2010 Annual Report

達藝
DECCA

DECCA HOLDINGS LIMITED
達藝控股有限公司

STOCK CODE: 997

CONTENTS

CORPORATE INFORMATION & FINANCIAL CALENDAR

Corporate Information

Executive Directors	Mr. Tsang Chi Hung, *Chairman and Managing Director* Mr. Liu Hoo Kuen, *Vice Chairman* Mr. Richard Warren Herbst Ms. Kwan Yau Choi Ms. Fung Sau Mui Mr. Tai Wing Wah Mr. Wong Kam Hong
Independent Non-executive Directors	Mr. Chu Kwok Man Mr. Cheng Woon Kam Mr. Pak Wai Tun, Wallace
Company Secretary	Mr. Kwan Kam Ming
Registered Office	Clarendon House 2 Church Street Hamilton HM 11 Bermuda
Head Office and Principal Place of Business in Hong Kong	2/F, Decca Industrial Centre 21 Cheung Lee Street Chai Wan Hong Kong
Principal Bankers	Wing Hang Bank, Limited Standard Chartered Bank (Hong Kong) Limited DBS Bank (Hong Kong) Limited
Principal Share Registrar and Transfer Office	The Bank of Bermuda Limited Bank of Bermuda Building 6 Front Street Hamilton HM 11 Bermuda
Hong Kong Branch Share Registrar and Transfer Office	Tricor Standard Limited 26/F, Tesbury Centre 28 Queen's Road East Wanchai Hong Kong
Auditor	Deloitte Touche Tohmatsu *Certified Public Accountants*
Legal Advisers	DLP Piper Hong Kong Guangzhou Guang Xin Lawyers

Financial Calendar

Interim Results	Announced on Monday, 14 December 2009
Interim Dividend	Nil
Final Results	Announced on Monday, 12 July 2010
Annual Report	Sent to Shareholders on Friday, 23 July 2010
Register of Members	To be closed from Thursday, 26 August 2010 to Tuesday, 31 August 2010, both days inclusive
Annual General Meeting ("AGM")	To be held on Tuesday, 31 August 2010

Results

During the year under review, the consolidated revenue decreased to HK$592.8 million (2009: HK$927.2 million), while net loss after tax was amounted to HK$28.6 million (2009: net profit after tax: HK$39.4 million. The decrease in revenue is a result of the decrease in hospitality furniture sector's revenue which had previously accounted for 60% of the Group's revenue. In addition, the economic downturn in the United States of America ("US") had also affected the Group's US contract furniture and residential furniture revenue marginally. The gross margin decreased from 33.4% to 27.7%. The decline in profitability was mainly due to the increased competition in various market sectors.

The Group's cost of sales decrease by 30.5%. The total for this year was HK$428.8 million (72.3% of the revenue) compared to last year's HK$617.1 million (66.6% of the revenue). There was a write back of bad and doubtful debts of HK$2.8 million as compared to an allowance of bad and doubtful debts of HK$21.2 million in the previous year as the Group was able to recover receivables that had difficulty to recover in the previous year.

Business Review

The US market continued to be the principal market of the Group accounted for 36.8% of the Group's revenue. Revenue in the Hong Kong and Macau markets grew significantly by 25.1% from HK$139.8 million to HK$174.9 million. Both the Luxury Residential and the Retail Store Fixtures businesses experienced increase in revenue of 17.3% and 13.6% respectively. Revenue in the US markets decreased by 54.5% to HK$218.1 million compared with the previous year's of HK$479.2 million as the economic recession in the US continued to affect business in this geographical sector.

The Group's residential furniture line Bolier & Co. showroom in High Point, North Carolina
本集團位於美國北卡羅萊納州High Point之Bolier & Co.陳列室

The Group's top five customers for the year ended 31 March 2010 were LVMH Group for several stores in Hong Kong, China, Macau and Japan accounted for HK$118.7 million in revenue which represented 20.0% of the Group's revenue, KUD International LLC — 7.3% of revenue, Happy Field Limited — 4.0% of revenue, Hermes Group — 3.9% of revenue and Woodmont Investments Limited — 3.0% of revenue.

Projects currently in progress include furniture supply contracts for Four Seasons Hotel — London, The Metropole Corinthia Hotel — London, Park Hyatt Hotel — Ningbo, interior fitting out project and retail fixtures supply contract for several Louis Vuitton stores in China.

CHAIRMAN'S STATEMENT

Prospects

The Group's second half results were far worse that expected. The decline in revenue and the rate of winning new contracts was steeper and deeper then most financial analysis had predicted. In particular, Group sales in the U.S. hospitality sector in the second half of the year totaled less than HK$40 million down from the first half total of HK$108 million and substantially down from the previous year's second half sales of HK$188 million. The outlook for a recovery in the U.S. hospitality sector continues to look bleak due to the lack of availability of construction financing for new hotels. Although occupancy rates have recovered, until financing is available, the construction of new hotels will continue to be low. The most optimistic predictions indicate a return to growth occurring in the last quarter of 2010 with most economists saying that we will need to wait until the first quarter of 2011 to see positive signs.

The orders on hand of the Group as at 31 March 2010 were approximately HK$213 million. With the above prospect, the Group is concentrating its efforts in the fast developing luxury retail store construction and fixture supply areas in China, India and the Middle East. In addition, the Group is expanding its presence in the China market specifically to promote its office furniture and residential furniture sales. The Group feels both areas offer potential to expand its turnover in the short term without compromising profitability.

Liquidity will remain as one of the most important objectives for the coming year. Although the Group recorded a loss for the year, it is in a better financial position that it was at the end of 2008/2009. Earnings before interest, taxes, depreciation expenses and amortization expenses (EBITDA) remain positive, Bank Borrowings have been reduced, Cash Balance have increased and Bad and Doubtful Accounts have declined. The Group will continue to make sure that reasonable payment terms are adhered to by clients and will watch all discretionary expenses.

The Group will continue to reduce its overhead in line with the reduced sales levels. Although, Administration Expenses did not appear to contract in the second half of 2009/2010, recurring expenses were actually down. The Group will try all efforts to further reduce Administration Expenses in 2010/2011.

Appreciation

The Board would like to extend its gratitude to all the Group's customers for their continued support. It would like to extend its appreciation to its bankers and financial advisors for maintaining their belief in the Group over the past years. And, the Board would like to thank all of the employees of the Group around the world for their tireless effort and contributions to the Group.

By Order of the Board

Tsang Chi Hung
Chairman

Hong Kong, 12 July 2010

FINANCIAL SUMMARY

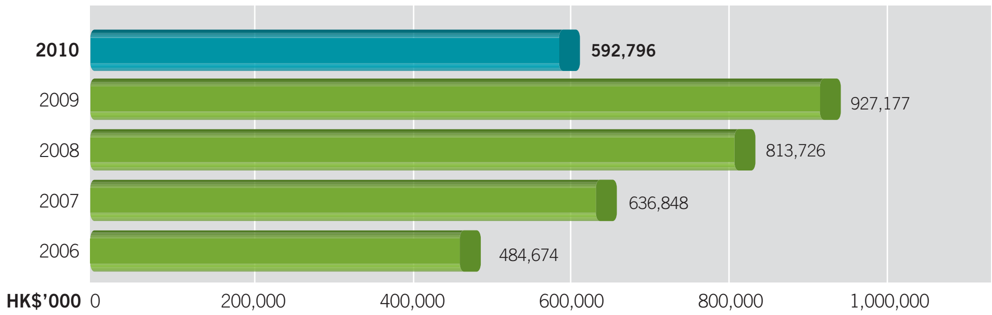
For the financial year (in HK$'000)	2010	2009	2008	2007	2006
Revenue	**592,796**	927,177	813,726	636,848	484,674
Gross profit	**163,981**	310,077	297,591	261,935	185,049
(Loss) profit before taxation	**(33,129)**	48,313	82,909	96,405	46,739
Income tax credit (charge)	**4,492**	(8,945)	(18,801)	(18,074)	(7,941)
(Loss) profit before non-controlling interest	**(28,637)**	39,724	64,388	78,331	38,798
Non-controlling interest	**–**	(356)	(280)	–	–
(Loss) profit for the year	**(28,637)**	39,368	64,108	78,331	38,798
Dividends paid	**Nil**	21,400	21,000	15,100	6,800
Basic (loss) earnings per share (HK$)	**(0.14)**	0.20	0.32	0.39	0.19

At (in HK$'000)	31 March 2010	31 March 2009	31 March 2008	31 March 2007	31 March 2006
Non-current Assets	**335,762**	366,888	324,843	162,355	129,318
Current Assets	**298,478**	380,672	430,661	327,076	270,487
Bank Balances and Cash	**53,013**	42,735	64,514	68,338	55,092
Current Liabilities	**247,119**	298,623	345,763	165,958	139,840
Net Current Assets	**51,359**	82,049	84,898	161,118	130,647
Non-current Liabilities	**31,763**	61,179	47,175	26,950	33,897
Net Assets	**355,358**	387,758	362,566	296,523	226,068

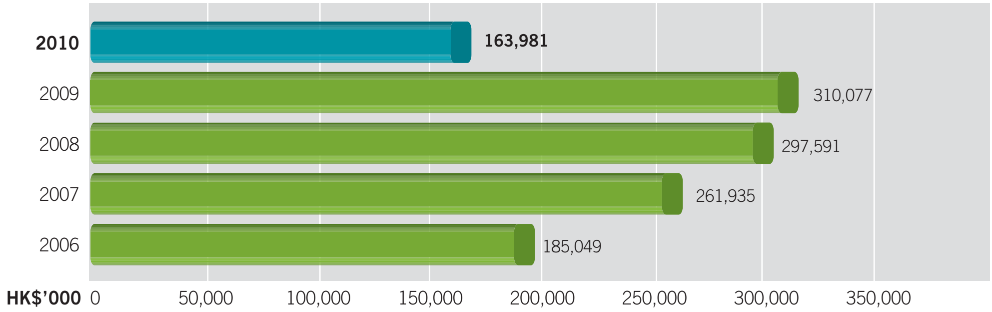
Note: Certain figures set out above are restated due to the adoption of a number of new and revised accounting policies.

FINANCIAL SUMMARY

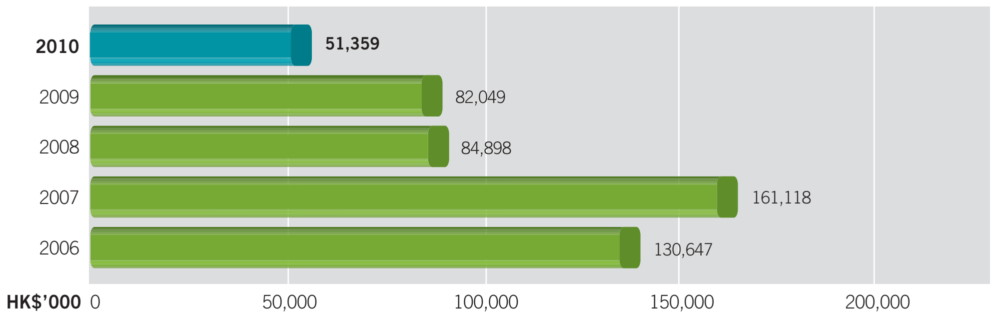
Revenue



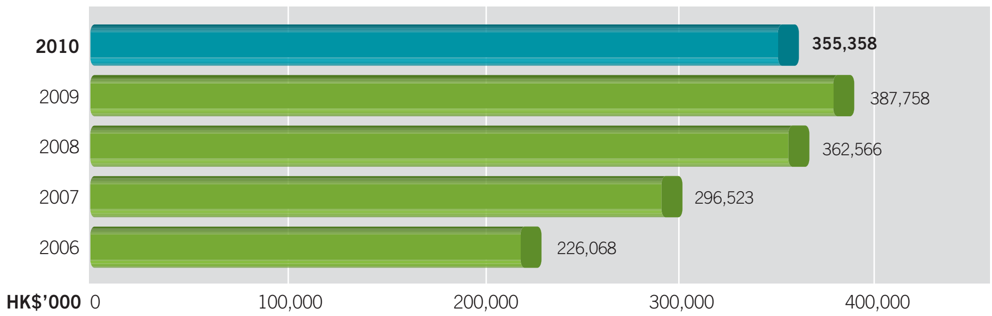
Gross Profit



Net Current Assets



Net Assets



The Gary Lee Collection of the Group's Decca contract furniture line
本集團之Decca Contract傢私產品中之Gary Lee系列

The following comments should be read in conjunction with the condensed consolidated financial statements of Decca Holdings Limited and related notes to the condensed consolidated financial statements.

Review of Results

During the year under review, the consolidated revenue decreased to HK$592.8 million (2009: HK$927.2 million), while net loss after tax was amounted to HK$28.6 million (2009: net profit after tax: HK$39.4 million. The decrease in revenue is a result of the decrease in hospitality furniture sector's revenue which had previously accounted for 60% of the Group's revenue. In addition, the economic downturn in the United States of America ("US") had also affected the Group's US contract furniture and residential furniture revenue marginally. The gross margin decreased from 33.4% to 27.7%. The decline in profitability was mainly due to the increased competition in various market sectors.

