublished price sensitive information in relation to the Company or its securities.

Corporate Governance Report *(Cont'd)*

THE BOARD

The Board currently has seven Directors comprising three executive Directors and four independent non-executive Directors (the "INEDs"). The Directors during the year and up to the date of this annual report were:

Executive Directors

Mr. Tang Ching Ho (*Chairman*)

Ms. Yau Yuk Yin (*Deputy Chairman*)

Mr. Chan Chun Hong, Thomas (*Managing Director*)

INEDs

Dr. Lee Peng Fei, Allen, *CBE, BS, FHKIE, JP*

Mr. Wong Chun, Justein, *MBE, JP*

Mr. Siu Yim Kwan, Sidney, *S.B.St.J.*

Mr. Siu Kam Chau

The brief biographical details of the Directors are set out on pages 10 to 11 of this annual report.

The Company has four INEDs representing more than one-third of the Board. The Board possesses a balance of skill and experience which are appropriate for the requirements of the business of the Company. The opinions raised by the INEDs in the Board meetings facilitate the maintenance of good corporate governance practices. At least one INED has the appropriate professional qualification and/or accounting and audit experience expertise as required by Rules 3.10(1) and (2) of the Listing Rules. A balanced composition of executive and non-executive Directors also generates a strong independent element on the Board, which allows independent and objective decision making process for the best interests of the Company and its shareholders as a whole. The Company will review the composition of the Board regularly to ensure the Board possesses the appropriate and necessary expertise, skills and experience to meet the needs and enhance the businesses of the Group.

All INEDs are appointed with specific term and subject to retirement by rotation and, being eligible, offer themselves for re-election at the annual general meetings in accordance with the bye-laws of the Company.

All INEDs are free from any business or other relationship with the Company. The Company has received from each INED an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company still considers the four INEDs to be independent.

The Board's primary functions are to set corporate policy and overall strategy for the Group and to provide effective oversight of the management of the Group's businesses and affairs. Apart from its statutory responsibilities, the Board also approves the strategic plans, key operational issues, investments and loans, reviews the financial performance of the Group and evaluates the performance and compensation of senior management. These functions are either carried out directly by the Board or indirectly through committees established by the Board.

Corporate Governance Report (Cont'd)

Regular Board meetings are held at least four times a year to approve annual and interim results, and to review the business operation and the internal control systems of the Group. Apart from these regular meetings, Board meetings are also held, as and when necessary, to approve major issues or transactions. At least 14 days' notice of each regular meeting is given to all Directors. All said minutes are kept by the company secretary of the Company and are open for inspection at any reasonable time on reasonable notice by any Director.

During the year, four Board meetings were held and attendance of each Director at the Board meetings is set out as follows:

Board members	Attendance
Executive Directors:	
Mr. Tang Ching Ho (<i>Chairman</i>)	4/4
Ms. Yau Yuk Yin (<i>Deputy Chairman</i>)	4/4
Mr. Chan Chun Hong, Thomas (<i>Managing Director</i>)	4/4
INEDs:	
Dr. Lee Peng Fei, Allen, <i>CBE, BS, FHKIE, JP</i>	4/4
Mr. Wong Chun, Justein, <i>MBE, JP</i>	4/4
Mr. Siu Yim Kwan, Sidney, <i>S.B.St.J.</i>	4/4
Mr. Siu Kam Chau	3/4

ROLES OF CHAIRMAN AND MANAGING DIRECTOR

The roles of the Chairman and the managing director are separate to reinforce their respective independence and accountability. The Chairman of the Company is Mr. Tang Ching Ho, who is primarily responsible for the overall strategic planning and leadership of the Board and ensuring all Directors receive accurate and timely information, while the functions of a managing director are performed by Mr. Chan Chun Hong, Thomas, who is responsible for the day-to-day management of the business of the Group. Their responsibilities are clearly segregated and have been set out in writing and approved by the Board in September 2005.

BOARD COMMITTEE

The Board has established various committees, including the audit committee (the "Audit Committee"), remuneration committee (the "Remuneration Committee"), nomination committee (the "Nomination Committee") and executive committee, each of which has the specific written terms of reference. Copies of minutes of all meetings and resolutions of the committees are kept by the company secretary and open for inspection at any reasonable time on reasonable notice by any Director. Each committee is required to report to the Board on its decision and recommendations, where appropriate.

Corporate Governance Report *(Cont'd)*

Audit Committee

The Audit Committee was established in December 1999 in compliance with Rule 3.21 of the Listing Rules and currently comprises three INEDs, namely, Mr. Siu Yim Kwan, Sidney, Mr. Wong Chun, Justein and Mr. Siu Kam Chau. The Audit Committee is chaired by Mr. Siu Yim Kwan, Sidney.

The functions of the Audit Committee is, among other things, to assist the Board to review the financial reporting, to supervise over the Group's internal controls and risk management, to monitor the internal and external audit functions and to make relevant recommendations to the Board to ensure effective and efficient operation and reliable reporting. The functions of the Audit Committee will be reviewed regularly by the Board and amended from time to time, as and when appropriate, in order to be in compliance with the CG Code. Its terms of reference were amended in March 2009 to ensure that management has discharged its duty to have an effective internal control system including the adequacy of resources, qualifications and experience of staff to implement the Group's accounting and financial reporting function.

The Audit Committee is provided with sufficient resources to discharge its duties and has access to independent professional advice according to the Company's policy if considered necessary.

The Audit Committee meets at least twice a year. Two committee meetings were held during the year and the attendance of each member is set out as follows:

Audit Committee members	Attendance
Mr. Siu Yim Kwan, Sidney, <i>S.B.St.J. (Chairman)</i>	2/2
Mr. Wong Chun, Justein, <i>MBE, JP</i>	2/2
Mr. Siu Kam Chau	2/2

During the year under review, the Audit Committee's review covered the financial highlights and audit issue raised by external auditors, accounting principles and practices, amendments to the Listing Rules and accounting standards, internal controls, adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting matters, including the review of consolidated financial statements for the six months period ended 30 September 2009 and for the year ended 31 March 2010.

Corporate Governance Report (Cont'd)

Remuneration Committee

The Remuneration Committee was established in September 2005 with specific terms of reference in order to comply with code provision B.1.1 of the CG Code. The Remuneration Committee is provided with sufficient resources to discharge its duties and has access to independent professional advice in accordance with the Company's policy, if considered necessary.

It currently consists of seven members, including Mr. Wong Chun, Justein, being elected as the chairman of the Remuneration Committee, Dr. Lee Peng Fei, Allen, Mr. Siu Yim Kwan, Sidney, Mr. Siu Kam Chau, Mr. Tang Ching Ho, Ms. Yau Yuk Yin and Mr. Chan Chun Hong, Thomas, a majority of whom are INEDs.

The role of Remuneration Committee is to make recommendations to the Board on the remuneration policy and structure for Directors and senior management and to ensure that they are fairly rewarded for their individual contribution to the Group's overall performance while having regarded to the interests of shareholders. The principal duties of the Remuneration Committee include determining the specific remuneration packages of all executive Directors and senior management as well as reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time. No Director or any of his associates may be involved in making any decisions as to his own remuneration.

The Remuneration Committee meets at least once a year. One Remuneration Committee meeting was held during the financial year to review the remuneration packages of all Directors and senior management and the attendance of each member is set out as follows:

Remuneration Committee members	Attendance
Mr. Wong Chun, Justein, MBE, JP (Chairman)	1/1
Dr. Lee Peng Fei, Allen, CBE, BS, FHKIE, JP	1/1
Mr. Siu Yim Kwan, Sidney, S.B.St.J.	1/1
Mr. Siu Kam Chau	0/1
Mr. Tang Ching Ho	1/1
Ms. Yau Yuk Yin	1/1
Mr. Chan Chun Hong, Thomas	1/1

The Remuneration Committee has discharged or will continue to discharge its major roles to, among other things, approve the terms of the service agreements of the Directors and the senior management, make recommendations with respect to the remuneration and policies of the Directors and senior management of the Company and to review the remuneration package and recommend salaries, bonuses, including the incentive awards for Directors and senior management.

The remuneration payable to Directors will depend on their respective contractual terms under their employment contracts or service agreements and the same was reviewed by the Remuneration Committee. Details of the Directors' remuneration are set out in note 8 to the consolidated financial statements.

Corporate Governance Report (Cont'd)

Nomination Committee

The Nomination Committee was established in September 2005 in compliance with A.4.4 of the CG Code. It currently consists of seven members, including Dr. Lee Peng Fei, Allen, being elected as the chairman of the Nomination Committee, Mr. Wong Chun, Justin, Mr. Siu Yim Kwan, Sidney, Mr. Siu Kam Chau, Mr. Tang Ching Ho, Ms. Yau Yuk Yin and Mr. Chan Chun Hong, Thomas, a majority of whom are INEDs.

The Nomination Committee has adopted a written nomination procedure specifying the process and criteria for the selection and recommendation of candidates for directorship of the Company. The Nomination Committee will continue to discharge its major roles and functions, including but not limited to, the following:

1. to review the structure, size and composition of the Board on a regular basis;
2. base on the criteria in the procedure (such as appropriate experience, personal skills and time commitment etc) to identify and recommend any proposed change and to identify individual suitably qualified to become the Board members; and
3. to assess the independence of INEDs and to make recommendations to the Board on relevant matters relating to the appointment or reappointment of Directors and succession planning for Directors.

During the year, the Nomination Committee did not hold any meeting.

EXTERNAL AUDITORS' REMUNERATION

The remuneration paid/payable to the Company's external auditors, Ernst & Young, for the year ended 31 March 2010, are set out as follows:

Services rendered for the Group	Fees paid/payable to Ernst & Young <i>HK\$'000</i>
Audit services	
– annual financial statements	1,800.0
Non-audit services:	
– high-level review of interim financial statements	150.0
– taxation and professional services	328.5
– other professional services	320.0
Total:	2,598.5

Corporate Governance Report (Cont'd)

INTERNAL CONTROL

The Board has overall responsibility for maintaining sound and effective internal control systems to safeguard the Company's assets and shareholders' interests, as well as for reviewing the effectiveness and efficiency of these systems. The Board is responsible for approving and reviewing internal control policy while the responsibility of day-to-day management of operational risk lies with the management.

The internal control system is designed to provide reasonable, but not absolute, assurance against material loss; and to manage rather than completely eliminate the risk of system failure. In addition, it should provide a basis for the maintenance of proper accounting records and assist in the compliance with relevant rules and regulations. For the year ended 31 March 2010, the Board reviewed with Audit Committee and internal audit the effectiveness of internal control systems, adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function and found they are in line with our policies.

COMMUNICATION WITH SHAREHOLDERS

The Board recognises the importance of good communication with shareholders of the Company. Information in relation to the Group is disseminated to shareholders in a timely manner through a number of formal channels, which include announcements, interim reports, annual reports and circulars.

The Company endeavours to maintain on-going communication with shareholders and also acknowledges that general meeting are valuable forums for the Board to communicate directly with the shareholders and members of the Board and committees are encouraged to attend and answer questions at the general meetings.

However, at the general meeting held on 24 June 2009 to approve the refreshment of general mandates to issue new shares and repurchase shares of the Company, as detailed in the Company's circular dated 8 June 2009 and the general meeting held on 23 February 2010 to approve, inter alia, the rights issue and issue of bonus shares, as detailed in the Company's announcement dated 14 January 2010 and circular dated 4 February 2010, the chairman of the independent board committee did not attend because he was engaged in another sudden and urgent appointments. The Directors will endeavour to rearrange their appointments and will attend all necessary general meetings in the future.

In order to let shareholders to make an informed decision at the special general meeting, sufficient notices with not less than 10 clear business days for every general meeting and 20 clear business days for every annual general meeting pursuant to E.1.3 of the CG Code, bye-laws and any other applicable laws.

Corporate Governance Report *(Cont'd)*

At the commencement of every general meeting, the chairman has explained the detailed procedures for conducting a poll vote during the proceedings of meetings and answered all questions raised by shareholders. All votes at the general meetings held in this year were taken by way of a poll and poll results were published on the websites of the Stock Exchange and the Company on the date immediately following the holding of the general meetings.

To promote effective communication, the Company maintains websites at (<http://www.wangon.com>), where extensive information and updates on the Company's business development and operations, financial information and other information are posted as soon as practicable.

RESPONSIBILITY FOR PREPARATION AND REPORTING OF ACCOUNTS

The Directors acknowledge their responsibility for preparing the accounts which were prepared in accordance with statutory requirements and applicable accounting standards. A statement by the auditors about their reporting responsibilities is set out on pages 30 to 31 of this annual report.

There are no uncertainties relating to events or conditions that may cast significant doubt upon the ability of the Company to continue as a going concern.

Report of the Directors

The Directors present their report and the audited consolidated financial statements of the Company and of the Group for the year ended 31 March 2010.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Principal activities of the principal subsidiaries, associates and jointly-controlled entity comprise property development, property investment, management and sub-licensing of Chinese wet markets and shopping centres, operations and management of agricultural by-products wholesale markets and trading of agricultural by-products, details of which are set out in notes 19, 20 and 21 to the financial statements, respectively. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2010 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 32 to 123.

The Group's revenue and net profit attributable to equity owners for the year ended 31 March 2010 amounted to approximately HK\$575.0 million (2009: approximately HK\$459.5 million) and approximately HK\$108.1 million (2009: approximately HK\$55.4 million), respectively.

The Board has recommended the payment of a final dividend of HK0.6 cents (2009: HK0.5 cents) per ordinary share for the year ended 31 March 2010 to shareholders on the register of members of the Company on Wednesday, 18 August 2010. The final dividend will be paid on or around Monday 30 August 2010, subject to shareholders' approval at the forthcoming annual general meeting of the Company to be held on Wednesday, 18 August 2010. Together with the interim dividend of HK0.3 cents (2009: Nil), the total dividend for the year ended 31 March 2010 will be HK0.9 cents (2009: HK0.5 cents) per ordinary share.

FIVE YEAR FINANCIAL SUMMARY

A summary of the published results and assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the Company's audited financial statements, is set out on page 132 of this annual report. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND PROPERTIES UNDER DEVELOPMENT

Details of movements in the property, plant and equipment of the Group, investment properties and properties under development of the Group during the year are set out in notes 14, 16 and 17 to the financial statements, respectively.

Report of the Directors *(Cont'd)*

SHARE CAPITAL AND SHARE OPTION SCHEME

Details of movements in the Company's share capital and share option scheme during the year, together with the reasons therefor, are set out in notes 35 and 36 to the financial statements, respectively.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2010.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 37 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 March 2010, the Company's reserves available for distribution to equity holders of the parent, calculated in accordance with the Companies Act 1981 of Bermuda (as amended), amounted to approximately HK\$728,706,000 (2009: approximately HK\$711,234,000), of which approximately HK\$19,575,000 has been proposed as a final dividend for the year ended 31 March 2010. In addition, the Company's share premium account, in the amount of approximately HK\$1,013,448,000 (2009: approximately HK\$707,959,000), may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for 37% (2009: 40%) of the total sales for the year and the sales to the largest customer included therein accounted to 9%. Purchases from the Group's five largest suppliers accounted for 76% of the total purchases for the year and purchases from the largest supplier included therein amounted to 27% of the total purchases for the year.

None of the Directors or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or five largest suppliers.

Report of the Directors (Cont'd)

DIRECTORS

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

Executive Directors

Mr. Tang Ching Ho

Ms. Yau Yuk Yin

Mr. Chan Chun Hong, Thomas

Independent Non-Executive Directors

Dr. Lee Peng Fei, Allen, *CBE, BS, FHKIE, JP*

Mr. Wong Chun, Justein, *MBE, JP*

Mr. Siu Yim Kwan, Sidney, *S.B.St.J.*

Mr. Siu Kam Chau

In accordance with bye-law 87 of the Company's bye-laws, Ms. Yau Yuk Yin, Mr. Wong Chun, Justein and Mr. Siu Yim Kwan, Sidney will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

The Company has received annual confirmations of independence from all INEDs, namely Dr. Lee Peng Fei, Allen, Mr. Wong Chun, Justein, Mr. Siu Yim Kwan, Sidney and Mr. Siu Kam Chau, and as at the date of this annual report still considers them to be independent.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 10 to 11 of this annual report.

DIRECTORS' SERVICE CONTRACTS

No Directors being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 8 and 42 to the financial statements, no Directors had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

Report of the Directors *(Cont'd)*

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 March 2010, the interests and short positions of the Directors and chief executive of the Company and/or any of their respective associates in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code under the Listing Rules, were as follows:

Long positions in the shares of the Company:

Name of Director	Personal interest	Number of shares or underlying shares held, capacity and nature of interest			Total	Approximate percentage of the Company's total issued share capital <i>(Note (g))</i>
		Family interest	Corporate interest	Other interest		
Tang Ching Ho	4,671,057	4,671,050 <i>(Note (a))</i>	17,086,110 <i>(Note (b))</i>	681,073,749 <i>(Note (c))</i>	707,501,966	21.69%
Yau Yuk Yin	4,671,050	21,757,167 <i>(Note (d))</i>	–	681,073,749 <i>(Note (e))</i>	707,501,966	21.69%

Report of the Directors (Cont'd)

Long positions in the underlying shares of the share options of the Company:

Name of director	Date of grant	Exercise price per share <i>HK\$</i>	Number of share options outstanding	Exercisable period <i>(Note (f))</i>	Number of underlying shares	Approximate percentage of the Company's total issued share capital	
						Number of underlying shares	<i>(Note (g))</i> %
Chan Chun Hong, Thomas	2.1.2008	1.7462	124,323	2.1.2009 to 1.1.2013	124,323		
	8.1.2009	0.2823	248,654	8.1.2010 to 7.1.2019	248,654	372,977	0.01

Notes:

- (a) Mr. Tang Ching Ho was taken to be interested in those shares in which his spouse, Ms. Yau Yuk Yin, was interested.
- (b) Mr. Tang Ching Ho was taken to be interested in those shares in which Caister Limited, a company which is wholly and beneficially owned by him, was interested.
- (c) Mr. Tang Ching Ho was taken to be interested in those shares by virtue of being the founder of a discretionary trust, namely Tang's Family Trust.
- (d) Ms. Yau Yuk Yin was taken to be interested in those shares in which her spouse, Mr. Tang Ching Ho, was interested.
- (e) Ms. Yau Yuk Yin was taken to be interested in those shares by virtue of being a beneficiary of Tang's Family Trust.
- (f) The exercisable period of the above share options beneficially held by Mr. Chan Chun Hong, Thomas was vested as follows:
- | | |
|---|--------------------|
| On 1st anniversary of the date of grant | 30% vest |
| On 2nd anniversary of the date of grant | Further 30% vest |
| On 3rd anniversary of the date of grant | Remaining 40% vest |
- (g) The percentages represented the number of shares over the total issued share capital of the Company as at 31 March 2010 of 3,262,467,540 shares of HK\$0.05 each.

Report of the Directors *(Cont'd)*

Save as disclosed above, as at 31 March 2010, none of the Directors and chief executive of the Company and/or any of their respective associates had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the headings "Directors' interests and short positions in shares, underlying shares or debentures of the Company and its associated corporations" above, "Share Option Scheme" below and in the share option scheme disclosures in note 36 to the financial statements, at no time during the year were rights to acquire benefits by means of the acquisition of shares or shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

On 3 May 2002, the Company adopted a share option scheme (the "Scheme") for the primary purpose of providing incentives to eligible participants who contribute to the success of the Group. During the year ended 31 March 2010, no share options were granted and exercised. Details of the movements of the share options under the Scheme during the year were as follows:

Report of the Directors (Cont'd)

Movements in Share Options under the Scheme during the year ended 31 March 2010

Name or Category	Date of grant	Outstanding as at 1 April 2009	Granted during the period	Adjustments due to the Open Offer, the 2010 Capital Reorganisation and the Rights Issue during the year**	Exercised during the year	Lapsed or cancelled during the period	Outstanding as at 31 March 2010	Exercise period of share options	Exercise price per share HK\$
Director									
Chan Chun Hong,	2-1-2008	52,000	-	72,323	-	-	124,323	2/1/2009 - 1/1/2013*	1.7462 ^{##}
Thomas	8-1-2009	104,000	-	144,654	-	-	248,654	8/1/2010 - 7/1/2019	0.2823 ^{###}
		<u>156,000</u>	<u>-</u>	<u>216,977</u>	<u>-</u>	<u>-</u>	<u>372,977</u>		
Other employees									
	1-3-2007	14,960,000	-	22,438,296	-	(5,456,115)	31,942,181	1/3/2007 - 28/2/2017	1.4900 [#]
	2-1-2008	234,000	-	325,469	-	-	559,469	2/1/2009 - 1/1/2013*	1.7462 ^{##}
	8-1-2009	576,000	-	833,762	-	(109,122)	1,300,640	8/1/2010 - 7/1/2019*	0.2823 ^{###}
		<u>15,770,000</u>	<u>-</u>	<u>23,597,527</u>	<u>-</u>	<u>(5,565,237)</u>	<u>33,802,290</u>		
TOTAL		<u>15,926,000</u>	<u>-</u>	<u>23,814,504</u>	<u>-</u>	<u>(5,565,237)</u>	<u>34,175,267</u>		

Notes:

* The options granted under the Scheme vest as follows:

On 1st anniversary of the date of grant:	30% vest
On 2nd anniversary of the date of grant:	Further 30% vest
On 3rd anniversary of the date of grant:	Remaining 40% vest

** Adjustments due to (a) completion of the open offer (and bonus issue) (the "Open Offer") on 7 May 2009, as detailed in the Company's announcement dated 13 February 2009 and circular dated 3 March 2009; and (b) completion of the 2010 Capital Reorganisation and the rights issue (and bonus issue) (the "Rights Issue") on 23 February 2010 and 18 March 2010, respectively, as detailed in the Company's announcement dated 14 January 2010 and circular dated 4 February 2010.

As a result of the Open Offer, the exercise price of the share options was adjusted from HK\$3.5625 per share to HK\$1.0447 per share and was further adjusted to HK\$1.4900 per share immediately upon completion of the 2010 Capital Reorganisation and the Rights Issue.

Report of the Directors (Cont'd)

As a result of the Open Offer, the exercise price of the share options was adjusted from HK\$4.1750 per share to HK\$1.2243 per share and was further adjusted to HK\$1.7462 per share immediately upon completion of the 2010 Capital Reorganisation and the Rights Issue.

As a result of the Open Offer, the exercise price of the share options was adjusted from HK\$0.6750 per share to HK\$0.1979 per share and was further adjusted to HK\$0.2823 per share immediately upon completion of the 2010 Capital Reorganisation and the Rights Issue.

As at the date of this annual report, the total outstanding share option under the Scheme was 50,175,267, representing 1.54% of the issued share capital of the Company. As at the date of this annual report, the total number of shares available for issue under the Scheme is 24,614,465, representing 0.75% of the issued share capital of the Company.

Save as 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.

Other details of the Scheme are set out in note 36 to the financial statements.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2010, to the best knowledge of the Directors, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO showed that the following shareholders, had notified the Company of relevant interests and short positions in the shares and underlying shares of the Company:

Long positions in the shares of the Company:

Name of Shareholder	Notes	Capacity	Number of Shares	Approximate percentage of the Company's total issued share capital (%)
Accord Power Limited ("Accord Power")	(a)	Beneficial owner	681,073,749	20.88
Trustcorp Limited	(a)	Interest of controlled corporation	681,073,749	20.88
Newcorp Limited	(b)	Interest of controlled corporation	681,073,749	20.88

Report of the Directors (Cont'd)

Notes:

- (a) Accord Power is wholly owned by Trustcorp Limited in its capacity as the trustee of Tang's Family Trust. Accordingly, Trustcorp Limited was taken to be interested in those shares held by Accord Power.
- (b) Trustcorp Limited is a wholly-owned subsidiary of Newcorp Ltd. and accordingly, Newcorp Ltd. was taken to be interested in those shares in which Trustcorp Limited was interested.
- (c) The percentages represented the number of shares over the total issued share capital of the Company as at 31 March 2010 of 3,262,467,540 shares of HK\$0.05 per share.

Save as disclosed above, as at 31 March 2010, no persons, other than Directors, had registered an interest or short positions in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

DONATIONS

During the year, the Group made charitable and other donations totaling approximately HK\$2.5 million (2009: approximately HK\$0.8 million).

EMOLUMENT POLICY

The Group's emolument policy for its employees is set up and approved by the Remuneration Committee and the Board on the basis of their merit, qualifications and competence.

The emoluments of the Directors are decided by the Remuneration Committee and the Board, as authorised by the shareholders at the annual general meeting, having regarded to the Group's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to Directors and eligible employees, details of the share option scheme are set out in note 36 to the financial statements.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices. Details of the corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 12 to 19 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient prescribed amount of public float as required under the Listing Rules throughout the financial year under review and up to the date of this annual report.

Report of the Directors *(Cont'd)*

AUDIT COMMITTEE

The Company established the Audit Committee in compliance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over the Group's consolidated financial reporting process and internal controls. The Audit Committee has reviewed the audited consolidated financial statements for the year ended 31 March 2010 with the management and the external auditors. The Audit Committee comprises Mr. Siu Yim Kwan, Sidney, Mr. Wong Chun, Justein and Mr. Siu Kam Chau, all are INEDs, and is chaired by Mr. Siu Yim Kwan, Sidney.

EVENT AFTER THE REPORTING PERIOD

Details of the significant event after the reporting period of the Group are set out in note 45 to the financial statements.

AUDITORS

The consolidated financial statements for the year ended 31 March 2010 have been audited by Messrs. Ernst & Young, who retire and, being eligible, offer themselves for re-appointment. A resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting of the Company.

On behalf of the Board

Tang Ching Ho

Chairman

Hong Kong, 5 July 2010

Independent Auditors' Report



INDEPENDENT AUDITORS' REPORT

To the shareholders of Wang On Group Limited

(Incorporated in Bermuda with limited liability)

We have audited the financial statements of Wang On Group Limited set out on pages 32 to 123, which comprise the consolidated and company statements of financial position as at 31 March 2010, and the consolidated statement of 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 notes.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements 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. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made 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 as to whether the financial statements are free from material misstatement.

Independent Auditors' Report *(Cont'd)*



INDEPENDENT AUDITORS' REPORT *(Cont'd)*

To the shareholders of Wang On Group Limited

(Incorporated in Bermuda with limited liability)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and true and fair presentation of the financial statements 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 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 financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2010 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young

Certified Public Accountants
18/F, Two International Finance Centre
8 Finance Street,
Central
Hong Kong
5 July 2010

Consolidated Statement of Comprehensive Income

Year ended 31 March 2010

	Notes	2010 HK\$'000	2009 HK\$'000
REVENUE	5	575,016	459,459
Cost of sales		(403,983)	(326,391)
Gross profit		171,033	133,068
Other income and gains	5	63,477	23,045
Selling and distribution costs		(8,268)	(4,713)
Administrative expenses		(64,405)	(98,752)
Other expenses		(107,153)	(72,561)
Finance costs	7	(8,882)	(8,692)
Gain on disposal of subsidiaries	38(b)	–	170,881
Fair value gains on revaluation of investment properties, net	16	105,978	4,581
Share of profits and losses of associates		(9,049)	(55,227)
PROFIT BEFORE TAX	6	142,731	91,630
Income tax expenses	10	(34,659)	(11,480)
PROFIT FOR THE YEAR		108,072	80,150
OTHER COMPREHENSIVE INCOME			
Available-for-sale assets:			
Changes in fair value		34,671	–
Impairment loss		21,184	–
		55,855	–
Other reserve:			
Share of other comprehensive income of an associate		5,608	1,161
Release upon deemed disposals of an associate		(10,621)	(4,661)
		(5,013)	(3,500)
Exchange fluctuation reserve:			
Translation of foreign operations		(3,055)	10,979
Release upon disposal of subsidiaries	38(b)	–	(20,481)
		(3,055)	(9,502)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		47,787	(13,002)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		155,859	67,148
Profit attributable to:			
Owners of the parent	11	108,073	55,409
Minority interests		(1)	24,741
		108,072	80,150
Total comprehensive income attributable to:			
Owners of the parent	11	155,860	40,106
Minority interests		(1)	27,042
		155,859	67,148
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	13		
Basic		HK12.84 cents	HK26.86 cents
Diluted		HK12.84 cents	HK26.86 cents

Details of dividends are disclosed in note 12 to the financial statements.

Consolidated Statement of Financial Position

31 March 2010

	Notes	2010 HK\$'000	2009 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	12,292	16,849
Prepaid land lease payments	15	3,086	3,171
Investment properties	16	749,704	536,136
Properties under development	17	383,882	–
Goodwill	18	1,376	1,376
Interests in associates	20	–	216,625
Held-to-maturity financial assets	22	28,912	4,114
Other intangible asset	23	12,120	18,180
Available-for-sale investments	24	92,532	–
Loans and interests receivable	27	142,371	281,241
Rental deposits paid	27	12,306	11,737
Deferred tax assets	34	377	555
		<hr/>	<hr/>
Total non-current assets		1,438,958	1,089,984
CURRENT ASSETS			
Properties held for sale	25	604,309	262,272
Trade receivables	26	6,313	4,498
Prepayments, deposits and other receivables	27	223,553	46,720
Held-to-maturity financial asset	22	4,018	–
Equity investments at fair value through profit or loss	28	90,412	20,424
Tax recoverable		237	107
Cash and cash equivalents	29	484,026	483,707
		<hr/>	<hr/>
		1,412,868	817,728
Non-current asset classified as held for sale	20	88,873	–
		<hr/>	<hr/>
Total current assets		1,501,741	817,728
CURRENT LIABILITIES			
Trade payables	30	18,132	18,076
Other payables and accruals	31	26,424	20,542
Deposits received and receipts in advance		74,418	73,359
Interest-bearing bank loans	32	108,661	121,948
Provisions for onerous contracts	33	200	1,960
Tax payable		16,932	6,064
		<hr/>	<hr/>
Total current liabilities		244,767	241,949

Consolidated Statement of Financial Position (Cont'd)

31 March 2010

	Notes	2010 HK\$'000	2009 HK\$'000
NET CURRENT ASSETS		1,256,974	575,779
TOTAL ASSETS LESS CURRENT LIABILITIES		2,695,932	1,665,763
NON-CURRENT LIABILITIES			
Interest-bearing bank loans	32	724,299	310,137
Provisions for onerous contracts	33	—	250
Deferred tax liabilities	34	18,015	3,196
Total non-current liabilities		742,314	313,583
Net assets		1,953,618	1,352,180
EQUITY			
Equity attributable to owners of the parent			
Issued capital	35	163,123	3,776
Reserves	37(a)	1,790,099	1,348,007
		1,953,222	1,351,783
Minority interests		396	397
Total equity		1,953,618	1,352,180

Tang Ching Ho
Director

Chan Chun Hong, Thomas
Director

Consolidated Statement of Changes in Equity

Year ended 31 March 2010

Attributable to owners of the parent													
	Notes	Available-for-sale										Minority interests	Total equity
		Issued capital	Share premium account	Contributed surplus	revaluation reserve	Share option reserve	Exchange fluctuation reserve	Warrant reserve	Other reserve	Retained profits	Total		
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2008		32,051	586,359	106,329	-	7,697	23,167	4,500	13,425	409,041	1,182,569	57,646	1,240,215
Total comprehensive income for the year		-	-	-	-	-	(11,803)	-	(3,500)	55,409	40,106	27,042	67,148
Exercise of share options	35	488	4,250	-	-	-	-	-	-	-	4,738	-	4,738
Disposal of subsidiaries	38(b)	-	-	-	-	-	-	-	-	-	-	(84,291)	(84,291)
Placement of new shares	35	14,663	121,934	-	-	-	-	-	-	-	136,597	-	136,597
Capital reduction	35	(43,426)	-	43,426	-	-	-	-	-	-	-	-	-
Share issue expenses	35	-	(4,584)	-	-	-	-	-	-	-	(4,584)	-	(4,584)
Expiry of warrants		-	-	-	-	-	-	(4,500)	-	4,500	-	-	-
Final 2008 dividend declared		-	-	-	-	-	-	-	-	(7,868)	(7,868)	-	(7,868)
Equity-settled share option arrangements	36	-	-	-	-	225	-	-	-	-	225	-	225
At 31 March 2009		<u>3,776</u>	<u>707,959*</u>	<u>149,755*</u>	<u>-</u>	<u>7,922*</u>	<u>11,364*</u>	<u>-</u>	<u>9,925*</u>	<u>461,082*</u>	<u>1,351,783</u>	<u>397</u>	<u>1,352,180</u>
At 1 April 2009		3,776	707,959	149,755	-	7,922	11,364	-	9,925	461,082	1,351,783	397	1,352,180
Total comprehensive income for the year		-	-	-	55,855	-	(3,055)	-	(5,013)	108,073	155,860	(1)	155,859
Open Offer and the OF Bonus Issue	35(a)(i)	18,881	94,405	-	-	-	-	-	-	-	113,286	-	113,286
Placement of new shares	35(a)(ii)	4,530	58,890	-	-	-	-	-	-	-	63,420	-	63,420
Rights Issue and the RI Bonus Issue	35(a)(iii)	135,936	165,843	-	-	-	-	-	-	-	301,779	-	301,779
Share issue expenses	35	-	(13,649)	-	-	-	-	-	-	-	(13,649)	-	(13,649)
Interim 2010 dividend	12	-	-	-	-	-	-	-	-	(8,156)	(8,156)	-	(8,156)
Final 2009 dividend declared	12	-	-	-	-	-	-	-	-	(11,329)	(11,329)	-	(11,329)
Equity-settled share option arrangements	36	-	-	-	-	228	-	-	-	-	228	-	228
At 31 March 2010		<u>163,123</u>	<u>1,013,448*</u>	<u>149,755*</u>	<u>55,855*</u>	<u>8,150*</u>	<u>8,309*</u>	<u>-</u>	<u>4,912*</u>	<u>549,670*</u>	<u>1,953,222</u>	<u>396</u>	<u>1,953,618</u>

* These reserve accounts comprise the consolidated reserves of HK\$1,790,099,000 (2009: HK\$1,348,007,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 March 2010

	Notes	2010 HK\$'000	2009 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		142,731	91,630
Adjustments for:			
Finance costs	7	8,882	8,692
Share of profits and losses of associates		9,049	55,227
Fair value losses/(gains), net:			
Equity investments at fair value through profit or loss	6	(18,645)	39,208
Derivative financial instruments	6	–	(2,338)
Bank interest income and interest income from unlisted investments and loans receivable		(19,801)	(5,195)
Dividend income from listed securities	5	(781)	(1,568)
Gain on disposal of subsidiaries	38(b)	–	(170,881)
Excess over the cost of a business combination	5	–	(2,064)
Recognition of a deferred gain	5	(403)	(902)
Loss/(gain) on disposal of equity investments at fair value through profit or loss, net	6	(898)	3,956
Loss/(gain) on disposal of investment properties		(5,720)	20
Loss on deemed disposals of an associate	6	86,341	31,764
Depreciation	6	6,959	7,495
Amortisation of other intangible asset	6	6,060	6,060
Amortisation of prepaid land lease payments	6	85	1,159
Amount released for onerous contracts, net	6	(2,010)	(1,440)
Loss on disposal and write-off of items of property, plant and equipment	6	15	–
Loss on liquidation of a subsidiary		–	442
Impairment of an available-for-sale investment	6	21,184	–
Write-back of impairment of trade and other receivables, net		(387)	(491)
Accrued rent-free rental income		–	512
Fair value gains on revaluation of investment properties, net	16	(105,978)	(4,581)
Equity-settled share option expense	6	228	225
		126,911	56,930
Decrease/(increase) in properties held for sale		(342,037)	86,319
Increase in properties under development		(383,882)	(27,861)
Decrease/(increase) in trade receivables, prepayments, deposits and other receivables		(671)	24,376
Increase/(decrease) in trade payables		56	(4,148)
Increase/(decrease) in other payables and accruals		5,122	(1,463)
Increase in deposits received and receipts in advance		1,058	21,966
Cash generated from/(used in) operations		(593,443)	156,119

Consolidated Statement of Cash Flows (Cont'd)

Year ended 31 March 2010

	Notes	2010 HK\$'000	2009 HK\$'000
Cash generated from/(used in) operations		(593,443)	156,119
Profits tax paid		(8,924)	(15,670)
Net cash flows from/(used in) operating activities		<u>(602,367)</u>	<u>140,449</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		14,634	4,710
Dividend income from listed securities		781	1,568
Decrease/(increase) in amounts due from/loans to associates		(8,553)	928
Increase in loans receivable, net		(34,628)	(40,000)
Acquisition of subsidiaries	38(a)	–	(61,832)
Acquisition of additional interest in an associate		(16,759)	(26,318)
Proceeds from disposal of subsidiaries	38(b)	–	309,263
Purchases of investment properties		(121,868)	(52,858)
Purchases of property, plant and equipment		(2,747)	(79,536)
Purchases of available-for-sale investments		(1,510)	–
Purchases of held-to-maturity financial assets		(28,313)	(4,156)
Purchases of equity investments at fair value through profit or loss		(69,387)	(44,360)
Proceeds from disposal of investment properties		20,520	27,980
Proceeds from disposal of items of property, plant and equipment		50	246
Receipt of government grants		–	82
Prepayment of land lease payments		–	(405)
Proceeds from disposal of held-to-maturity financial assets		–	1,986
Proceeds from disposal of equity investments at fair value through profit or loss		16,718	26,050
Net cash flows from/(used in) investing activities		<u>(231,062)</u>	<u>63,348</u>

Consolidated Statement of Cash Flows (Cont'd)

Year ended 31 March 2010

	Notes	2010 HK\$'000	2009 HK\$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(8,447)	(11,776)
Dividends paid		(19,485)	(7,868)
Proceeds from issue of shares upon exercise of share options	35	–	4,738
Proceeds from placement of new shares	35	63,420	71,127
Proceeds from the Open Offer and the OF Bonus Issue	35	113,286	–
Proceeds from the Rights Issue and the RI Bonus Issue	35	301,779	–
Share issue expenses	35	(13,649)	(4,584)
Repayment of bank loans		(158,661)	(439,054)
New bank loans		559,536	335,276
		<u>837,779</u>	<u>(52,141)</u>
Net cash flows from/(used in) financing activities			
NET INCREASE IN CASH AND CASH EQUIVALENTS			
		4,350	151,656
Cash and cash equivalents at beginning of year		483,707	330,819
Effect of foreign exchange rate changes, net		(4,031)	1,232
		<u>484,026</u>	<u>483,707</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR			
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	29	349,313	191,735
Non-pledged time deposits with original maturity of less than three months when acquired	29	134,713	291,972
		<u>484,026</u>	<u>483,707</u>

WANG ON GROUP LIMITED

Statement of Financial Position

31 March 2010

	Notes	2010 HK\$'000	2009 HK\$'000
NON-CURRENT ASSETS			
Interests in subsidiaries	19	1,762,518	1,313,955
Held-to-maturity financial assets	22	28,912	4,114
Total non-current assets		1,791,430	1,318,069
CURRENT ASSETS			
Prepayments, deposits and other receivables	27	1,897	2,225
Held-to-maturity financial asset	22	4,018	–
Equity investments at fair value through profit or loss	28	15,237	3,569
Cash and cash equivalents	29	242,007	376,201
Total current assets		263,159	381,995
CURRENT LIABILITIES			
Other payables and accruals	31	3,186	3,698
Interest-bearing bank loans	32	52,500	105,300
Total current liabilities		55,686	108,998
NET CURRENT ASSETS		207,473	272,997
TOTAL ASSETS LESS CURRENT LIABILITIES		1,998,903	1,591,066
NON-CURRENT LIABILITIES			
Interest-bearing bank loans	32	85,475	160,175
Net assets		1,913,428	1,430,891
EQUITY			
Issued capital	35	163,123	3,776
Reserves	37(b)	1,750,305	1,427,115
Total equity		1,913,428	1,430,891

Tang Ching Ho
Director

Chan Chun Hong, Thomas
Director

Notes to Financial Statements

31 March 2010

1. CORPORATE INFORMATION

Wang On Group Limited (the “Company”) is a limited liability company incorporated in Bermuda, and its head office and principal place of business are both located at 5th Floor, Wai Yuen Tong Medicine Building, 9 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong.