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The US market continued to be the principal market of the Group accounted for 36.8% of the Group's revenue. Revenue in the Hong Kong and Macau markets grew significantly by 25.1% from HK$139.8 million to HK$174.9 million. Both the Luxury Residential and the Retail Store Fixtures businesses experienced increase in revenue of 17.3% and 13.6% respectively. Revenue in the US markets decreased by 54.5% to HK$218.1 million compared with the previous year's of HK$479.2 million as the economic recession in the US continued to affect business in this geographical sector.

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Projects currently in progress include furniture supply contracts for Four Seasons Hotel — London, The Metropole Corinthia Hotel — London, Park Hyatt Hotel — Ningbo, interior fitting out project and retail fixtures supply contract for several Louis Vuitton stores in China.

Liquidity, Financial Resources and Capital Structure

The Group continued to maintain a conservative financial structure during the year. There is no seasonal borrowing requirements. The Group's funding requirements to a certain extent depend on the value of the contracts awarded to the Group by its customers. As at 31 March 2010, the total bank borrowing amounting to HK$118.5 million (2009: HK$171.4million), out of which HK$87.0 million (2009: HK$110.2 million) would mature in one year or on demand. The borrowings include bank loans and overdrafts are mainly in Hong Kong dollars which will be matched by the inflow of funds from the Group's projects in Hong Kong. Having taken into account of the Group's net worth of HK$355.4 million (2009: HK$387.8 million), such borrowing level is acceptable. Finance costs were maintained at an acceptable level of HK$5.0 million (2009: HK$7.7 million) representing 0.8% (2009: 0.8%) of the Group's revenue. Net current assets stood at HK$51.4 million (2009: HK$82.0 million).

The Group's cash holding is mainly denominated in Hong Kong dollars. The interest rates of the Group's borrowings are usually floating in nature. The Group generally finances with internally generated resources and credit facilities by banks in Hong Kong

Gearing Ratio and Foreign Exchange Exposure

As at 31 March 2010, the gearing ratio (total borrowings divided by net assets) was 0.33 (2009: 0.44). As the Group's revenue and expenses are mainly in Hong Kong dollars. Renminbi and United States dollars and its cash holding was mainly denominated in Hong Kong dollars, foreign exposure of the Group was minimal as long as the policy of the Government of the HKSAR to link the Hong Kong dollars to the United States dollars remained in effect, Renminbi's exchange rate remained stable as Mainland China would also like to maintain a stable exchange rate between Hong Kong dollars and Renminbi which would be beneficial to the Hong Kong economy.

Employees

As at 31 March 2010, the Group employed 139, 1392, 3, 31, 171 and 12 staff in Hong Kong, Mainland China, Singapore, US, Thailand and Europe respectively (2009: 154, 1930, 3, 85, 217 and 12 respectively). The Group remunerated its employees based on their performance, working experience and the prevailing market conditions. Bonus may be given to staff of outstanding performance on a discretionary basis. For the primary purpose of retaining high caliber executives and employees, share options may be granted to eligible employees. Other employee benefits include mandatory provident fund and training programs.

Corporate Governance

Saved for disclosed in the Corporate Governance Report, the Company has complied throughout the year ended 31 March 2010 with the Code of Corporate Governance Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Closure of Register of Members

The Register of Members of the Company will be closed from Thursday, 26 August 2010 to Tuesday, 31 August 2010, both days inclusive. During this period, no transfer of shares will be effected. In order to qualify for the attendance and voting at the forthcoming Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar, Tricor Standard Limited on 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by 4:00 p.m. on Wednesday, 25 August 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

Prospects

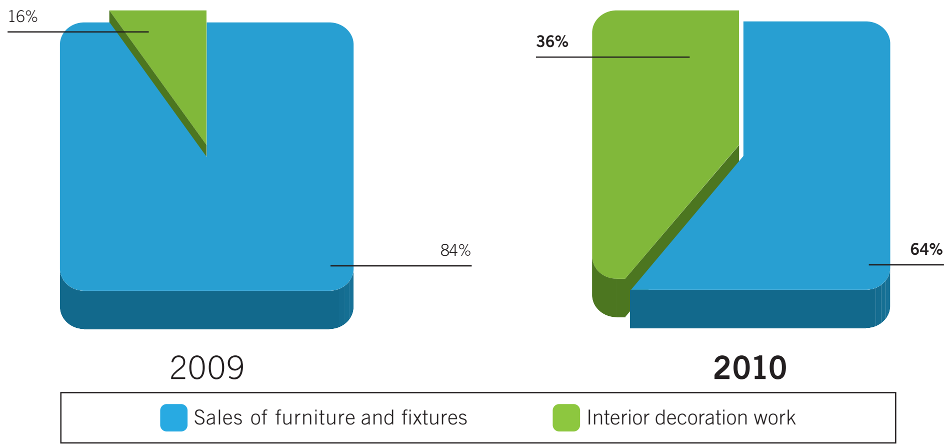
The Group's second half results were far worse that expected. The decline in revenue and the rate of winning new contracts was steeper and deeper then most financial analysis had predicted. In particular, Group sales in the U.S. hospitality sector in the second half of the year totaled less than HK$40 million down from the first half total of HK$108 million and substantially down from the previous year's second half sales of HK$188 million. The outlook for a recovery in the U.S. hospitality sector continues to look bleak due to the lack of availability of construction financing for new hotels. Although occupancy rates have recovered, until financing is available, the construction of new hotels will continue to be low. The most optimistic predictions indicate a return to growth occurring in the last quarter of 2010 with most economists saying that we will need to wait until the first quarter of 2011 to see positive signs.

The orders on hand of the Group as at 31 March 2010 were approximately HK$213 million. With the above prospect, the Group is concentrating its efforts in the fast developing luxury retail store construction and fixture supply areas in China, India and the Middle East. In addition, the Group is expanding its presence in the China market specifically to promote its office furniture and residential furniture sales. The Group feels both areas offer potential to expand its turnover in the short term without compromising profitability.

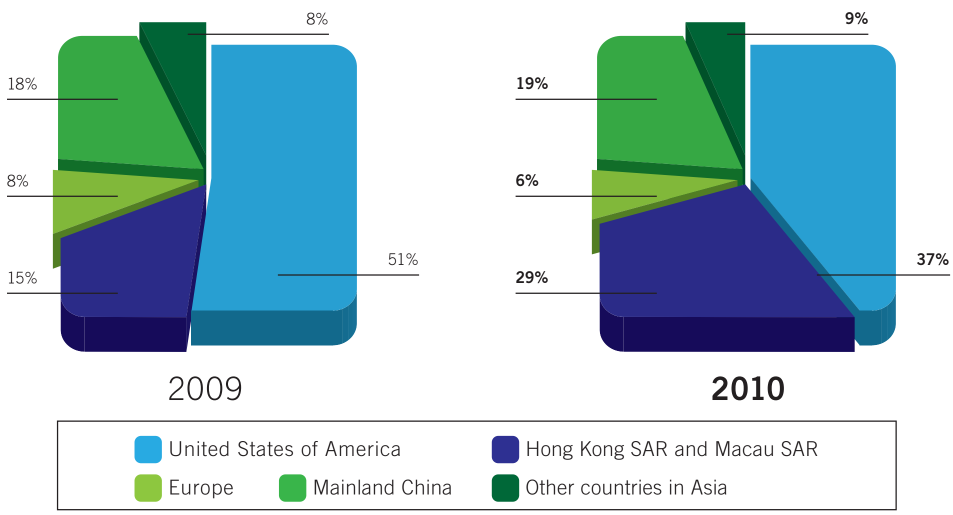
Liquidity will remain as one of the most important objectives for the coming year. Although the Group recorded a loss for the year, it is in a better financial position that it was at the end of 2008/2009. Earnings before interest, taxes, depreciation expenses and amortization expenses (EBITDA) remain positive, Bank Borrowings have been reduced, Cash Balance have increased and Bad and Doubtful Accounts have declined. The Group will continue to make sure that reasonable payment terms are adhered to by clients and will watch all discretionary expenses.

The Group will continue to reduce its overhead in line with the reduced sales levels. Although, Administration Expenses did not appear to contract in the second half of 2009/2010, recurring expenses were actually down. The Group will try all efforts to further reduce Administration Expenses in 2010/2011.

Turnover by Operating Segments



Turnover for Geographical Information



CORPORATE GOVERNANCE REPORT

In the opinion of the Directors, the Company has complied with all code provisions set out in the Code on Corporate Governance Practices (CG Code) contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (Listing Rules) for the year ended 31 March 2010, save for the code provisions on the following:

1) **Code Provision A.2.1** stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The roles of chairman and managing director of the Company have been performed by Mr. Tsang Chi Hung. The Board considered that the non-segregation would not result in considerable concentration of power in one person and has the advantage of a strong and consistent leadership which is conducive to making and implementing decisions quickly and consistently.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 of the Listing Rules as its own code of conduct regarding directors' securities transactions.

Confirmation has been sought from all Directors and they have complied with the required standard set out in the Model Code for the year ended 31 March 2010.

Board Meetings

The Board meets regularly four times a year, ie. at approximately quarterly intervals. During the year ended 31 March 2010, the Board convened a total of four times and the attendance of the Directors are as follows:

Name	**Number of meetings held while being a director**	**Number of meetings attended**
Chairman and Managing Director		
Mr Tsang Chi Hung	4	3
Executive Directors		
Mr Liu Hoo Kuen	4	4
Mr Richard Warren Herbst	4	3
Ms Kwan Yau Choi	4	3
Ms Fung Sau Mui	4	4
Mr Tai Wing Wah	4	3
Mr Wong Kam Hong	4	4
Independent Non-executive Directors		
Mr Chu Kwok Man	4	4
Mr Cheng Woon Kam	4	4
Mr. Pak Wai Tun, Wallace	4	4

Board of Directors

The Company is led and controlled through the Board of Directors, which is constituted by 7 Executive Directors, including the Chairman of the Board, and 3 Independent Non-executive Directors. The 3 Independent Non-executive Directors have all confirmed in writing to the Company that they meet all the guidelines for assessing independence set out in rule 3.13 of the Listing Rules.

The Board oversees the overall management and operations of the Company. Major responsibilities include approving the Company's overall business, financial and technical strategies, setting key performance targets, approving budgets and overseeing the performance of management.

All the independent non-executive directors have service contracts with the Company for a specified period of two years subject to retirement and rotation at the Annual General Meeting of the Company in accordance with the Company's Bye-Laws.

The Board has adopted the Model Code set out in Appendix 10 of the Listing Rules and the Directors have fully complied with it.

The emolument payable to Directors is determined by the Board with reference to the Directors' duties and responsibilities.

Committees of the Board

The Board has established the following two committees: the Audit Committee and the Remuneration Committee.

Audit Committee

The Audit Committee consists of 3 independent non-executive directors. During the year ended 31 March 2010, the Committee convened two meetings and the attendance of members are as follows:

Name	**Number of meetings while being a member**	**Number of meetings attended**
Mr. Pak Wai Tun, Wallace *(Chairman)*	2	2
Mr Chu Kwok Man	2	2
Mr Cheng Woon Kam	2	2

The Audit Committee oversees the overall financial reporting process as well as the adequacy and effectiveness of the Company's internal control. It also reviews and monitors the external auditor's independence and objectivity as well as the effectiveness of the audit process to make sure that it is in full compliance with applicable standards.

Report of Audit Committee

For the year ended 31 March 2010, the Audit Committee convened two meetings. It has reviewed the interim and annual reports of the Company.

Auditors' Remuneration

During the year ended 31 March 2010, the audit and non-audit fees payable/paid to external auditors was made up of an audit fee of approximately HK$2,922,000 and a non-audit related service fee of approximately HK$743,000. The latter included taxation service and professional service.

Remuneration Committee

The Remuneration Committee consists of 2 executive directors and 3 independent non-executive directors. During the year ended 31 March 2010, the Committee did not convene any meeting. The members are as follows:

Name

Mr Liu Hoo Kuen *(Chairman)*
Mr Tsang Chi Hung
Mr Chu Kwok Man
Mr Cheng Woon Kam
Mr Pak Wai Tun, Wallace

The Remuneration Committee is responsible for making recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management.

The remuneration of Directors is determined by the Board based on the advice of the Remuneration Committee with reference to their responsibilities with the Company.

Nomination of Directors

There is no Nomination Committee. The Board will regularly review its structure, size and composition and to select suitable Board member when necessary.

The selection of individual to become directors is based on assessment of their professional qualifications and experience.

Internal Control

The Board has overall responsibilities for maintaining sound and effective internal control system of the Group. The Board has conducted annual review of the effectiveness of the system of internal control of the Group including the relevant financial, operational and compliance controls and risk management procedures and has delegated to the management the implementation of such systems of internal controls. The management throughout the Group maintains and monitors the internal control system on an ongoing basis.

The Board also reviewed and was satisfied with the adequacy of resources, qualifications and experience of the employees of the Group's accounting and financial reporting function.

Directors' Responsibility on the Accounts

The Directors acknowledge their responsibilities for preparing the financial statements of the Group for the year ended 31 March 2010, which were prepared in accordance with statutory requirements and applicable accounting standards.