During the year, the Company, its subsidiaries and jointly-controlled entity (collectively referred to as the “Group”) were involved in the following principal activities:

- property development
- property investment
- management and sub-licensing of Chinese wet markets, shopping centres and car parks
- operations and management of agricultural by-product wholesale markets
- trading of agricultural by-products

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, derivative financial instruments and certain equity investments, which have been measured at fair value. Non-current asset held for sale is stated at the lower of its carrying amount and fair value less costs to sell as further explained in note 2.4.

These financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries and jointly-controlled entity for the year ended 31 March 2010. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The assets, liabilities, income and expenses of the jointly-controlled entity are proportionally consolidated from the date on which joint control was established and obtained by the Group, and continue to be proportionally consolidated until the date that such joint control ceases. All income, expenses and unrealised gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on consolidation in full.

The acquisition of subsidiaries during the prior year has been accounted for using the purchase method of accounting. This method involves allocating the cost of the business combinations to the fair value of the identifiable assets acquired, and liabilities and contingent liabilities assumed at the date of acquisition. The cost of the acquisition is measured at the aggregate of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company’s subsidiaries.

Notes to Financial Statements (Cont'd)

31 March 2010

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of HKFRSs</i> and HKAS 27 <i>Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>
HKFRS 2 Amendments	Amendments to HKFRS 2 <i>Share-based Payment – Vesting Conditions and Cancellations</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments</i>
HKFRS 8	<i>Operating Segments</i>
HKFRS 8 Amendment*	Amendment to HKFRS 8 <i>Operating Segments – Disclosure of information about segment assets</i> (early adopted)
HKAS 1 (Revised)	<i>Presentation of Financial Statements</i>
HKAS 18 Amendment*	Amendment to Appendix to HKAS 18 <i>Revenue – Determining whether an entity is acting as a principal or as an agent</i>
HKAS 23 (Revised)	<i>Borrowing Costs</i>
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation</i> and HKAS 1 <i>Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation</i>
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC)-Int 9 <i>Reassessment of Embedded Derivatives</i> and HKAS 39 <i>Financial Instruments: Recognition and Measurement – Embedded Derivatives</i>
HK(IFRIC)-Int 13	<i>Customer Loyalty Programmes</i>
HK(IFRIC)-Int 15	<i>Agreements for the Construction of Real Estate</i>
HK(IFRIC)-Int 16	<i>Hedges of a Net Investment in a Foreign Operation</i>
HK(IFRIC)-Int 18	<i>Transfers of Assets from Customers</i> (adopted from 1 July 2009)
Improvements to HKFRSs (October 2008)**	Amendments to a number of HKFRSs

* Included in *Improvements to HKFRSs 2009* (as issued in May 2009).

** The Group adopted all improvements to HKFRSs issued in October 2008 except for the amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary*, which is effective for annual periods beginning on or after 1 July 2009.

Other than as further explained below regarding the impact of HKFRS 7 Amendments, HKFRS 8, HKFRS 8 Amendment and HKAS 1 (Revised), the adoption of these new and revised HKFRSs has had no significant financial effect on these financial statements and there have been no significant changes to the accounting policies applied in these financial statements.

Notes to Financial Statements *(Cont'd)*

31 March 2010

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES *(Cont'd)*

The principal effects of adopting HKFRS 7 Amendments, HKFRS 8, HKFRS 8 Amendment and HKAS 1 (Revised) are as follows:

(a) Amendments to HKFRS 7 *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*

The HKFRS 7 Amendments require additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by sources of inputs using a three-level fair value hierarchy, by class, for all financial instruments recognised at fair value. In addition, a reconciliation between the beginning and ending balance is now required for level 3 fair value measurements, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures are presented in note 43 to the financial statements while the revised liquidity risk disclosures are presented in note 44 to the financial statements.

(b) HKFRS 8 *Operating Segments and Amendment to HKFRS 8 Operating Segments – Disclosure of information about segment assets*

HKFRS 8, which replaces HKAS 14 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the operating segments determined in accordance with HKFRS 8 are the same as the business segments previously identified under HKAS 14. These revised disclosures, including the related revised comparative information, are shown in note 4 to the financial statements.

The Group has early adopted in these financial statements the Amendment to HKFRS 8 issued in *Improvements to HKFRSs 2009* which clarifies that segment assets need only to be reported when those assets are included in measures that are used by the chief operating decision maker.

(c) HKAS 1 (Revised) *Presentation of Financial Statements*

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present one single statement.

Notes to Financial Statements (Cont'd)

31 March 2010

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 1 (Revised)	<i>First-time Adoption of Hong Kong Financial Reporting Standards</i> ¹
HKFRS 1 Amendments	<i>Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters</i> ²
HKFRS 1 Amendment	<i>Amendment to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters</i> ⁴
HKFRS 2 Amendments	<i>Amendments to HKFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions</i> ²
HKFRS 3 (Revised)	<i>Business Combinations</i> ¹
HKFRS 9	<i>Financial Instruments</i> ⁶
HKAS 24 (Revised)	<i>Related Party Disclosures</i> ⁵
HKAS 27 (Revised)	<i>Consolidated and Separate Financial Statements</i> ¹
HKAS 32 Amendment	<i>Amendment to HKAS 32 Financial Instruments: Presentation – Classification of Rights Issues</i> ³
HKAS 39 Amendment	<i>Amendment to HKAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items</i> ¹
HK(IFRIC)-Int 14 Amendments	<i>Amendments to HK(IFRIC)-Int 14 Prepayments of a Minimum Funding Requirement</i> ⁶
HK(IFRIC)-Int 17	<i>Distributions of Non-cash Assets to Owners</i> ¹
HK(IFRIC)-Int 19	<i>Extinguishing Financial Liabilities with Equity Instruments</i> ⁴
Amendments to HKFRS 5 included in <i>Improvements to HKFRSs</i> issued in October 2008	<i>Amendments to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary</i> ¹
HK Interpretation 4 (Revised in December 2009)	<i>Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases</i> ²

Apart from the above, the HKICPA has issued *Improvements to HKFRSs 2009* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 2, HKAS 38, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16 are effective for annual periods beginning on or after 1 July 2009 while the amendments to HKFRS 5, HKAS 1, HKAS 7, HKAS 17, HKAS 36 and HKAS 39 are effective for annual periods beginning on or after 1 January 2010 although there are separate transitional provisions for each standard or interpretation. The HKICPA has further issued *Improvements to HKFRSs 2010* in May 2010 which are effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate.

- ¹ Effective for annual periods beginning on or after 1 July 2009
- ² Effective for annual periods beginning on or after 1 January 2010
- ³ Effective for annual periods beginning on or after 1 February 2010
- ⁴ Effective for annual periods beginning on or after 1 July 2010
- ⁵ Effective for annual periods beginning on or after 1 January 2011
- ⁶ Effective for annual periods beginning on or after 1 January 2013

Notes to Financial Statements *(Cont'd)*

31 March 2010

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs *(Cont'd)*

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that except for the adoption of HKFRS 3 (Revised), HKFRS 9 and HKAS 27 (Revised) may result in changes in accounting policies, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's interests in subsidiaries are stated at cost less any impairment losses.

Joint ventures

A joint venture is an entity set up by contractual arrangement, whereby the Group and other parties undertake an economic activity. The joint venture operates as a separate entity in which the Group and the other parties have an interest.

The joint venture agreement between the venturers stipulates the capital contributions of the joint venture parties, the duration of the joint venture and the basis on which the assets are to be realised upon its dissolution. The profits and losses from the joint venture's operations and any distributions of surplus assets are shared by the venturers, either in proportion to their respective capital contributions, or in accordance with the terms of the joint venture agreement.

A joint venture is treated as:

- (a) a subsidiary, if the Group/Company has unilateral control, directly or indirectly, over the joint venture;
- (b) a jointly-controlled entity, if the Group does not have unilateral control, but has joint control, directly or indirectly, over the joint venture;
- (c) an associate, if the Group does not have unilateral or joint control, but holds, directly or indirectly, generally not less than 20% of the joint venture's registered capital and is in a position to exercise significant influence over the joint venture; or
- (d) an equity investment accounted for in accordance with HKAS 39, if the Group holds, directly or indirectly, less than 20% of the joint venture's registered capital and neither has joint control of, nor is in a position to exercise significant influence over, the joint venture.

Notes to Financial Statements *(Cont'd)*

31 March 2010

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Jointly-controlled entity

A jointly-controlled entity is a joint venture that is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of the jointly-controlled entity.

The Group's interests in its jointly-controlled entity are accounted for by the proportionate consolidation method, which involves recognising its share of the jointly-controlled entity's assets, liabilities, income and expenses with similar items in the consolidated financial statements on a line-by-line basis. Unrealised gains and losses resulting from transactions between the Group and its jointly-controlled entity are eliminated to the extent of the Group's interests in the jointly-controlled entity, except where unrealised losses provide evidence of an impairment of the asset transferred.

Associates

An associate is an entity, not being a subsidiary or a jointly-controlled entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's interests in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and reserves of associates is included in profit or loss of the consolidated statement of comprehensive income and consolidated reserves, respectively. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates, except where unrealised losses provide evidence of an impairment of the asset transferred.

The results of associates are included in the Company's income statement to the extent of dividends received and receivable. The Company's interests in associates are treated as non-current assets and are stated at cost less any impairment losses.

Deferred gain represents the unrealised profit resulting from downstream transactions with an associate eliminated to the extent of the Group's interest in that associate. Deferred gain is recognised in the consolidated statement of financial position as part of the Group's interests in associates.

Goodwill

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

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

Notes to Financial Statements (Cont'd)

31 March 2010

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Goodwill (Cont'd)

The carrying amount of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 March.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

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

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

Goodwill previously eliminated against consolidated retained profits

Prior to the adoption of the HKICPA's Statement of Standard Accounting Practice 30 "Business Combinations" ("SSAP 30") in 2001, goodwill arising on acquisition was eliminated against consolidated retained profits in the year of acquisition. On the adoption of HKFRS 3, such goodwill remains eliminated against the consolidated retained profits and is not recognised in profit or loss of the statement of comprehensive income when all or part of the business to which the goodwill relates is disposed of or when a cash-generating unit to which the goodwill relates becomes impaired.

Excess over the cost of business combinations

Any excess of the Group's interest in the net fair value of the acquirees' identifiable assets, liabilities and contingent liabilities over the cost of acquisition of subsidiaries and associates (previously referred to as negative goodwill), after reassessment, is recognised immediately in profit or loss of the consolidated statement of comprehensive income.

The excess for associates is included in the Group's share of the associates' profits or losses in the period in which the investments are acquired.

Notes to Financial Statements (Cont'd)

31 March 2010

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Impairment of non-financial assets other than goodwill

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than deferred tax assets, financial assets, investment properties and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to profit or loss of the statement of comprehensive income in the period in which it arises in those expense categories consistent with the function of the impaired asset, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill and certain financial assets is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss of the statement of comprehensive income in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Marketplace operating right

Purchased marketplace operating right is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of five years.

Notes to Financial Statements *(Cont'd)*

31 March 2010

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Related parties

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

- (a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;
- (b) the party is an associate;
- (c) the party is a jointly-controlled entity;
- (d) the party is a member of the key management personnel of the Group or its parent;
- (e) the party is a close member of the family of any individual referred to in (a) or (d);
- (f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
- (g) the party is a post-employment benefit plan for the benefit of the employees of the Group, or of any entity that is a related party of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss of the statement of comprehensive income in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation.

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

Building	5%
Leasehold improvements	15% to 33% or over the lease term
Plant and machinery	15% to 50%
Furniture, fixtures and office equipment	15% to 50%
Motor vehicles	20%
Computer equipment	15% to 33%

Notes to Financial Statements *(Cont'd)*

31 March 2010

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Property, plant and equipment and depreciation *(Cont'd)*

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

Residual values, useful lives and the depreciation methods are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss of the statement of comprehensive income in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in profit or loss of the statement of comprehensive income in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss of the statement of comprehensive income in the year of the retirement or disposal.

Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable.

Non-current assets and disposal groups (other than investment properties, deferred tax assets, and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

Notes to Financial Statements (Cont'd)

31 March 2010

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to profit or loss of the statement of comprehensive income on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases net of any incentives received from the lessor are charged to profit or loss of the statement of comprehensive income on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

Properties under development

Properties under development are stated at the lower of cost and net realisable value and comprise construction costs, borrowing costs, professional fees, payments for land use rights and other costs directly attributable to such properties incurred during the development period.

Properties under development are classified as current assets unless the construction of the relevant property development project is expected to complete beyond the normal operating cycle. On completion, the properties are transferred to properties held for sale.

Properties held for sale are stated at the lower of cost and net realisable value. Cost is determined by an apportionment of the total land and building costs attributable to unsold properties. Net realisable value is estimated by the directors based on the prevailing market prices on an individual property basis.

Investments and other financial assets

Initial recognition and measurement

Financial assets within the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

The Group's financial assets include cash and bank balances, trade and other receivables, loans receivable, quoted and unquoted financial instruments, and derivative financial instruments.

Notes to Financial Statements (Cont'd)

31 March 2010

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Investments and other financial assets (Cont'd)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. This category includes derivative financial instruments entered into the Group that are not designated as hedging instruments in hedge relationships as defined by HKAS 39. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in profit or loss of the statement of comprehensive income. These net fair value changes do not include any dividends on these financial assets, which are recognised in accordance with the policy set out for "Revenue recognition" below.

The Group evaluates its financial assets at fair value through profit or loss (held for trading) to assess whether the intent to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intent to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets in rare circumstances. The reclassification from financial assets at fair value through profit or loss to loans and receivables, available-for-sale financial assets or held-to-maturity investments depends on the nature of the assets.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss of the statement of comprehensive income. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently carried at amortised cost using the effective interest method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance income in profit or loss of the statement of comprehensive income. The loss arising from impairment is recognised in profit or loss of the statement of comprehensive income in other operating expenses.

Notes to Financial Statements (Cont'd)

31 March 2010

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Investments and other financial assets (Cont'd)

Held-to-maturity investments

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

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment valuation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in profit or loss of the statement of comprehensive income in other income, or until the investment is determined to be impaired, at which time the cumulative gain or loss is recognised in profit or loss of the statement of comprehensive income in other operating expenses and removed from the available-for-sale investment valuation reserve. Interest and dividends earned are reported as interest income and dividend income, respectively and are recognised in profit or loss of the statement of comprehensive income as other income in accordance with the policies set out for "Revenue recognition" below.

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

The Group evaluates its available-for-sale financial assets whether the ability and intention to sell them in the near term are still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intent to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or to maturity. The reclassification to the held-to-maturity category is permitted only when the entity has the ability and intent to hold until the maturity date of the financial asset.

For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to profit or loss of the statement of comprehensive income.

Notes to Financial Statements *(Cont'd)*

31 March 2010

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred “loss event”) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Notes to Financial Statements (Cont'd)

31 March 2010

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Impairment of financial assets (Cont'd)

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced either directly or through the use of an allowance account and the amount of the loss is recognised in profit or loss of the statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to profit or loss of the statement of comprehensive income.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss of the statement of comprehensive income, is removed from other comprehensive income and recognised in profit or loss of the statement of comprehensive income.

Notes to Financial Statements (Cont'd)

31 March 2010

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Impairment of financial assets (Cont'd)

Available-for-sale financial investments (Cont'd)

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. The determination of what is “significant” or “prolonged” requires judgement. “Significant” is evaluated against the original cost of the investment and “prolonged” against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss of the statement of comprehensive income – is removed from other comprehensive income and recognised in profit or loss of the statement of comprehensive income. Impairment losses on equity instruments classified as available for sale are not reversed through profit or loss of the statement of comprehensive income. Increases in their fair value after impairment are recognised directly in other comprehensive income.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of HKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, financial guarantee contracts, derivative financial instruments and interest-bearing loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss of the statement of comprehensive income when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss of the statement of comprehensive income.

Notes to Financial Statements (Cont'd)

31 March 2010

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial liabilities (Cont'd)

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss of the statement of comprehensive income.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments where there is no active market, the fair value is determined using appropriate valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and option pricing models.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, 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.

For the purpose of the statement of financial positions, cash and cash equivalents comprise cash on hand and at banks including term deposits, which are not restricted as to use.

Notes to Financial Statements *(Cont'd)*

31 March 2010

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss of the statement of comprehensive income.

Provision for onerous contracts represents provision for lease contracts for certain Hong Kong properties and projects where the unavoidable costs of meeting the obligations under the contracts exceed the economic benefits expected to be received under them. Provisions for onerous contracts are recognised based on the difference between the rental payments receivable by the Group and those unavoidable rental payments payable by the Group under the contracts, together with any compensation or penalties arising from the failure to fulfill the contracts, discounted to their present value as appropriate.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint venture, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Notes to Financial Statements *(Cont'd)*

31 March 2010

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Income tax *(Cont'd)*

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interest in joint venture, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss of the statement of comprehensive income over the expected useful life of the relevant asset by equal annual instalments.

Notes to Financial Statements *(Cont'd)*

31 March 2010

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (a) rental and sub-licensing fee income, on a time proportion basis over the lease terms;
- (b) from the provision of services, when the services are rendered;
- (c) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;
- (d) from the sale of properties, when the sale agreement becomes unconditional;
- (e) interest income, on an accrual basis using the effective interest rate method by applying the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset;
- (f) from the sale of listed securities, on the trade dates; and
- (g) dividend income, where the shareholders' right to receive payment has been established.

Share-based payment transactions

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 36 to the financial statements.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss of the statement of comprehensive income for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Notes to Financial Statements (Cont'd)

31 March 2010

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Share-based payment transactions (Cont'd)

No expense is recognised for awards that do not ultimately vest, except for equity-settled transaction where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification, which increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transaction awards are treated equally.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss of the statement of comprehensive income as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries and jointly-controlled entity in Mainland China are required to participate in a central pension scheme (the "PRC Pension Scheme") operated by the local municipal government. These subsidiaries and jointly-controlled entity are required to contribute certain percentage of their payroll costs to the PRC Pension Scheme. The only obligation of the Group with respect to the PRC Pension Scheme is to pay the ongoing contributions under the PRC Pension Scheme.

Notes to Financial Statements *(Cont'd)*

31 March 2010

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when 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 capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing funds.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded to the entities in the Group are initially recorded using their respective functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currency are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. All differences are taken to profit or loss of the statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of certain overseas subsidiaries, jointly-controlled entity and an associate are currency other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the end of the reporting period, their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss of the statement of comprehensive income.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries and the jointly-controlled entity are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries and the jointly-controlled entity which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rate for the year.

Notes to Financial Statements (Cont'd)

31 March 2010

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are continued in note 34 to the financial statements.

Estimation uncertainty

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

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill has been allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. More details are given in note 18.

Notes to Financial Statements (Cont'd)

31 March 2010

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Cont'd)

Estimation uncertainty (Cont'd)

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment of all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment of properties under development

The Group assesses the recoverable amount of each property under development based on its value in use or net selling price, depending on the anticipated future plans for the property. Estimating the value in use of an asset involves estimating the future cash flows to be derived from continuing use of the asset and from its ultimate disposal and applying the appropriate discount rate to these future cash flows.

Estimation of fair value of investment properties

In the absence of current prices in an active market for similar 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 or subject to different leases or other contracts, 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 uncertainty in the amount and timing of the cash flows.

The principal assumptions for the Group's estimation of the fair value include those related to current market rents for similar properties in the same location and condition, appropriate discount rates, expected future market rents and future maintenance costs.