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Tsang Chi Hung

Mr. Tsang Chi Hung, aged 70, is one of the founders of the Group and the chairman and managing director of the Company. He is primarily responsible for corporate policy formulation, strategic planning, business development and overall management of the Group. He has over 36 years' experience in the marketing and manufacture of furniture and considerable expertise in the application of automation in woodworking, product development and the interior fitting out and woodworking industries. He was named an Honorary Citizen of Dongguan City, Guangdong in 2001. Mr. Tsang is the husband of Ms. Kwan Yau Choi, another executive director of the Company.

Mr. Liu Hoo Kuen

Mr. Liu Hoo Kuen, aged 58, is one of the founders of the Group and vice chairman and deputy managing director of the Company. He is primarily responsible for overseeing all technical related aspects of fit-out projects, furniture manufacturing and product development. Mr. Liu has over 36 years' experience in product design, project management and quality assurance.

Mr. Richard Warren Herbst

Mr. Richard Warren Herbst, aged 61, joined the Group in 1994 and is an executive director and a deputy managing director of the Company. He is primarily responsible for overseeing sales and marketing of the international operations and new product sourcing and development. Mr. Herbst holds a bachelor's of science degree from Georgia Institute of Technology in the United States. He has over 24 years' experience in furniture manufacturing and sales, and 12 years' experience in corporate banking in Hong Kong, London and the United States.

Ms. Kwan Yau Choi

Ms. Kwan Yau Choi, aged 64, joined the Group in 1973 and is an executive director of the Company and director of domestic marketing operations. She is primarily responsible for overseeing the operation of the design and build division, public relations and quality assurance. Ms. Kwan has over 36 years' experience in sales and marketing of furniture and fit-out project management. She is the wife of Mr. Tsang Chi Hung.

Ms. Fung Sau Mui

Ms. Fung Sau Mui, aged 55, joined the Group in 1976 and is an executive director of the Company, director of finance and administration as well as chief financial officer. She is primarily responsible for overseeing the finance and administration function of the Group. Ms. Fung has over 32 years' experience in financial management, accounting, costing, material sourcing and purchasing, and personnel management.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Tai Wing Wah

Mr. Tai Wing Wah, aged 51, joined the Group in 1989 and is an executive director of the Company and director of China operations. He is primarily responsible for overseeing the China operations including factory management, government relationship and local sales. Mr. Tai holds a diploma in business management from The Hong Kong Polytechnic University and a diploma in interior design from Lee Wai Lee Technical Institute in Hong Kong. He is one of the executives involved in the planning and establishment of the Group's operations in China.

Mr. Wong Kam Hong

Mr. Wong Kam Hong, aged 52, joined the Group in 1993 and is an executive director of the Company. He is primarily responsible for institutional furniture sales. Mr. Wong holds a higher diploma in mechanical engineering from The Hong Kong Polytechnic University and an ordinary diploma in mechanical engineering from Kwun Tong Technical Institute in Hong Kong. He has over 25 years' experience in institutional furniture sales and contract management.

Independent Non-executive Directors

Mr. Chu Kwok Man

Mr. Chu Kwok Man, aged 54, is a solicitor practising in the Hong Kong SAR. Mr. Chu holds a bachelor degree in laws from the University of London and a master degree from the City University of Hong Kong. Mr. Chu became an independent non-executive director of the Company in 2000 and a member of the Audit Committee and Remuneration Committee.

Mr. Cheng Woon Kam

Mr. Cheng Woon Kam, aged 57, became an independent non-executive director of the Company in 2004 and a member of the Audit Committee and Remuneration Committee. Mr. Cheng has over 33 years of experience in accounting and finance. Mr. Cheng is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Cheng is currently a Certified Public Accountant ("CPA") in Hong Kong and practices as CPA in his own name.

Mr. Pak Wai Tun, Wallace

Mr. Pak Wai Tun, Wallace, aged 67, is an independent non-executive director and a member of the audit committee and the remuneration committee of the Company. He has 20 years of working experience in the computer field in systems development and information technology operations. Mr. Pak also has 10 years of working experience in marketing and sales of plastics and chemicals in Great China Region of Dow Chemical Company. He is currently doing consulting work for PMMS Consultants in training and organization.

Senior Management

Mr. Kwan Kam Ming

Mr. Kwan Kam Ming, aged 55, joined the Group in 1993 and is a senior accounting manager and company secretary of the Company. He is primarily responsible for overseeing the Group's accounting and company secretarial matters. Mr. Kwan has over 22 years' experience in accounting, financial management and company secretarial matters. He holds a bachelor degree in social sciences from the University of Hong Kong and is a fellow member of the Association of Chartered Certified Accountants and a fellow member of the Hong Kong Institute of Certified Public Accountants.

Mr. Chiu Chi Ming

Mr. Chiu Chi Ming, aged 47, joined the Group in 1998 and is a senior manager in information technology of the Group. He is primarily responsible for overseeing the information technology operations of the Group including system design and analysis, programming and system management. Mr. Chiu holds a bachelor degree in computer science from the University of Saskatchewan, Canada and has over 17 years' experience in system management, analysis and programming.

DIRECTORS' REPORT

The directors present their annual report and the audited consolidated financial statements for the year ended 31 March 2010.

Principal Activities

The principal activity of the Company is investment holding. The principal activities and other particulars of the subsidiaries and an associate are set out in notes 37 and 19 to the consolidated financial statements respectively.

The analysis of the principal activities and geographical locations of the operations of the Company and its subsidiaries during the financial year are set out in note 8 to the consolidated financial statements.

Results and Appropriations

The results of the Group for the year ended 31 March 2010 are set out in the consolidated statement of comprehensive income on page 28.

The directors do not recommend the payment of interim and final dividend.

Major Customers and Suppliers

Sales and purchases attributable to the Group's five largest customers and suppliers accounted for less than 30% of the total sales and purchases for the year.

Property, Plant and Equipment

Details of movements during the year in the property, plant and equipment of the Group are set out in note 17 to the consolidated financial statements.

Share Capital

Details of movements during the year in the Company's share capital are set out in note 29 to the consolidated financial statements.

Distributable Reserves of the Company

The Company's reserves available for distribution to shareholders as at 31 March 2010 were as follows:

	HK$'000
Contributed surplus	145,867
Retained profits	553
	146,420

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

(a) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

Directors

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

Executive directors:

Mr. Tsang Chi Hung
Mr. Liu Hoo Kuen
Mr. Richard Warren Herbst
Ms. Kwan Yau Choi
Ms. Fung Sau Mui
Mr. Tai Wing Wah
Mr. Wong Kam Hong

Independent non-executive directors:

Mr. Chu Kwok Man
Mr. Cheng Woon Kam
Mr. Pak Wai Tun, Wallace

In accordance with Bye-Law 87, Ms. Kwan Yau Choi, Ms. Fung Sau Mui, Mr. Tai Wing Wah and Mr. Wong Kam Hong retire from the board by rotation and, being eligible, offer themselves for re-election.

Directors' Service Contracts

Each of the executive directors, Mr. Tsang Chi Hung, Mr. Liu Hoo Kuen, Ms. Kwan Yau Choi, Ms. Fung Sau Mui, Mr. Tai Wing Wah, has entered into a service contract with the Company for an initial term of 3 years commencing from 1 February 2000. No new service contracts were signed upon expiration on 31 January 2003 and each service contract will continue thereafter unless terminated by either party thereto giving to the other at least three months' notice in writing. Two executive directors, Mr. Richard Warren Herbst and Mr. Wong Kam Hong have entered into service contracts with the Company for an initial term of 3 years commencing on 1 April 2005 and 1 April 2006 respectively. No new service contracts were signed upon expiration on 31 March 2008 and 31 March 2009 respectively and each service contract will continue thereafter unless terminated by either party thereto giving to the other at least 3 months' notice in writing.

For the three independent non-executive directors, Mr. Chu Kwok Man, Mr. Cheng Woon Kam and Mr. Pak Wai Tun, Wallace have entered into service contracts with the Company for a term of 2 years commencing on 1 February 2010, 1 September 2008 and 1 September 2009 respectively.

No director being proposed for re-election at the forthcoming annual general meeting has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

Directors' Interests in Shares and Underlying Shares

As at 31 March 2010, the interests of the directors and of their associates in the issued share capital and underlying shares of the Company and its associated corporations, as recorded in the register kept by the Company pursuant to Section 352 of the Securities and Futures Ordinance, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code of Securities Transactions by Directors of Listed Companies were as follows:

Long position

(a) Interests in the Company's shares

	Number of shares of HK$0.10 each				Percentage of the issued
Name of director	**Personal interests**	**Family interests**	**Corporate interests**	**Total**	**share capital of the Company**
Mr. Tsang Chi Hung	9,920,827	—	112,511,670 (note 1)	122,432,497	61.22% (note 1)
Ms. Kwan Yau Choi	9,920,827	—	112,511,670 (note 1)	122,432,497	61.22% (note 1)
Mr. Liu Hoo Kuen	8,707,481	—	112,511,670 (note 2)	121,219,151	60.61% (note 2)
Mr. Richard Warren Herbst	589,995	—	—	589,995	0.29%
Ms. Fung Sau Mui	750,000	—	—	750,000	0.38%
Mr. Tai Wing Wah	750,000	—	—	750,000	0.38%
Mr. Wong Kam Hong	589,995	—	—	589,995	0.29%

Notes:

1. Mr. Tsang Chi Hung and his wife Ms. Kwan Yau Choi own 348 shares and 347 shares of US$1 each respectively of Peasedow Enterprises Limited, representing 35% each of the issued share capital of that company, which in turn owns 112,511,670 shares of the Company. Mr. Tsang Chi Hung, Ms. Kwan Yau Choi and Mr. Liu Hoo Kuen in their names and through Peasedow Enterprises Limited own 141,060,805 shares of the Company in aggregate, representing 70.53% of the issued share capital of the Company.

2. Mr. Liu Hoo Kuen own 305 shares of US$1 each of Peasedow Enterprises Limited, representing 30% of the issued share capital of that company, which in turn owns 112,511,670 shares of the Company. Mr. Tsang Chi Hung, Ms. Kwan Yau Choi and Mr. Liu Hoo Kuen in their names and through Peasedow Enterprises Limited own 141,060,805 shares of the Company in aggregate, representing 70.53% of the issued share capital of the Company.

Directors' Interests in Shares and Underlying Shares (continued)

Long position (continued)

(b) Personal interests in shares of Decca (Mgt) Limited ("DML"), a subsidiary of the Company

Name of director	Non-voting deferred shares of HK$100 each
Mr. Tsang Chi Hung	48,650
Mr. Liu Hoo Kuen	42,700
Ms. Kwan Yau Choi	48,650

Notes:

1. As at 31 March 2010, the issued and fully paid share capital in DML comprised of 145,600 non-voting deferred shares and 10 ordinary shares of HK$100 each.

2. The rights and restrictions attached to the ordinary and non-voting deferred shares of HK$100 each in DML are as follows:

   (a) The profits which DML may determine to distribute in respect of any financial year shall be distributed as regards the first HK$1 trillion thereof of among the holders of ordinary shares of DML according to the amounts paid up on the ordinary shares of DML held by them respectively and one half of the balance of such profits shall be distributed among the holders of the non-voting deferred shares of DML and the other half among the holders of ordinary shares of DML according to the amounts paid up on the shares held by them respectively.

   (b) On a return of assets on winding up, the assets of DML to be returned shall be distributed as regards the first HK$5 billion thereof among the holders of ordinary shares of DML in proportion to the nominal amounts of ordinary shares of DML held by them respectively and one half of the balance of such assets shall belong to and be distributed among the holders of the non-voting deferred shares of DML and the other half among the holders of ordinary shares of DML in proportion to the nominal amounts of the shares held by them respectively.

   (c) Every holder of ordinary shares of DML shall have one vote for every fully paid up ordinary share of DML held by him but the non-voting deferred shares of DML shall not entitle the holders thereof to vote at any general meeting of DML.

Save for disclosed above, none of the directors nor their associates held office at 31 March 2010 had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at that date.

Share Option Scheme

The Company had adopted a share option scheme but the share options granted expired on 31 August 2007. During the year, the Company did not adopt any new share option scheme.

Arrangements to Purchase Shares or Debentures

Save for disclosed above in "Directors' interests in shares and underlying shares", at no time during the year was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Substantial Shareholders

As at 31 March 2010, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the Securities and Futures Ordinance shows that the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company:

Long positions in ordinary shares of the Company

Ordinary shares of HK$0.10 each of the Company

Name of substantial shareholder	Capacity	Number of ordinary shares	Percentage of the issued share capital
Peasedow Enterprises Limited	Beneficial owner	112,511,670	56.26%
The Anglo Chinese Investment Company, Limited	Beneficial owner	11,492,000	5.75%

Other than as disclosed above and those holding more than 5% interest in the Company as set out on page 20, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 31 March 2010.

Connected Transactions

The Group entered into tenancy agreements (the "Agreements") with Golden Life Investment Limited ("Golden Life") on 30 November 2005 and 30 November 2008. The transactions pursuant to the Agreements constituted connected transactions under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as Mr. Tsang Chi Hung, Mr. Liu Hoo Kuen, Ms. Kwan Yau Choi and Ms. Fung Sau Mui, directors of the Company, are also directors of Golden Life; and Mr. Tsang Chi Hung, Mr. Liu Hoo Kuen and Ms. Kwan Yau Choi are also shareholders of Golden Life.

Pursuant to the Agreements dated 30 November 2005, the Company leases (1) workshop nos. 1-8, 15-21 on the 2nd floor, together with the rear portion of the flat roof on the 3rd floor and 7 car parking spaces on the ground floor of Decca Industrial Centre, 12 Kut Shing Street, Chai Wan, Hong Kong with an aggregate gross floor area of about 15,958 square feet (excluding the car park and flat roof areas) ("Premises 1") as its head office, showroom and warehouse at a monthly rental of HK$155,704 and monthly building management fee of HK$21,032; and (2) remaining portion of lot nos. 511 and 512 in Demarcation District No. 109, Kam Tin, Yuen Long, New Territories with an aggregate site area of about 24,237 square feet ("Premises 2") for warehousing at a monthly rental of HK$20,000 for a period of 3 years from 1 December 2005 to 30 November 2008.

Pursuant to the Agreements dated 30 November 2008, the Company leases Premises 1 as its head office, showroom and warehouse at a monthly rental of HK$169,722 and monthly building management fee of HK$21,032; and Premises 2 for warehousing at a monthly rental of HK$25,000 for a period of 3 years from 1 December 2008 to 30 November 2011.

During the year, the Group paid rental and building management fees of approximately HK$2,589,000 to Golden Life pursuant to the Agreements.

The independent non-executive directors have reviewed the transactions pursuant to the Agreements and confirm that these transactions have been entered into:

(i) by the Group in the usual and ordinary course of business;

(ii) on normal commercial terms or on terms that are fair and reasonable so far as the independent shareholders of the Company are concerned; and

(iii) in accordance with the terms of the Agreements.

Directors' Interests in Contracts of Significance

Save for disclosed above in "Connected transactions", no contracts of significance to which the Company, its holding company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Purchase, Sale or Redemption of the Company's Shares

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

Corporate Governance

Save for disclosed in the Corporate Governance Report, the Company has complied throughout the year ended 31 March 2010 with the Code on Corporate Governance Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited except for the followings:

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The roles of chairman and managing director of the Company have been performed by Mr. Tsang Chi Hung. The Board considered that the non-segregation would not result in considerable concentration of power in one person and has the advantage of a strong and consistent leadership which is conducive to making and implementing decisions quickly and consistently.

Emoluments Policy

The emoluments policy of senior management of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company had adopted a share option scheme as an incentive to directors and eligible employees. Details of the scheme are set out in "share option scheme" disclosed above.

Independent Non-executive Directors

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

Pre-emptive Rights

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

Donations

During the year, the Group made donations amounting to approximately HK$64,000.

Sufficiency of Public Float

The Company has maintained a sufficient public float throughout the year ended 31 March 2010.

Auditor

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Tsang Chi Hung
Chairman

Hong Kong, 12 July 2010

INDEPENDENT AUDITOR'S REPORT

Deloitte.
德勤

TO THE MEMBERS OF DECCA HOLDINGS LIMITED
達藝控股有限公司
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Decca Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 28 to 84, which comprise the consolidated statement of financial position as at 31 March 2010, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated 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 the consolidated 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.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, 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 consolidated financial statements are free from material misstatement.

Auditor's responsibility (continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2010 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

12 July 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
Revenue	7	**592,796**	927,177
Cost of sales		**(428,815)**	(617,100)
Gross profit		**163,981**	310,077
Other income, gains and losses	9	**797**	3,838
Selling and distribution costs		**(39,424)**	(76,944)
Administrative expenses		**(150,481)**	(157,151)
Impairment loss recognised on accrued revenue		**(2,618)**	(1,300)
Loss on disposal of property, plant and equipment		**(1,802)**	(935)
Write-back/allowance of bad and doubtful debts, net		**2,753**	(21,186)
Share of result of an associate		**(1,361)**	(340)
Finance costs	10	**(4,974)**	(7,746)
(Loss) profit before taxation		**(33,129)**	48,313
Income tax credit (charge)	13	**4,492**	(8,945)
(Loss) profit for the year	14	**(28,637)**	39,368
Other comprehensive (expense) income			
Exchange difference arising on translation of foreign operations and to presentation currency		**(3,602)**	9,154
Share of translation reserve of an associate		**(161)**	434
Other comprehensive (expense) income for the year		**(3,763)**	9,588
Total comprehensive (expense) income for the year		**(32,400)**	48,956
(Loss) profit for the year attributable to:			
Owners of the Company		**(28,637)**	39,724
Non-controlling interests		**—**	(356)
		(28,637)	39,368
Total comprehensive (expense) income attributable to:			
Owners of the Company		**(32,400)**	49,312
Non-controlling interests		**—**	(356)
		(32,400)	48,956
(Loss) earnings per share — Basic	16	**HK(14.32) cents**	HK19.86 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
Non-current assets			
Property, plant and equipment	17	**311,837**	337,585
Prepaid lease payments	18	**7,334**	7,806
Investment in an associate	19	**9,791**	11,313
Deferred tax assets	28	**6,630**	7,721
Deposits paid for acquisition of property, plant and equipment		**170**	2,463
		335,762	366,888
Current assets			
Inventories	20	**123,339**	165,541
Accrued revenue		**34,850**	22,084
Trade receivables	21	**54,999**	125,453
Other deposits and prepayments		**19,075**	19,269
Amount due from an associate	22	**352**	352
Prepaid lease payments	18	**401**	404
Tax recoverable		**12,449**	4,834
Bank balances and cash	22	**53,013**	42,735
		298,478	380,672
Current liabilities			
Deferred revenue		**5,829**	3,073
Trade payables	23	**48,960**	67,177
Receipts in advance	24	**50,862**	40,092
Other payables and accruals	22	**34,284**	47,491
Provision for warranty	25	**4,143**	9,942
Obligations under finance leases — due within one year	26	**—**	394
Tax payable		**16,073**	20,259
Bank borrowings	27	**86,968**	107,234
Bank overdrafts	27	**—**	2,961
		247,119	298,623
Net current assets		**51,359**	82,049
Total assets less current liabilities		**387,121**	448,937

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
Non-current liabilities			
Bank borrowings	27	**31,514**	61,179
Deferred tax liabilities	28	**249**	—
		31,763	61,179
		355,358	387,758
Capital and reserves			
Share capital	29	**20,000**	20,000
Reserves		**335,358**	367,758
Equity attributable to owners of the Company		**355,358**	387,758

The consolidated financial statements on pages 28 to 84 were approved and authorised for issue by the Board of Directors on 12 July 2010 and are signed on its behalf by:

Tsang Chi Hung
CHAIRMAN

Liu Hoo Kuen
VICE CHAIRMAN

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2010

	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Capital reserve HK$'000	Translation reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2008	20,000	47,640	18,865	8,662	28,061	236,618	359,846	2,720	362,566
Profit for the year	–	–	–	–	–	39,724	39,724	(356)	39,368
Exchange difference arising on translation of foreign operations and to presentation currency	–	–	–	–	9,154	–	9,154	–	9,154
Share of translation reserve of an associate	–	–	–	–	434	–	434	–	434
Other comprehensive income for the year	–	–	–	–	9,588	–	9,588	–	9,588
Total comprehensive income for the year	–	–	–	–	9,588	39,724	49,312	(356)	48,956
Acquisition of additional interest in a subsidiary	–	–	–	–	–	–	–	(2,364)	(2,364)
Final dividend paid (Note 15)	–	–	–	–	–	(14,400)	(14,400)	–	(14,400)
Interim dividend paid (Note 15)	–	–	–	–	–	(7,000)	(7,000)	–	(7,000)
At 31 March 2009	20,000	47,640	18,865	8,662	37,649	254,942	387,758	–	387,758
Loss for the year	–	–	–	–	–	(28,637)	(28,637)	–	(28,637)
Exchange difference arising on translation of foreign operations and to presentation currency	–	–	–	–	(3,602)	–	(3,602)	–	(3,602)
Share of translation reserve of an associate	–	–	–	–	(161)	–	(161)	–	(161)
Other comprehensive expense for the year	–	–	–	–	(3,763)	–	(3,763)	–	(3,763)
Total comprehensive expense for the year	–	–	–	–	(3,763)	(28,637)	(32,400)	–	(32,400)
Release of translation reserve on deregistration of a subsidiary	–	–	–	–	(3,993)	3,993	–	–	–
At 31 March 2010	20,000	47,640	18,865	8,662	29,893	230,298	355,358	–	355,358

The contributed surplus represents the difference between the nominal value of the shares of the subsidiaries and the nominal amount of the Company's shares issued for the acquisition at the time of the reorganisation.

The capital reserve represents the statutory reserve required by The People's Republic of China (the "PRC") government for the Company's PRC subsidiaries.

Translation reserve of approximately HK$3,993,000 was released to retained profits due to deregistration of a subsidiary of the Company during the year ended 31 March 2010.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2010

	NOTE	2010 HK$'000	2009 HK$'000
OPERATING ACTIVITIES			
(Loss) profit before taxation		**(33,129)**	48,313
Adjustments for:			
Interest income		**(85)**	(254)
Interest expense		**4,974**	7,746
Depreciation of property, plant and equipment		**40,728**	39,551
Amortisation of prepaid lease payments		**401**	404
Share of result of an associate		**1,361**	340
Write-back/allowance of bad and doubtful debts, net		**(2,753)**	21,186
Impairment loss recognised on accrued revenue		**2,618**	1,300
Allowance for slow moving inventories		**5,078**	3,820
Loss on disposals of property, plant and equipment		**1,802**	935
Discount on acquisition of additional interest in a subsidiary		**–**	(614)
Provision for warranty recognised		**696**	11,152
Operating cash flows before movements in working capital		**21,691**	133,879
Decrease (increase) in inventories		**36,289**	(11,238)
Increase in accrued revenue		**(15,384)**	(1,585)
Decrease in trade receivables		**72,997**	3,028
(Increase) decrease in other deposits and prepayments		**(4)**	15,576
Increase (decrease) in deferred revenue		**2,756**	(3,200)
Decrease in trade payables		**(16,704)**	(36,218)
Increase (decrease) in receipts in advance		**10,770**	(39,646)
(Decrease) increase in other payables and accruals		**(12,970)**	10,452
Utilisation of provision for warranty		**(6,495)**	(13,232)
Net cash from operations		**92,946**	57,816
Hong Kong Profits Tax paid		**(1,544)**	(4,478)
Overseas Profits Tax paid		**(4,253)**	(5,538)
NET CASH FROM OPERATING ACTIVITIES		**87,149**	47,800

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2010

	NOTE	2010 HK$'000	2009 HK$'000
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(21,876)**	(68,671)
Prepaid lease payments paid		**–**	(460)
Deposits paid for acquisition of property, plant and equipment		**(170)**	(2,463)
Interest received		**85**	254
Proceeds from disposals of property, plant and equipment		**2,411**	2,395
Repayment from an associate		**–**	23
Purchase of additional interest in a subsidiary	30	**–**	(1,750)
NET CASH USED IN INVESTING ACTIVITIES		**(19,550)**	(70,672)
FINANCING ACTIVITIES			
Repayment of bank borrowings		**(106,097)**	(80,864)
Dividends paid		**–**	(21,400)
Interest on bank borrowings		**(4,930)**	(7,724)
Repayment of finance leases		**(394)**	(742)
Interest on obligations under finance leases		**(44)**	(22)
New bank borrowings raised		**57,302**	120,862
NET CASH (USED IN) FROM FINANCING ACTIVITIES		**(54,163)**	10,110
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**13,436**	(12,762)
CASH AND CASH EQUIVALENTS AT 1 APRIL		**39,774**	49,375
EFFECT OF FOREIGN EXCHANGE RATE CHANGES, NET		**(197)**	3,161
CASH AND CASH EQUIVALENTS AT 31 MARCH		**53,013**	39,774
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances and cash		**53,013**	42,735
Bank overdrafts		**–**	(2,961)
		53,013	39,774

1. General

The Company is incorporated in Bermuda as an exempted limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its immediate and ultimate holding company is Peasedow Enterprises Limited, incorporated in the British Virgin Islands. The address of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" to the annual report.

The functional currency of the Company is Renminbi ("RMB"), the currency of the primary economic environment in which the Company operates. The presentation currency of the consolidated financial statements is Hong Kong dollars ("HK$"). For the convenience of the financial statement users, the results and financial position of the Group are presented in HK$ as the Company's shares are listed on the Stock Exchange.

The principal activities of the Group are manufacturing and trading of furniture and decoration materials, and interior decoration work.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs")

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

HKAS 1 (Revised 2007)	Presentation of financial statements
HKAS 23 (Revised 2007)	Borrowing costs
HKAS 32 &1 (Amendments)	Puttable financial instruments and obligations arising on liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate
HKFRS 2 (Amendment)	Vesting conditions and cancellations
HKFRS 7 (Amendment)	Improving disclosures about financial instruments
HKFRS 8	Operating segments
HK (IFRIC) — INT 9 & HKAS 39 (Amendments)	Embedded derivatives
HK (IFRIC) — INT 13	Customer loyalty programmes
HK (IFRIC) — INT 15	Agreements for the construction of real estate
HK (IFRIC) — INT 16	Hedges of a net investment in a foreign operation
HK (IFRIC) — INT 18	Transfers of assets from customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvement to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") (continued)

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

New and revised HKFRSs affecting presentation and disclosure only

HKAS 1 (Revised 2007) Presentation of financial statements

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

HKFRS 8 Operating segments

HKFRS 8 is a disclosure standard that has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14 (see note 8).