Notes to Financial Statements (Cont'd)

31 March 2010

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Cont'd)

Estimation uncertainty (Cont'd)

Useful lives and impairment of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its items of property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of items of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and its competitor's actions. Management will increase the depreciation charge where useful lives are less than previously estimates, or it will write off or write down technically obsolete assets that have been abandoned.

The carrying value of an item of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable in accordance with the accounting policy as disclosed in the relevant part of this section. The recoverable amount of an item of property, plant and equipment is calculated as the higher of its fair value less costs to sell and value in use, the calculations of which involve the use of estimates.

Impairment of available-for-sale investments

The Group classifies certain assets as available-for-sale and recognises movements of their fair values in equity. When the fair value declines, management makes assumptions about the decline in value to determine whether there is an impairment that should be recognised in profit or loss of the statement of comprehensive income. As at 31 March 2010, impairment loss of HK\$21,184,000 (2009: Nil) has been recognised for available-for-sale investments.

Allowance on trade and other receivables

The provision policy for doubtful debts of the Group is based on the ongoing evaluation of the collectibility and the aged analysis of the outstanding receivables and on management's estimation. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the creditworthiness and the past collection history of each customer. If the financial conditions of the customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

PRC corporate income tax ("CIT")

The Group is subject to income taxes in the People's Republic of China (the "PRC"). As a result of the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimate and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realise.

Notes to Financial Statements (Cont'd)

31 March 2010

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has six reportable operating segments as follows:

- (a) the property development segment engages in the development of properties;
- (b) the property investment segment invests in industrial and commercial premises and residential units for rental income;
- (c) the Chinese wet markets segment engages in the management and sub-licensing of Chinese wet markets;
- (d) the shopping centres and car parks segment engages in the management and sub-licensing of shopping centres and car parks;
- (e) the agricultural by-product wholesale markets segment engages in the operations and management of agricultural by-product wholesale markets; and
- (f) the trading of agricultural by-products segment engages in the wholesale and retail of agricultural by-products.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, head office and corporate income and expenses and share of profits and losses of associates are excluded from such measurement.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Notes to Financial Statements (Cont'd)

31 March 2010

4. OPERATING SEGMENT INFORMATION (Cont'd)

Information regarding these reportable segments, together with their related revised comparative information is presented below.

Reportable segment information

	Property development		Property investment		Chinese wet markets		Shopping centres and car parks		Agricultural by-products wholesale markets		Trading of agricultural by-products		Consolidated	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:														
Sales to external customers	225,575	129,630	43,042	13,421	207,725	168,387	13,317	13,378	21,765	48,639	63,592	86,004	575,016	459,459
Intersegment sales	-	-	-	-	-	-	240	240	-	-	-	-	240	240
Other revenue	187	15,669	116,013	(56,383)	2,240	5,138	636	385	138	221,969	5	1	119,219	186,779
Total	<u>225,762</u>	<u>145,299</u>	<u>159,055</u>	<u>(42,962)</u>	<u>209,965</u>	<u>173,525</u>	<u>14,193</u>	<u>14,003</u>	<u>21,903</u>	<u>270,608</u>	<u>63,597</u>	<u>86,005</u>	<u>694,475</u>	<u>646,478</u>
Elimination of intersegment sales													(240)	(240)
Corporate and unallocated revenue													30,435	6,533
Total													<u>724,670</u>	<u>652,771</u>
Segment results													<u>223,646</u>	<u>237,430</u>
Interest income													19,801	5,195
Finance costs													(8,882)	(8,692)
Corporate and unallocated income and expenses, net													(82,785)	(87,076)
Share of profits and losses of associates													(9,049)	(55,227)
Profit before tax													<u>142,731</u>	<u>91,630</u>
Tax													<u>(34,659)</u>	<u>(11,480)</u>
Profit for the year													<u>108,072</u>	<u>80,150</u>

Notes to Financial Statements (Cont'd)

31 March 2010

4. OPERATING SEGMENT INFORMATION (Cont'd)

Reportable segment information (Cont'd)

	Property development		Property investment		Chinese wet markets		Shopping centres and car parks		Agricultural by-products wholesale markets		Trading of agricultural by-products		Total of reportable segments		Corporate and others		Consolidated	
	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Other segment information:																		
Depreciation and amortisation	226	1,294	73	9	5,769	5,687	1	8	6,193	7,198	69	47	12,331	14,243	1,089	773	13,420	15,016
Impairment (write-back of impairment) of trade and other receivables, net	-	-	-	-	(122)	183	-	-	-	-	-	-	(122)	183	(265)	(674)	(387)	(491)
Impairment of an available-for-sale investment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	21,184	-	21,184	-
Capital expenditure	383,882	589	121,474	71,045	1,219	1,731	-	-	37	84,800	145	1	506,757	159,166	1,740	171	508,497	159,337
Fair value gains/(losses) on investment properties	-	-	108,738	(58,601)	(2,760)	2,040	-	-	-	61,142	-	-	105,978	4,581	-	-	105,978	4,581
Fair value gains/(losses) on equity investments at fair value through profit or loss, net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18,645	(39,208)	18,645	(39,208)
Gain on disposal of subsidiaries	-	15,661	-	-	-	-	-	-	-	155,220	-	-	-	170,881	-	-	-	170,881
Interests in associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	88,873	216,625	88,873	216,625
Share of profits and losses of associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(9,049)	(55,227)	(9,049)	(55,227)

Notes to Financial Statements (Cont'd)

31 March 2010

4. OPERATING SEGMENT INFORMATION (Cont'd)

Geographical information

(a) Sales to external customers

	2010 HK\$'000	2009 <i>HK\$'000</i>
Hong Kong	559,246	417,753
Mainland China	15,770	41,706
	<u>575,016</u>	<u>459,459</u>

The revenue information above is based on the location of customers.

(b) Non-current assets

	2010 HK\$'000	2009 <i>HK\$'000</i>
Hong Kong	1,087,858	649,748
Mainland China	74,602	142,589
	<u>1,162,460</u>	<u>792,337</u>

The non-current asset information above is based on the locations of assets and excludes financial instruments and deferred tax assets.

Information about a major customer

There was no revenue from any single external customer that attributed 10% or more of the total revenue for the year ended 31 March 2010. For the year ended 31 March 2009, revenue of HK\$75,000,000 was derived from sales by the property development segment to a single customer.

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents sub-licensing and management fee income received and receivable; the net invoiced value of goods sold, after allowances for returns and trade discounts; the invoiced value of services rendered; the gross rental income received and receivable from investment properties and proceeds from the sale of properties during the year.

Notes to Financial Statements (Cont'd)

31 March 2010

5. REVENUE, OTHER INCOME AND GAINS (Cont'd)

An analysis of the Group's revenue, other income and gains is as follows:

	Group	
	2010 HK\$'000	2009 HK\$'000
Revenue		
Sub-licensing fee income	193,294	150,975
Property management fee income	12,670	16,591
Sale of goods	63,592	86,004
Rendering of services	–	52
Gross rental income	79,885	76,207
Sale of properties	225,575	129,630
	<u>575,016</u>	<u>459,459</u>
Other income		
Bank interest income	483	3,217
Interest income from unlisted investments	825	378
Interest income from loans receivable	18,493	1,600
Dividend income from listed securities	781	1,568
Land resumption compensation	–	4,259
Management fee income	5,819	1,914
Others	10,118	7,143
	<u>36,519</u>	<u>20,079</u>
Gains		
Gain on disposal of equity investments at fair value through profit or loss, net	898	–
Fair value gains of equity investments at fair value through profit or loss, net	18,645	–
Exchange gains, net	1,292	–
Recognition of a deferred gain	403	902
Gain on disposal of investment properties	5,720	–
Excess over the cost of a business combination (note 38(a))	–	2,064
	<u>26,958</u>	<u>2,966</u>
Other income and gains	<u>63,477</u>	<u>23,045</u>

Notes to Financial Statements (Cont'd)

31 March 2010

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

		Group	
		2010	2009
		HK\$'000	HK\$'000
	Notes		
Auditors' remuneration		1,800	2,200
Cost of inventories sold		68,535	86,401
Cost of services provided		184,385	151,413
Cost of properties sold		151,063	88,577
Depreciation	14	7,275	7,797
Less: Government grants released#		(316)	(302)
		6,959	7,495
Minimum lease payments under operating leases in respect of land and buildings		131,393	99,008
Amortisation of prepaid land lease payments	15	85	1,159
Amortisation of other intangible asset	23	6,060	6,060
Employee benefit expense (including directors' remuneration – note 8):			
Wages and salaries		54,644	68,192
Equity-settled share option expense		228	225
Pension scheme contributions		1,502	1,528
		56,374	69,945
Gross rental income, net of business tax		(79,885)	(76,207)
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties		4,674	1,146
		(75,211)	(75,061)
Fair value losses/(gains), net:			
Equity investments at fair value through profit or loss		(18,645)	39,208
Derivative financial instruments		–	(2,338)
Impairment of an available-for-sale investment*		21,184	–
Loss on disposal and write-off of items of property, plant and equipment*		15	–
Loss/(gain) on disposal of equity investments at fair value through profit or loss, net		(898)	3,956
Loss on deemed disposal of an associate*		86,341	31,764
Amount released for onerous contracts, net	33	(2,010)	(1,440)
Foreign exchange differences, net		(1,292)	5,523
Write-back of impairment of other receivable*		(265)	(733)
Impairment/(write-back of impairment) of trade receivables*		(122)	242

Notes to Financial Statements (Cont'd)

31 March 2010

6. PROFIT BEFORE TAX (Cont'd)

* These expenses are included in "Other expenses" on the face of the consolidated statement of comprehensive income.

Certain government grants have been received for renovating and upgrading certain Chinese wet markets operated by the Group's jointly-controlled entity in Shenzhen, the PRC. The government grants released have been deducted from the depreciation cost to which they relate. Government grants received for which related expenditure has not yet been undertaken are included in deferred income under other payables and accruals in the statement of financial position. There are no unfulfilled conditions or contingencies relating to these grants.

7. FINANCE COSTS

	Group	
	2010	2009
	HK\$'000	HK\$'000
Interest on bank loans and overdrafts	9,230	13,134
Less: Interest capitalised	(348)	(4,442)
	8,882	8,692

8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Group	
	2010	2009
	HK\$'000	HK\$'000
Fees	771	771
Other emoluments for executive directors:		
Salaries, allowances and benefits in kind	9,862	9,857
Performance related bonuses*	2,087	2,016
Equity-settled share option expense	39	42
Pension scheme contributions	86	86
	12,074	12,001
	12,845	12,772

Notes to Financial Statements (Cont'd)

31 March 2010

8. DIRECTORS' REMUNERATION (Cont'd)

- * Certain executive directors of the Company are entitled to bonus payments which are determined with reference to the Company's operating results, individual performance of the directors and comparable market statistics during the year.

During the year, a director was granted share options in respect of his services to the Group, under the share option scheme of the Company, further details of which are set out in note 36 to the financial statements. The fair value of such options which has been recognised in profit or loss of the statement of comprehensive income over the vesting period was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' remuneration disclosures.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

Executive directors and independent non-executive directors

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Performance related bonuses HK\$'000	Equity-settled share option benefits HK\$'000	Pension scheme contributions HK\$'000	Total remuneration HK\$'000
2010						
Executive directors:						
Mr. Tang Ching Ho	-	4,151	346	39	12	4,548
Ms. Yau Yuk Yin	-	4,019	247	-	12	4,278
Mr. Chan Chun Hong, Thomas	-	1,692	1,494	-	62	3,248
	-	9,862	2,087	39	86	12,074
Independent non-executive directors:						
Dr. Lee Peng Fei, Allen, CBE, BS, FHKIE, JP	297	-	-	-	-	297
Mr. Wong Chun, Justein, MBE, JP	217	-	-	-	-	217
Mr. Siu Yim Kwan, Sidney, S.B. St.J.	117	-	-	-	-	117
Mr. Siu Kam Chau	140	-	-	-	-	140
	771	-	-	-	-	771
	771	9,862	2,087	39	86	12,845

Notes to Financial Statements (Cont'd)

31 March 2010

8. DIRECTORS' REMUNERATION (Cont'd)

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Performance related bonuses HK\$'000	Equity-settled share option benefits HK\$'000	Pension scheme contributions HK\$'000	Total remuneration HK\$'000
2009						
Executive directors:						
Mr. Tang Ching Ho	-	4,151	259	42	12	4,464
Ms. Yau Yuk Yin	-	4,014	185	-	12	4,211
Mr. Chan Chun Hong, Thomas	-	1,692	1,572	-	62	3,326
	<u>-</u>	<u>9,857</u>	<u>2,016</u>	<u>42</u>	<u>86</u>	<u>12,001</u>
Independent non-executive directors:						
Dr. Lee Peng Fei, Allen, CBE, BS, FHKIE, JP	297	-	-	-	-	297
Mr. Wong Chun, Justein, MBE, JP	217	-	-	-	-	217
Mr. Siu Yim Kwan, Sidney, S.B. St.J.	117	-	-	-	-	117
Mr. Siu Kam Chau	140	-	-	-	-	140
	<u>771</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>771</u>
	<u>771</u>	<u>9,857</u>	<u>2,016</u>	<u>42</u>	<u>86</u>	<u>12,772</u>

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three (2009: three) directors, details of whose remuneration are disclosed in note 8 above. Details of the remuneration of the remaining two (2009: two) non-directors, highest paid employees for the year are as follows:

	Group	
	2010 HK\$'000	2009 HK\$'000
Salaries and allowances	1,903	2,105
Performance related bonuses	402	536
Equity-settled share option expense	24	13
Pension scheme contributions	56	56
	<u>2,385</u>	<u>2,710</u>

Notes to Financial Statements (Cont'd)

31 March 2010

9. FIVE HIGHEST PAID EMPLOYEES (Cont'd)

During the year, share options were granted to the non-director, highest paid employees, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 36 to the financial statements. The fair value of such options which has been recognised in profit or loss of the statement of comprehensive income over the vesting period was determined as at the dates of grant and the amount included in the financial statements for the current year is included in the above remuneration disclosures.

The number of non-director, highest paid employees whose remuneration fell within the following band is as follows:

	Number of employees	
	2010	2009
HK\$1,000,001 to HK\$1,500,000	<u>2</u>	<u>2</u>

10. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable in Mainland China have been calculated at the rate of tax prevailing in Mainland China.

	2010 HK\$'000	2009 HK\$'000
Group:		
Current – Hong Kong		
Charge for the year	18,507	5,658
Underprovision/(overprovision) in prior years	<u>526</u>	<u>(11,195)</u>
	19,033	(5,537)
Current – PRC		
Charge for the year	629	3,375
Deferred (note 34)	<u>14,997</u>	<u>13,642</u>
Total tax charge for the year	<u><u>34,659</u></u>	<u><u>11,480</u></u>

Notes to Financial Statements (Cont'd)

31 March 2010

10. INCOME TAX (Cont'd)

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the jurisdictions in which the Company, its subsidiaries and jointly-controlled entity are domiciled to the tax expense at the effective tax rate is as follows:

	Group	
	2010 HK\$'000	2009 HK\$'000
Profit before tax	<u>142,731</u>	<u>91,630</u>
Tax at the statutory tax rates of different jurisdictions	23,879	23,706
Lower tax rate for specific provinces or enacted by local authority	(72)	(445)
Effect on opening deferred tax of decrease in rates	–	(265)
Adjustments in respect of current tax of previous periods	526	(11,195)
Profits and losses attributable to associates	1,493	8,668
Income not subject to tax	(19,351)	(31,737)
Expenses not deductible for tax	34,596	16,035
Effect of withholding tax of 5% on the distributable profits of the Group's PRC jointly-controlled entity	–	283
Tax losses utilised from previous periods	(4,673)	(744)
Tax losses not recognised	2,613	4,465
Others	<u>(4,352)</u>	<u>2,709</u>
Tax expense at the Group's effective rate	<u>34,659</u>	<u>11,480</u>

11. PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT

The consolidated profit attributable to owners of the parent for the year ended 31 March 2010 includes a profit of HK\$36,958,000 (2009: loss of HK\$17,274,000) which has been dealt with in the financial statements of the Company (note 37(b)).

12. DIVIDENDS

	2010 HK\$'000	2009 HK\$'000
Interim – HK\$0.3 cents (2009: Nil) per ordinary share	8,156	–
Proposed final – HK0.6 cents (2009: HK0.5 cents) per ordinary share	<u>19,575</u>	<u>11,329</u>
	<u>27,731</u>	<u>11,329</u>

Notes to Financial Statements (Cont'd)

31 March 2010

12. DIVIDENDS (Cont'd)

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

The dividend per ordinary share amounts for the prior year has been adjusted to reflect the consolidation of shares during the year.

13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary owners of the parent and the weighted average number of ordinary shares in issue during the year, as adjusted to reflect the consolidation of shares, open offer, rights issue and the bonus issues associated with the open offer and rights issue during the year.

The calculation of diluted earnings per share is based on the profit for the year attributable to ordinary owners of the parent and the weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares, as adjusted for the consolidation of shares, open offer, rights issue and the bonus issues associated with the open offer and rights issue during the year.

No adjustment has been made to the basic earnings per share amount presented for the year ended 31 March 2010 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic earnings per share amount presented.

The calculations of basic and diluted earnings per share amounts are based on:

	2010 HK\$'000	2009 HK\$'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	<u>108,073</u>	<u>55,409</u>

Notes to Financial Statements *(Cont'd)*

31 March 2010

13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT *(Cont'd)*

	Number of shares	
	2010	2009 (Restated)
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation*	841,718,576	206,262,109
Effect of dilution – weighted average number of ordinary shares:		
Share options	–	20,563
	<u>841,718,576</u>	<u>206,282,672</u>

* The weighted average numbers of ordinary shares in 2010 and 2009 have been retrospectively adjusted for the five-to-one share consolidation taken place on 23 February 2010, the open offer and its associated bonus issue taken place on 7 May 2009, and the rights issue and its associated bonus issue taken place on 18 March 2010.