New and revised HKFRSs affecting the reported results and/or financial position

HKAS 23 (Revised 2007) Borrowing costs

In previous years, the Group expensed all borrowing costs that were directly attributable to the acquisition, construction or production of a qualifying asset when they were incurred. HKAS 23 (Revised 2007) removes the option previously available to expense all borrowing costs when incurred. The adoption of HKAS 23 (Revised 2007) has resulted in the Group changing its accounting policy to capitalise all borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of the qualifying asset. The Group has applied the revised accounting policy to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009 in accordance with the transitional provisions in HKAS 23 (Revised 2007). The revised accounting policy has been applied prospectively from 1 April 2009 and does not have any effect on the reported results and financial position of the Group for the current or prior accounting periods.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") (continued)

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of improvements to HKFRSs October 2008 [1]
HKFRSs (Amendments)	Improvements to HKFRSs May 2009 [2]
HKFRSs (Amendments)	Improvements to HKFRSs May 2010 [3]
HKAS 24 (Revised)	Related party disclosures [7]
HKAS 27 (Revised)	Consolidated and separate financial statements [1]
HKAS 32 (Amendment)	Classification of rights issues [5]
HKAS 39 (Amendment)	Eligible hedged items [1]
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters [4]
HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS 7 disclosures for first-time adopters [6]
HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions [4]
HKFRS 3 (Revised)	Business combinations [1]
HKFRS 9	Financial instruments [8]
HK (IFRIC) — INT 14 (Amendment)	Prepayments of a minimum funding requirement [7]
HK (IFRIC) — INT 17	Distributions of non-cash assets to owners [1]
HK (IFRIC) — INT 19	Extinguishing financial liabilities with equity instruments [6]

1 Effective for accounting periods beginning on or after 1 July 2009.

2 Amendments that are effective for accounting periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.

3 Effective for accounting periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.

4 Effective for accounting periods beginning on or after 1 January 2010.

5 Effective for accounting periods beginning on or after 1 February 2010.

6 Effective for accounting periods beginning on or after 1 July 2010.

7 Effective for accounting periods beginning on or after 1 January 2011.

8 Effective for accounting periods beginning on or after 1 January 2013.

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 April 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations with have no material impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis and in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

Basis of consolidation

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

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

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

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

Non-controlling interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Non-controlling interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Acquisition of additional interest in a subsidiary

Acquisition of an additional interest in a subsidiary is calculated as the difference between the consideration paid for the additional interests and the net book value of the net assets of the subsidiary attributable to the additional interest acquired. Any excess of the net book values of the net assets of the subsidiary attributable to the additional interest acquired over consideration paid is recognised in profit or loss as discount on acquisition.

3. Significant Accounting Policies (continued)

Investment in an associate

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

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of net assets of the associate, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is not tested for impairment separately. Instead, the entire carrying amount of the investment is tested for impairment as a single asset. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment in the associate. Any reversal of impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

3. Significant Accounting Policies (continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related tax.

Revenue from contract that includes both interior decoration services as well as sales of furniture is recognised based on the substance of each separately identifiable component. Revenue from sale of furniture is recognised when goods are delivered. Revenue from interior decoration services is recognised on the percentage of completion method involved by reference to the value of work certified during the year. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customers.

Revenue from sales of goods is recognised when goods are delivered and title has passed.

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

Decoration contracts

When the revenue recognised exceeds progress billing based on milestones as set out in the services agreement, the costs incurred but not yet billed, plus recognised profit, is recognised and shown as accrued revenue in the consolidated statement of financial position. For contracts where progress billings exceed revenue recognised, the amount is shown as deferred revenue.

Property, plant and equipment

Property, plant and equipment, including buildings held for use in production or supply of goods and services, or for administration purposes, other than construction in progress, are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment, other than construction in progress and freehold land, over their estimated useful lives and taking into account their estimated residual value, using the straight-line method.

3. Significant Accounting Policies (continued)

Property, plant and equipment (continued)

Construction in progress represents property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is carried at cost less any recognised impairment loss. Freehold land is not depreciated.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

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

Leasehold land and buildings under development for future owner-occupied purpose

When the leasehold land and buildings are in the course of development for production or for administrative purposes, the leasehold land component is classified as a prepaid lease payment and amortised over a straight-line basis over the lease term. During the construction period, the amortisation charge provided for the leasehold land is included as part of cost of buildings under construction. Buildings under construction are carried at cost, less any identified impairment losses. Depreciation of buildings commences when they are available for use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

3. Significant Accounting Policies (continued)

Leasing

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

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Leasehold land and building

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is generally treated as a finance lease and accounted for as property, plant and equipment. To the extent the allocation of the lease payments can be made reliably, leasehold interests in land are accounted for as operating leases and amortised over the lease term on a straight-line basis.

Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale for which the commencement date for capitalisation is on or after 1 January 2009 are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

3. Significant Accounting Policies (continued)

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Group's net investment in a foreign operation, in which case, such exchange differences are recognised in other comprehensive income and accumulated in equity and will be reclassified from equity to profit or loss on disposal of the foreign operation.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's entities are translated into the presentation currency of the Group (i.e. HK$) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the year, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the translation reserve).

Exchange differences arising from translating the Group's entities with the same functional currency of the Company to the presentation currency of the Group which were accumulated in the translation reserve arising from assets and liabilities of those entities translating into the presentation currency of the Group, will be transferred directly to retained profits upon derecognition of those Group's entities.

Taxation

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

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

3. Significant Accounting Policies (continued)

Taxation (continued)

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

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

The carrying amount of deferred tax asset is reviewed at the end of the 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 asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

3. Significant Accounting Policies (continued)

Receipts in advance

Receipts in advance are amounts received from customers prior to delivery of goods and will be recognised as revenue upon delivery of goods.

Retirement benefits costs

Payments to Mandatory Provident Fund Scheme and state-managed retirement benefit scheme are charged as expenses when employees have rendered service entitling them to the contributions.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are mainly loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments.

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade receivables, amount due from an associate and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Impairment of loans and receivables

Loans and receivables are assessed for indicators of impairment at the end of the reporting period. Loans and receivables are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the loans and receivables, the estimated future cash flows of the loans and receivables have been affected.

For all loans and receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of loans and receivables, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments and observable changes in national or local economic conditions that correlate with default on receivables.

For loans and receivables carried at amortised costs, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Impairment of loans and receivables (continued)

The carrying amount of the loans and receivables is reduced by the impairment loss directly of all loans and receivables with the exception of trade and other receivables and amount due from an associate, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When trade receivables and amount due from an associate are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

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

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group's financial liabilities are mainly other financial liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including trade payables, other payables and accruals, bank overdrafts and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect is material).

Share-based payment transactions

Share options granted to employees on or before 7 November 2002

The financial impact of share options granted before 7 November 2002 is not recorded in the consolidated financial statements until such time as the options are exercised, and no charge is recognised in the consolidated financial statements in respect of the value of options granted. Options which lapse or are cancelled prior to their exercise date are deleted from the register of outstanding options.

3. Significant Accounting Policies (continued)

Impairment losses on non-current assets (excluding deferred tax assets)

At the end of the reporting period, the Group reviews the carrying amounts of its non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

4. Key Sources Of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company has made the following estimations that have significant effect on the amounts recognised in the consolidated financial statements. 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 also discussed below.

Allowances for bad and doubtful debts

When there is objective evidence of an impairment loss, the Group takes into consideration the estimation of future cash flows to determine the impairment loss. The amount of the impairment 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 been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise.

Allowances for inventories

The management of the Group estimates the net realisable value for finished goods, work in progress and raw materials based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review on a product-by-product basis at the end of the reporting period and makes allowance for obsolete items. Where the actual net realisable value are less than expected, a material allowance may arise.

4. Key Sources Of Estimation Uncertainty (continued)

Provision for warranty

The Group generally provides one year's warranties to its customers on certain of its products under which faulty products are repaired and replaced. The amount of provision of warranty is estimated based on sales volume and past experience of the level of repairs and returns. The estimation basis is reviewed on an ongoing basis and revised where appropriate. Where the actual request for repairment and replacement of faculty products is more than expected, a material provision may arise.

5. Capital Risk Management

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

The capital structure of the Group consists of the bank borrowings disclosed in note 27 and equity attributable to owners of the Company, comprising issued share capital and reserves, net of cash and cash equivalents. The directors of the Company review the capital structure on a continuous basis. As part of this review, the directors consider the cost of capital and the risks associated with capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends and issuance of new shares as well as the addition to new borrowings and the repayment of existing borrowings.

6. Financial Instruments

Categories of financial instruments

	2010 **HK$'000**	2009 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**109,734**	169,775
Financial liabilities		
Amortised cost	**201,726**	286,042

6. Financial Instruments (continued)

Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, amount due from an associate, bank balances and cash, trade payables, other payables and accruals, bank overdrafts and bank borrowings. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

Several subsidiaries of the Company have foreign currency sales, which expose the Group to foreign currency risk. In addition, certain trade receivables, bank balances, trade payables and bank overdrafts are denominated in foreign currencies other than the functional currency of the respective group entities.

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

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

	Assets		Liabilities	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
United States dollars ("US$")	**7,429**	9,023	**665**	5,495
HK$	**3,358**	9,655	**33,426**	33,835
Euro	**1,853**	2,533	**288**	736
Pound Sterling ("GBP")	**4,327**	5,311	**325**	402
RMB	**145**	12	**403**	1,342
Danish Krone ("DKK")	**1,035**	1,262	**335**	37
	18,147	27,796	**35,442**	41,847

6. Financial Instruments (continued)

Financial risk management objectives and policies (continued)

Market risk (continued)

Currency risk (continued)

Sensitivity analysis

For certain group entities whose functional currency is either HK$ or US$, the change in exchange rate of its functional currency against US$ or HK$ respectively has not been considered in the sensitivity analysis below as HK$ is pegged to US$. In the opinion of the directors, the Group does not expect any significant movements between the exchange rate of US$ against HK$.

The following table details the Group's sensitivity to a 5% increase and decrease in the functional currency of each group entity against relevant foreign currencies and all other variables were held constant. 5% is the sensitivity rate used which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency exchange rates. A positive number below indicates decrease in post-tax loss/increase in post-tax profit for the year where the relevant foreign currencies strengthen 5% against the functional currency of each group entity. For a 5% weakening of the relevant foreign currencies against the functional currency of each group entity, there would be an equal and opposite impact on the post-tax loss/profit for the year and the balances below would be negative.

	2010 **HK$'000**	2009 HK$'000
Decrease in post-tax loss/increase in post-tax profit for the year		
US$ impact	**288**	303
HK$ impact	**10**	300
Euro impact	**78**	90
GBP impact	**200**	246
RMB impact	**(13)**	(67)
DKK impact	**35**	61

6. Financial Instruments (continued)

Financial risk management objectives and policies (continued)

Market risk (continued)

Interest rate risk

The Group's fair value interest rate risk relates primarily to fixed rate bank loans. The Group is also exposed to cash flow interest rate risk through the impact of rate changes on interest bearing financial assets and financial liabilities at variable rate. Interest bearing financial assets are mainly deposits with banks. Interest bearing financial liabilities are mainly variable rate bank overdrafts and bank loans. It is the Group's policy to keep most of its borrowings at floating rate of interest so as to minimise the fair value interest rate risk. The Group has not used any interest rate swaps to mitigate its exposure associated with fluctuations relating to interest cash flows.

The Group currently does not have interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The directors consider the Group's exposure to interest rate risk of bank deposits is not significant as interest bearing bank deposits are within short maturity periods so no sensitivity analysis is presented.

Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to interest rates for the variable rate financial instruments including bank overdrafts and bank loans at the end of the reporting period, the analysis is prepared assuming the amount of asset and liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis points increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's loss for the year would increase/decrease by approximately HK$296,000 (2009: the Group's profit for the year would decrease/increase by approximately HK$423,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate bank overdrafts and bank loans.

6. Financial Instruments (continued)

Financial risk management objectives and policies (continued)

Market risk (continued)

Credit risk

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of those assets as stated in the statement of financial position at 31 March 2010 and 2009. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group's bank balances are deposited with banks of high credit rating and the Group has limited exposure to any single financial institution.

The Group concentration of credit risk by geographical location is mainly in United States of America, which accounted for 37% (2009: 69%) of the total trade receivables as at 31 March 2010. Other than that, the Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures the compliance with loan covenants. The Group monitors and reviews periodically the conditions of loan covenants of the existing banking facilities and tries all efforts to comply with the loan covenants. In case of any breach of the loan covenants noted, the Group will communicate with the respective bank to discuss the possibility of revising the relevant loan covenants and arranging for waiver of immediate repayment.

The Group relies on bank borrowings as a significant source of liquidity. As at 31 March 2010, the Group has available unutilised overdrafts and short-term bank loan facilities of approximately HK$84,019,000 (2009: HK$100,360,000). Details of the Group's bank borrowings at 31 March 2010 are set out in note 27.

6. Financial Instruments (continued)

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities on the agreed repayment terms. It has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

Liquidity tables

	Weighted average effective interest rate % per annum	Less than 3 months HK$'000	3 months to 1 year HK$'000	1-2 years HK$'000	2-5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amounts at 31.3.2010 HK$'000
2010								
Non-derivative financial liabilities								
Trade payables	–	38,322	10,638	–	–	–	48,960	48,960
Other payables and accruals	–	34,284	–	–	–	–	34,284	34,284
Bank borrowings	4.38%	68,919	20,508	17,003	16,900	–	123,330	118,482
		141,525	31,146	17,003	16,900	–	206,574	201,726

	Weighted average effective interest rate % per annum	Less than 3 months HK$'000	3 months to 1 year HK$'000	1-2 years HK$'000	2-5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amounts at 31.3.2009 HK$'000
2009								
Non-derivative financial liabilities								
Trade payables	–	51,864	15,313	–	–	–	67,177	67,177
Other payables and accruals	–	47,491	–	–	–	–	47,491	47,491
Obligations under finance leases	7.38%	110	330	–	–	–	440	394
Bank borrowings	5.25%	82,242	29,829	30,432	37,184	1,356	181,043	168,413
Bank overdrafts	4.25%	2,961	–	–	–	–	2,961	2,961
		184,668	45,472	30,432	37,184	1,356	299,112	286,436

6. Financial Instruments (continued)

Fair values

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions.

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

7. Revenue

Revenue, which is also the turnover of the Group, represents the sales value of goods supplied to customers and service revenue from interior decoration work, and is analysed as follows:

	2010 HK$'000	2009 HK$'000
Sales of furniture and fixtures	**377,713**	777,656
Service revenue from interior decoration work	**215,083**	149,521
	592,796	927,177

8. Segment Information

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1 April 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker ("CODM"), represented by the executive directors of the Company, for the purpose of allocating resources to segments and assessing their performance. In contrast, the predecessor standard, HKAS 14 "Segment Reporting", required an entity to identify two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's operating segments as compared with the primary segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

No segment assets or liabilities is presented as the CODM does not review segment assets and liabilities.

8. Segment Information (continued)

The Group currently organised into two operating segments based on the types of goods supplied and services provided by the Group. These revenue streams are the basis of the internal reports about components of the Group that are regularly reviewed by the CODM in order to allocate resources to segments and to assess their performance. The Group's reportable and operating segments under HKFRS 8 are therefore as follows:

— Sales of furniture and fixtures
— Interior decoration work

Segment revenues and results

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

	Year ended 31 March 2010		Year ended 31 March 2009	
	Segment revenue	**Segment profit for the year**	Segment revenue	Segment profit for the year
	HK$'000	**HK$'000**	HK$'000	HK$'000
Sales of furniture and fixtures	**377,713**	**16,761**	777,656	118,076
Interior decoration work	**215,083**	**43,019**	149,521	32,835
Total	**592,796**	**59,780**	927,177	150,911
Other income, gains and losses		**797**		3,838
Unallocated corporate expenses		**(87,371)**		(98,350)
Share of result of an associate		**(1,361)**		(340)
Finance costs		**(4,974)**		(7,746)
(Loss) profit before taxation		**(33,129)**		48,313

The accounting policies of the operating segments are the same as the Group's accounting policies as described in note 3. Segment profit represents the profit earned by each segment without allocation of other income, central administration costs, directors' emoluments, share of result of an associate and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

8. Segment Information (continued)

Other segment information

Amounts included in the measure of segment profit or loss:

	2010			2009		
	Sales of furniture and fixtures	Interior decoration work	Total	Sales of furniture and fixtures	Interior decoration work	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Depreciation of property, plant and equipment	31,895	8,833	40,728	35,018	4,533	39,551
Write-back/allowance of bad and doubtful debts, net	(2,951)	198	(2,753)	22,809	(1,623)	21,186
Allowance for slow moving inventories	5,078	–	5,078	3,820	–	3,820
Loss on disposals of property, plant and equipment	1,802	–	1,802	924	11	935
Impairment loss recognised on accrued revenue	–	2,618	2,618	–	1,300	1,300

Note: During the year ended 31 March 2010, allowance for slow moving inventories and loss on disposal of property, plant and equipment of approximately HK$1,334,000 and HK$1,667,000 are recognised due to cease of operation of Decca Classic Upholstery.

8. Segment Information (continued)

Geographical information

The Group's operations are located in United States of America, Hong Kong SAR and Macau SAR, Europe, Mainland China and other countries in Asia.

The Group's revenue from continuing operations from external customers by geographical location of customers irrespective of the origin of the goods, and information about its non-current assets from continuing operations by geographical location of the assets are detailed below:

	Revenue from external customers		Non-current assets	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
United States of America	**218,095**	479,163	**26,480**	31,717
Hong Kong SAR and Macau SAR	**174,901**	139,814	**1,789**	2,785
Europe	**35,707**	70,300	**663**	934
Mainland China	**110,799**	166,064	**240,746**	253,728
Other countries in Asia	**53,294**	71,836	**49,663**	58,690
	592,796	927,177	**319,341**	347,854

Note: Non-current assets excluded deferred tax assets and investment in an associate.

8. Segment Information (continued)

Information about major customers

Revenues from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2010 HK$'000	2009 HK$'000
Customer A [1]	**95,168**	— [3]
Customer A [2]	**23,536**	— [3]

[1] Revenue from interior decoration work

[2] Revenue from sales of furniture and fixtures

[3] The corresponding revenue does not contribute over 10% of the total revenue of the Group in the respective year

9. Other Income, Gains and Losses

	2010 HK$'000	2009 HK$'000
Discount on acquisition of additional interest in a subsidiary	**—**	614
Interest income	**85**	254
Net foreign exchange (loss) gain	**(923)**	779
Sundry income	**1,635**	2,191
	797	3,838

10. Finance Costs

	2010 HK$'000	2009 HK$'000
Interest on:		
Bank loans wholly repayable within five years	**4,930**	6,961
Bank loans not wholly repayable within five years	**—**	763
Finance leases	**44**	22
	4,974	7,746

11. Directors' Emoluments

The emoluments paid or payable to each of the ten (2009: ten) directors were as follows:

Year ended 31 March 2010

	Directors' fees HK$'000	Salaries and other benefits HK$'000	Retirement benefits scheme contributions HK$'000	Performance related incentive payments HK$'000 (Note)	Total 2010 HK$'000
Executive directors					
Tsang Chi Hung	–	2,716	83	–	2,799
Liu Hoo Kuen	–	2,717	83	–	2,800
Richard Warren Herbst	–	2,363	62	100	2,525
Kwan Yau Choi	–	2,148	66	–	2,214
Fung Sau Mui	–	1,775	63	–	1,838
Tai Wing Wah	–	1,601	57	–	1,658
Wong Kam Hong	–	1,615	57	–	1,672
Independent non-executive directors					
Chu Kwok Man	60	–	–	–	60
Cheng Woon Kam	60	–	–	–	60
Pak Wai Tun, Wallace	60	–	–	–	60
Total	180	14,935	471	100	15,686

11. Directors' Emoluments (continued)

Year ended 31 March 2009

	Directors' fees HK$'000	Salaries and other benefits HK$'000	Retirement benefits scheme contributions HK$'000	Performance related incentive payments HK$'000 (Note)	Total 2009 HK$'000
Executive directors					
Tsang Chi Hung	—	2,443	83	—	2,526
Liu Hoo Kuen	—	2,668	83	—	2,751
Richard Warren Herbst	—	2,363	56	1,633	4,052
Kwan Yau Choi	—	1,870	66	—	1,936
Fung Sau Mui	—	1,775	63	—	1,838
Tai Wing Wah	—	1,601	57	—	1,658
Wong Kam Hong	—	1,615	57	—	1,672
Independent non-executive directors					
Chu Kwok Man	60	—	—	—	60
Cheng Woon Kam	60	—	—	—	60
Pak Wai Tun, Wallace	60	—	—	—	60
Total	180	14,335	465	1,633	16,613

Note: The performance related incentive payments are determined having regard to the performance of individuals and market trend.

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

12. Employee's Emoluments

In 2010, of the five individuals with the highest emoluments in the Group, four (2009: four) were directors of the Company whose emoluments are included in the disclosures in note 11 above. The salary and other benefits of the remaining one individual amounted to HK$1,872,000 (2009: HK$1,872,000). There is no retirement benefits scheme implemented in the country those individuals work on.

13. Income Tax Credit (Charge)

	2010 HK$'000	2009 HK$'000
Current tax:		
Hong Kong Profits Tax	**(1,002)**	(5,163)
PRC Enterprise Income Tax	**(1,065)**	(7,251)
Other jurisdictions (Note)	**7,392**	(4,261)
	5,325	(16,675)
Over (under) provision in prior years		
Hong Kong Profits Tax	**507**	(95)
Other jurisdictions	**—**	—
	5,832	(16,770)
Deferred taxation (Note 28)		
Current year	**(1,340)**	7,825
	4,492	(8,945)

Note: The tax loss generated by subsidiaries in United States of America is carried back and offset against prior years' tax charge (with five years carry back period) and thus resulting in significant tax credit for the year ended 31 March 2010.

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

Taxation arising in the PRC and other jurisdictions are calculated at the rates prevailing in the respective PRC regions and the relevant jurisdictions respectively.

13. Income Tax Credit (Charge) (continued)

The taxation for the year can be reconciled to the (loss) profit before taxation per the consolidated statement of comprehensive income as follows:

	2010 HK$'000	2009 HK$'000
(Loss) profit before taxation	**(33,129)**	48,313
Taxation at the PRC Enterprise Income Tax rate of 25% (2009: 25%)	**(8,282)**	12,078
Tax effect of expenses not deductible for tax purposes	**1,891**	3,376
Tax effect of income not taxable for tax purposes	**(675)**	(1,775)
(Over) underprovision in respect of prior years	**(507)**	95
Tax effect of tax losses not recognised	**4,875**	1,503
Utilisation of tax losses previously not recognised	**(2,860)**	(4,083)
Tax effect of share of result of an associate	**340**	85
Effect of different tax rates of subsidiaries operating in other jurisdictions	**693**	(2,057)
Others	**33**	(277)
Taxation (credit) charge	**(4,492)**	8,945

14. (Loss) Profit for the Year

	2010 HK$'000	2009 HK$'000
(Loss) profit for the year has been arrived at after charging:		
Auditor's remuneration:		
— underprovision in prior years	552	735
— current year	2,370	1,935
Amortisation of prepaid lease payments (included in administrative expenses)	401	404
Depreciation of property, plant and equipment		
Owned assets	40,540	39,101
Assets held under finance leases	188	450
Provision for warranty	696	11,152
Staff costs:		
Directors' emoluments (note 11)	15,686	16,613
Salaries and allowances	97,578	158,341
Retirement benefits scheme contributions	6,871	7,096
	120,135	182,050
Cost of inventories recognised as expenses (Note)	419,177	582,764
Operating lease rentals paid in respect of rented properties	6,533	7,470

Note: Cost of inventories recognised as expenses includes allowance for slow moving inventories of approximately HK$5,078,000 (2009: HK$3,820,000).

15. Dividends

	2010 HK$'000	2009 HK$'000
Prior year final dividend paid — nil in respect of year 2009 (2009: HK7.2 cents per share in respect of year 2008)	–	14,400
Current year interim dividend paid — nil in respect of year 2010 (2009: HK3.5 cents per share in respect of year 2009)	–	7,000
	–	21,400

The directors of the Company do not recommend the payment of a final dividend for the year ended 31 March 2010.

16. (Loss) Earnings Per Share

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

(Loss) earnings

	2010 HK$'000	2009 HK$'000
(Loss) earnings for the purposes of basic and diluted (loss) earnings per share ((loss) profit for the year attributable to owners of the Company)	**(28,637)**	39,724

Number of shares

	'000	'000
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**200,000**	200,000

There was no diluted (loss) earnings per share presented as there were no potential shares outstanding for both years.