Notes to Financial Statements (Cont'd)

31 March 2010

14. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold improvements HK\$'000	Plant and machinery HK\$'000	Furniture, fixtures and office equipment HK\$'000	Motor vehicles HK\$'000	Computer equipment HK\$'000	Total HK\$'000
31 March 2010						
At 31 March 2009 and at 1 April 2009:						
Cost	63,741	1,042	33,388	2,828	3,571	104,570
Accumulated depreciation	(49,998)	(481)	(32,817)	(1,450)	(2,975)	(87,721)
Net carrying amount	<u>13,743</u>	<u>561</u>	<u>571</u>	<u>1,378</u>	<u>596</u>	<u>16,849</u>
At 1 April 2009, net of accumulated depreciation	13,743	561	571	1,378	596	16,849
Additions	686	111	236	-	1,714	2,747
Disposals and write-off	(55)	(2)	(7)	-	(1)	(65)
Depreciation provided during the year	(5,552)	(185)	(301)	(484)	(753)	(7,275)
Exchange realignment	9	1	15	11	-	36
At 31 March 2010, net of accumulated depreciation	<u>8,831</u>	<u>486</u>	<u>514</u>	<u>905</u>	<u>1,556</u>	<u>12,292</u>
At 31 March 2010:						
Cost	64,280	1,149	33,595	2,839	5,284	107,147
Accumulated depreciation	(55,449)	(663)	(33,081)	(1,934)	(3,728)	(94,855)
Net carrying amount	<u>8,831</u>	<u>486</u>	<u>514</u>	<u>905</u>	<u>1,556</u>	<u>12,292</u>

Notes to Financial Statements (Cont'd)

31 March 2010

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

Group (Cont'd)

	Building HK\$'000	Leasehold improvements HK\$'000	Plant and machinery HK\$'000	Furniture, fixtures and office equipment HK\$'000	Motor vehicles HK\$'000	Computer equipment HK\$'000	Construction in progress HK\$'000	Total HK\$'000
31 March 2009								
At 1 April 2008:								
Cost	638	62,558	13,863	33,611	3,825	3,368	127,232	245,095
Accumulated depreciation	(112)	(44,671)	(2,960)	(32,738)	(1,079)	(2,651)	-	(84,211)
Net carrying amount	<u>526</u>	<u>17,887</u>	<u>10,903</u>	<u>873</u>	<u>2,746</u>	<u>717</u>	<u>127,232</u>	<u>160,884</u>
At 1 April 2008, net of accumulated depreciation	526	17,887	10,903	873	2,746	717	127,232	160,884
Additions	-	1,043	687	1,219	731	210	75,646	79,536
Acquisition of subsidiaries (note 38(a))	-	225	-	-	-	-	-	225
Disposal of subsidiaries (note 38(b))	(511)	-	(12,052)	(1,088)	(1,346)	-	(191,206)	(206,203)
Disposals and write-off	-	(35)	(69)	(9)	(134)	-	-	(247)
Depreciation provided during the year	(28)	(5,444)	(899)	(448)	(645)	(333)	-	(7,797)
Transfer	-	-	1,862	-	-	-	(1,862)	-
Transfer to investment properties (note 16)	-	-	-	-	-	-	(12,559)	(12,559)
Exchange realignment	13	67	129	24	26	2	2,749	3,010
At 31 March 2009, net of accumulated depreciation	<u>-</u>	<u>13,743</u>	<u>561</u>	<u>571</u>	<u>1,378</u>	<u>596</u>	<u>-</u>	<u>16,849</u>
At 31 March 2009:								
Cost	-	63,741	1,042	33,388	2,828	3,571	-	104,570
Accumulated depreciation	-	(49,998)	(481)	(32,817)	(1,450)	(2,975)	-	(87,721)
Net carrying amount	<u>-</u>	<u>13,743</u>	<u>561</u>	<u>571</u>	<u>1,378</u>	<u>596</u>	<u>-</u>	<u>16,849</u>

Notes to Financial Statements (Cont'd)

31 March 2010

15. PREPAID LAND LEASE PAYMENTS

	Group	
	2010 HK\$'000	2009 HK\$'000
Carrying amount at 1 April	3,256	180,491
Additions	–	405
Amortisation during the year	(85)	(1,159)
Disposal of subsidiaries (note 38(b))	–	(181,056)
Exchange realignment	–	4,575
	<hr/>	<hr/>
Carrying amount at 31 March	3,171	3,256
Current portion included in prepayments, deposits and other receivables (note 27)	(85)	(85)
	<hr/>	<hr/>
Non-current portion	<u>3,086</u>	<u>3,171</u>

The Group's leasehold land is situated in Hong Kong and is held under the medium term leases.

16. INVESTMENT PROPERTIES

	Group	
	2010 HK\$'000	2009 HK\$'000
Carrying amount at 1 April	536,136	555,199
Additions	121,868	77,884
Acquisition of subsidiaries (note 38(a))	–	98,766
Disposals during the year	(14,800)	(28,000)
Disposal of subsidiaries (note 38(b))	–	(188,099)
Transfer from construction in progress (note 14)	–	12,559
Net gains from fair value adjustments	105,978	4,581
Exchange realignment	522	3,246
	<hr/>	<hr/>
Carrying amount at 31 March	<u>749,704</u>	<u>536,136</u>

Notes to Financial Statements (Cont'd)

31 March 2010

16. INVESTMENT PROPERTIES (Cont'd)

The Group's investment properties are situated in Hong Kong and Mainland China and are held under the following lease terms:

	Group	
	2010 HK\$'000	2009 HK\$'000
Long term leases:		
– Hong Kong	179,680	154,000
Medium term leases:		
– Hong Kong	498,231	308,572
– Mainland China	71,793	73,564
	570,024	382,136
	749,704	536,136

The Group's investment properties were revalued on 31 March 2010 by Savills Valuation and Professional Services Limited and Vigers Appraisal and Consulting Limited, independent professional qualified valuers, on an open market, existing use basis. The investment properties are leased to third parties and a director of the Company under operating leases, further details of which are included in notes 40 and 42 to the financial statements.

At 31 March 2010, the Group's investment properties with an aggregate carrying value of HK\$651,910,000 (2009: HK\$420,572,000) and certain rental income generated therefrom were pledged to secure the Group's general banking facilities, of which approximately HK\$349,355,000 (2009: HK\$432,085,000) had been utilised as at 31 March 2010 (note 32).

Further particulars of the Group's investment properties are included on pages 124 to 130.

17. PROPERTIES UNDER DEVELOPMENT

	Group	
	2010 HK\$'000	2009 HK\$'000
Carrying amount at 1 April	–	288,405
Additions (including development cost and capitalised interest)	383,882	32,302
Transfer to properties held for sale (note 25)	–	(320,707)
Carrying amount at 31 March	383,882	–

At 31 March 2010, the Group's properties under development with an aggregate carrying value of HK\$383,882,000 (2009: Nil) were pledged to secure the Group's general banking facilities, of which HK\$282,050,000 (2009: Nil) had been utilised as at 31 March 2010 (note 32).

Notes to Financial Statements (Cont'd)

31 March 2010

18. GOODWILL

Group

	Goodwill arising on acquisition arising on acquisition of a jointly- controlled entity
	<i>HK\$'000</i>
At 31 March 2009 and 2010:	
Cost	1,376
Accumulated impairment	—
	<hr/>
Net carrying amount	<u>1,376</u>

The Group applied the transitional provisions of SSAP 30 that permitted goodwill and negative goodwill in respect of acquisitions which occurred prior to the adoption of the standard, to remain eliminated against consolidated reserves or credited to the capital reserve, respectively.

The amount of goodwill remaining in the consolidated reserves, arising from the acquisition of subsidiaries prior to the adoption of SSAP 30 in 2001, was HK\$21,775,000 (2009: HK\$21,775,000) as at 31 March 2010.

Impairment testing of goodwill

Goodwill arising from the acquisition of a jointly-controlled entity has been allocated to the Shenzhen traditional wet markets cash-generating unit for impairment testing.

The recoverable amount of the Shenzhen traditional wet markets cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets conversing a five-year period approved by senior management. The discount rate applied to cash flow projections is 12% (2009: 15%).

Management has determined the budgeted gross margins based on past performance and its expectation for market development. The discount rate used is before tax and reflects specific risks relating to the relevant unit.

Notes to Financial Statements (Cont'd)

31 March 2010

19. INTERESTS IN SUBSIDIARIES

	Company	
	2010 HK\$'000	2009 HK\$'000
Unlisted shares, at cost	71,000	71,000
Due from subsidiaries – Note (i)	2,065,701	1,656,473
Loans to subsidiaries – Note (ii)	109,286	11,383
Due to subsidiaries – Note (i)	(393,355)	(314,025)
	1,852,632	1,424,831
Impairment – Note (iii)	(90,114)	(110,876)
	1,762,518	1,313,955

Notes:

- (i) The amounts are unsecured, interest-free and have no fixed terms of repayment. The carrying amounts of these amounts approximate to their fair values.
- (ii) The amounts are unsecured, bear interest at the Hong Kong prime rate as quoted by The Hongkong and Shanghai Banking Corporation Limited (2009: 3% per annum), and have no fixed terms of repayment. The carrying amounts of these amounts approximate to their fair values.
- (iii) The impairment relates primarily to amounts due from subsidiaries and loans to subsidiaries that had suffered losses for years or ceased operations.

Particulars of the principal subsidiaries at the end of the reporting period are as follows:

Name	Place of incorporation/operations	Nominal value of issued ordinary share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Allied Victory Investment Limited	Hong Kong	Ordinary HK\$2	–	100	Property investment
Allied Wide Investment Limited	Hong Kong	Ordinary HK\$1	–	100	Property investment
Banco Investments Limited	Hong Kong	Ordinary HK\$1	–	100	Property investment
Champford Investment Limited	Hong Kong	Ordinary HK\$1	–	100	Property investment
Charter Golden Design & Contracting Limited	Hong Kong	Ordinary HK\$2	–	100	Property development

Notes to Financial Statements (Cont'd)

31 March 2010

19. INTERESTS IN SUBSIDIARIES (Cont'd)

Particulars of the principal subsidiaries at the end of the reporting period are as follows: (Cont'd)

Name	Place of incorporation/ operations	Nominal value of issued ordinary share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
City Global Limited	Hong Kong	Ordinary HK\$1	–	100	Property investment
Double Bright Limited	Hong Kong	Ordinary HK\$1	–	100	Property development
Easy Kingdom Limited	Hong Kong	Ordinary HK\$2	–	100	Property investment
Easytex Investment Limited	Hong Kong	Ordinary HK\$1	–	100	Property investment
Everlong Limited	British Virgin Islands/ Hong Kong	Ordinary US\$1	–	100	Investment holding
Excellence Star Limited	Hong Kong	Ordinary HK\$1	–	100	Property investment
Extra Power Limited	Hong Kong	Ordinary HK\$1	–	100	Money lending
Fly Star Limited	Hong Kong	Ordinary HK\$1	–	100	Property investment
Fulling Limited	Hong Kong	Ordinary HK\$100	–	100	Money lending and securities investment
Fully Finance Limited	British Virgin Islands/ Hong Kong	Ordinary US\$1	–	100	Money lending
First World Investments Limited	Hong Kong	Ordinary HK\$1	–	100	Property investment
Goldbo Investment Limited	Hong Kong	Ordinary HK\$2	–	100	Property investment
Good Excellent Limited	Hong Kong	Ordinary HK\$1	–	100	Property investment
Goodtech Management Limited	Hong Kong	Ordinary HK\$2,800,100	–	100	Management of shopping centres

Notes to Financial Statements (Cont'd)

31 March 2010

19. INTERESTS IN SUBSIDIARIES (Cont'd)

Particulars of the principal subsidiaries at the end of the reporting period are as follows: (Cont'd)

Name	Place of incorporation/ operations	Nominal value of issued ordinary share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Grand Quality Development Limited	Hong Kong	Ordinary HK\$2	–	100	Property investment
Honland Limited	Hong Kong	Ordinary HK\$1	–	100	Property investment
Hovan Investments Limited	Hong Kong	Ordinary HK\$1	–	100	Property investment
Info World Investment Limited	Hong Kong	Ordinary HK\$1	–	100	Property investment
Kartix Investment Limited	Hong Kong	Ordinary HK\$1	–	100	Property development
King Channel Limited	Hong Kong	Ordinary HK\$1	–	100	Property development
Kingtex Investment Limited	Hong Kong	Ordinary HK\$1	–	100	Property development
Kova Investments Limited	Hong Kong	Ordinary HK\$1	–	100	Property investment
Lica Parking Company Limited	Hong Kong	Ordinary HK\$25,500,000	–	99	Management and sub-licensing of car parks
Lanbo Investment Limited	Hong Kong	Ordinary HK\$1	–	100	Property development
Longable Limited	Hong Kong	Ordinary HK\$1	–	100	Property investment
Mailful Investments Limited	British Virgin Islands/ Hong Kong	Ordinary US\$1	–	100	Investment holding
Majorluck Limited	Hong Kong	Ordinary HK\$10,000	–	100	Management and sub-licensing of Chinese wet markets

Notes to Financial Statements (Cont'd)

31 March 2010

19. INTERESTS IN SUBSIDIARIES (Cont'd)

Particulars of the principal subsidiaries at the end of the reporting period are as follows: (Cont'd)

Name	Place of incorporation/ operations	Nominal value of issued ordinary share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
New Golden Investments Limited	Hong Kong	Ordinary HK\$1	–	100	Property investment
Newbo Investment Limited	Hong Kong	Ordinary HK\$1	–	100	Property development
New Sino Investment Limited	Hong Kong	Ordinary HK\$1	–	100	Property development
New Shiny Investment Limited	Hong Kong	Ordinary HK\$1	–	100	Property investment
Pacific Base Investments Limited	Hong Kong	Ordinary HK\$1	–	100	Property investment
Poly Talent Investment Limited	Hong Kong	Ordinary HK\$1	–	100	Property development
Richly Gold Limited	Hong Kong	Ordinary HK\$2	–	100	Property investment
Rich Time Strategy Limited	British Virgin Islands/ Hong Kong	Ordinary US\$1	–	100	Investment holding
Shiny World Investment Limited	Hong Kong	Ordinary HK\$1	–	100	Property investment
Sky Focus Limited	Hong Kong	Ordinary HK\$1	–	100	Property investment
Smart First Investment Limited	Hong Kong	Ordinary HK\$1	–	100	Property investment
Sunbo Investment Limited	Hong Kong	Ordinary HK\$1	–	100	Property investment
Star Sense Limited	Hong Kong	Ordinary HK\$1	–	100	Property investment
Topbo Investment Limited	Hong Kong	Ordinary HK\$1	–	100	Property development

Notes to Financial Statements (Cont'd)

31 March 2010

19. INTERESTS IN SUBSIDIARIES (Cont'd)

Particulars of the principal subsidiaries at the end of the reporting period are as follows: (Cont'd)

Name	Place of incorporation/ operations	Nominal value of issued ordinary share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
True Noble Limited	British Virgin Islands/ Hong Kong	Ordinary HK\$1	–	100	Money lending
Ventix Investment Limited	Hong Kong	Ordinary HK\$1	–	100	Property investment
Wang Hing Fruits and Vegetables Wholesale Limited	Hong Kong	Ordinary HK\$1	–	100	Wholesale of agricultural products
Wang Hing Vegetables Wholesale Company Limited	Hong Kong	Ordinary HK\$100	–	51	Wholesale of agricultural products
Wang On Agricultural Wholesale (HK) Limited	Hong Kong	Ordinary HK\$1	–	100	Wholesale of agricultural products
Wang On Commercial Management Limited	British Virgin Islands/ Hong Kong	Ordinary US\$2	–	100	Investment holding
Wang On Management Limited (formerly known as Denox Management Limited)	Hong Kong	Ordinary HK\$1	–	100	Management and sub-letting of properties
Wang On Shopping Centre Management Limited	Hong Kong	Ordinary HK\$2	–	100	Management and sub-licensing of shopping centres
Wang On Enterprises (BVI) Limited	British Virgin Islands/ Hong Kong	Ordinary US\$1	100	–	Investment holding
Wang On Majorluck Limited	Hong Kong	Ordinary HK\$1,000	–	100	Management and sub-licensing of Chinese wet markets

Notes to Financial Statements (Cont'd)

31 March 2010

19. INTERESTS IN SUBSIDIARIES (Cont'd)

Particulars of the principal subsidiaries at the end of the reporting period are as follows: (Cont'd)

Name	Place of incorporation/ operations	Nominal value of issued ordinary share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Wang To Vegetables Wholesale Company Limited	Hong Kong	Ordinary HK\$1	–	100	Wholesale of agricultural products
WEH Investments Limited	Hong Kong	Ordinary HK\$477 Non-voting deferred (Note 2) HK\$1,262,523	–	100	Property investment
Winhero Investment Limited	Hong Kong	Ordinary HK\$1	–	100	Property development
Win Regent Limited	Hong Kong	Ordinary HK\$1	–	100	Property investment

Notes:

- (1) The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.
- (2) The non-voting deferred shares carry no voting rights or rights to dividends. On the winding-up of the company, the holders of non-voting deferred shares have a right to repayment in proportion to the amounts of all paid-up ordinary and deferred shares after the first HK\$1,000,000,000 thereof has been distributed among the holders of the ordinary shares.

Notes to Financial Statements (Cont'd)

31 March 2010

20. INTERESTS IN ASSOCIATES

	Notes	Group		Company	
		2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Share of net assets		80,320	219,685	–	–
Deferred gains		–	(2,418)	–	–
		80,320	217,267	–	–
Due from associates	(i)	8,553	248	–	252
Due to associates	(i)	–	(887)	–	–
		88,873	216,628	–	252
Provision for impairment		–	(3)	–	–
		88,873	216,625	–	252
Classified as held for sale	(ii)	(88,873)	–	–	–
		<u>–</u>	<u>216,625</u>	<u>–</u>	<u>252</u>
Market value of listed shares at 31 March		N/A	67,984	N/A	N/A

Notes:

- (i) The amounts are unsecured, interest-free, and have no fixed terms of repayment. The carrying amounts of these amounts approximate to their fair values.
- (ii) On 15 April 2010, the Group entered into two share transfer agreements (the "Disposal Agreements") with other shareholders of Changzhou Lin Jia Tang Hong-Jin Logistic Development Company Limited ("Changzhou Logistics") to dispose of its 50% equity interest in Changzhou Logistic for a total consideration of approximately RMB80,000,000 (equivalent to HK\$90,348,000). The gain on disposal (before tax expenses) is expected to be approximately HK\$15 million.

As the Group has committed to the disposal plan before 31 March 2009, the Group's interest in Changzhou Logistics as at 31 March 2010 was classified as a non-current asset held for sale and included as current asset on the consolidated statement of financial position.

Notes to Financial Statements (Cont'd)

31 March 2010

20. INTERESTS IN ASSOCIATES (Cont'd)

Particulars of the associate at the end of the reporting period are as follows:

Name	Particulars of issued shares/ registered capital	Place of registration/ operations	Percentage of ownership interest attributable to the Group		Principal activities
			2010	2009	
Changzhou Lin Jia Tang Hong-Jin Logistic Development Company Limited	Paid-up capital of US\$20,000,000	PRC	50	40	Development and management of agricultural by-product wholesale market

The following table illustrates the summarised financial information of the Group's associates extracted from their financial statements/management accounts:

	2010 HK\$'000	2009 HK\$'000
Assets	168,713	950,638
Liabilities	(9,259)	(160,218)
Revenue	—	496,151
Profit/(loss)	<u>2,822</u>	<u>(348,924)</u>

During the year, the Group's interest in Wai Yuen Tong Medicine Holdings Limited ("WYTH") was diluted from 26.21% to 8.68% as a result of the issue of new shares by WYTH. The Group recognised a loss of HK\$86,341,000 on this deemed disposal of interest in WYTH and the Group's remaining interest in WYTH was reclassified as an available-for-sale investment.

Notes to Financial Statements (Cont'd)

31 March 2010

21. INTERESTS IN A JOINTLY-CONTROLLED ENTITY

Particulars of the jointly-controlled entity are as follows:

Name	Paid-up registered capital	Place of registration/ incorporation	Percentage of			Principal activities
			Ownership interest	Voting power	Profit sharing	
Shenzhen Jimao Market Co., Limited	RMB31,225,000	PRC	50	50	50	Management and sub-licensing of Chinese wet markets

The amounts of the assets, liabilities, revenue and expenses of the Group's jointly-controlled entity attributable to the Group are as follows:

	2010 HK\$'000	2009 HK\$'000
Non-current assets	72,198	75,650
Current assets	11,124	6,401
Current liabilities	(4,306)	(4,536)
Non-current liabilities	—	(408)
Net assets	<u>79,016</u>	<u>77,107</u>
Total revenue	15,132	17,364
Total expenses	<u>(13,788)</u>	<u>(11,703)</u>
Profit for the year	<u>1,344</u>	<u>5,661</u>

Notes to Financial Statements (Cont'd)

31 March 2010

22. HELD-TO-MATURITY FINANCIAL ASSETS

	Group and Company	
	2010	2009
	HK\$'000	HK\$'000
Unlisted debt investments, at amortised cost	32,930	4,114
Less: Unlisted debt investment classified as current asset	(4,018)	–
	<u>28,912</u>	<u>4,114</u>

23. OTHER INTANGIBLE ASSET

	Group	
	Marketplace operating right	
	2010	2009
	HK\$'000	HK\$'000
Carrying amount at 1 April	18,180	24,240
Amortisation for the year	(6,060)	(6,060)
Carrying amount at 31 March	<u>12,120</u>	<u>18,180</u>

24. AVAILABLE-FOR-SALE INVESTMENTS

	Group	
	2010	2009
	HK\$'000	HK\$'000
Listed equity investments in Hong Kong, at fair value	<u>92,532</u>	<u>–</u>

During the year, the gross gain in respect of the Group's available-for-sale investments recognised in other comprehensive income amounted to HK\$34,671,000 (2009: Nil).