17. Property, Plant and Equipment

	Freehold land HK$'000	Buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Computer equipment HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
COST									
At 1 April 2008	7,096	129,219	79,676	215,597	10,191	32,347	8,816	37,957	520,899
Additions	–	4,350	3,088	20,437	1,550	4,604	229	38,523	72,781
Disposals	–	(288)	(1,262)	(5,232)	(88)	(3,089)	–	–	(9,959)
Exchange realignment	–	2,670	1,047	3,480	176	139	115	769	8,396
Reclassification	–	45,083	6,041	17,155	–	497	–	(68,776)	–
At 31 March 2009	7,096	181,034	88,590	251,437	11,829	34,498	9,160	8,473	592,117
Additions	–	4,053	1,841	6,244	791	147	242	11,021	24,339
Disposals	–	–	(233)	(2,160)	(457)	(1,345)	(783)	(1,523)	(6,501)
Exchange realignment	–	(2,855)	(695)	(2,585)	(80)	(33)	(83)	(144)	(6,475)
Reclassification	–	14,269	271	2,700	–	90	–	(17,330)	–
At 31 March 2010	7,096	196,501	89,774	255,636	12,083	33,357	8,536	497	603,480
DEPRECIATION									
At 1 April 2008	–	21,707	55,493	114,151	6,563	15,831	5,199	–	218,944
Charge for the year	–	5,462	6,810	21,308	1,669	3,220	1,082	–	39,551
Eliminated on disposals	–	(5)	(1,252)	(4,672)	(66)	(634)	–	–	(6,629)
Exchange realignment	–	535	681	1,105	116	152	77	–	2,666
At 31 March 2009	–	27,699	61,732	131,892	8,282	18,569	6,358	–	254,532
Charge for the year	–	7,238	5,631	22,206	1,601	3,037	1,015	–	40,728
Eliminated on disposals	–	–	(78)	(957)	(417)	(551)	(285)	–	(2,288)
Exchange realignment	–	(265)	(291)	(675)	(49)	(7)	(42)	–	(1,329)
At 31 March 2010	–	34,672	66,994	152,466	9,417	21,048	7,046	–	291,643
CARRYING VALUES									
At 31 March 2010	7,096	161,829	22,780	103,170	2,666	12,309	1,490	497	311,837
At 31 March 2009	7,096	153,335	26,858	119,545	3,547	15,929	2,802	8,473	337,585

17. Property, Plant and Equipment (continued)

The above items of property, plant and equipment, other than construction in progress, are depreciated on a straight-line basis at the following rates per annum:

Freehold land	Nil
Buildings	Over the unexpired lease terms of the land use rights on which the buildings are located
Leasehold improvements	10%
Plant and machinery	10%
Computer equipment	20%
Furniture, fixtures and office equipment	10%
Motor vehicles	20%

At 31 March 2010, the freehold land of HK$7,096,000 (2009: HK$7,096,000) is situated outside Hong Kong.

Buildings of the Group located in Thailand and the United States of America of approximately HK$39,811,000 (2009: HK$43,900,000) are all under medium-term leases. For those buildings located in the PRC, the carrying value of buildings under medium-term lease as at 31 March 2010 is approximately HK$109,907,000 (2009: HK$96,332,000). For the remaining buildings located in the PRC of approximately HK$12,111,000 (2009: HK$13,103,000), the Group has been granted the right to use the land until 2018 and are therefore under short lease.

At 31 March 2009, the carrying values of motor vehicles of the Group includes amounts of approximately HK$582,000, in respect of assets held under finance leases.

At 31 March 2010, buildings, plant and machinery, motor vehicles and furniture, fixtures and office equipment of the Group with carrying values of approximately HK$26,620,000, HK$11,189,000, HK$136,000 and HK$4,159,000 (2009: HK$55,676,000, HK$16,039,000, HK$276,000 and HK$8,985,000) respectively, were pledged with banks to secure loans granted to the Group.

18. Prepaid Lease Payments

	2010 HK$'000	2009 HK$'000
The Group's prepaid lease payments comprise:		
Leasehold land outside Hong Kong		
— Medium-term lease	**5,457**	5,718
— Short lease	**2,278**	2,492
	7,735	8,210
Analysed for reporting purposes as:		
Non-current asset	**7,334**	7,806
Current asset	**401**	404
	7,735	8,210

19. Investment in an Associate

	2010 HK$'000	2009 HK$'000
Cost of investment in an associate, unlisted	**10,000**	10,000
Share of post-acquisition losses	**(2,272)**	(911)
Share of other comprehensive income - exchange reserve	**2,063**	2,224
	9,791	11,313

At 31 March 2010 and 2009, the Group had an interest in the following associate:

Name of entity	Form of business structure	Place of incorporation	Class of share held	Proportion of nominal value of issued capital held by the Group %	Nature of business
Vielie Flooring Limited	Incorporated	Hong Kong SAR	Ordinary	50	Manufacturing of wooden flooring

19. Investment in an Associate (continued)

The summarised financial information in respect of the Group's associate is set out below:

	2010 HK$'000	2009 HK$'000
Total assets	**37,439**	41,328
Total liabilities	**(17,857)**	(18,702)
Net assets	**19,582**	22,626
Group's share of net assets of the associate	**9,791**	11,313
Revenue	**22,208**	45,354
Loss for the year	**(2,722)**	(680)
Other comprehensive (expense) income	**(322)**	868
Group's share of loss and other comprehensive (expense) income of the associate for the year	**(1,522)**	94

20. Inventories

	2010 HK$'000	2009 HK$'000
Raw materials	**49,580**	69,303
Work in progress	**58,304**	76,182
Finished goods	**15,455**	20,056
	123,339	165,541

Included in inventories are raw materials of HK$8,765,000 (2009: HK$9,021,000) which are carried at net realisable value.

21. Trade Receivables

	2010 HK$'000	2009 HK$'000
Trade receivables	**64,537**	155,117
Less: Allowances for bad and doubtful debts	**(9,538)**	(29,664)
	54,999	125,453

The following is an aged analysis of trade receivables (net of allowance for bad and doubtful debts) presented based on the invoice date at the end of the reporting period:

	2010 HK$'000	2009 HK$'000
0-30 days	**20,137**	47,938
31-90 days	**17,020**	44,413
>90 days	**17,842**	33,102
	54,999	125,453

The Group's credit terms for its contracting business are negotiated with its customers and are usually 6 months to 1 year. The credit terms granted by the Group to other trade debtors are normally 30 days.

Before accepting any new customers, the Group assesses the potential customer's credit quality by investigating their historical credit record and defines credit limits by customers on geographical basis. Recoverability and credit limit of the existing customers are reviewed by the Group regularly. Included in the Group's trade receivable balances are receivables with aggregate carrying amount of HK$26,485,000 and HK$59,232,000 as at 31 March 2010 and 2009 respectively, which are neither past due nor impaired. At 31 March 2010, the directors considered that trade receivables which are neither past nor yet impaired are of good credit quality and there are continuous subsequent settlements from these customers.

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of HK$28,514,000 (2009: HK$66,221,000) which are past due at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances. The average age of the receivables is 93 days (2009: 113 days).

21. Trade Receivables (continued)

Ageing of trade receivables which are past due but not impaired

	2010 HK$'000	2009 HK$'000
31-90 days	**13,123**	39,235
91-365 days	**14,054**	25,400
>365 days	**1,337**	1,586
Total	**28,514**	66,221

In the opinion of the directors, the Group has maintained long term relationships with existing customers who have a strong financial position with continuous subsequent settlements and there have been no historical default of payments by the respective customers. The Group has assessed the recoverability of these customers and consider that there has not been a significant change in their credit quality. The directors believes that the amounts are still recoverable.

Movement in the allowance for bad and doubtful debts

	2010 HK$'000	2009 HK$'000
Balance at beginning of the year	**29,664**	18,395
Impairment losses recognised on trade receivables	**3,151**	27,008
Amounts recovered during the year	**(5,904)**	(5,822)
Amounts written off as uncollectible	**(17,373)**	(9,917)
Balance at end of the year	**9,538**	29,664

At 31 March 2010, allowance for bad and doubtful debts included individually impaired trade receivables with an aggregate balance of HK$9,538,000 (2009: HK$29,664,000) which had been in severe financial difficulties. Due to the financial crisis, some customers went bankrupt. The directors make impairment losses with reference to the present value of the estimated future cash flows that are expected to be recovered from these customers and consider adequate impairment losses has been made at the end of the reporting period. The Group does not hold any collateral over these balances.

At 31 March 2009, the carrying amount of the trade receivables, which had been pledged as security for the bank borrowings, was approximately HK$72,846,000.

21. Trade Receivables (continued)

Trade receivables of approximately HK$1,237,000 (2009: HK$2,638,000) was denominated in US$ (the foreign currency of the relevant group entities), approximately HK$1,475,000 (2009: HK$4,453,000) was denominated in HK$ (the foreign currency of the relevant group entities), approximately HK$908,000 (2009: HK$1,912,000) was denominated in Euro (the foreign currency of the relevant group entities), and approximately HK$716,000 (2009: HK$1,216,000) was denominated in GBP (the foreign currency of the relevant group entities).

22. Other Financial Assets and Liabilities

Amount due from an associate was unsecured, non-interest bearing and was repayable on demand.

Bank balances held by the Group comprised of bank deposits which carry interest at an average rate of 0.16% (2009: 0.48%) per annum.

Bank balances and cash of approximately HK$6,192,000 (2009: HK$6,385,000) was denominated in US$ (the foreign currency of the relevant group entities), approximately HK$1,883,000 (2009: HK$5,037,000) was denominated in HK$ (the foreign currency of the relevant group entities), approximately HK$945,000 (2009: HK$613,000) was denominated in Euro (the foreign currency of the relevant group entities), approximately HK$1,035,000 (2009: HK$1,262,000) was denominated in DKK (the foreign currency of the relevant group entities), approximately HK$3,611,000 (2009: HK$4,095,000) was denominated in GBP (the foreign currency of the relevant group entities) and approximately HK$145,000 (2009: HK$12,000) was denominated in RMB (the foreign currency of the relevant group entities).

Bank balances and cash of approximately HK$14,036,000 (2009: HK$10,869,000) was denominated in RMB (functional currency of the relevant group entities) which may not be freely convertible into other currencies.

Other payables and accruals of approximately HK$nil (2009: HK$4,038,000) was denominated in US$ (the foreign currency of the relevant group entities), approximately HK$340,000 (2009: HK$2,198,000) was denominated in HK$ (the foreign currency of the relevant group entities) and approximately HK$nil (2009: HK$460,000) was denominated in RMB (the foreign currency of the relevant group entities).

23. Trade Payables

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2010 HK$'000	2009 HK$'000
0-30 days	**22,158**	28,586
31-90 days	**9,234**	14,970
> 90 days	**17,568**	23,621
	48,960	67,177

The credit periods on purchases of goods are usually from 1 month to 3 months. The Group has financial risk management policies in place to ensure that all payables within the credit timeframe.

Trade payables of approximately HK$217,000 (2009: HK$201,000) was denominated in US$ (the foreign currency of the relevant group entities), approximately HK$523,000 (2009: HK$3,619,000) was denominated in HK$ (the foreign currency of the relevant group entities), approximately HK$288,000 (2009: HK$736,000) was denominated in Euro (the foreign currency of the relevant group entities), approximately HK$335,000 (2009: HK$37,000) was denominated in DKK (the foreign currency of the relevant group entities), approximately HK$403,000 (2009: HK$882,000) was denominated in RMB (the foreign currency of the relevant group entitled) and approximately HK$325,000 (2009: HK$402,000) was denominated in GBP (the foreign currency of the relevant group entities).

24. Receipts in Advance

Receipts in advance represent deposits received from customers for sales of furniture and fixtures prior to delivery.

25. Provision for Warranty

	2010 HK$'000	2009 HK$'000
Balance at beginning of the year	**9,942**	12,022
Additional provision in the year	**696**	11,152
Utilisation of provision	**(6,495)**	(13,232)
Balance at end of the year	**4,143**	9,942

The warranty provision represents management's best estimate of the Group's liability under warranty granted for defects of furniture and fixtures. The warranty is usually for one year and is estimated based on prior experience and industry norm.

26. Obligations under Finance Leases

	Minimum lease payments		Present value of minimum lease payments	
	2010 HK$'000	2009 HK$'000	**2010 HK$'000**	2009 HK$'000
Amounts payable under finance leases				
— within one year	**–**	440	**–**	394
— more than one year but not exceeding two years	**–**	—	**–**	—
	–	440	**–**	394
Less: Future finance charges	**–**	(46)	**–**	—
Present value of lease obligations	**–**	394	**–**	394
Less: Amount due within one year classified as current liabilities			**–**	(394)
Amount due after one year			**–**	–

It is the Group's policy to lease certain of its property, plant and equipment under finance leases. The average lease term was 3 years. For the year ended 31 March 2009, the average effective borrowing rate was 7.38% per annum. Interest rates were fixed at the contract date.

All leases were on a fixed repayment basis and no arrangements had been entered into for contingent rental payments.

27. Bank Borrowings

Bank borrowings comprise the following:

	2010 HK$'000	2009 HK$'000
Secured	**25,816**	113,349
Unsecured	**92,666**	55,064
	118,482	168,413

The maturity profile of the above loans is as follows:

	2010 HK$'000	2009 HK$'000
On demand or within one year	**86,968**	107,234
More than one year, but not exceeding two years	**15,462**	26,818
More than two years, but not exceeding five years	**16,052**	33,024
More than five years	**–**	1,337
	118,482	168,413
Less: Amounts due within one year shown under current liabilities	**(86,968)**	(107,234)
Amounts due after one year shown under non-current liabilities	**31,514**	61,179

The exposure of the Group's fixed-rate bank borrowings and the contractual maturity is as follows:

	2010 HK$'000	2009 HK$'000
Fixed rate bank borrowings:		
Within one year	**5,521**	6,000

27. Bank Borrowings (continued)

For the year ended 31 March 2010 and 2009, the Group has a significant secured variable-rate bank borrowing, which is denominated in Thailand Baht ("THB"), carries interests at Minimum Lending Rate (Thailand) plus 0.25% to 0.5% per annum and is repriced every six months. The bank borrowing is secured by certain buildings of a subsidiary of the Company and with a maturity profile as follows:

	2010 **HK$'000**	2009 HK$'000
Within one year	**2,817**	2,752
More than one year, but not exceeding two years	**3,002**	2,936
More than two years, but not exceeding five years	**7,779**	10,043
More than five years	**—**	1,337
	13,598	17,068

The remaining variable-rate bank borrowings carry interest rate, which are repriced every six months, are as follows:

	2010 **HK$'000**	2009 HK$'000
Hong Kong Interbank Offered Rate ("HIBOR") plus 1.7% to 3.5%	**79,032**	83,985
Prime Lending Rate (Hong Kong) minus 1%	**1,018**	2,673
Prime Lending Rate (Hong Kong) plus 1.5% (2009: Prime Lending Rate (Hong Kong) plus 0.55%)	**6,000**	1,183
Prime Lending Rate (Hong Kong) minus 1% (2009: Prime Lending Rate (Hong Kong) minus 0.25% to 1%)	**8,141**	32,163
Wall Street Journal LIBOR plus 2.5% to 2.75%	**—**	18,561
Minimum Lending Rate (Thailand) plus 0.25% to 0.5%	**5,172**	6,780
	99,363	145,345

27. Bank Borrowings (continued)

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's bank borrowings are as follows:

	2010	2009
Effective interest rate:		
Fixed-rate bank borrowings	**3.25%**	3.5% to 3.6%
Variable-rate bank borrowings	**1.77% to 7.5%**	2.7% to 7.6%

At 31 March 2009, bank overdrafts carry interest at market rates which range from 5.25% to 5.50% per annum.

At 31 March 2010, certain bank loans were secured by the Group's property, plant and equipment and trade receivables with carrying values of HK$42,104,000 and HK$nil (2009: HK$80,976,000 and HK$72,846,000) respectively.

Bank borrowings of approximately HK$448,000 (2009: HK$1,256,000) was denominated in US$ (the foreign currency of the relevant group entities) and approximately HK$32,563,000 (2009: HK$28,018,000) was denominated in HK$ (the foreign currency of the relevant group entities).

During the year ended 31 March 2010, the Group breached certain terms of the bank facilities granted to subsidiaries of the Group in Hong Kong, which are primarily related to the minimum interest coverage ratio of the Group (defined as profit before interest and taxes divided by total interest costs). On discovery of the breach, the directors of the Company informed the bank and commenced a negotiation of the terms of the loans with the relevant banker. As at 31 March 2010, the negotiation had not been concluded. Accordingly, the loan with aggregate carrying amount of approximately HK$9,444,000 has been classified as a current liability as at 31 March 2010. Subsequently on 29 June 2010, the lender has agreed to waive its rights to demand for immediate payment of the loans due to the breach of the borrowing terms as at 31 March 2010.

During the year ended 31 March 2009, the Group breached certain terms of the bank loans borrowed by a subsidiary of the Group in United States of America, which are primarily related to the minimum tangible net worth, debt service coverage ratio and minimum funded debt to EBITDA ratio of that subsidiary. On discovery of the breach, the directors of the Company informed the lender and commenced a negotiation of the terms of the loans with the relevant banker. As at 31 March 2009, the negotiation had not been concluded. Since the lender had not agreed to waive its rights to demand immediate payment as at the end of the reporting period, the loans with aggregate carrying amount of approximately HK$18,561,000 has been classified as a current liability as at 31 March 2009. On 23 June 2009, the lender has agreed to waive its rights to demand for immediate payment of the loans due to the breach of the borrowing terms as at 31 March 2009.

28. Deferred Taxation

The following are the major deferred tax liabilities and assets recognised and movements thereon during the current and prior years:

	Bad and doubtful debts HK$'000	Tax loss HK$'000	Accelerated tax depreciation HK$'000	Total HK$'000
At 1 April 2008	(1,061)	(2,293)	3,458	104
(Credit) charge to profit or loss	(6,334)	78	(1,569)	(7,825)
At 31 March 2009	(7,395)	(2,215)	1,889	(7,721)
(Credit) charge to profit or loss	3,892	(538)	(2,014)	1,340
At 31 March 2010	(3,503)	(2,753)	(125)	(6,381)

At the end of the reporting period, the Group had unused tax losses of approximately HK$96,484,000 (2009: HK$86,842,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK$8,098,000 (2009: HK$6,514,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK$88,386,000 (2009: HK$80,328,000) due to unpredictability of future profit streams. Other tax losses may be carried forward indefinitely.

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of the temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to approximately HK$48,098,000 (2009: HK$49,438,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

29. Share Capital

	2010 & 2009 Number of shares	Nominal value HK$'000
Ordinary shares of HK$0.10 each:		
Authorised	400,000,000	40,000
Issued and fully paid	200,000,000	20,000

There was no movement in the Company's share capital for both years.

30. Acqusition of Additional Interest in a Subsidiary

On 31 July 2008, the Group acquired the remaining 20% equity interest in Decca MFG (Thailand) Limited from a third party at a cash consideration of THB 7,000,000 (equivalent to approximately HK$1,750,000). The amount of discount on acquisition was approximately HK$614,000 and was credited to profit or loss for the year ended 31 March 2009.

31. Operating Lease Commitments

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

	2010 **HK$'000**	2009 HK$'000
Within one year	**5,550**	5,993
In the second to fifth year inclusive	**6,835**	5,629
	12,385	11,622

Operating lease payments represent rental payable by the Group for its factory and office premises.

Leases are negotiated for an average term of three years and rentals are fixed for the lease period.

32. Capital Commitments

	2010 **HK$'000**	2009 HK$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**193**	10,907

33. Share Option Scheme

The Company's share option scheme (the "Scheme"), was adopted pursuant to a resolution passed on 23 February 2000 for the primary purpose of retaining high calibre executives and employees and the options are exercisable for a period up to 10 years from 23 February 2000. Under the Scheme, the Board of Directors of the Company might grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed to 10% of the shares of the Company in issue at any point of time, without approval from the Company's shareholders. The subscription price of a share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price will not be less than the higher of (i) the nominal value of a share and (ii) 80% of the average of the closing prices of the shares on the Stock Exchange of the five trading days immediately preceding the date of grant of the option on which there were dealings in the shares on the Stock Exchange.

No option may be granted to any individual which if exercised in full would result in such individual being entitled to subscribe for such number of shares as, when aggregated with the total number of shares already issued and issuable to him under the Scheme would exceed 25% of the aggregate number of shares for the time being issued and issuable under the Scheme.

No share option is granted and outstanding as at 31 March 2010 and 2009.

34. Retirement Benefits Scheme

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of the relevant payroll costs or capped at HK$1,000 (based on the choice of employees) to the Mandatory Provident Fund Scheme in Hong Kong, which contribution is matched by employees.

The employees of the Company's subsidiaries in the PRC are members of retirement benefits schemes operated by the PRC government. The relevant PRC subsidiaries are required to contribute certain percentages of the monthly salaries of their current employees to fund the benefits. The employees are entitled to retirement pension calculated with reference to their basic salaries on retirement and their length of service in accordance with the relevant government regulations. The PRC government is responsible for the pension liability to the retired staff.

34. Retirement Benefits Scheme (continued)

Subsidiaries in Thailand also contribute certain percentages of the monthly salaries of the employees who have indicated their willingness to join the social security fund in Thailand. The employees of the Company's subsidiaries in Singapore are participated in the national pension scheme. The relevant subsidiaries are required to contribute certain percentages of the monthly salaries of their current employees to the central provident fund.

The employer's contributions to the retirement benefits scheme charged to profit or loss in the consolidated statement of comprehensive income and the forfeited voluntary contributions credited to profit or loss amounted to approximately HK$7,347,000 (2009: HK$7,592,000) and HK$5,000 (2009: HK$31,000) respectively for the year ended 31 March 2010.

35. Related Party Transactions

Apart from the amount due from an associate as disclosed in note 22, during the year the Group paid rentals and building management fees of approximately HK$2,589,000 (2009: HK$2,437,000) in respect of the Group's office premises, showrooms and warehouses to a company in which certain shareholders and directors of the Company have significant beneficial interests. At 31 March 2010, the future minimum lease payment within one year and in the second to fifth year inclusive is approximately HK$2,337,000 and 1,558,000 (2009: HK$2,337,000 and HK$3,894,000) respectively. Such commitment is included in note 31.

Compensation of key management personnel

The remuneration of key management during both years were disclosed in note 11. The remuneration of key management is determined by the Company's remuneration committee having regard to the performance of individuals and market trends.

36. Major Non-cash Transactions

During the year ended 31 March 2010, the Group utilised approximately HK$2,463,000 (2009: HK$4,110,000) of deposit paid for the acquisition of property, plant and equipment.

During the year ended 31 March 2009, the Group capitalised the amount due from an associate of HK$5,000,000 as additional paid-up capital of the associate.

37. Particulars of Subsidiaries

Details of the Company's subsidiaries at 31 March 2010 and 2009 are as follows:

Name of company	Place of incorporation/ establishment and operations	Nominal value of issued/ registered capital	Proportion of nominal value of issued capital/ registered capital held by the Company		Principal activity
			2010	2009	
Decca Investment Limited	British Virgin Islands	10,000 shares of US$1 each	**100%**	100%	Investment holding
Decca (Mgt) Limited ("DML")	Hong Kong SAR	10 ordinary shares of HK$100 each 145,600 non-voting deferred shares of HK$100 each (Note a)	**100%**	100%	Management services
Decca Limited	Hong Kong SAR	2 ordinary shares of HK$1 each	**100%**	100%	Interior decoration works
Decca (HK) Limited	Hong Kong SAR	2 ordinary shares of HK$1 each	**100%**	100%	Trading of furniture
Decca (China) Limited	Hong Kong SAR	100,000 shares of HK$1 each	**100%**	100%	Investment holding and provision of subcontracting services to group companies
Decca Furniture Limited	Hong Kong SAR	100,000 shares of HK$1 each	**100%**	100%	Trading of furniture and investment holding
HBF (HK) Limited	Hong Kong SAR	10,000 shares of HK$1 each	**100%**	100%	Trading of furniture

37. Particulars of Subsidiaries (continued)

Name of company	Place of incorporation/ establishment and operations	Nominal value of issued/ registered capital	Proportion of nominal value of issued capital/ registered capital held by the Company 2010	2009	Principal activity
Decca Overseas (S) Pte. Ltd.	Republic of Singapore	2 shares of SG$1 each	**100%**	100%	Trading of furniture
HBF Showroom Pte. Ltd.	Republic of Singapore	750,000 shares of SG$1	**100%**	100%	Trading of furniture
Decca Furniture (USA) Inc.	United States of America	10,000 shares of US$0.01 each	**100%**	100%	Investment holding
Decca Hospitality Furnishings, LLC	United States of America	Capital contribution of US$154,286	**100%**	100%	Trading of furniture
Decca Contract Furniture, LLC	United States of America	Capital contribution of US$1,000	**100%**	100%	Trading of furniture
Bolier & Company, LLC	United States of America	Capital contribution of US$1,000	**55%**	55%	Trading of furniture
Decca Classic Upholstery, LLC	United States of America	Capital contribution of US$1,000	**100%**	100%	Trading of furniture
東莞達藝家私有限公司 (Note b)	PRC	RMB50,000,000	**100%**	100%	Manufacture of furniture and decoration materials
東莞益新家私裝飾有限公司(Note c)	PRC	RMB3,600,000	**100%**	100%	Manufacture of furniture and provision of after-sale services

37. Particulars of Subsidiaries (continued)

Name of company	Place of incorporation/ establishment and operations	Nominal value of issued/ registered capital	Proportion of nominal value of issued capital/ registered capital held by the Company 2010	2009	Principal activity
Decca Furniture (Thailand) Limited	Thailand	2,450 ordinary shares of Thailand Baht 100 each	**100%**	100%	Trading of furniture
Decca MFG (Thailand) Limited ("DMTL")	Thailand	600,000 shares of Thailand Baht 100 each	**100%**	100%	Manufacture and trading of furniture
Decca Furniture Europe Aps	Denmark	125,000 shares of Denmark Kroner 1 each	**100%**	100%	Trading of furniture
Decca (Macau) Company Limited	Macau SAR	2 ordinary shares of Macau Pataca 15,000 each	**100%**	100%	Interior decoration work
東莞港際貿易有限公司 (Note b and d)	PRC	HK$1,000,000	**100%**	–	Trading of raw material

Notes:

(a) The holders of the non-voting deferred shares are only entitled to dividends when the total dividends declared by DML for any financial year exceed HK$1 trillion and, in the case of winding up of DML, are only entitled to receive a return of assets when the total value of assets of DML for distribution exceeds HK$5 billion.

(b) A wholly foreign owned enterprise established under the laws of the PRC.

(c) A co-operative joint venture established under the laws of the PRC.

(d) The company was set up during the year ended 31 March 2010.

All the subsidiaries are owned indirectly by the Company except for Decca Investment Limited which is owned directly by the Company.

None of the subsidiaries had issued any debt securities during the year or at 31 March 2010 and 2009.