The above investments consist of investments in equity securities which were designated as available-for-sale financial assets and have no fixed maturity date or coupon rate.

The fair values of listed equity securities held as available-for-sale investments are based on quoted prices in the market.

There has been a significant decline in the market value of a listed equity investment during the year. The directors consider that such a decline indicates that the listed equity investment has been impaired and an impairment loss of HK\$21,184,000 (2009: Nil) has been recognised in other comprehensive income in the consolidated statement of comprehensive statement.

The market value of the Group's listed available-for-sale equity investments at the date of approval of these financial statements was approximately HK\$76,623,000.

Notes to Financial Statements (Cont'd)

31 March 2010

25. PROPERTIES HELD FOR SALE

	Group	
	2010 HK\$'000	2009 HK\$'000
Carrying amount at 1 April	262,272	27,885
Additions	486,312	–
Transfer from properties under development (note 17)	–	320,707
Properties sold during the year	<u>(144,275)</u>	<u>(86,320)</u>
Carrying amount at 31 March	<u><u>604,309</u></u>	<u><u>262,272</u></u>

At 31 March 2010, the Group's properties held for sale with an aggregate carrying value of HK\$596,202,000 (2009: HK\$240,908,000) were pledged to secure the Group's general banking facilities and of which approximately HK\$398,504,000 (2009: HK\$192,975,000) had been utilised as at 31 March 2010 (note 32).

Further particulars of the Group's properties held for sale are included on page 131.

26. TRADE RECEIVABLES

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	Group			
	2010		2009	
	HK\$'000	Percentage	HK\$'000	Percentage
Within 90 days	6,065	94	4,279	90
91 days to 180 days	155	2	251	5
Over 180 days	<u>212</u>	<u>4</u>	<u>239</u>	<u>5</u>
	<u>6,432</u>	<u>100</u>	4,769	<u>100</u>
Less: Impairment	<u>(119)</u>		<u>(271)</u>	
	<u><u>6,313</u></u>		<u><u>4,498</u></u>	

The Group generally grants a 15 to 30 days credit period to customers for its sub-leasing business. The Group generally does not grant any credit to customers of other businesses.

The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

Notes to Financial Statements (Cont'd)

31 March 2010

26. TRADE RECEIVABLES (Cont'd)

The movements in the provision for impairment of trade receivables are as follows:

	Group	
	2010	2009
	HK\$'000	HK\$'000
Balance at 1 April	271	88
Impairment losses reversed	(122)	(216)
Impairment losses recognised	–	458
Amount written off as uncollectible	(30)	(59)
	<hr/>	<hr/>
Balance at 31 March	119	271
	<hr/> <hr/>	<hr/> <hr/>

The above provision for impairment of trade receivables is related to individually impaired trade receivables, the customers of which were in financial difficulties and only a portion of the receivables is expected to be recovered. The Group does not hold any collateral or other credit enhancements over these balances.

The aged analysis of the trade receivables that are not considered to be impaired is as follows:

	Group	
	2010	2009
	HK\$'000	HK\$'000
Neither past due nor impaired	6,065	4,240
Less than 90 days past due	155	66
91 to 180 days past due	93	192
	<hr/>	<hr/>
	6,313	4,498
	<hr/> <hr/>	<hr/> <hr/>

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

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

Notes to Financial Statements (Cont'd)

31 March 2010

27. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	Group		Company	
		2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Prepayments		4,216	11,184	633	1,489
Prepaid land lease payments (note 15)		85	85	–	–
Deposits		21,905	17,024	82	162
Other receivables		10,513	4,375	1,182	574
Loans to WYTH	(i)	–	25,000	–	–
Loans to LeRoi	(ii)	135,000	40,408	–	–
Loan to Super Treasure	(iii)	203,200	238,200	–	–
Loans receivable, secured	(iv)	678	990	–	–
Loans receivable, unsecured	(iv)	8,283	8,347	–	–
		383,880	345,613	1,897	2,225
Less: Impairment	(v)	(5,650)	(5,915)	–	–
		378,230	339,698	1,897	2,225
Less: Loans and interests receivable classified as non-current assets		(142,371)	(281,241)	–	–
Rental deposits classified as non-current assets		(12,306)	(11,737)	–	–
		223,553	46,720	1,897	2,225

Notes:

(i) The loans as at 31 March 2009 were unsecured, bore interest at the Hong Kong prime rate as quoted by The Hong Kong and Shanghai Banking Corporation Limited, and were repayable within one year.

(ii) LeRoi Holdings Limited ("LeRoi") is an associate of WYTH, and has an executive director in common with the Company.

The loans are unsecured, bear interest at rates ranging from 6% to 8% per annum, and are repayable within two to three years from the date of each drawdown.

(iii) Super Treasure Holdings Limited ("Super Treasure") is a wholly-owned subsidiary of China Agri-Products Exchange Limited ("China Agri-Products"), which is a material investment of LeRoi and has an executive director in common with the Company.

The loan bears interest at 6% per annum and is repayable on the date falling 18 months from the date of the loan agreement, and is secured by a share charge in respect of the equity interest of a subsidiary of China Agri-Products and a corporate guarantee granted by China Agri-Products in favour of the Group.

Notes to Financial Statements (Cont'd)

31 March 2010

27. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (Cont'd)

Notes: (Cont'd)

- (iv) These loans receivable are stated at amortised cost at effective interest rates ranging from 4% to 12% and the credit terms of which range from 4 months to 14 years. As these loans receivable relate to a number of different borrowers, the directors are of the opinion that there is no concentration of credit risk over these loans receivable. The carrying amounts of these loans receivable approximate to their fair values.

A loan receivable of HK\$678,000 is secured by share charge in respect of two wholly-owned subsidiaries of the borrower.

- (v) Included in the above provision for impairment of other receivables and loans receivable are provision for individually impaired receivables of HK\$5,650,000 (2009: HK\$5,915,000) with an aggregate carrying amount of HK\$5,650,000 (2009: HK\$5,915,000).

Other than the aforementioned impaired other receivables, none of the above assets is either past due or impaired. The financial assets included in the above balances relate to the receivables for which there was no recent history of default.

28. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Listed equity investments, at fair value:				
Hong Kong	87,078	17,931	15,237	2,565
Elsewhere	3,334	2,493	—	1,004
	<u>90,412</u>	<u>20,424</u>	<u>15,237</u>	<u>3,569</u>

The above equity investments at 31 March 2009 and 2010 were classified as held for trading.

The market values of the Group's and the Company's listed equity investments at the date of approval of these financial statements were HK\$72,430,000 and HK\$11,912,000, respectively.

Notes to Financial Statements (Cont'd)

31 March 2010

29. CASH AND CASH EQUIVALENTS

	Group		Company	
	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Cash and bank balances	349,313	191,735	131,749	98,328
Time deposits	134,713	291,972	110,258	277,873
Cash and cash equivalents	<u>484,026</u>	<u>483,707</u>	<u>242,007</u>	<u>376,201</u>

As at the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK\$19,419,000 (2009: HK\$35,323,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximate to their fair values.

30. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	Group	
	2010 HK\$'000	2009 HK\$'000
Within 90 days	<u>18,132</u>	<u>18,076</u>

The trade payables are non-interest-bearing and have an average term of 30 days. The carrying amounts of the trade payables approximated to their fair values.

Notes to Financial Statements (Cont'd)

31 March 2010

31. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Other payables	13,681	10,135	2,030	780
Accruals	12,743	10,407	1,156	2,918
	<u>26,424</u>	<u>20,542</u>	<u>3,186</u>	<u>3,698</u>

Other payables are non-interest-bearing and there are generally no credit terms. The carrying amounts of the above other payables approximate to their fair values.

32. INTEREST-BEARING BANK LOANS

Group

	2010			2009		
	Contractual interest rate (%)	Maturity	HK\$'000	Contractual interest rate (%)	Maturity	HK\$'000
Current: Bank loans – secured	HIBOR+ (0.85 – 1.8)/ Prime rate - (2.6 – 3.15)	2011	108,661	HIBOR+ (0.85 – 2.25)/ Prime rate - (2.6 – 3.15)	2010	121,948
Non-current: Bank loans – secured	HIBOR+ (0.85 – 1.8)/ Prime rate - (2.6 – 3.15)	2011-2028	724,299	HIBOR+ (0.85 – 2.25)/ Prime rate - (2.6 – 3.15)	2010-2028	310,137
			<u>832,960</u>			<u>432,085</u>

Company

	2010			2009		
	Contractual interest rate (%)	Maturity	HK\$'000	Contractual interest rate (%)	Maturity	HK\$'000
Current: Bank loans – secured	HIBOR+ (1 – 1.75)	2011	52,500	HIBOR+ (1 – 2.5)	2010	105,300
Non-current: Bank loans – secured	HIBOR+ (1.45 – 1.75)	2011-2028	85,475	HIBOR+ (1 – 2.25)	2010-2028	160,175
			<u>137,975</u>			<u>265,475</u>

Notes to Financial Statements (Cont'd)

31 March 2010

32. INTEREST-BEARING BANK LOANS (Cont'd)

	Group		Company	
	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Analysed into:				
Bank loans repayable:				
Within one year	108,661	121,948	52,500	105,300
In the second year	97,716	81,292	30,875	67,300
In the third to fifth years, inclusive	193,336	108,836	24,000	58,275
Beyond five years	433,247	120,009	30,600	34,600
	<u>832,960</u>	<u>432,085</u>	<u>137,975</u>	<u>265,475</u>

Notes:

- (a) Certain bank loans of the Group and the Company are secured by the Group's investment properties and certain rental income generated therefrom (note 16), properties under development (note 17) and properties held for sale (note 25).

In addition, the Company has guaranteed certain of the Group's bank loans up to HK\$723,461,000 (2009: HK\$252,325,000) as at the end of the reporting period.

- (b) All bank loans of the Group and the Company bear interest at floating interest rates.
- (c) The carrying amounts of the bank loans of the Group and of the Company approximate to their fair values.

33. PROVISIONS FOR ONEROUS CONTRACTS

	Group	
	2010 HK\$'000	2009 HK\$'000
Carrying amount at 1 April	2,210	3,650
Amount utilised during the year	<u>(2,010)</u>	<u>(1,440)</u>
Carrying amount at 31 March	200	2,210
Portion classified as current liabilities	<u>(200)</u>	<u>(1,960)</u>
Long term portion	<u>—</u>	<u>250</u>

Notes to Financial Statements (Cont'd)

31 March 2010

34. DEFERRED TAX

The components of deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

Group	Depreciation allowance in excess of related depreciation <i>HK\$'000</i>	Revaluation gain of investment properties <i>HK\$'000</i>	Withholding tax <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2008	1,521	7,105	–	8,626
Deferred tax charged/(credited) to the profit or loss of the statement of comprehensive income during the year (<i>note 10</i>)	(1,029)	10,601	283	9,855
Disposal of subsidiaries (<i>note 38(b)</i>)	–	(15,285)	–	(15,285)
At 31 March and 1 April 2009	492	2,421	283	3,196
Deferred tax charged/(credited) to the profit or loss of the statement of comprehensive income during the year (<i>note 10</i>)	<u>3,061</u>	<u>11,758</u>	–	<u>14,819</u>
At 31 March 2010	<u><u>3,553</u></u>	<u><u>14,179</u></u>	<u><u>283</u></u>	<u><u>18,015</u></u>

Notes to Financial Statements (Cont'd)

31 March 2010

34. DEFERRED TAX (Cont'd)

Deferred tax assets

Group	Depreciation in excess of related depreciation allowance <i>HK\$'000</i>	Provision for onerous contracts <i>HK\$'000</i>	Revaluation loss of investment properties <i>HK\$'000</i>	Losses available for offsetting against future taxable profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2008	397	639	244	3,062	4,342
Deferred tax charged to the profit or loss of the statement of comprehensive income statement during the year (<i>note 10</i>)	<u>(397)</u>	<u>(274)</u>	<u>(54)</u>	<u>(3,062)</u>	<u>(3,787)</u>
At 31 March and 1 April 2009	–	365	190	–	555
Deferred tax charged to the profit or loss of the statement of comprehensive income statement during the year (<i>note 10</i>)	<u>84</u>	<u>(72)</u>	<u>(190)</u>	<u>–</u>	<u>(178)</u>
At 31 March 2010	<u><u>84</u></u>	<u><u>293</u></u>	<u><u>–</u></u>	<u><u>–</u></u>	<u><u>377</u></u>

The Group has tax losses arising in Hong Kong of approximately HK\$76,098,000 (2009: HK\$107,576,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividend declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applied to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5%. The Group is therefore liable to withholding taxes on dividends distributed by its jointly-controlled entity established in the PRC in respect of earnings generated from 1 January 2008.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

Notes to Financial Statements (Cont'd)

31 March 2010

35. SHARE CAPITAL

Shares

	2010 HK\$'000	2009 HK\$'000
Authorised:		
4,000,000,000 (2009: 20,000,000,000) ordinary shares of HK\$0.05 (2009: HK\$0.01) each	<u>200,000</u>	<u>200,000</u>
Issued and fully paid:		
3,262,467,540 (2009: 377,620,545) ordinary shares of HK\$0.05 (2009: HK\$0.01) each	<u>163,123</u>	<u>3,776</u>

During the year, the movements in share capital were as follows:

(a) *Placement of new shares*

- (i) Pursuant to the ordinary resolutions passed on 30 March 2009, the Company made an open offer (the "Open Offer") of 1,132,861,635 offer shares at a subscription price of HK\$0.10 per offer share on the basis of three offer shares for every one shares and a bonus issue of two bonus shares for every three offer shares taken up under the Open Offer (the "OF Bonus Issue").

The Open Offer and the OF Bonus Issue became unconditional on 30 April 2009 and the Company raised a total of HK\$113,286,000 (before expenses).

- (ii) On 13 October 2009, the Company placed an aggregate of 453,000,000 new ordinary shares to certain private investors at a price of HK\$0.14 per share, raising a total of HK\$63,420,000 (before expenses).

- (iii) Pursuant to the ordinary resolutions passed on 23 February 2010, the Company made a rights issue (the "Rights Issue") of 1,631,233,962 rights shares at a subscription price of HK\$0.185 per rights share on the basis of three rights shares for every one consolidated share and a bonus issue of two bonus shares for every three shares taken up under the Rights Issue (the "RI Bonus Issue").

The Rights Issue and the RI Bonus Issue became unconditional on 16 March 2010 and the Company raised a total of HK\$301,779,000 (before expenses).

Notes to Financial Statements (Cont'd)

31 March 2010

35. SHARE CAPITAL (Cont'd)

Shares (Cont'd)

(b) *Share consolidation*

Pursuant to the special resolution passed on 23 February 2010, every five issued ordinary shares of the Company of HK\$0.01 each were consolidated into one issued share of HK\$0.05 and every five authorised but unissued ordinary shares of the Company of HK\$0.01 each were consolidated into one authorised but unissued share of HK\$0.05.

A summary of the transactions during the year with reference to the above movements in the Company's issued ordinary share capital is as follows:

	Number of shares in issue	Issued capital HK\$'000	Share premium account HK\$'000	Total HK\$'000
At 1 April 2008	6,410,233,640	32,051	586,359	618,410
Exercise of share options	97,680,000	488	4,250	4,738
Placement of new shares	2,932,600,000	14,663	121,934	136,597
Consolidation of shares	(9,062,893,095)	–	–	–
Capital reduction	–	(43,426)	–	(43,426)
Share issue expenses	–	–	(4,584)	(4,584)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March and 1 April 2009	377,620,545	3,776	707,959	711,735
Open Offer and the OF Bonus Issue (a)(i)	1,888,102,725	18,881	94,405	113,286
Placement of new shares (a)(ii)	453,000,000	4,530	58,890	63,420
Rights Issue and the RI Bonus Issue (a)(iii)	2,718,722,886	135,936	165,843	301,779
Consolidation of shares (b)	(2,174,978,616)	–	–	–
Share issue expenses	–	–	(13,649)	(13,649)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2010	<u>3,262,467,540</u>	<u>163,123</u>	<u>1,013,448</u>	<u>1,176,571</u>

Share options

Details of the Company's share option scheme are set out in note 36 to the financial statements.

Notes to Financial Statements (Cont'd)

31 March 2010

36. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") which was adopted on 3 May 2002. Under the Scheme, share options may be granted any director or proposed director (whether executive or non-executive, including independent non-executive director), employee or proposed employee (whether full-time or part-time), seconded, any holder of securities issued by any member of the Group, any business or joint venture partner, contractor, agent or representative, any person or entity that provides research, development or other technology support or advisory, consultancy, professional or other services to the Group, any supplier, producer or licensor of goods or services to the Group, any customer, licensee (including any sub-licensee) or distributor of goods or services of the Group, or any landlord or tenant (including any sub-tenant) of the Group or any substantial shareholder or company controlled by a substantial shareholder, or any company controlled by one or more persons belonging to any of the above classes of participants. The Scheme became effective on 3 May 2002 and, unless otherwise terminated earlier by shareholders in a general meeting, will remain in force for a period of 10 years from that date.

Purpose

The purpose of the Scheme is to provide incentives and rewards to eligible participants who contribute to the success of the Group's operations.

Maximum number of shares available for subscription

Pursuant to the Scheme, the maximum number of share options that may be granted under the Scheme and any other share option schemes of the Company is an amount, upon their exercise, not in aggregate exceeding 30% of the issued share capital of the Company from time to time, excluding any shares issued on the exercise of share options. The total number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other schemes, shall not in aggregate, exceed 10% of the number of shares in issue, as at the date of approval of the Scheme limit.

Maximum entitlement of each participant

The maximum number of shares issuable under share options to each eligible participant (except for a substantial shareholder or an independent non-executive director or any of their respective associates) under the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of such limit must be separately approved by shareholders with such eligible participant and his associates abstaining from voting.

Notes to Financial Statements *(Cont'd)*

31 March 2010

36. SHARE OPTION SCHEME *(Cont'd)*

Maximum entitlement of each participant *(Cont'd)*

Share options granted to a director, chief executive or substantial shareholder of the Company (or any of their respective associates) must be approved by the independent non-executive directors (excluding any independent non-executive director who is the grantee of the option). Where any grant of share options to a substantial shareholder or an independent non-executive director (or any of their respective associates) will result in the total number of shares issued and to be issued upon exercise of share options already granted and to be granted to such person under the Scheme and any other share option schemes of the Company (including options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant representing in aggregate over 0.1% of the shares in issue, and having an aggregate value, based on the closing price of the Company's shares at each date of grant, in excess of HK\$5 million, such further grant of share options is required to be approved by shareholders in a general meeting in accordance with the Listing Rules. Any change in the terms of a share option granted to a substantial shareholder or an independent non-executive director (or any of their respective associates) is also required to be approved by shareholders.

Basis of determining the exercise price

The option price per share payable on the exercise of an option is determined by the directors, provided that it shall be at least the higher of:

- (i) the closing price of the shares as stated in the daily quotation sheet issued by the Stock Exchange at the date of offer of grant (which is deemed to be the date of grant if the offer for the grant of a share option is accepted by the eligible person), which must be a business day; and
- (ii) the average closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of offer of grant, provided that the option price per share shall in no event be less than the nominal amount of one share.

An offer for the grant of share options must be accepted within 30 days from the date on which such offer was made. The amount payable by the grantee of a share option to the Company on acceptance of the offer of the grant is HK\$1.00.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

Notes to Financial Statements (Cont'd)

31 March 2010

36. SHARE OPTION SCHEME (Cont'd)

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

	2010		2009	
	Weighted average exercise price HK\$ per share	Number of options '000	Weighted average exercise price HK\$ per share	Number of options '000
At 1 April	3.4502	15,926	0.1237	478,830
Adjustment arising from the Open Offer and the OF Bonus Issue	–	38,382	–	–
Adjustment arising from the Rights Issue and the RI Bonus Issue	–	24,427	–	–
Adjustment arising from share consolidation	–	(38,994)	–	(382,224)
Lapsed during the year	1.4663	(5,566)	–	–
Granted during the year	–	–	0.6750	17,000
Exercised during the year	–	–	0.0485	(97,680)
At 31 March	1.4407	<u>34,175</u>	3.4502	<u>15,926</u>

There was no share options exercised during the year and the weighted average share price at the date of exercise for share options exercised in 2009 was HK\$0.0485 per share. The exercise period of the share options granted is determined by the board of directors, and commences after a vesting period up to three year.

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

2010		
Number of options '000	Exercise price* HK\$ per share	Exercise period
31,942	1.4900	1/3/2007 to 28/2/2017
684	1.7642	2/1/2009 to 1/1/2013
<u>1,549</u>	0.2823	8/1/2010 to 7/1/2019
<u>34,175</u>		

Notes to Financial Statements (Cont'd)

31 March 2010

36. SHARE OPTION SCHEME (Cont'd)

2009

Number of options '000	Exercise price* HK\$ per share	Exercise period
14,960	3.5625	1/3/2007 to 28/2/2017
286	4.1750	2/1/2009 to 1/1/2013
<u>680</u>	0.6750	8/1/2010 to 7/1/2019
<u>15,926</u>		

* The exercise price of the share options is subject to adjustment in case of open offer, right or bonus issue, or other similar changes in the Company's share capital.

The fair value of the share options granted in 2009 was HK\$207,000 and the Group recognised a share option expense of HK\$228,000 (2009: HK\$225,000) during the year ended 31 March 2010.

The fair value of equity-settled share options granted in 2009 was estimated as at the date of grant, using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used.

	2009
Expected dividend yield (%)	1.00
Expected volatility (%)	60.00
Risk-free interest rate (%)	1.40

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other feature of the options granted was incorporated into the measurement of fair value.

At the end of the reporting period, the Company had 34,175,000 (2009: 15,926,000) share options outstanding under the Scheme. The exercise in full of these share options would, under the then capital structure of the Company, result in the issue of 34,175,000 (2009: 15,926,000) additional ordinary shares of the Company and additional share capital of HK\$1,708,750 (2009: HK\$159,000) and share premium of HK\$47,592,000 (2009: HK\$54,789,000) (before issue expenses).

Subsequent to the end of the reporting period, on 12 May 2010, a total of 20,700,000 share options were granted to a director and certain employees of the Company in respect of their services to the Group in the forthcoming year. These share options have vesting period ranging from 12 May 2011 to 12 May 2013 and have an exercise price of HK\$0.1620 per share and an exercise period ranging from 12 May 2011 to 11 May 2020. The price of the Company's shares at the date of grant was HK\$0.1610 per share.

At the date of approval of these financial statements, the Company had 29,314,000 share options available for issue under the Scheme which represented approximately 0.90% of the Company's shares in issue as at that date.

Notes to Financial Statements (Cont'd)

31 March 2010

37. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 35 of the financial statements.

Certain amounts of goodwill arising on the acquisition of subsidiaries and associates in prior years remain eliminated against consolidated reserves, as explained in note 18 to the financial statements.

(b) Company

		Share premium account	Contributed surplus (Note)	Share option reserve	Warrant reserve	Retained profits	Total
Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2008		586,359	121,364	7,697	4,500	362,386	1,082,306
Total comprehensive income for the year		-	-	-	-	187,426	187,426
Final 2008 dividend declared		-	-	-	-	(7,868)	(7,868)
Exercise of share options	35	4,250	-	-	-	-	4,250
Placement of new shares	35	121,934	-	-	-	-	121,934
Expiry of warrants		-	-	-	(4,500)	4,500	-
Capital reduction	35	-	43,426	-	-	-	43,426
Share issue expenses	35	(4,584)	-	-	-	-	(4,584)
Equity-settled share option arrangements	36	-	-	225	-	-	225
At 31 March and 1 April 2009		707,959	164,790	7,922	-	546,444	1,427,115
Total comprehensive income for the year		-	-	-	-	36,958	36,958
Final 2009 dividend declared	12	-	-	-	-	(11,329)	(11,329)
Open Offer and the OF Bonus Issue	35	94,405	-	-	-	-	94,405
2010 interim dividend	12	-	-	-	-	(8,156)	(8,156)
Placement of new shares	35	58,890	-	-	-	-	58,890
Rights Issue and the RI Bonus Issue	35	165,843	-	-	-	-	165,843
Share issue expenses	35	(13,649)	-	-	-	-	(13,649)
Equity-settled share option arrangements	36	-	-	228	-	-	228
At 31 March 2010		<u>1,013,448</u>	<u>164,790</u>	<u>8,150</u>	<u>-</u>	<u>563,917</u>	<u>1,750,305</u>

Notes to Financial Statements (Cont'd)

31 March 2010

37. RESERVES (Cont'd)

(b) Company (Cont'd)

Note:

The contributed surplus of the Company originally derived from the difference between the nominal value of the share capital and share premium of the subsidiaries acquired pursuant to the Group's reorganisation on 6 February 1995 and the par value of the Company's shares issued in exchange therefor. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus is distributable to shareholders under certain circumstances.

38. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Acquisition of subsidiaries

Year ended 31 March 2009

On 13 February 2009, the Group entered into an acquisition agreement (the "Acquisition Agreement") with Loyal Fame International Limited ("Loyal Fame"), a wholly-owned subsidiary of LeRoi, to acquire the 100% issued share capital of Everlong Limited ("Everlong") and the loan advanced by Loyal Fame to Everlong at a cash consideration of HK\$63.4 million. Everlong and its subsidiaries (collectively the "Everlong Group") are principally engaged in property investment. The Acquisition Agreement was completed on 25 March 2009.

The fair values of the identifiable assets and liabilities of the Everlong Group as at the date of acquisition approximated to the corresponding carrying amounts immediately before the acquisition and were as follows:

	<i>Notes</i>	Fair value recognised on acquisition <i>HK\$'000</i>
Property, plant and equipment	14	225
Investment properties	16	98,766
Trade receivables		19
Prepayments, deposits and other receivables		197
Cash and bank balances		1,568
Other payables and accruals		(565)
Deposits received and receipts in advance		(1,355)
Interest-bearing bank loans		(33,391)
		<hr/> 65,464
Excess over the cost of a business combination recognised in profit or loss of the statement of comprehensive income		<hr/> (2,064)
Satisfied by cash		<hr/> <hr/> 63,400

Notes to Financial Statements *(Cont'd)*

31 March 2010

38. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Cont'd)*

(a) Acquisition of subsidiaries *(Cont'd)*

Year ended 31 March 2009 *(Cont'd)*

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of the Everlong Group is as follows:

	<i>HK\$'000</i>
Cash consideration	(63,400)
Cash and bank balances acquired	<u>1,568</u>
Net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries	<u><u>(61,832)</u></u>

The results of the Everlong Group since acquisition had no significant contribution to the Group's consolidated turnover and profit after tax for the year ended 31 March 2009.

Had the Acquisition Agreement taken place at the beginning of the year, the Group's consolidated turnover and profit after tax for the year ended 31 March 2009 would have been HK\$467,072,000 and HK\$62,127,000, respectively.

(b) Disposal of subsidiaries

- (i) On 31 July 2008, the Group entered into an agreement (the "Disposal Agreement") with Joyful Leap Investments Limited ("Joyful Leap"), a wholly-owned subsidiary of LeRoi, for the disposal of the entire equity interest in Strengthen Investments, a wholly-owned subsidiary of the Group, and the assignment of the amount advanced by the Group to Strengthen Investments for an aggregate consideration of HK\$197,800,000. Strengthen Investments and its jointly-controlled entities (collectively the "Strengthen Investments Group") have not commenced any operations other than matters in relation to obtaining a parcel of land in Fuzhou, Jiangxi Province, the PRC.

The Disposal Agreement was completed on 16 September 2008.

- (ii) On 12 February 2009, the Group entered into an agreement (the "Transfer Agreement") with Super Treasure for the disposal of the entire equity interest in Shiney Day Investments Limited ("Shiney Day"), a wholly-owned subsidiary of the Group, for a cash consideration of HK\$150 million.

Shiney Day and its subsidiaries (collectively the "Shiney Day Group") are principally engaged in the management and sub-licensing of agricultural by-product wholesale markets in Mainland China.

The Transfer Agreement was completed on 25 March 2009.

Notes to Financial Statements (Cont'd)

31 March 2010

38. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Cont'd)

(b) Disposal of subsidiaries (Cont'd)

Year ended 31 March 2009

Details of the net assets disposed of under the Disposal Agreement and the Transfer Agreement and their financial impacts are summarised below.

	Notes	Strengthen Investments Group HK\$'000	Shiney Day Group HK\$'000	Total HK\$'000
Net assets disposed of:				
Property, plant and equipment	14	316	205,887	206,203
Prepaid land lease payments	15	180,809	247	181,056
Investment properties	16	–	188,099	188,099
Prepayments, deposits and other receivables		1,199	6,683	7,882
Cash and cash equivalents		11,054	27,483	38,537
Trade and other payables		(162)	(44,402)	(44,564)
Tax payable		–	(3,140)	(3,140)
Interest-bearing bank loans		–	(45,341)	(45,341)
Deferred tax liabilities	34	–	(15,285)	(15,285)
Minority interests		–	(84,291)	(84,291)
		<u>193,216</u>	<u>235,940</u>	<u>429,156</u>
Release of exchange fluctuations reserve upon disposal		(11,077)	(9,404)	(20,481)
Goodwill released on disposal		–	6,444	6,444
Loan to Super Treasure		–	(238,200)	(238,200)
Gain on disposal of subsidiaries		15,661	155,220	170,881
		<u>197,800</u>	<u>150,000</u>	<u>347,800</u>
Satisfied by:				
Cash		<u>197,800</u>	<u>150,000</u>	<u>347,800</u>

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	Strengthen Investments Group HK\$'000	Shiney Day Group HK\$'000	Total HK\$'000
Cash consideration	197,800	150,000	347,800
Cash and cash equivalents disposed of	<u>(11,054)</u>	<u>(27,483)</u>	<u>(38,537)</u>
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	<u>186,746</u>	<u>122,517</u>	<u>309,263</u>

Notes to Financial Statements (Cont'd)

31 March 2010

39. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

(a)	Company	
	2010	2009
	HK\$'000	HK\$'000
Guarantees given to financial institutions in connection with facilities granted to subsidiaries	723,461	252,325
(b) The Group has a contingent liability in respect of possible future long service payments to employees under the Hong Kong Employment Ordinance, with a maximum possible amount payable of HK\$798,440 (2009: HK\$978,000) as at 31 March 2010, as further explained under the heading "Employee benefits" in note 2.4 to the financial statements. The contingent liability has arisen because, at the end of the reporting period, a number of current employees had achieved the required number of years of service to the Group in order to be eligible for long service payments under the Employment Ordinance if their employment is terminated under certain circumstances. A provision has not been recognised in respect of such possible payments, as it is not considered probable that the situation will result in a material future outflow of resources from the Group.		

40. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 16), sub-leases Chinese wet markets, shopping centres and car parks under operating lease arrangements, with leases negotiated for terms ranging from three months to five years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rental adjustments according to the then prevailing market conditions.

At the end of the reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	Group	
	2010	2009
	HK\$'000	HK\$'000
Within one year	224,237	151,003
In the second to fifth years, inclusive	201,019	146,983
After five years	1,744	–
	427,000	297,986

Notes to Financial Statements (Cont'd)

31 March 2010

40. OPERATING LEASE ARRANGEMENTS (Cont'd)

(b) As lessee

The Group leases certain Chinese wet markets, shopping centres, car parks and certain of its office properties under operating lease arrangements. Leases are negotiated for terms ranging from three months to seven years.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	2010	2009
	HK\$'000	HK\$'000
Within one year	117,263	67,875
In the second to fifth years, inclusive	238,967	71,554
After five years	14,335	–
	<u>370,565</u>	<u>139,429</u>

41. COMMITMENTS

At the end of the reporting period, the Group had capital commitments in respect of properties held for sale of HK\$6,991,000 (2009: HK\$27,818,000).

At the end of the reporting period, the Company did not have any significant commitments.

Notes to Financial Statements (Cont'd)

31 March 2010

42. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

(a) Transactions with related parties

	Notes	2010 HK\$'000	2009 HK\$'000
Rental income received from a director	(i)	984	984
Income from WYTH:			
Management fee	(ii)	996	996
Interest	(iii)	744	423
Rental income from WYTH	(ii)	3,104	3,000
Management fee income from LeRoi	(ii)	960	960
Sub-licensing fee income from a subsidiary of LeRoi	(ii)	6,771	5,835
Management fee income from China Agri-Products	(ii)	720	–
Rental expenses paid to WYTH	(ii)	1,740	1,920
Interest income from LeRoi	(iii)	4,662	408
Interest income from Super Treasure	(iii)	12,322	–

Notes:

- (i) Certain investment properties of the Group were leased to a director at an agreed monthly rental of HK\$82,000 (2009: HK\$82,000). The rental was determined with reference to the prevailing market rates.
- (ii) The transactions were based on terms mutually agreed between the Group and the related parties.
- (iii) Interest was charged by the Group on loans advanced to WYTH, LeRoi and Super Treasure and details of the terms of the relevant loans are set out in notes 27(i), 27(ii) and 27(iii), respectively, to the financial statements.
- (b) Details of the Group's balances with associates as at the end of the reporting period are disclosed in note 20 to the financial statements.

Notes to Financial Statements (Cont'd)

31 March 2010

42. RELATED PARTY TRANSACTIONS (Cont'd)

(c) Compensation of key management personnel of the Group

	2010 HK\$'000	2009 <i>HK\$'000</i>
Short term employment benefits	3,128	4,531
Post-employment benefits	68	80
	3,196	4,611

The above compensation of key management personnel excludes the directors' remuneration, details of which are set out in note 8 to the financial statements.

43. FAIR VALUE HIERARCHY

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

- Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

As at 31 March 2010, the Group held the following financial instruments measured at fair value:

Assets measured at fair value as at 31 March 2010:

	Level 1 <i>HK\$'000</i>	Level 2 <i>HK\$'000</i>	Level 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
Available-for-sale investments	92,532	–	–	92,532
Equity investments at fair value through profit or loss	90,412	–	–	90,412
	182,944	–	–	182,944

During the year ended 31 March 2010, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

Notes to Financial Statements (Cont'd)

31 March 2010

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments include equity investments, available-for-sale investments, trade and other receivables, trade and other payables, cash and bank balances, bank borrowings and short term deposits.

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

Interest rate risk

The Group's exposure to changes in market interest rates relates primarily to the Group's bank loans with floating interest rates. The Group has not used any interest rate swaps to hedge its interest rate risk, and will consider hedging significant interest rate risk should the need arise.

The following table demonstrates the sensitivity to a reasonably possible change in Hong Kong dollar interest rate, with all other variables held constant, of the Group's profit before tax. There is no material impact on other components of the Group's equity.

	Group	
	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax
		<i>HK\$'000</i>
2010		
HK\$	100	(8,330)
HK\$	(100)	8,330
2009		
HK\$	100	(4,321)
HK\$	(100)	4,321

Notes to Financial Statements *(Cont'd)*

31 March 2010

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Cont'd)*

Foreign currency risk

The Group has minimal transactional currency exposure arising from sales or purchases by operating units in currencies other than the units' functional currencies, and hence it does not have any foreign currency hedging policies.

Part of the Group's turnover and operating expenses are denominated in RMB, which is currently not a freely convertible currency. The PRC Government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of Mainland China. Shortages in the availability of foreign currencies may restrict the ability of the Group's PRC subsidiaries and jointly-controlled entity to remit sufficient foreign currencies to pay dividends or other amounts to the Group.

Under the PRC existing foreign exchange regulations, payments of current account items, including dividends, trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the State Administration for Foreign Exchange Bureau by complying with certain procedural requirements. However, approval from appropriate PRC governmental authorities is required where RMB is to be converted into a foreign currency and remitted out of Mainland China to pay capital account items, such as the repayment of bank loans denominated in foreign currencies.

Currently, the Group's PRC subsidiaries and jointly-controlled entity may purchase foreign exchange for settlement of current account transactions, including payment of dividends to the Company, without prior approval of the State Administration for Foreign Exchange Bureau. The Group's PRC subsidiaries and jointly-controlled entity may also retain foreign currencies in their current accounts to satisfy foreign currency liabilities or to pay dividends. Since foreign currency transactions on the capital account are still subject to limitations and require approval from the State Administration for Foreign Exchange Bureau, this could affect the Group's subsidiaries and jointly-controlled entity' ability to obtain required foreign exchange through debt or equity financing, including by means of loans or capital contributions from the Group.

There are limited hedging instruments available in the PRC to reduce the Group's exposure to exchange rate fluctuations between RMB and other currencies. To date, the Group has not entered into any hedging transactions in an effort to reduce the Group's exposure to foreign currency exchange risks. While the Group may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited and the Group may not be able to hedge the Group's exposure successfully, or at all.

Notes to Financial Statements (Cont'd)

31 March 2010

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

Foreign currency risk (Cont'd)

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in Euro, Pound Sterling ("GBP") and RMB exchange rates, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities).

	Group Increase/ (decrease) in exchange rate %	Increase/ (decrease) in profit before tax HK\$'000
2010		
If Euro strengthens against HK\$	13.432	1,242
If Euro weakens against HK\$	(13.432)	(1,242)
If GBP strengthens against HK\$	13.012	1,624
If GBP weakens against HK\$	(13.012)	(1,624)
If HK\$ strengthens against RMB	0.281	(65)
If HK\$ weakens against RMB	(0.281)	65
2009		
If Euro strengthens against HK\$	10.988	1,351
If Euro weakens against HK\$	(10.988)	(1,351)
If GBP strengthens against HK\$	28.490	1,838
If GBP weakens against HK\$	(28.490)	(1,838)
If HK\$ strengthens against RMB	2.394	(658)
If HK\$ weakens against RMB	(2.394)	658

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, financial assets at fair value through profit or loss, amounts due from associates, other receivables and certain derivative instruments, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Notes to Financial Statements (Cont'd)

31 March 2010

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

Credit risk (Cont'd)

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty and by industry sector. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables are widely dispersed in different sectors and industries.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade and other receivables are disclosed in notes 26 and 27 respectively, to the financial statements.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual and undiscounted payments, was as follows:

	2010				
	Within 1 year or on demand HK\$'000	1 to 2 years HK\$'000	3 to 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
Interest-bearing bank loans	122,209	109,210	220,506	463,130	915,055
Trade payables (note 30)	18,132	–	–	–	18,132
Other payables (note 31)	13,681	–	–	–	13,681
	154,022	109,210	220,506	463,130	946,868
	2009				
	Within 1 year or on demand HK\$'000	1 to 2 years HK\$'000	3 to 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
Interest-bearing bank loans	125,149	89,068	129,037	133,956	477,210
Trade payables (note 30)	18,076	–	–	–	18,076
Other payables (note 31)	10,135	–	–	–	10,135
	153,360	89,068	129,037	133,956	505,421

Notes to Financial Statements (Cont'd)

31 March 2010

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

Liquidity risk (Cont'd)

The maturity profile of the Company's financial liabilities as at the end of the reporting period, based on the contracted and undiscounted payments, was as follows:

	2010				Total HK\$'000
	Within 1 year or on demand HK\$'000	1 to 2 years HK\$'000	3 to 5 years HK\$'000	Over 5 years HK\$'000	
Interest-bearing bank loans	54,360	32,018	25,917	32,176	144,471
Other payables (note 31)	2,030	–	–	–	2,030
Due to subsidiaries (note 19)	–	–	–	393,355	393,355
	<u>56,390</u>	<u>32,018</u>	<u>25,917</u>	<u>425,531</u>	<u>539,856</u>
Financial guarantees issued:					
Guarantees given to bank in connection with facilities granted to subsidiaries (note 39(a))	<u>723,461</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>723,461</u>
	2009				Total HK\$'000
	Within 1 year or on demand HK\$'000	1 to 2 years HK\$'000	3 to 5 years HK\$'000	Over 5 years HK\$'000	
Interest-bearing bank loans	112,292	71,593	63,751	39,895	287,531
Other payables (note 31)	780	–	–	–	780
Due to subsidiaries (note 19)	–	–	–	314,025	314,025
	<u>113,072</u>	<u>71,593</u>	<u>63,751</u>	<u>353,920</u>	<u>602,336</u>
Financial guarantees issued:					
Guarantees given to bank in connection with facilities granted to subsidiaries (note 39(a))	<u>252,325</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>252,325</u>

Notes to Financial Statements (Cont'd)

31 March 2010

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group was exposed to equity price risk arising from individual equity investments classified as trading equity investments (note 28) as at 31 March 2010. The Group's listed investments are listed on the Hong Kong, Paris, and Singapore stock exchanges and are valued at quoted market prices at the end of the reporting period.

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

	31 March 2010	High/low 2010	31 March 2009	High/low 2009
Hong Kong – Hang Seng Index	21,239	21,873/15,521	13,576	25,755/12,812
Paris – CAC 40 Index	3,974	3,974/3,140	2,807	5,014/2,702
Singapore – Straits Times Index	2,887	2,898/1,920	1,700	3,193/1,595

The following table demonstrates the sensitivity to a reasonably possible change in the fair values of the equity investments, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period.

	Carrying amount of equity investments HK\$'000	Increase/ (decrease) in equity price %	Increase/ (decrease) in profit before tax HK\$'000
2010			
Investments held for trading listed in:			
Hong Kong	87,078	40.92	35,634
Hong Kong	87,078	(40.92)	(35,634)
Paris	3,334	26.54	885
Paris	3,334	(26.54)	(885)

Notes to Financial Statements (Cont'd)

31 March 2010

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

Equity price risk (Cont'd)

	Carrying amount of equity investments <i>HK\$'000</i>	Increase/ (decrease) in equity price %	Increase/ (decrease) in profit before tax <i>HK\$'000</i>
2009			
Investments held for trading listed in:			
Hong Kong	17,931	50.26	9,011
Hong Kong	17,931	(50.26)	(9,011)
Paris	1,489	46.10	687
Paris	1,489	(46.10)	(687)
Singapore	1,004	50.05	503
Singapore	1,004	(50.05)	(503)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2010 and 31 March 2009.

Notes to Financial Statements (Cont'd)

31 March 2010

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

Capital management (Cont'd)

The Group monitors capital using a net gearing ratio, which is net debt divided by equity attributable to owners of the parent. The Group's policy is to maintain the net gearing ratio not exceeding 40%. Net debt is calculated as a total of interest-bearing bank loans, less cash and cash equivalents and time deposits. The gearing ratios as at the ends of the reporting periods were as follows:

	Group	
	2010	2009
	HK\$'000	HK\$'000
Interest-bearing bank loans (note 32)	832,960	432,085
Less: Cash and cash equivalents (note 29)	<u>(484,026)</u>	<u>(483,707)</u>
Net debt	<u>348,934</u>	<u>(51,622)</u>
Equity attributable to owners	<u>1,953,222</u>	<u>1,351,783</u>
Gearing ratio	<u>17.86%</u>	<u>N/A</u>

45. EVENT AFTER THE REPORTING PERIOD

On 12 May 2010, 20,700,000 share options were granted to a director and certain employees of the Company, as further detailed in note 36 to the financial statements.

46. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 5 July 2010.

Particulars of Properties

INVESTMENT PROPERTIES

Location	Use	Tenure	Attributable interest of the Group
House 2 and Car Parking Spaces 3 & 4, Winners Lodge, Nos. 9, 11, 13 and 15 Ma Yeung Path, Shatin, New Territories	Residential premises for rental	Medium term lease	100%
Shop C on Ground Floor, Tsuen Fung Building, Nos. 39-43A Tsuen Wan Market Street, Tsuen Wan, New Territories	Commercial premises for rental	Medium term lease	100%
Shop 6 on Ground Floor, Grandeur Garden, Nos. 14-18 Chik Fai Street, Nos. 55-65 Tai Wai Road, Shatin, New Territories	Commercial premises for rental	Medium term lease	100%
Ground Floor, 170 Castle Peak Road Yuen Long, New Territories	Commercial premises for rental	Medium term lease	100%
Shop B, Ground Floor, Kwong Sen Mansion, 23-33 Shui Wo Street, Kwun Tong, Kowloon	Commercial premises for rental	Medium term lease	100%
Ground Floor, 1st and 2nd floors and rooftop, 68 San Hong Street, Sheung Shui, New Territories	Commercial premises for rental	Medium term lease	100%
Shop B, Ground Floor, 106-108 Shau Kei Wan Road, Sai Wan Ho, Hong Kong	Commercial premises for rental	Long term lease	100%
Various lots in DD210 and DD244, Ho Chung, Sai Kung, New Territories	Vacant	Medium term lease	100%
Front Portion, G/F, Nathan Apartments, 510 Nathan Road, Kowloon	Commercial premises for rental	Medium term lease	100%
Flat E, 27th Floor, Block 2, Royal Ascot, 1 Tsun King Road, Shatin, New territories	Residential premises for rental	Medium term lease	100%

Particulars of Properties (Cont'd)

INVESTMENT PROPERTIES (Cont'd)

Location	Use	Tenure	Attributable interest of the Group
Flat E, 35th Floor, Block 2, Royal Ascot, 1 Tsun King Road, Shatin, New territories	Residential premises for rental	Medium term lease	100%
Flat F, 21st Floor, Block 3, Royal Ascot, 1 Tsun King Road, Shatin, New territories	Residential premises for rental	Medium term lease	100%
Flat A, 10th Floor, Block 6, Royal Ascot, 1 Tsun King Road, Shatin, New territories	Residential premises for rental	Medium term lease	100%
Shop 4 and 5, Ground Floor, Mongkok Building, 93, 95 and 99 Mongkok Road, Mongkok, Kowloon	Commercial premises for rental	Long term lease	100%
Flat E, 21st Floor, Block 8, Royal Ascot, 1 Tsun King Road, Shatin, New territories	Residential premises for rental	Medium term lease	100%
Flat H, 37th Floor, Tower 6, The Belcher's, 89 Pok Fu Lam Road, Sai Wan, Hong Kong	Residential premises for rental	Medium term lease	100%
Shop C, Ground Floor and Flat C, Mezzanine Floor, Lee Wah Building, 738-740A Nathan Road, Mongkok, Kowloon	Commercial premises for rental	Long term lease	100%
Various wet markets located at Shenzhen, Guangdong Province, the PRC	Commercial premises for rental	Medium term lease	50%
Flat F, 8th Floor, Block 9, Royal Ascot, 1 Tsun King Road, Shatin, New territories	Residential premises for rental	Medium term lease	100%
Flat E, 57th Floor, Tower 5, The Belcher's, 89 Pok Fu Lam Road, Sai Wan, Hong Kong	Residential premises for rental	Medium term lease	100%
Shop 23 on G/F, Grandway Garden, No. 16 Mei Tin Road and Nos. 15 & 35 Tsuen Nam Road, Shatin, New Territories	Commercial premises for rental	Medium term lease	100%

Particulars of Properties (Cont'd)

INVESTMENT PROPERTIES (Cont'd)

Location	Use	Tenure	Attributable interest of the Group
Shop B on G/F & Portion of the Yard, Nos. 66, 68, 70 & 72 Tai Wai Road, Shatin, New Territories	Commercial premises for rental	Medium term lease	100%
8th Floor, Kingsun Computer Industrial Building, No. 40 Shek Pai Wan Road, Hong Kong	Commercial premises for rental	Long term lease	100%
Ground Floor with the Cockloft, No. 60A Yen Chow Street, Kowloon	Commercial premises for rental	Medium term lease	100%
Shop 3 on Level 1, Jade Plaza, No. 3 On Chee Road, Tai Po, New Territories	Commercial premises for rental	Medium term lease	100%
7th Floor, No.33 Wong Chuk Street, Kowloon	Residential premises for rental	Medium term lease	100%
9th Floor, No.10 Shek Kip Mei Street, Kowloon	Residential premises for rental	Medium term lease	100%
8th Floor, No.253 Tai Nan Street, Kowloon	Residential premises for rental	Medium term lease	100%
8th Floor, Kwok Chai Building, No.137 Sai Yee Street, Kowloon	Residential premises for rental	Long term lease	100%
7th Floor, Kwok Chai Building, No.137 Sai Yee Street, Kowloon	Residential premises for rental	Long term lease	100%
Flat A6, 3rd Floor, Block A, Lockhart House, No.441 Lockhart Road, Hong Kong	Residential premises for rental	Long term lease	100%
Flat F, 4th Floor, Wing Ming Building, Nos.34/42 Yen Chow Street, Kowloon	Residential premises for rental	Medium term lease	100%
7th Floor, Dun Tak Mansion, No.127 Portland Street, Kowloon	Residential premises for rental	Medium term lease	100%
2nd Floor, No.675 Shanghai Street, Kowloon	Residential premises for rental	Medium term lease	100%

Particulars of Properties (Cont'd)

INVESTMENT PROPERTIES (Cont'd)

Location	Use	Tenure	Attributable interest of the Group
5th Floor, No.524 Jaffe Road, Hong Kong	Residential premises for rental	Medium term lease	100%
Front Portion, 4th Floor, Hing Yip Building, No.60 Castle Peak Road, Kowloon	Residential premises for rental	Medium term lease	100%
Flat B, 5th Floor, Po Tai Building, No.180 Nam Cheong Street, Kowloon	Residential premises for rental	Medium term lease	100%
Flat A, 8th Floor, East South Building, Nos.479 & 481 Hennessy Road, No.29 Percival Street, Hong Kong	Residential premises for rental	Long term lease	100%
Flat A, 11th Floor, May Ming Mansion, No.312 Nathan Road, Kowloon	Residential premises for rental	Long term lease	100%
1st Floor, No.23C Fuk Wing Street, Kowloon	Residential premises for rental	Medium term lease	100%
Flat B, 6th Floor, No.117-123 Hennessy Road, Hong Kong	Residential premises for rental	Long term lease	100%
5th Floor, Block F, No.89 Chung On Street, Tsuen Wan, New Territories	Residential premises for rental	Medium term lease	100%
Flat D, 6th Floor, Po Cheong Building, Nos.148-154 Nam Cheong Street, Kowloon	Residential premises for rental	Medium term lease	100%
Flat C, 6th Floor, Rex House, No.648, 650 & 652 Nathan Road, Kowloon	Residential premises for rental	Long term lease	100%
Flat A, 6th Floor, Wellcome Mansion, Nos.233, 233A, 235, 237 & 239 Cheung Sha Wan Road, Kowloon	Residential premises for rental	Medium term lease	100%
Flat C, 2nd Floor, Tsang Cheng House, Nos.444, 444A, 446 & 446A Nathan Road, Kowloon	Residential premises for rental	Long term lease	100%
Flat C, 8th Floor, Pak Lok Building, Nos.322-326A Nathan Road, Kowloon	Residential premises for rental	Medium term lease	100%

Particulars of Properties *(Cont'd)*

INVESTMENT PROPERTIES *(Cont'd)*

Location	Use	Tenure	Attributable interest of the Group
Flat F, 10th Floor, Thai Kong Building, No.482 Hennessy Road, Hong Kong	Residential premises for rental	Medium term lease	100%
7th Floor, No.3 Un Chau Street, Kowloon	Residential premises for rental	Medium term lease	100%
Unit A, 6th Floor, Parkes Building, 17-23 Parkes Street, Kowloon	Residential premises for rental	Medium term lease	100%
2nd Floor, 30D Fuk Wing Street, Kowloon	Residential premises for rental	Medium term lease	100%
Unit A, 4th Floor, & Flat Roof, Parkes Building, 17-23 Parkes Street, Hong Kong	Residential premises for rental	Medium term lease	100%
5th Floor, Tai Wah Building, 132A Electric Road, North Point, Hong Kong	Residential premises for rental	Long term lease	100%
Flat 413, 4th Floor, Sincere House, 83 Argyle Street, Kowloon	Residential premises for rental	Long term lease	100%
Flat B, 11st Floor, Wen Pang Building, 270-272 Lai Chi Kok Road, Kowloon	Residential premises for rental	Medium term lease	100%
Flat P, 7th Floor, Wing Lung Building, 220-240 Castle Peak Road, Kowloon	Residential premises for rental	Medium term lease	100%
Unit B, 4th Floor & Roof, Parkes Building, 17-23 Parkes Street, Hong Kong	Residential premises for rental	Medium term lease	100%
7th Floor, 64 Cheung Sha Wan Road, Kowloon	Residential premises for rental	Medium term lease	100%
Flat No.5, 1st Floor, Tai Yue Mansion, 133 Sai Yee Street, Kowloon	Residential premises for rental	Long term lease	100%
Flat G, 7th Floor, Lung Wa Building, 22 Fuk Wa Street, Kowloon	Residential premises for rental	Medium term lease	100%
Flat 1, 1st & Flat Floor, 174 Jockey Club Road, North, New Territories	Residential premises for rental	Medium term lease	100%

Particulars of Properties (Cont'd)

INVESTMENT PROPERTIES (Cont'd)

Location	Use	Tenure	Attributable interest of the Group
Flat M, 4th Floor, Lung Wa Building, 22 Fuk Wa Street, Kowloon	Residential premises for rental	Medium term lease	100%
Unit B, 6th Floor, Parkes Building, 17-23 Parkes Street, Kowloon	Residential premises for rental	Medium term lease	100%
2nd Floor, Golden Jubilee House, 399 Lockhart Road, Hong Kong	Residential premises for rental	Long term lease	100%
11st Floor, 501 Nathan Road, Kowloon	Residential premises for rental	Medium term lease	100%
3rd Floor, 192 Tai Nan Street, Kowloon	Residential premises for rental	Medium term lease	100%
9th Floor, Wing Hon House, 13 Cheung Sha Wan Road, Kowloon	Residential premises for rental	Medium term lease	100%
Flat A, 6th Floor, Lockhart Road, Hong Kong	Residential premises for rental	Long term lease	100%
Unit A, 8th Floor, Parkes Building, 17-23 Parkes Street, Kowloon	Residential premises for rental	Medium term lease	100%
7th Floor, Wing Wah Building, No.109 Cheung Sha Wan Road, Kowloon	Residential premises for rental	Medium term lease	100%
5th Floor, Block H, Golden Horse Mansion, 27 Mansion Street, Hong Kong	Residential premises for rental	Long term lease	100%
1st Floor, Rear Portion, 1 San Lok Street, Shek Wu Hui, Sheung Shui, New Territories	Residential premises for rental	Medium term lease	100%
6th Floor & its interior Wall, 463 Hennessy Road, Hong Kong	Residential premises for rental	Long term lease	100%
Unit B, 8th Floor, Parkes Building, 17-23 Parkes Street, Kowloon	Residential premises for rental	Medium term lease	100%
7th Floor, 250A Cheung Sha Wan Road, Kowloon	Residential premises for rental	Medium term lease	100%

Particulars of Properties *(Cont'd)*

INVESTMENT PROPERTIES *(Cont'd)*

Location	Use	Tenure	Attributable interest of the Group
Unit A, 10th Floor, Parkes Building, 17-23 Parkes Street, Kowloon	Residential premises for rental	Medium term lease	100%
Unit B, 10th Floor, Parkes Building, 17-23 Parkes Street, Kowloon	Residential premises for rental	Medium term lease	100%
6th Floor, No. 250 Cheung Sha Wan Road, Kowloon	Residential premises for rental	Medium term lease	100%
Flat F on Sixth Floor, Po Cheong Building, Nos. 148-154 Nam Cheong Street, Kowloon	Residential premises for rental	Medium term lease	100%
3rd Floor, Vico Mansion, No. 3 Nanking Street, Kowloon	Residential premises for rental	Long term lease	100%
Sixth Floor, No. 385 Ki Lung Street, Kowloon	Residential premises for rental	Medium term lease	100%
Flat A on 6th Floor, Pao Hing House, Nos. 240-244 Lai Chi Kok Road, Kowloon	Residential premises for rental	Medium term lease	100%
13th Floor, No. 113 Cheung Sha Wan Road, Kowloon	Residential premises for rental	Medium term lease	100%
5th Floor, No. 501 Nathan Road, Kowloon	Residential premises for rental	Medium term lease	100%
7th Floor, Man On Building, No. 83 Tai Po Road, Kowloon	Residential premises for rental	Medium term lease	100%
Flat C on 12th Floor, Lee Wai Building, Nos. 654-658 Nathan Road, Kowloon	Residential premises for rental	Medium term lease	100%
Flat F on 11th Floor, No. 78 Un Chau Street, Kowloon	Residential premises for rental	Medium term lease	100%
6th Floor, No. 692 Shanghai Street, Hing Fat Building, Kowloon	Residential premises for rental	Medium term lease	100%
3th Floor, No. 109 Cheung Sha Wan Road, Kowloon	Residential premises for rental	Medium term lease	100%

Particulars of Properties (Cont'd)

PROPERTIES HELD FOR SALE

Property name	Location	Approximate site area (sq. ft.)	Estimated approximate gross floor area (sq. ft.)	Use	Stage of completion	Estimated completion date	Attributable interest of the Group
GODI XI	8 Shatin Height Road, Shatin	43,809	12,340	Residential	Completed	Existing	100%
Meister House	1 Fairview Park, Boulevard, Yuen Long	3,219	2,697	Residential and commercial	Completed	Existing	100%
Grandeur Terrace	88 Tin Shui Road, Yuen Long, New Territories	46,715	36,479	Commercial	Completed	Existing	100%
The Dawning Place	92A – 92G Yeung Uk Tsuen, Shap Pat Heung, Yuen Long, New Territories	5,802	2,783	Residential and commercial	Completed	Existing	100%
10th Floor of Towers A & B, and Car Parking Spaces Nos. P4-P8 & P30-P32 on 1st Floor, Billion Centre, No. 1 Wang Kwong Road, Kowloon		24,950	19,105	Commercial	Completed	Existing	100%
Shop A on Ground Floor, Onshine Commercial Building, No. 10 Tung Sing Road, Kowloon		700	434	Commercial	Completed	Existing	100%
Shop B on G/F incl. the Cockloft, Yan Oi House, No 237 Sha Tsui Road, Nos. 87 & 99 Chuen Lung Street, Tsuen Wan, New Territories		1,400	936	Commercial	Completed	Existing	100%

PROPERTIES UNER DEVELOPMENT

Nos. 13 & 15, Sze Shan Street, Yau Tong Kowloon		41,080	87,758	Residential and Commercial	Planning Stage	2013	100%
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Five Year Financial Summary

A summary of the results and of the assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the published audited financial statements, is set out below.

RESULTS

	2010 HK\$'000	Year ended 31 March			
		2009 HK\$'000	2008 HK\$'000	2007 HK\$'000	2006 HK\$'000
REVENUE	575,016	459,459	545,882	499,488	395,557
PROFIT AFTER FINANCE COSTS	151,780	146,857	94,934	91,854	121,664
Share of profits and losses of associates	(9,049)	(55,227)	27,643	4,578	(39,601)
PROFIT BEFORE TAX	142,731	91,630	122,577	96,432	82,063
Tax	(34,659)	(11,480)	(25,963)	(13,254)	(9,480)
PROFIT FOR THE YEAR	108,072	80,150	96,614	83,178	72,583
Attributable to:					
Owners of the parent	108,073	55,409	96,089	83,170	72,554
Minority interests	(1)	24,741	525	8	29
	108,072	80,150	96,614	83,178	72,583

ASSETS, LIABILITIES AND MINORITY INTERESTS

	2010 HK\$'000	31 March			
		2009 HK\$'000	2008 HK\$'000	2007 HK\$'000	2006 HK\$'000
TOTAL ASSETS	2,940,699	1,907,712	2,031,974	1,734,214	1,497,324
TOTAL LIABILITIES	(987,081)	(555,532)	(791,759)	(691,908)	(657,151)
MINORITY INTERESTS	(396)	(397)	(57,646)	(472)	(464)
	1,953,222	1,351,783	1,182,569	1,041,834	839,709